NIBAF Pakistan
EMPOWERING FOR EXCELLENCE

Economic Letter

VOLUME 19/ ISSUE 49/ DECEMBER 06, 2024

a weekly publication of National Institute of Banking and Finance Pakistan

NIBAF Pakistan - A Company Set Up Under Section 42 of the Companies Act, 2017

Domestic Economic Roundup

Key Money & Banking Indicators:

(Rs in billion)

Key Money & Banking Indicators	Stocks at End - June 2024 P	Flows FY23	Flows FY24	Monetary Impact Since 1st July to* 15-Nov-24	Monetary Impact Since 1st July to* 17-Nov-23
Total Deposits with Banks	27,264.5	2,327.6	5,002.1	-262.4	447.0
Broad Money (M2)	36,553.0	3,920.6	5,029.8	-210.9	-81.7
Govt. Sector Borrowings (Net)	31,089.5	4,100.2	7,366.4	-1,677.9	1,994.4
Credit to Private Sector	9,531.3	208.3	364.2	880.4	-82.5

*The latest data is available up to November 15, 2024.

https://shorturl.at/esgN5

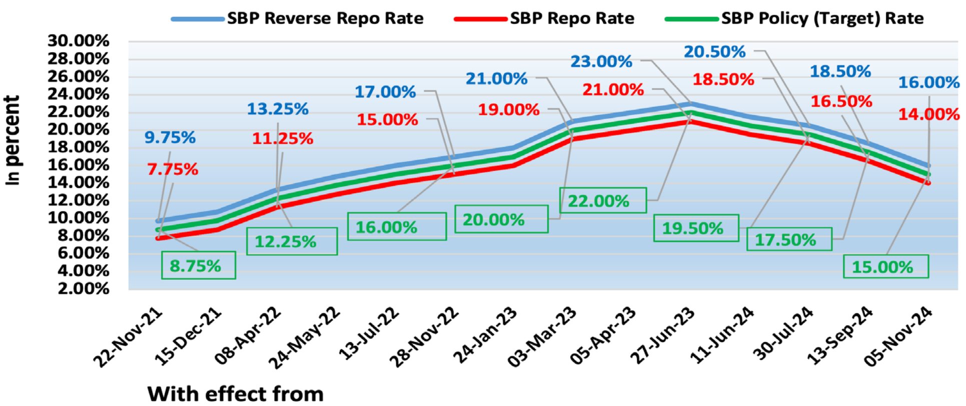
Weekly Trend in Sensitive Price Indicator (SPI)

https://www.pbs.gov.pk/spi

	17-Oct-24	24-Oct-24	31-Oct-24	07-Nov-24	14-Nov-24	21-Nov-24	28-Nov-24	05-Dec-24
YoY	15.02%	15.15%	14.45%	13.89%	4.16%	4.92%	5.13%	3.57%
WoW	0.28%	-0.22%	0.10%	0.24%	0.55%	0.67%	-0.03%	-0.34%

Structure of Interest Rates - SBP*

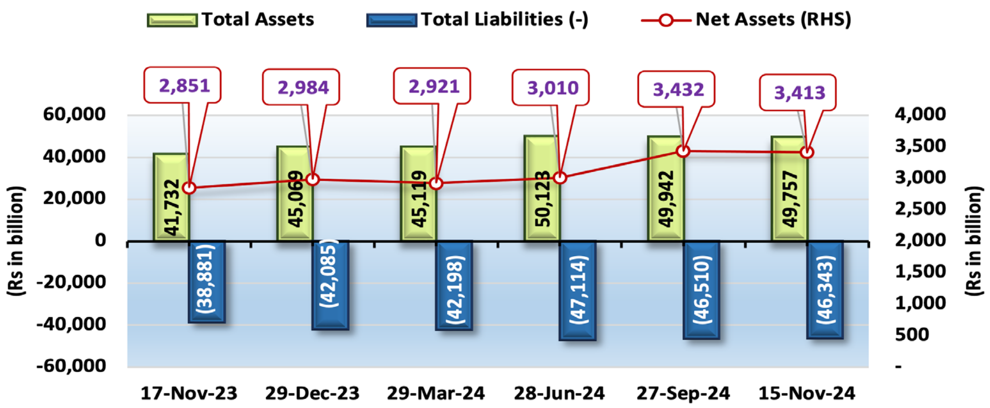
https://www.sbp.org.pk/ecodata/sir.pdf



* For definitions please read DMMD Circular # 1 of 2009 and Circular # 9 of 2015 available at sbp.org.pk

Total Assets and Liabilities of Scheduled Banks

https://tinyurl.com/yfex7vn9



Markets at a Glance

Rates taken till Friday, December 06, 2024

SBP POLICY RATE

15% | Effective from November 05, 2024

https://www.sbp.org.pk/ecodata/sir.pdf

KIBOR (3 MONTHS)

	Bid%	Offer%
Starting	12.56	12.81
Ending	12.36	12.61
Change	-0.2	-0.2

https://www.sbp.org.pk/ecodata/kibor_index.asp

FOREX RATES*

	GBP	EURO	USD
Starting	PKR 353.50	PKR 294.00	PKR 278.05
Ending	PKR 354.03	PKR 292.98	PKR 277.94
Change	+0.53	-1.02	-0.11

https://www.sbp.org.pk/ecodata/rates/m2m/M2M-Current.asp

*as on December 5, 2024

PAKISTAN STOCK EXCHANGE

	100 Index
Starting	101,357
Ending	109,054
Change	+7,697

https://dps.psx.com.pk/

GOLD RATES

	10 GM, 24K
Starting	PKR 236,042
Ending	PKR 235,287
Change	-755

https://www.forex.pk/bullion-rates.php

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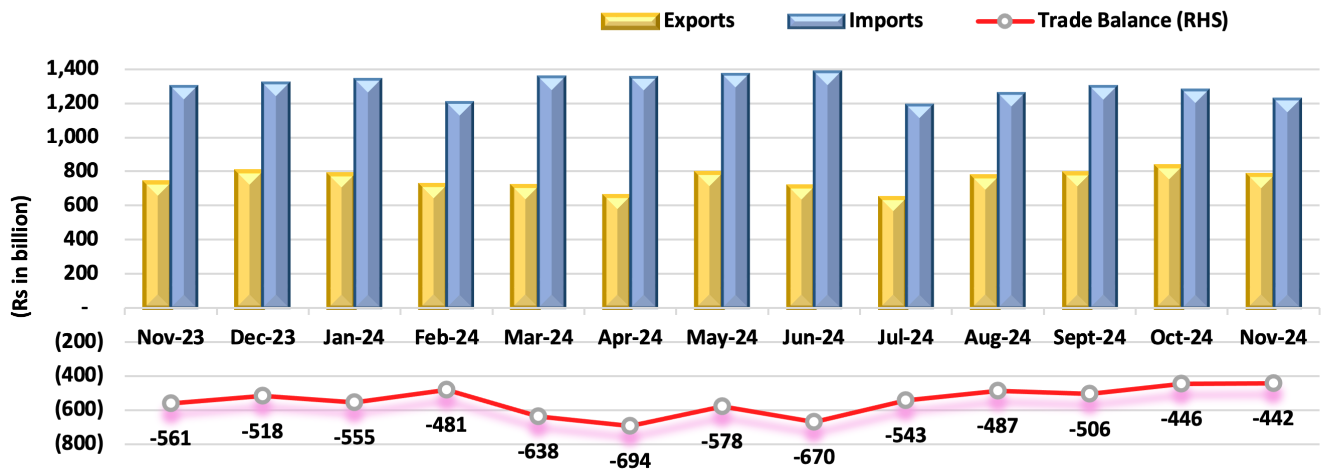
Balance of Trade Summary

(Rs in billion)

	Nov-2024 (P)	Oct- 2024 (F)	Nov- 2023 (F)	% Change (Nov - 2024 over Oct - 2024	% Change (Nov - 2024 over Nov - 2023)
Exports	779.7	828.1	734.5	(5.85)	6.15
Imports	1221.8	1268.3	1292.0	(3.67)	(5.43)
Balance of Trade - Services	(442.2)	(440.2)	(557.5)	0.43	(20.69)

Trends in Merchandised Trade:



Source: https://www.pbs.gov.pk/trade-summary

CPI Inflation	Annual Average			Year-on-Year		
	FY22	FY23	FY24	Nov 2023	Oct 2024	Nov 2024
National CPI	12.1	29.2	23.4	29.2	7.2	4.9
Food (Urban)	13.4	37.6	22.1	29.8	2.7	1.7
NFNE (Urban)	8.1	16.2	16.1	30.9	14.2	7.8

https://www.sbp.org.pk/reports/annual/Gov-AR/pdf/2024/Gov-AR.pdf * NFNE = Non Food and Non Energy https://www.pbs.gov.pk/cpi

Currency in Circulation as on (Stock data)

(Rs in billion)

June 30, 2021	June 30, 2022	June 30, 2023	Nov 17, 2023	June 30, 2024	Nov 15, 2024*
6,909.9	7,572.5	9,148.7	8,625.6	9,153.1	9,223.3

P=Provisional *The latest data is available up to November 15, 2024 https://www.sbp.org.pk/ecodata/BroadMoney_M2.pdf

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Central Banks' Gallery

State Bank of Pakistan

KSA Extends Term for USD3 billion Deposit Placed with Pakistan to Support Pakistan's Economy

The Saudi Fund for Development (SFD), on behalf of the Kingdom of Saudi Arabia, has extended the term for the deposit of USD 3.00 billion maturing on December 5, 2024 for another year. The said amount has been placed with State Bank of Pakistan (SBP) on behalf of Islamic Republic of Pakistan. The extension of the term of the deposit is continuation of the support provided by the Kingdom of Saudi Arabia to the Islamic Republic of Pakistan, which will help in strengthening the foreign exchange reserves of Pakistan and contribute to the country's economic growth and development. It is worth noting that the USD 3.00 billion deposit agreement was initially signed with SFD in the year 2021 and subsequently rolled over in 2022 & 2023, after the issuance of the royal directives that reflect the continuation of the close relationship between the two brotherly countries. https://shorturl.at/0oixC

The People's Bank of China

The People's Bank of China Decides to use Revised Measurement for Narrow Money (M1) from January 2025

The People's Bank of China has decided to use a revised measurement for narrow money (M1) starting from January 2025. The revised M1 will include currency in circulation (M0), demand deposits by enterprises and public institutions, personal demand deposits and provisions received by non-bank payment institutions. https://shorturl.at/69G9m

Central Bank of the UAE

Summary Report 2024 Monetary & Banking Developments – August 2024

The Central Bank of UAE announced that the money supply aggregate M1 decreased by 0.1 percent, from AED 889.3 billion at the end of July 2024 to AED 888.0 billion at the end of August 2024. This reduction was mainly due to AED 0.9 billion fall in currency in circulation outside banks and AED 0.4 billion decrease in monetary deposits.

The money supply aggregate M2 increased by 0.2 percent, rising from AED 2,205.9 billion at the end of July 2024 to AED 2,211.1 billion at the end of August 2024. M2 increased because of AED 6.5 billion growth in Quasi-Monetary Deposits, overriding the fall in M1.

The money supply aggregate M3 also increased by 0.8 percent, from AED 2,676.0 billion at the end of July 2024 to AED 2,696.3 billion at the end of August 2024. M3 expanded due to the growth in M2 and AED 15.1 billion increase in government deposits.

The monetary base expanded by 2.3 percent, from AED 718.1 billion at the end of July 2024 to AED 734.9 billion at the end of August 2024. The growth in the monetary base was driven by increases in; currency issued by 0.6 percent, reserve account by 6.2 percent and monetary bills & Islamic certificates of deposit by 6.1 percent, overriding the reduction in banks & OFCs' current accounts & overnight deposits of banks at CBUAE by 10.2 percent.

Gross banks' assets, including bankers' acceptances, increased by 0.7 percent from AED 4,348.6 billion at the end of July 2024 to AED 4,378.0 billion at the end of August 2024. Gross credit increased by 0.5 percent from AED 2,102.1 billion at the end of July 2024 to AED 2,112.9 billion at the end of August 2024. Gross credit increased due to increases in domestic credit by 0.5 percent and foreign credit by 0.8 percent. Domestic credit expansion was primarily due to increase in credit to the private sector by 0.8 percent, overriding the reductions in credit to the public sector (government related entities) by 0.3 percent and the non-banking financial institutions by 3.0 percent. Credit to the government sector remained constant during August 2024.

Banks' deposits increased by 0.2 percent, from AED 2,736.0 billion at the end of July 2024 to AED 2,740.5 billion at the end of August 2024. The growth in total bank deposits was the result of the rise in resident deposits by 0.8 percent, overshadowing the decrease in the non-resident deposits by 6.4 percent.

Resident deposits grew as a result of increases in; government sector deposits by 2.6 percent, in private sector deposits by 1.2 percent and in non-banking financial institutions deposits by 4.2 percent, overriding the decrease in government related entities deposits by 5.9 percent https://shorturl.at/K7aUF

SNIPS

Extinction of Trees

About 38 percent of the world's tree species are facing extinction owing to agriculture, logging and urbanization, according to IUCN, a leading authority on species survival.

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Central Bank of Egypt

Central Bank of Egypt Joins the Pan-African Payment and Settlement System PAPSS

In line with Egypt's unwavering efforts to enhance regional banking relations and strengthen economic collaboration with African countries, the Central Bank of Egypt (CBE) approved, in November 2024, the agreement to join the Pan-African Payment and Settlement System (PAPSS).

The PAPSS - developed by the African Export-Import Bank (Afreximbank) - facilitates cross-border payments and trade transactions, reducing both costs and processing times. Notably, this is a promising step towards strengthening historical economic ties and expanding bilateral trade between Egypt and fellow African countries.

In this regard, Mr. Rami Aboulnaga, Deputy Governor of the CBE, stated that the signing of the agreement for the CBE's participation in the new system reflects Egypt's commitment to enhancing commercial and economic ties with countries worldwide, and with African nations in particular. He also highlighted that this development is the outcome of the continuous communication and collaboration between the CBE and African central banks.

He emphasized that the multiple benefits of PAPSS are poised to incentivize banks operating in Egypt and African banks to join the system and stimulate cross-border financial transactions with one another. The System's membership encompasses 14 central banks from (Nigeria, Ghana, Liberia, Guinea, Gambia, Sierra Leone, Djibouti, Zimbabwe, Zambia, Kenya, Rwanda, Malawi, Tunisia, and Comoros), alongside over 50 commercial banks. Noteworthy, several banks operating in Egypt have expressed interest and willingness to join PAPSS. Under the agreement, the CBE will oversee the participation of banks operating in Egypt in the System.

This initiative is expected to substantially boost the intra-African trade, strengthen Egypt's economic ties with African countries, and promote financial integration among African fellows. Furthermore, it will ease pressure on the demand of foreign currencies through using a net settlement mechanism across all participating countries.
https://shorturl.at/6UCCu

SNIPS

Fighting Malaria

Egypt is a malaria free after a century-long effort meaning that it has not had a case of malaria in three years, according to the World Economic Forum.

Financial Institutions' Gallery

UBL Gets Board Approval to Merge With Silkbank

The Board of Directors of United Bank Limited (UBL), in its 252nd meeting held on December 2, 2024, approved the amalgamation of Silkbank Limited (SBL) with and into UBL through a share swap arrangement. The merger, undertaken in accordance with Section 48 of the Banking Companies Ordinance, 1962, aims to streamline operations and enhance value for stakeholders.

As part of the process, UBL's board approved the Agreement to Amalgamate, the Scheme of Amalgamation, and related ancillary documents. These agreements form the foundation of the merger, ensuring compliance with regulatory requirements and corporate governance protocols.

Under the approved terms, UBL will issue one new ordinary share with a face value of PKR 10 for every 325 shares of SBL, each with a face value of PKR 10. This share swap will result in the issuance of 27,944,188 ordinary shares by UBL, excluding any rights issue.

The proposed merger remains subject to several conditions, including:

1. Execution of definitive agreements between UBL and SBL.
2. Obtaining all necessary corporate, regulatory, and third-party approvals, including those from the Competition Commission of Pakistan.
3. Approval of the Scheme of Amalgamation by the State Bank of Pakistan under Section 48 of the Banking Companies Ordinance, 1962.

The transaction will also require shareholder approval from both UBL and SBL. Once finalized, the amalgamation is expected to enhance UBL's market position and operational efficiency.

The merger reflects UBL's strategic commitment to expanding its footprint in Pakistan's banking sector while optimizing resources and leveraging synergies.
https://shorturl.at/6uYL1

MCB Bank Partners with BPC to Strengthen Digital Security with AI-powered SmartVista Fraud Risk Management Solution

MCB Bank Limited (MCB), one of Pakistan's leading banks, has selected BPC, a global leader in payment solutions, to strengthen the security of its digital channels by implementing the BPC SmartVista Fraud Risk Management Solution.

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The agreement was signed by Mr. Waqas Mahmood, Chief Compliance Officer MCB, and Mr. Furrukh Ali Baig, Managing Director Pakistan at BPC in the presence of senior leadership from both organizations.

In accordance with the State Bank of Pakistan's 2023 directive for all banks to enhance the security of digital banking products and services—which mandates the implementation of a consolidated and centralized fraud management system capable of real-time fraud prevention using AI-based machine learning models—MCB has reaffirmed its commitment to delivering innovative financial solutions while upholding the highest standards of security for its customers through the implementation of the SmartVista Fraud Risk Management solution.
https://shorturl.at/ioZh9

ZTBL Partners with Wateen to Strengthen Cybersecurity through Security Operations Center

Zarai Taraqiati Bank Limited (ZTBL) has announced a strategic partnership with Wateen to establish a state-of-the-art Security Operations Centre (SOC). This initiative aims to safeguard ZTBL's critical digital infrastructure and enhance the security of data belonging to over half a million customers.

The agreement was signed on November 29, 2024, by Tahir Yaqoob Bhatti, President and CEO of ZTBL, and Adil Rashid, CEO of Wateen, marking a significant milestone in strengthening cybersecurity in Pakistan's financial sector.

ZTBL, known for pioneering digital banking innovation in Pakistan, offers a comprehensive range of modern banking services, including internet banking, WhatsApp banking, mobile banking, ATM services, tablet-based mobile applications, digital onboarding, and USSD-based banking. The new SOC will provide round-the-clock monitoring, advanced threat detection, and rapid incident response to ensure the security of the bank's digital assets.

Speaking at the signing ceremony, ZTBL President Tahir Yaqoob Bhatti highlighted the importance of cybersecurity in maintaining customer trust. "Protecting our customers' trust and securing their data are our top priorities. This partnership with Wateen will enhance our cybersecurity framework, enabling us to maintain the highest standards while continuing to empower Pakistan's agriculture sector through innovative digital services," he said.

Adil Rashid, CEO of Wateen, underscored the increasing prevalence of cyber threats and the importance of robust security measures in the financial sector. "Cyberattacks are evolving, making strong cybersecurity an absolute necessity. With this collaboration, we aim to fortify ZTBL's cybersecurity infrastructure and safeguard its critical data. Our goal is to set a new benchmark for cybersecurity in the financial industry," Rashid remarked.

The partnership reflects a shared commitment to leveraging advanced technologies for greater resilience against cyber threats, ensuring that ZTBL continues to serve Pakistan's agricultural and rural sectors with secure and reliable banking services. https://shorturl.at/UjJ7J

Bank Makramah Limited Approves Landmark Restructuring Scheme to Strengthen Capital Base

Bank Makramah Limited (BML) has taken a significant step toward fortifying its financial foundation with the Board of Directors approving a comprehensive restructuring scheme. The transformative initiative reflects the sponsors' firm commitment to the Bank's long-term growth and sustainability.

A key element of the restructuring involves the amalgamation of Global Haly Development Limited (GHDL) into BML, which will boost the Bank's net assets by approximately Rs 29.39 billion. This strategic move is expected to significantly enhance BML's financial standing and pave the way for sustained future growth.

The scheme also includes the issuance of fully paid ordinary shares to GHDL shareholders, ensuring equitable alignment post-amalgamation. In addition, the Bank will redeem its outstanding Term Finance Certificates (TFCs), including accrued profit, and optimize its capital structure by reducing share capital through the cancellation of shares not backed by available assets. These measures aim to ensure robust financial stability and operational efficiency.

Speaking on the development, Abdullah Nasser Abdulla Hussain Lootah, Chairman of the Board of Directors, highlighted the sponsors' unwavering commitment to the Bank's transformation. "This restructuring reflects our steadfast dedication to the Bank's growth and success. It positions us to enhance shareholder value while addressing the evolving needs of our customers," he remarked.

The restructuring scheme, approved during a Board meeting recently, is subject to regulatory, corporate, and shareholder approvals, along with sanctioning by the Islamabad High Court. With this initiative, BML aims to solidify its position in the financial sector, fostering growth and stability in alignment with its long-term strategic objectives. https://shorturl.at/3KXbB

BOP TAQWA Islamic Banking Recognized as Best Islamic Banking Retail Bank in Pakistan

BOP TAQWA Islamic Banking has been honored as the Best Public Sector Bank for Islamic Retail Banking in Pakistan 2024 at the Islamic Retail Banking Awards. Mr. Umer Iqbal Sheikh, Group Head of TAQWA Islamic Banking, received the award at a prestigious event held in Dubai, UAE. The award was presented by Professor Humayon Dar, the founder of IRBA, in recognition of BOP's excellence in Shariah-compliant banking services.
https://shorturl.at/3kG4l

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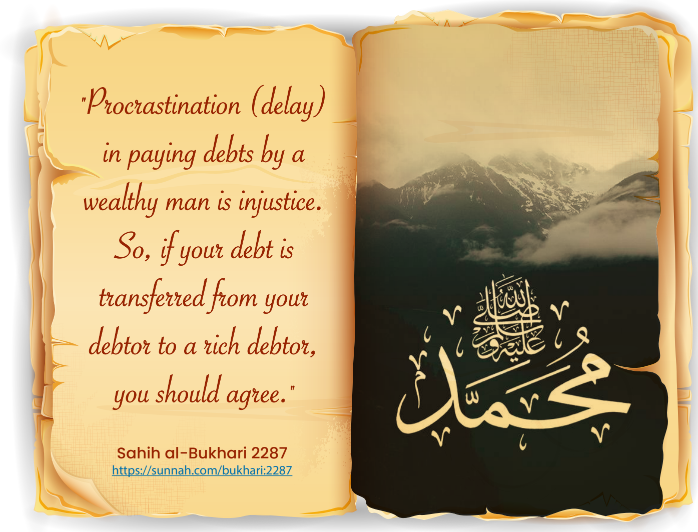

FinTech News/ Views

ACE Money Transfer: A Global Fintech Recognized by SBP for Remittance Volume to Pakistan

ACE Money Transfer, a global leader in the remittance industry, has been recognized by the State Bank of Pakistan (SBP) with a prestigious award for being the Fourth Largest Global Fintech by Remittance Volumes to Pakistan, reaffirming its position as a key driver of Pakistan's remittance sectors.

The award was presented at the 4th Pakistan Remittance Summit 2024 held in Rome, Italy, on November 28, 2024, attended by leading industry figures and global financial stakeholders.

Being a global fintech, ACE Money Transfer has been at the forefront of promoting legal remittance channels and bolstering the country's economy through formal financial flows. This recognition from the State Bank of Pakistan highlights the company's expanding impact and its dedication to innovating secure, cost-effective, and efficient remittance solutions for millions of overseas Pakistanis.

Pakistan remains the world's fifth-largest recipient of remittances, with funds sent by expatriates playing a critical role in economic stability. Observing a substantial 24 percent increase, remittances to Pakistan reached $3.052 billion in October 2024. ACE Money Transfer's innovative approach, powered by trust and technology, has established it as a vital enabler of these inflows, connecting families and driving progress.

"This prestigious award from the State Bank of Pakistan is a testament to supporting millions of Pakistani and other expats worldwide, helping them securely transfer funds home to ensure a prosperous life for their loved ones," said Rashid Ashraf, CEO of ACE Money Transfer.

"We are committed to contributing more to Pakistan's economy and providing innovative solutions to the whole world, bringing Pakistan to the center of the world through advanced technological remittance solutions."
https://shorturl.at/bGvgt

TouchPoint's CADEPO is Transforming Branch Operations and Enhancing Customer Experience for Leading Banks Across Pakistan

Leading banks in Pakistan are rapidly adopting CADEPO, an advanced Cash and Cheque Deposit Solution by TouchPoint, to optimize branch operations and enhance customer satisfaction. Powered by QMatch Solutions, it is transforming traditional banking by enabling seamless, 24/7 self-service cash and cheque deposit capabilities.

In a remarkable achievement, CADEPO has processed over PKR 1 billion in deposits within just two months of its deployment. This milestone underscores the trust and confidence that both banks and their customers have in this innovative solution, which combines efficiency, security, and convenience.

It is designed to significantly reduce manual errors and minimize the need for physical cash handling. By offering real-time transaction processing, the solution ensures improved accuracy and security, while also alleviating teller workloads. Customers benefit from immediate feedback on their transactions, enhancing their banking experience.

As customers increasingly seek instant, around-the-clock services, CADEPO offers unmatched convenience. Its intuitive and secure design allows users to independently complete their transactions at any time, without the constraints of traditional banking hours. This not only boosts customer satisfaction but also reduces branch congestion.

Leading banks across Pakistan have adopted CADEPO as part of their strategy to modernize branch operations and meet growing customer demands. By streamlining operations and offering enhanced service delivery, these institutions are setting new standards in the industry.

As the banking sector continues to pivot towards self-service and digital transformation, TouchPoint is poised to play a critical role in shaping the future of banking in Pakistan.

TouchPoint Private Limited is based in Karachi, Pakistan, specializing in Self-Service Solutions. Founded in 2007, the company has been at the forefront of Pakistan's technological advancement, focusing on providing innovative hardware and software solutions in financial sector across 600+ towns and cities in Pakistan.

For more details about TouchPoint, please visit website:
https://touchpoint.pk/ | https://shorturl.at/2Xqvs

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General Economic Horizon

A. Domestic News

Pakistan Ready to take the Lead in Shariah-compliant Financing ; says SECP Chief

The Securities and Exchange Commission of Pakistan (SECP) Chairman, Akif Saeed, has emphasized the country's growing prominence in Shariah-compliant financing, stating that Pakistan's regulatory compliance in capital markets aligns with global standards. This positions the country as a potential leader in Islamic finance.

Addressing a press conference ahead of the second international Islamic Capital Market conference scheduled for December 12 in Karachi, Saeed revealed that an internal assessment indicated a 90 percent compliance rate at Pakistan's capital markets, including the Pakistan Stock Exchange (PSX), in line with global benchmarks. This marks significant progress from earlier independent assessments in 2015 and 2018, which reported 86 percent compliance with the International Organisation of Securities Commissions (IOSCO) principles.

SECP's Head of Islamic Finance, Tariq Naseem, disclosed plans to evaluate compliance with the Islamic Financial Services Board's (IFSB) principles for Islamic capital markets. "This step will further elevate Pakistan's stature in the global Islamic finance landscape," Naseem remarked. The SECP's regulated sectors in Islamic finance have already achieved notable milestones. Currently, 55 percent of PSX's market capitalization, 48 percent of mutual fund assets, 65 percent of voluntary pension fund assets, and 95 percent of real estate investment trusts (REITs) are Shariah-compliant.

Saeed highlighted the substantial demand for Islamic financing, with unlisted firms raising Rs 500 billion through Sukuk (Islamic bonds) since 2022. Additionally, the government secured Rs 1.5 trillion in financing through sovereign Sukuks listed on the PSX over the past year.

To address challenges in the Shariah-compliant secondary bond market, the SECP is collaborating with the State Bank of Pakistan (SBP) and the Pakistan Banks' Association (PBA). Planned measures aim to enhance market transparency, confidentiality, and retail investor participation.

The agriculture, small and medium enterprises (SMEs), and housing sectors are identified as primary drivers of demand for Shariah-compliant financing. Pakistan is working towards fully transforming its economy to align with Islamic financial principles by 2028. Faisal Bank has already completed its transition to Islamic banking, with other banks and two asset management companies on a similar path.

The SECP is hosting the second international Islamic Capital Market conference in collaboration with the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and the Islamic Development Bank Institute (IsDBI). The event, slated for December 12 in Karachi, will feature over 20 renowned international experts and policymakers from countries including Bahrain, Saudi Arabia, Nigeria, Malaysia, Türkiye, Oman, Iran, and the United Kingdom.

"This conference will further solidify Pakistan's position as a key player in the global Islamic finance arena," said Saeed. With accelerating advancements in Islamic finance and robust regulatory support, Pakistan is poised to lead the global shift towards Shariah-compliant financial systems, fostering inclusive and ethical economic growth.
https://ln.run/NgMGv

Banks, Microfinance Institutions Urged to Lead in Providing Housing Finance

Federal Minister for Finance and Revenue, Muhammad Aurangzeb, on December 4, 2024, said that the government will not revert to directed lending to the housing sector and urged for creating incentivization to facilitate bank-led financing to make it accessible to public.

"We will not go back to directed lending, which was wrong thing to do. It creates distortions and has implications for the medium term," the minister said while speaking at International Affordable, Green & Resilient Housing Conference.

In order to promote housing finance, the government will instead focus on creating incentivization mechanisms, he added. This approach will encourage banks and microfinance institutions to take the lead in providing housing finance, making it easier for people to access.

The minister said, the country's housing sector was linked with two existential problems including population growth and climate change. With a population growing at an alarming rate of 2.5 percent, the minister said, it had far-reaching consequences, including child stunting, poverty, poor learning outcomes, and a significant number of girls being out of school.

Housing plays a critical role in addressing these issues, and the government recognizes its importance in providing affordable and resilient housing solutions, he added.

On the other hand, he said, the devastating 2022 floods served as a wake-up call, highlighting the need for resilient housing that can withstand the impacts of climate change. He said, the Sindh government has taken the first step towards promoting resilient housing by discouraging the construction of houses on water banks. He said, to address the housing finance gap, the government plans to establish a regulatory authority that will enable financing for housing.

Furthermore, the government aims to introduce foreclosure laws to encourage banks to lend to the housing sector.

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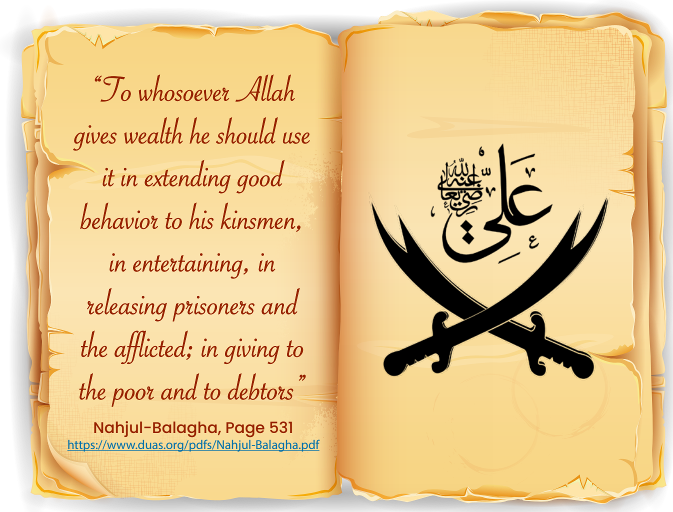
Talking about the state of economy, the minister said, Pakistan has achieved notable milestones in its journey towards a sustainable and inclusive growth paradigm, with housing emerging as a critical pillar of this inclusiveness. Over the past 14 months, the country has witnessed significant progress across various industries, marked by a reversal of the twin deficits on both fiscal and current account sides.

Key indicators of Pakistan's economic health are also showing promising signs as the foreign exchange reserves have increased to cover 2.5 months of imports, up from just two weeks previously. If this trend continues, Pakistan is expected to achieve three months of import cover by the end of the fiscal year, a benchmark considered satisfactory by international standards.

Inflation has also been brought under control, with the rate dropping to a 78-month low of 4.9 percent in November. The policy rate is expected to decrease further, while the benchmark KIBOR has already fallen below.
https://shorturl.at/MaE1n



Pakistani Missions in China Host B2B Matchmaking Meeting on Textile Sector

The Embassy of Pakistan in Beijing and the Consulate-General in Shanghai, in collaboration with the Board of Investment (BOI), successfully organized the fourth sector-specific B2B matchmaking event in Jiangsu Province.

Held in Suzhou, a renowned hub for the textile industry in China, the event focused on fostering joint ventures, trade, and investment partnerships between leading Pakistani and Chinese textile and apparel enterprises.

The event included an opening session, individual B2B meetings, networking opportunities, and a closing session.

Eleven prominent Pakistani companies participated, including Crescent Bahuman Ltd., Fazal Cloth Mills Ltd., Kohinoor Mills Ltd., Magna Group, Mahmood Group, Matrix Sourcing, Naveena Exports, Nishat, Saritow Spinning Mills Ltd., Shams Textile Mills Ltd., and Servis Long March.

These companies engaged extensively with 37 major Chinese enterprises such as SUMEC Textile Co. Ltd., JD United, Anhui Huamao Textile Co. Ltd., Jiangsu Linafa Textile Co. Ltd., Yuyue Home Textile Co. Ltd., Jiangsu GTIG Eastern Co. Ltd., Zhejiang Giuseppe Garment Co., Fortune Tech, Shenghong Textile, Wujiang Changyuan Textile Co. Ltd., Jianfa Living Material Co. Ltd., and Orient Group Shanghai Textile Co. Ltd., discussing concrete proposals and exploring avenues for future collaboration.

In his remarks, Pakistan Ambassador to China Khalil Hashmi highlighted the strategic advantages of investing in Pakistan textile sector. He emphasized Pakistan global market access, long-standing expertise, and vertically integrated supply chain.

Highlighting preferential access under the China-Pakistan Free Trade Agreement (CPFTA), the European Union's GSP+ scheme, and the UK Developing Countries Trading Scheme (DCTS), he stated, Investing in Pakistan opens doors to some of the world largest and most lucrative markets.

Ambassador Hashmi expressed his gratitude to the Board of Investment, the Consulate-General of Pakistan in Shanghai, and all participating companies for their concerted efforts in making the event a success. He encouraged businesses to capitalize on the opportunities presented and forge mutually beneficial partnerships.

Secretary Board of Investment, Rahim Hayat Qureshi, delivered a detailed presentation outlining Pakistan robust investment policies and facilitation mechanisms tailored for the textile sector.

He elaborated on a range of incentives, including streamlined regulatory processes, tax benefits, and infrastructure support within Special Economic Zones (SEZs). Qureshi also emphasized Pakistan adaptability to global textile trends, making it an ideal destination for innovation-driven investments.

The event also featured a success story presented by Omer Saeed of Servis Long March and his Chinese joint venture partner. Their partnership exemplified the high returns and economic benefits of Pakistan-China collaborations, serving as an inspiration for participants to pursue deeper partnerships and long-term opportunities.

Participants agreed to maintain ongoing communication, exchange further notes, and schedule follow-up visits to build on the discussions and opportunities identified during the matchmaking meetings.

This initiative is part of a series of Prime Minister-directed sector-specific events designed to strengthen Pakistan industrial base and bolster economic ties with China, reflecting the government commitment to advancing Pakistan-China All-Weather Strategic Cooperative Partnership. https://shorturl.at/alBps

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B. International News

Bitcoin Surges Past $100,000 Cementing Role in Financial Mainstream

Bitcoin crossed the $100,000 threshold for the first time on December 5, 2024, marking a significant milestone in its journey from a niche libertarian experiment to a mainstream financial asset. The historic rally reflects growing investor confidence in cryptocurrencies amid expectations of a crypto-friendly U.S. administration.

The total market value of cryptocurrencies has nearly doubled in 2024, reaching a record $3.8 trillion, according to CoinGecko. By comparison, Apple's market capitalization stands at $3.7 trillion. Bitcoin's rise has created millionaires, introduced a new asset class, and popularized "decentralized finance" over its volatile 16-year history.

The cryptocurrency has more than doubled in value this year, surging over 50 percent in the four weeks since Donald Trump's sweeping election victory. On the morning of December 5, in Asia, Bitcoin broke past $100,000, quickly climbing to $103,335.

"We're witnessing a paradigm shift," said Mike Novogratz, CEO of Galaxy Digital. "Bitcoin and the digital asset ecosystem are entering the financial mainstream, driven by institutional adoption, advancements in tokenization and payments, and a clearer regulatory path."

President Trump's pro-crypto stance has been pivotal. During his campaign, he pledged to make the U.S. the global leader in cryptocurrency and proposed a national Bitcoin reserve. His administration plans to establish a crypto advisory council, with major players like Ripple, Kraken, and Circle vying for a seat.

On December 4, 2024, Trump announced his intent to nominate Paul Atkins, a former SEC commissioner and crypto advocate, to lead the Securities and Exchange Commission (SEC). Atkins has co-chaired the Token Alliance and worked with the Chamber of Digital Commerce to develop best practices for digital assets.

The rally has been fueled by growing institutional adoption. U.S.-listed Bitcoin exchange-traded funds (ETFs), approved earlier this year, have attracted over $4 billion in inflows since the election.

"Approximately 3 percent of Bitcoin's total supply has been purchased by institutional investors in 2024," said Geoff Kendrick, global head of digital assets research at Standard Chartered. "Digital assets are becoming normalized on trading floors, with dedicated desks emerging alongside traditional asset classes like FX and commodities."

Bitcoin's ascent to six figures marks a remarkable recovery from its 2022 low of $16,000 following the collapse of FTX. The industry has weathered criticism over its energy consumption and ongoing concerns about crypto-related crime.

Despite these challenges, analysts highlight Bitcoin's resilience and growing acceptance. "As time goes by, it's proving itself as part of the financial landscape," said Shane Oliver, chief economist at AMP.

Crypto-related stocks have mirrored Bitcoin's meteoric rise, with shares of miner MARA Holdings and exchange operator Coinbase climbing 65 percent in November alone.

Bitcoin's financialization continues, with futures, options, and ETFs gaining traction. High-profile endorsements, such as Trump's crypto business initiative, World Liberty Financial, and Elon Musk's outspoken support, further underscore the growing prominence of digital assets.

Russian President Vladimir Putin, speaking at an investment conference, summed up the sentiment: "Who can prohibit it? No one."

As Bitcoin forges ahead, its integration into global financial systems appears inevitable, fueled by institutional momentum, regulatory support, and evolving market dynamics. https://shorturl.at/P4T9f

Developing Countries Paid Record $1.4 Trillion on Foreign Debt in 2023

Developing countries spent a record $1.4 trillion to service their foreign debt as their interest costs climbed to a 20-year high in 2023, the World Bank's latest International Debt Report shows. Interest payments surged by nearly a third to $406 billion, squeezing the budgets of many countries in critical areas such as health, education, and the environment.

The financial strain was fiercest for the poorest and most vulnerable countries—those eligible to borrow from the World Bank's International Development Association (IDA), the data show. These countries paid a record $96.2 billion to service their debt in 2023. Although repayments of principal decreased by nearly 8 percent to $61.6 billion, interest costs surged to an all-time high of $34.6 billion in 2023, four times the amount a decade ago. On average, interest payments of IDA countries now amount to nearly 6 percent of the export earnings of IDA-eligible countries—a level that hasn't been seen since 1999. For some countries, the payments run as high as 38 percent of export earnings.

As credit conditions tightened, the World Bank and other multilateral institutions became the main lifeline for the poorest economies. Since 2022, foreign private creditors have received nearly $13 billion more in debt-service payments from public sector borrowers in IDA-eligible economies than they disbursed in new financing. Over the same period, the Bank and other multilateral institutions pumped in nearly $51 billion more in 2022 and 2023 than

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they collected in debt-service payments. The World Bank accounted for a third of that sum—$28.1 billion.

"Multilateral institutions have become the last lifeline for poor economies struggling to balance debt payments with spending on health, education, and other key development priorities," said Indermit Gill, the World Bank Group's Chief Economist and Senior Vice President. "In highly indebted poor countries, multilateral development banks are now acting as a lender of last resort, a role they were not designed to serve. That reflects a dysfunctional financing system: except for funds from the World Bank and other multilateral institutions, money is flowing out of poor economies when it should be flowing in."

The COVID-19 pandemic sharply enlarged the debt burdens of all developing countries—and the subsequent surge in global interest rates has made it harder for many to regain their footing. At the end of 2023, the total external debt owed by all low- and middle-income countries stood at a record $8.8 trillion, an 8 percent increase over 2020. The percentage increase was more than twice as large for IDA-eligible countries, whose total external debt climbed to $1.1 trillion, an increase of nearly 18 percent.

In 2023, borrowing abroad became considerably more expensive for all developing economies. Interest rates on loans from official creditors doubled to more than 4 percent. Rates charged by private creditors climbed by more than a point to 6 percent—a 15-year high. Global interest rates have since begun to subside, although they are expected to remain above the average that prevailed in the decade before COVID-19.

The latest International Debt Report highlights key insights from the World Bank's International Debt Statistics database—the most comprehensive and transparent source of external debt data of developing countries. It reflects an upgraded effort to ensure accuracy in the debt data of IDA-eligible economies—by matching data these economies report to the World Bank's Debtor Reporting System with data held by G7 and Paris Club creditors. This loan-by-loan reconciliation exercise produced a 98 percent match rate in the data, lowering the margin of error from 10 points to just two.

"Comprehensive data on the liabilities of governments can facilitate new investment, reduce corruption, and prevent costly debt crises," said Haishan Fu, the World Bank Chief Statistician and Director of its Development Data Group. "The World Bank has played a leading role in improving debt transparency across the world, especially in IDA-eligible economies. In 2023, nearly 70 percent of these economies published fully accessible public-debt data on a government website—a 20-point increase since 2020. That is a hopeful sign for the future." https://ln.run/nuM0J

ADB Unveils New Framework to Enhance Social and Environmental Protections for Projects

The Asian Development Bank (ADB) has approved a new Environmental and Social Framework (ESF) with stronger protections for people and the environment, and more effective management of project risks, paying closer attention to specific country contexts and needs.

The ESF, which is targeted to become effective in January 2026, will replace the 2009 Safeguard Policy Statement (SPS). Its approval follows 4 years of technical reviews and consultations with more than 4,500 stakeholders. The policy will help developing member countries to better manage risks, addressing adverse impacts on people and the environment from development projects.

"Our region faces a growing set of severe development challenges. We must maximize the positive impact of our projects, especially for poor and vulnerable communities," said ADB President Masatsugu Asakawa. "Clearer standards and broader protections are critical, and this framework represents a significant step forward in our efforts to ensure that development is inclusive, sustainable, and beneficial to all."

The ESF reflects good international practice on environmental and social requirements and aligns ADB's approach with other multilateral development banks. This will provide greater opportunities for streamlined cofinancing arrangements.

Under the ESF, new standards on labor and community health and safety will protect children, workers and communities from risks including sexual exploitation, abuse, and harassment. A new climate change standard affirms ADB's support for the Paris Agreement, and a stakeholder engagement standard strengthens ADB's commitment to meaningful consultations, enhanced information disclosure, and effective grievance mechanisms. Current standards for biodiversity protection have also been strengthened, supporting nature positive investment.

ADB projects will implement a new integrated approach to risk classification and adaptive management to enhance efficiency and reduce costs. Risk assessments will consider project and country contexts, including implementation in fragile and conflict-affected situations and for small island developing states. Clear parameters are set for using borrowers' environmental and social systems, while ensuring that ADB environmental and social standards are not diluted.

The ESF will be rolled out starting in January 2025, along with a long-term capacity support program that will assist ADB and its members to strengthen capacity to implement the new framework.

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 69 members—49 from the region. https://ln.run/fZkMM

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SELF & BUSINESS MANAGEMENT TIPS

Integrate AI into Your Team's Workflow

AI isn't just coming, it's already here, reshaping industries and roles and how we define productivity. As a leader, you have the power to prepare your team for this transformative era by focusing on one critical asset: your people. Here's how.

Augment, don't replace. Empower employees to offload repetitive tasks to AI, freeing time for work that requires empathy, creativity, and strategic thinking. Focus on reskilling efforts to help your team add value in ways AI can't replicate.

Measure what matters. Shift performance metrics to reward outcomes, not effort. Encourage transparent use of AI to boost productivity, and don't punish employees for freeing up time by piling more work onto their plates.

Focus on human skills. Encourage your employees to prioritize curiosity, emotional intelligence (EQ), and critical thinking. AI may excel at knowledge, but it's human traits like compassion and ingenuity that will set your team apart.

Encourage experimentation. Foster a culture of learning by promoting safe, exploratory use of AI. Innovation flourishes when failure is seen as an opportunity to grow.

(This tip is adapted from *Set Your Team Up to Collaborate with AI Successfully,* by Tomas Chamorro-Premuzic HBR.)

Is a Big Career Change Really Necessary?

It's tempting to think a career overhaul is the solution to feeling stuck at work. But before you make the leap, pause. A radical change is a significant investment of time and energy—and often, it's not even necessary. Here's how to figure out your next step.

Understand your context. Life's upheavals, like personal challenges and workplace uncertainty, can amplify dissatisfaction. Before deciding to make a drastic change, ask yourself: Is this a normal period in my life, or am I reacting to external pressures? Give yourself time to reflect and revisit the idea after the dust settles.

Stay flexible. Career decisions are usually complex and ambiguous, not straightforward. Explore multiple options and consider where they might lead—for example, to upskilling, switching jobs, or staying the course. Ambivalence can lead to surprising insights.

Make an informed decision. Excitement for a new path can be blinding. Take time to gather real-world data. Talk to people in the field. Investigate the lifestyle. Avoid big commitments until you're sure. Most fulfilling transitions are built on months of exploration, not impulsive leaps.

(This tip is adapted from *Do You Really Need a Big Career Change?*, by Irina Cozma –HBR.)

What to Do When Anxiety Strikes

Anxiety feels different for everyone—for some, it's a racing heart, for others a heavy chest. However anxiety shows up, one thing's for sure: It's tough to lead, work, or just get through the day when your mind is buzzing. Here's how to stay grounded when anxiety strikes.

Pause and check in. Understanding what you're feeling in your body and what triggers your anxiety can help you keep the spiral at bay. Start practicing a quick body scan, paying attention to your breathing, jaw, and shoulders. Ask yourself: If I get stressed, does a particular part of my body react?

Stay connected. When anxiety whispers "Stay home," try stepping out instead. Interacting with people who aren't going through the same situation can provide the less-emotional perspective you need. Seek out friends who will listen, not ruminate with you.

Create kind routines. Activities like walking, journaling, or listening to music can help you reduce your anxiety and regulate your emotions. Pick activities you know you enjoy and commit to doing them—even when you don't feel like it.

Have a distress plan. When anxiety peaks, be prepared. Techniques like deep breathing or even dunking your face in cold water can help trigger calm. Write down what works for you—it's a safety net for your toughest moments.

(This tip is adapted from *An Anxious Person's Guide to Managing Anxiety,* by Gretchen Gavett –HBR.)

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