

Domestic Economic Roundup

Key Money & Banking Indicators:

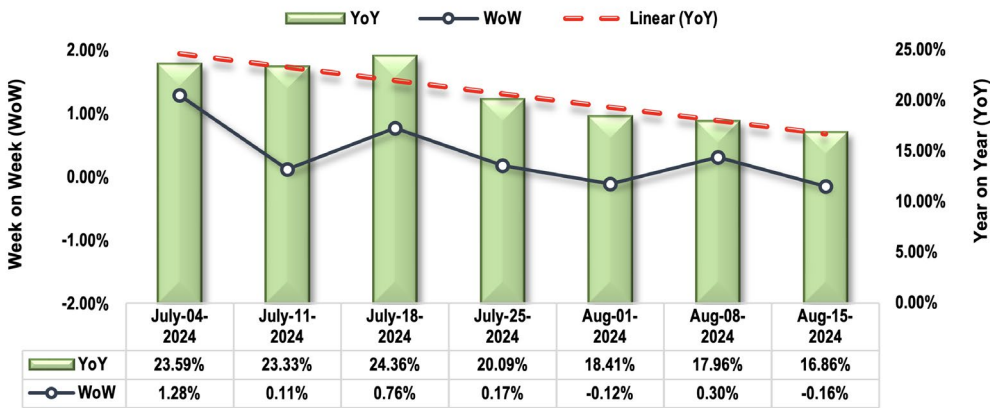
| | Stocks at End - June 2024 P | Flows | | Monetary Impact Since 1st July to | |
|-------------------------------|-----------------------------|---------|---------|-----------------------------------|-----------|
| | | FY23 | FY24 P | 26-Jul-24 | 28-Jul-23 |
| Total Deposits with Banks | 27,239.6 | 2,327.6 | 4,977.1 | -1,311.8 | -289.1 |
| Broad Money (M2) | 36,560.0 | 3,920.6 | 5,036.7 | -1,414.1 | -769.3 |
| Govt. Sector Borrowings (Net) | 31,062.5 | 4,100.2 | 7,339.4 | -192.5 | -178.5 |
| Credit to Private Sector | 9,531.3 | 208.3 | 364.2 | -326.9 | -171.1 |

(Rs in billion)

P = Provisional <https://tinyurl.com/bdfssvdx> *Latest data available till July 26, 2024

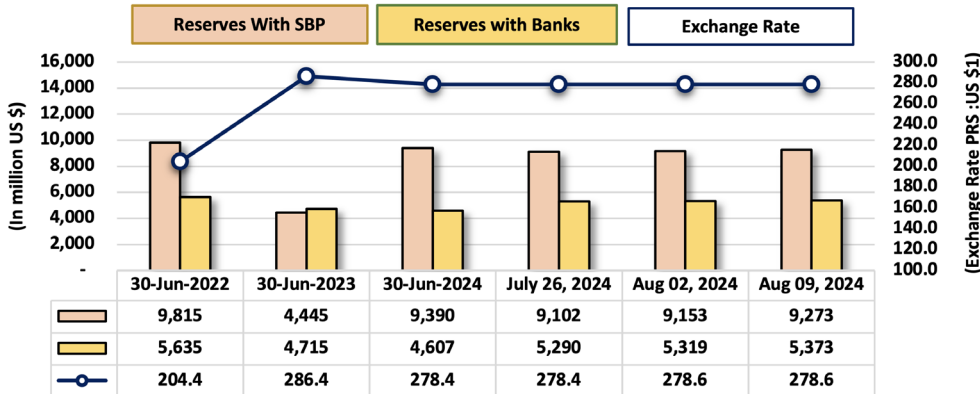
Weekly Trend in Sensitive Price Indicator (SPI)

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



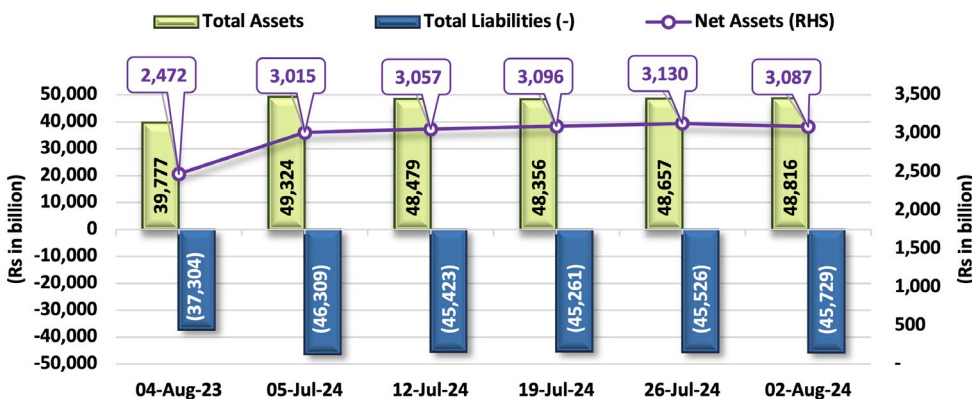
Forex Reserves and Exchange Rates as on

<https://shorturl.at/dxNU7> | <https://shorturl.at/aJMZ2>



Total Assets and Liabilities of Scheduled Banks

<https://tinyurl.com/yfex7vn9>



Markets at a Glance

Rates taken till Friday, August 16, 2024

SBP POLICY RATE

19.5% | Effective from July 30, 2024

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

KIBOR (3 MONTHS)

| | Bid% | Offer% |
|----------|-------|--------|
| Change | 18.86 | 19.11 |
| Ending | 18.79 | 19.04 |
| Starting | -0.07 | -0.07 |

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

*Latest data available till August 15, 2024

FOREX RATES

| | GBP | EURO | USD |
|----------|------------|------------|------------|
| Change | PKR 355.50 | PKR 304.22 | PKR 278.55 |
| Ending | PKR 358.80 | PKR 306.01 | PKR 278.54 |
| Starting | +3.3 | +1.79 | -0.01 |

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

PAKISTAN STOCK EXCHANGE

| | 100 Index |
|----------|-----------|
| Change | 78,570 |
| Ending | 78,045 |
| Starting | -525 |

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

GOLD RATES

| | 10 GM, 24K |
|----------|-------------|
| Change | PKR 217,121 |
| Ending | PKR 220,285 |
| Starting | +3,164 |

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

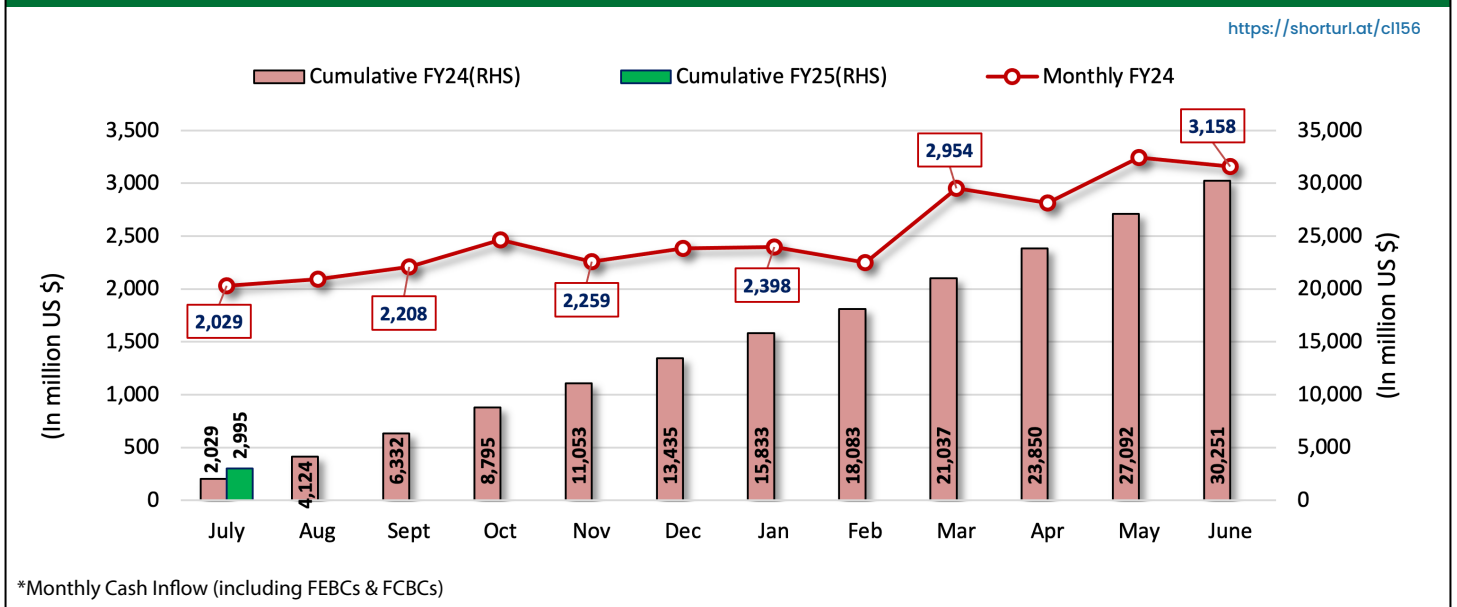
Monthly Workers' Remittances

(\$ US in million)

| Month | Jul | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
|-----------------------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|--------|--------|
| FY24 | 2,029 | 2,095 | 2,208 | 2,463 | 2,259 | 2,382 | 2,398 | 2,250 | 2,954 | 2,813 | 3,242 | 3,158 |
| FY25 | 2,995 | | | | | | | | | | | |
| Cumulative FY24 (RHS) | 2,029 | 4,124 | 6,332 | 8,795 | 11,053 | 13,435 | 15,833 | 18,083 | 21,037 | 23,850 | 27,092 | 30,251 |
| Cumulative FY25 (RHS) | 2,995 | | | | | | | | | | | |

Monthly Workers' Remittances* (FY23 Vs. FY24)

<https://shorturl.at/cl156>



CPI Inflation

Annual Average

Year-on-Year

| | FY20 | FY21 | FY22 | July 2023 | June 2024 | July 2024 |
|------------------|------|------|------|-----------|-----------|-----------|
| General | 10.7 | 8.9 | 12.2 | 28.3 | 12.6 | 11.1 |
| Food (Urban) | 13.6 | 12.4 | 13.4 | 40.2 | 2.6 | 3.4 |
| Non-Food (Urban) | 8.3 | 5.7 | 10.8 | 17.3 | 24.3 | 20.7 |

<https://www.sbp.org.pk/ecodata/MPM-New.pdf>

<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 | July 28, 2023 | June 30, 2024 (P) | July 26, 2024 (P) |
|---------------|---------------|---------------|---------------|-------------------|-------------------|
| 6,909.9 | 7,572.5 | 9,148.7 | 8,679.6 | 9,153.1 | 9,070.1 |

P=Provisional

https://www.sbp.org.pk/ecodata/BroadMoney_M2.pdf

*Latest data available till July 26, 2024

Central Banks' Gallery

State Bank of Pakistan



Economic Stability is the Key to National Sovereignty: Governor SBP

The 77th Independence Day was celebrated at SBP with renewed fervor and enthusiasm. The formal proceedings began with the hoisting of the National Flag, as the Navy band played the National Anthem. The colorful ceremony was attended by a large number of SBP employees along with their families. A small contingent of Inter Bank Security Officers performed a march-past, demonstrating discipline and cohesion, and presented the Guard of Honor. Additionally, a choir consisting of students from the Garage School, DHA CSS and Bahria School sang national songs.

Governor SBP, Mr Jameel Ahmad's message which was read out by Executive Director Muhammad Haroon Rasheed, praised the immense sacrifices made by the founding fathers in establishing a separate homeland for Muslims of the Indian subcontinent. His message focused on improvements in macroeconomic indicators.

In his message, Governor Ahmad pointed out that inflation had significantly decreased to 11.1 percent in July this year, down from 28.3 percent in July 2023. He highlighted the country's previous struggles with macroeconomic indicators, noting that the current account deficit, which was USD 17.5 billion in FY 22, had been reduced to USD 3.2 billion in FY 23, and further to USD 0.7 billion in FY 24. Foreign remittances have now increased to USD 30.2 billion in FY 24 from USD 27.3 billion in FY 23. The Governor also noted that the situation regarding foreign reserves has improved, with reserves rising to USD 9.3 billion despite ongoing debt repayments. Furthermore, there have been no import restrictions, and IT exports have risen significantly. These improvements, he emphasized, bode well for the country's economy.

The Governor elaborated that the improvement in macroeconomic indicators is the result of measures taken by both the Government and the SBP, leading to a better economic outlook. Banks have developed their plans to issue more loans to the agriculture and SME sectors compared to last year, to harness the potential in these areas. He emphasized the SBP's efforts to ensure access to financial services for the general public, including initiatives such as the National Financial Inclusion Strategy, the National Financial Literacy Program, and Banking on Equality. He also highlighted 'Raast,' Pakistan's first instant payment system, which enables end-to-end digital payments among individuals, businesses, and government entities, as well as the Asaan Mobile Account, which allows the general public, especially low-income segments, to open branchless banking accounts digitally.

Mr Ahmad stressed the need for adopting new and innovative strategies to resolve perennial economic issues. Particularly in the context of digital innovations and emerging cybersecurity threats, he stated that the SBP is actively addressing these challenges and urged the banking industry to upgrade their systems to enhance cybersecurity and inform their customers in advance to protect their credentials from potential fraudsters.

Governor Ahmad also mentioned that the SBP observed the first edition of Pakistan Financial Literacy Week in March this year. The theme for the week was 'Digital Bankari – fori aur asaan' aimed at leveraging the potential of digital solutions to equip individuals with the knowledge and tools necessary to make informed financial decisions. The general public was provided with information regarding digital financial services such as Raast, QR Codes, Asaan Mobile Account, and Asaan Digital Account, with SBP BSC field offices and commercial banks participating. <https://shorturl.at/np150>

Monetary Authority of Singapore (MAS)



MAS Collaborates with Banks and Technology Partners on Quantum Security

The Monetary Authority of Singapore (MAS), DBS, HSBC, OCBC, UOB, SPTel and SpeQtral on August 14, 2024, signed a Memorandum of Understanding (MoU) to embark on quantum security collaboration and study the application of Quantum Key Distribution (QKD) in financial services. QKD can help financial institutions (FIs) protect the exchange of cryptographic keys to address the cybersecurity threats posed by quantum computing.

Quantum computing technology has been developing rapidly and has demonstrated potential to break commonly used cryptography and encryption algorithms. This poses a major cybersecurity concern. In February 2024, MAS issued an advisory to all FIs on the cybersecurity risks associated with quantum technology, and provided recommendations for FIs to safeguard themselves against the identified threats, including to carry out proof-of-concept trials with quantum security solutions. More recently, MAS launched a quantum track under the Financial Sector Technology and Innovation Grant Scheme (FSTI 3.0) to provide funding support for quantum projects and capabilities.

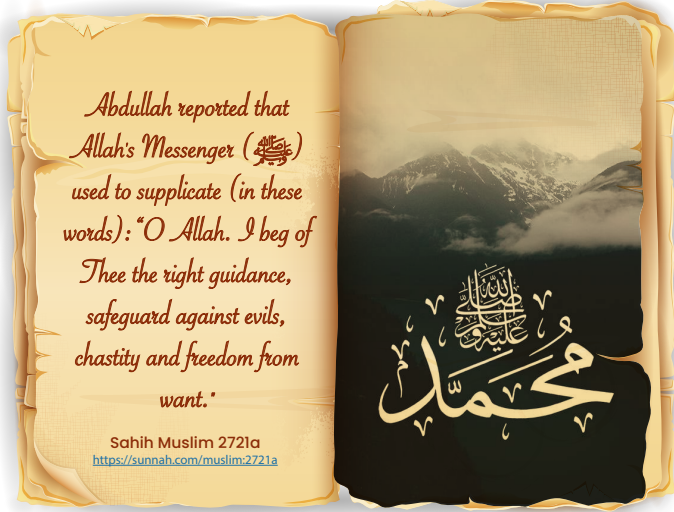
This MoU builds on these initiatives and provides a collaborative framework for trialing the application of quantum security solutions in financial services. In the coming months, MAS and participating banks will experiment with QKD solutions jointly provided by SPTel and SpeQtral in the following areas:

a. Conduct QKD proof-of-concept sandbox on financial sector use cases to evaluate its viability, effectiveness and applicability to financial services, and determine the feasibility of using QKD for quantum-safe communications within the financial sector.

b. Validate the security properties of QKD, such as detecting eavesdropping attempts and preventing unauthorized access or tampering of QKD transmissions. This will help to verify QKD's capability to provide robust security for sensitive data transfers, and enhance trust in its deployment within the sector.

c. Enhance technical competencies through knowledge exchange to equip MoU participants with the skillsets to support the transition towards adopting quantum security solutions when they are commercially available.

Mr Vincent Loy, Assistant Managing Director (Technology), MAS, said, "As quantum technology advances, it is vital for the financial sector to safeguard against potential cybersecurity threats that may be brought about by the technology. The proof-of-concept trials will help MAS and financial institutions better understand QKD's potential impact on operations and address challenges early. These technology trials can also inform and shape technology and cyber risk management policies towards quantum-proofing our financial systems. We are excited to partner the industry on this initiative and look forward to the learnings and experience that it will bring to our financial sector." <https://shorturl.at/qm1Y0>



Bank Indonesia

Indonesia's External Debt Still Manageable in the Second Quarter of 2024

Indonesia's external debt in the second quarter of 2024 remained manageable. The position of external debt in Indonesia in the second quarter of 2024 was recorded at USD 408.6 billion, with growth accelerating to 2.7 percent (YoY) from 0.2 percent (YoY) in the first quarter of 2024. The increase was driven by external debt in both the public and private sectors.

Government external debt continued to track a contractionary trend. The position of government external debt in the second quarter of 2024 stood at USD 191.0 billion, contracting 0.8 percent (YoY) after declining 0.9 percent (YoY) in the previous quarter. The latest developments were influenced by a rebalancing of non-resident investor placements in domestic government securities (SBN) in response to persistently high global financial market uncertainty. The Government remains firmly committed to preserving credibility in servicing principal and interest payments promptly, as well as managing external debt prudently, measured, and flexibly with strategic opportunism to secure the most efficient and optimal financing. External debt, as a component of State Revenue and Expenditure Budget (APBN) financing instruments, is consistently geared towards supporting government efforts to finance productive sectors and priority expenditures based on sustainable management. By sector, external debt support in the reporting period was primarily oriented towards human health and social activities (20.9 percent of total government external debt); public administration, defense and compulsory social security (18.8 percent); education (16.8 percent); construction (13.6 percent); as well as insurance and financial services (9.5 percent). The current state of government external debt is considered safe and manageable, with nearly all, or 99.99 percent of total government external debt, dominated by long-term maturities.

Private external debt also remained under control. In the second quarter of 2024, the position of private external debt was recorded at USD 196.5 billion, growing 0.3 percent (YoY) after contracting 1.2 percent (YoY) in the first quarter of 2024. The latest developments were attributable to external debt at non-financial corporations, which increased 0.6 percent (YoY), contrasting the 0.9 percent (YoY) contraction recorded at financial corporations. By sector, the main contributors to private external debt in the reporting period were the manufacturing industry; insurance and financial services; electricity and gas supply; as well as mining and quarrying, collectively accounting for 79.1 percent of total private external debt. Furthermore, 76.7 percent of total private external debt was dominated by long-term tenors.

The structure of Indonesia's external debt remains sound, supported by prudential management. This was reflected in the ratio of external debt to gross domestic product (GDP) recorded at 29.9 percent in the reporting period, with long-term debt dominating 85.7 percent of total external debt. Maintaining a healthy structure, Bank Indonesia and the Government will continue strengthening interagency coordination to monitor external debt developments. The function of external debt will also be optimized to support development financing and foster sustainable economic growth nationally by minimizing the risks that could disrupt economic stability.

The latest external debt data and metadata are presented in the publication of Indonesia's External Debt Statistics (SULNI) August 2024 edition on the Bank Indonesia website <https://www.bi.go.id/en/default.aspx>

This publication can also be accessed through the Ministry of Finance website. <https://shorturl.at/PVhsB>

Financial Institutions' Gallery



Konnect by HBL Leads Esports in Pakistan

Konnect by HBL (Konnect), the Bank's branchless banking platform, leads the Esports (short for electronic sports) scene in Pakistan with the launch of its third 'Aur Khelo' tournament, featuring the game 'Valorant'.

Through this initiative, Konnect aims to provide a platform for gamers to support the growth of the gaming community in Pakistan. The tournament, taking place on August 17, 2024 in Karachi, is powered by IGN and Raptr.

Konnect is a pivotal player in the growth of Pakistan's Esports ecosystem. By organizing the 'Aur Khelo' tournament series, the platform is not only tapping into the immense potential of the youth market but also actively fostering a vibrant gaming community. Konnect is committed to shaping the future of Esports in the country and empowering the next generation of gamers.

Commenting on the initiative, Abrar A. Mir, Chief Innovation & Financial Inclusion Officer – HBL, said, "Konnect by HBL recognizes the immense potential of Pakistan's 37-million-strong gaming community and we are excited to embark on our next chapter in Esports. By leading in this arena, we aim to empower the next generation of gaming champions and contribute significantly to the growth of Pakistan's digital economy." <https://shorturl.at/6plcN>

General Economic Horizon

A. Domestic News

CCP Approves 100 percent acquisition of Sadapay by PPR Holding A.S.

The Competition Commission of Pakistan (CCP) has granted approval for the acquisition of 100 percent shareholding of M/s SadaPay Technologies Limited by M/s PPR Holding A.S. under a Share Purchase Agreement.

M/s PPR Holding A.S., a private limited company based in Turkey, specializes in investments in financial institutions and technology companies. The target of this acquisition, M/s SadaPay Technologies Limited, is a public unlisted company incorporated in Dubai, UAE, which serves as a holding company and parent of M/s SadaPay (Private) Limited, the ultimate target in this transaction. The ultimate target, a private limited company in Pakistan, provides financial services, including a Mastercard debit card and a digital wallet.

According to the application, PPR Holding A.S. intends to acquire 100 percent shareholding of SadaPay Technologies, thereby gaining direct control over both SadaPay Technologies and SadaPay (Private) Limited upon finalization of the transaction.

The CCP's market assessment identified the relevant product market as 'Electronic Money Institutions (EMIs)' in Pakistan. SadaPay (Pvt) Ltd's market share in the digital transactions sector, serviced by various E/M-Wallet providers, is nominal and will remain unchanged following the transaction.

This acquisition will establish PPR Holding A.S.'s presence in Pakistan without leading to market dominance, as defined under Section 2(1)(e) and Section 3 of the Competition Act, 2010. Consequently, the CCP has authorized the transaction under Section 31(1)(d)(i) of the Act.

The entry of a renowned financial sector company into Pakistan will bring in new technologies, improve customer service standards, and provide more secure digital payment options. This acquisition also demonstrates Pakistan's market potential for business expansion and investor attraction. <https://shorturl.at/b7PyR>

B. International News

World Bank Group Launches High Level Council to Tackle Looming Jobs Crisis

The World Bank Group on August 12, 2024, announced the launch of the High-Level Advisory Council on Jobs, a new initiative that will identify actionable policies and programs to address the looming jobs crisis in the Global South. Over the next 10 years, an unprecedented 1.2 billion young people in the Global South will become working age adults. Meanwhile, the job market is only expected to create 420 million jobs—leaving nearly 800 million without a clear path to prosperity. Though some young people will be in further education, their eventual entry into the labor market will add to this challenge.

The High-Level Advisory Council is a dedicated initiative by the World Bank Group to transform this challenge into an opportunity to drive future prosperity. It will focus on youth and female employment opportunities. The global labor force participation rate for women is just over 50 percent—much lower in some regions—compared to 80 percent for men.

The Council will bring together leading experts across government, business, civil society, and academia to offer thought leadership and actionable strategies for creating large-scale employment opportunities. The strategies developed will be examined within the World Bank Group with a view to piloting them with countries in real world applications. Those exhibiting the right level of success will be scaled over the coming years to effectively address the jobs challenge.

The Council will be led and co-chaired by Tharman Shanmugaratnam, President of the Republic of Singapore and former Deputy Prime Minister and Coordinating Minister for Economic and Social Policies, and Michelle Bachelet, former President of the Republic of Chile and Head of Government for two terms (2006–2010 and 2014–2018).

“Creating jobs is the surest way to combat poverty and grow prosperity,” said World Bank Group President Ajay Banga. “A job is the most meaningful yardstick of success for any individual: with a job comes dignity, pride, and the ability to provide for yourself and your family. We are launching the Council to set our development strategy on a foundation of creating employment opportunities in all corners of the globe.”

“Good jobs are at the core of aspirations everywhere, but also a growing challenge in the face of rapidly advancing technologies, geoeconomic uncertainty and climate threats,” said Shanmugaratnam. “New strategies are needed to achieve sustained job and income growth among developing world populations, and the benefits this will bring for the global economy too.”

“The challenge is unprecedented in modern history: we must provide meaningful job opportunities for hundreds of millions of young people and women in the Global South,” said Bachelet. “This High-Level Advisory Council will seek to identify policies that are both effective and can be implemented on the ground, ensuring that economic growth and social justice go hand in hand. Let’s help prepare young people and women for the challenges of today and the future. Our goal is for all of them to have an opportunity to contribute to and benefit from a more inclusive global economy.”

The Council will meet regularly and work directly with Banga and World Bank Group senior leadership. The members of the Council will be announced in the near future. The Council aims to hold its first meeting during the 2024 World Bank Group-IMF Annual Meetings. <https://shorturl.at/WS0GU>

ADB Invests \$15 million in Basisbank’s Certified Sustainability Bond, a First in Georgia

The Asian Development Bank (ADB) has invested \$15 million as an anchor investor in a 3-year sustainability bond issuance by Joint Stock Company BasisBank. The bond is the first certified sustainability bond issued by a commercial bank in the Georgian Stock Exchange and will finance green and social sector projects.

ADB’s investment accounts for part of BasisBank’s \$20 million bond issuance, with the rest sourced from private investors. The bond complies with a sustainability bond framework under the International Capital Market Association’s Sustainability Bond Guidelines and validated by Det Norske Veritas. The issue was arranged by TBC Capital and Galt and Taggart.

Sustainability bonds are designed to finance projects that provide environmental and social benefits, combining the principles of green bonds which finance environmental projects, and social bonds which finance projects addressing social issues.

“Sustainability bonds help bridge financing gaps and achieve their sustainable and inclusive growth goals while supporting sound capital management by the private sector,” said ADB Private Sector Director General Suzanne Gaboury. “This pioneering transaction will deepen Georgia’s capital market by increasing awareness of thematic bonds that adhere to international standards while funding green and social projects.”

Georgia recently updated its nationally determined contributions as part of the Paris Agreement. The country has committed to reducing its greenhouse gas emissions to 35 percent below its 1990 baseline level by 2030. Georgia’s central bank has mandated banks to apply the Sustainable Finance Taxonomy to report on their environmental and social activities. Climate change finance through financial institutions is a priority for the government across all sectors of the economy.

“BasisBank is and has always been a strong supporter of sustainable financing,” said BasisBank’s Chief Executive Officer David Tsaava. “This transaction demonstrates that ADB and BasisBank share a commitment to the sustainable development of Georgia.”

BasisBank is the fourth-largest bank in Georgia and a leader in small and medium enterprise financing. It manages a loan portfolio of 2,684 million lari and operates through 39 branches serving around 200,000 customers across Georgia. <https://shorturl.at/D9ReC>

HR TIPS



How to Gain Appreciation—and a Promotion

Now that you have a better sense of what is holding you back, here is how to course-correct—and gain the appreciation you deserve.

Remember, there is a difference between highly visible and status-granting work. Just because someone with status asked you to do something does not mean it will showcase your skills in a way that will help you get promoted. How can you determine whether the work you have been asked to do is promotable? You could respectfully say: “I would love to help with this, but I have a lot on my plate right now. A big goal of mine is to build the skills I need to move up to the next level. Will this role contribute to those skills?”

Balance being a team player and looking out for yourself. Prioritizing your own career growth does not mean you should stop helping your team members—but you should set limits around how much extra work you take on. Find out from your boss whether helping out teammates is a criteria for promotion. You might ask, “What performance metrics are usually discussed in these meetings? Can you list them from the most to least important?”

(This tip is adapted from *Why You Feel Underappreciated at Work*, by Tessa West – HBR.)

Understand Why You Feel Underappreciated at Work

Struggling to land a promotion at work can make you feel underappreciated and undervalued. If you are frustrated by a lack of professional growth, how can you empower yourself? Start by figuring out the unique circumstances that are contributing to your feelings. Here are a few self-reflection questions.

What story am I telling myself? Recognize when a lack of growth is due to circumstances outside of your or your manager's control, such as poor economic conditions. From there, you can gain some confidence back and consider your next move.

Am I making unhelpful comparisons? Sometimes we feel underappreciated at work because we see our peers moving up the ladder while we remain stagnant. To understand where you actually stand, ask your manager, "Can you tell me about the roles and experience levels of the people who made your short list for the promotion?" You may uncover a skill or experience gap that is stunting your growth.

Is it just me? It is important to gain information about the career prospects and paths of those with similar goals to you. Ask your manager or someone in HR how many people applied for the promotion you wanted, as well as how many were internal and external. If the data you are looking for is not available, try speaking with successfully promoted people. The knowledge you gain can inform your next steps.

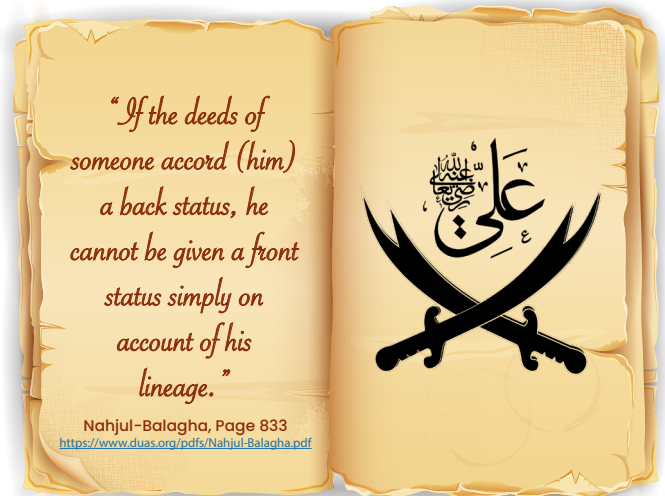
(This tip is adapted from *Why You Feel Underappreciated at Work*, by Tessa West – HBR.)

Appeal to Different Learning Styles When Pitching an Idea

Ever pitched a brilliant idea only for it to fall flat? The issue might not be the idea itself, but your ability to engage your audience. To captivate your listeners, try appealing to three different learning styles.

For visual learners, paint a picture. Use colorful charts, graphs, and illustrations to make your points clear. Or you could include a prototype, demo video, or animations to bring ideas to life. You might also ask your audience to close their eyes and envision a concept as you lay it out.

For auditory learners, use your voice. Begin with a compelling narrative. Vary your tone, pace, and pauses to create a sonic experience. Rephrase your questions to invite expansive thinking, like switching from "What do you think?" to "Can you help me think about this differently?" Incorporate relevant sounds or music to enhance emotional connection.



For kinesthetic learners, create a hands-on experience. Include tangible elements like product prototypes or interactive models, or create activities that allow learners who prefer tactile learning to experience your idea firsthand.

(This tip is adapted from *To Make Your Pitches More Engaging, Appeal to Multiple Learning Styles*, by Duncan Wardle – HBR.)

Do not Let Passion Backfire on Your Team

Passion can drive high achievers to excel. But too much passion has been linked to overconfidence and can lead to unrealistic expectations and even burnout. Managing passionate people is not necessarily harder, but it does require proactivity and vigilance. Try these strategies to harness the power of passion on your team while mitigating its risks.

Build in "Passion Slack." Encourage employees to add buffer time to ambitious timelines. This helps ensure realistic project completion dates and reduces the risk that they will burn out.

Pause and Evaluate Bandwidth. Coach employees to assess their workload before they take on new projects. This proactive step helps them avoid over commitment.

Set Realistic Expectations. Provide regular, honest feedback to help passionate employees develop better self-awareness, a clear perspective on their performance, and a set of achievable goals.

Encourage Objective Evaluation. Promote a culture of data-driven performance reviews to counteract inflated self-assessments.

Foster Openness to Feedback. Cultivate an environment where constructive criticism is welcomed. Reinforce the value of growth and development to ensure passionate employees remain open to input on how they can improve.

(This tip is adapted from *Research: How Passion Can Backfire at Work*, by Erica R. Bailey et al. – HBR.)