

Domestic Economic Roundup

Key Money & Banking Indicators:

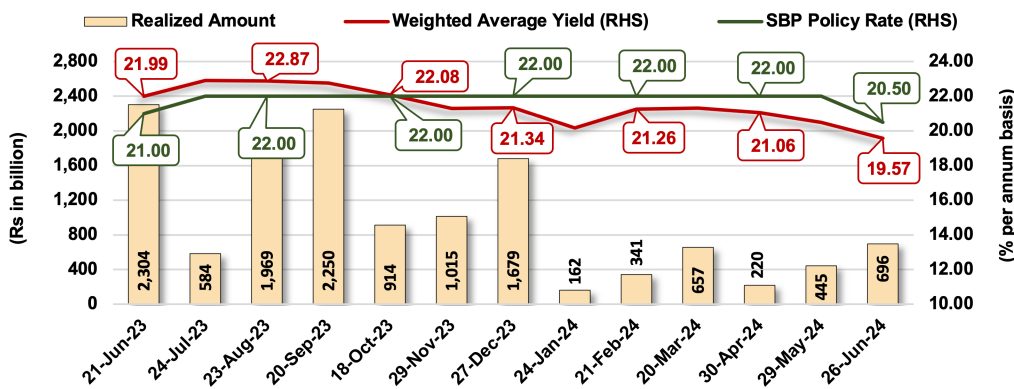
	Stocks at End - June 2023	Flows		Monetary Impact Since 1st July to	
		FY22	FY23	14-June-24	16-June-23
Total Deposits with Banks	22,262.4	2,615.1	2,327.6	3,402.8	1,548.2
Broad Money (M2)	31,523.3	3,304.9	3,920.6	3,578.8	2,810.6
Govt. Sector Borrowings (Net)	23,723.1	3,357.7	4,100.2	6,610.3	4,023.3
Credit to Private Sector	9,167.1	1,329.7	208.3	123.9	62.3

(Rs in billion)

<https://tinyurl.com/bdssvdx>

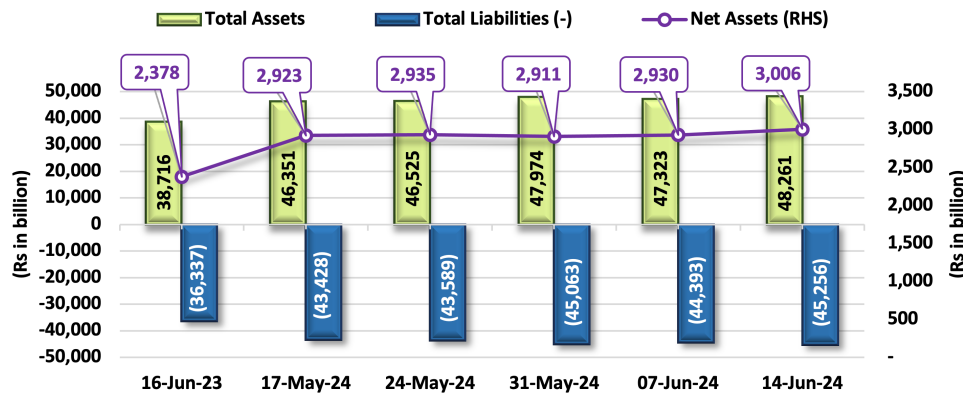
MTBs Acceptance (Auction+ Non-Competitive Bids)

MTB's : <https://shorturl.at/gkxA3>
SBP Policy : <https://shorturl.at/gkzG>



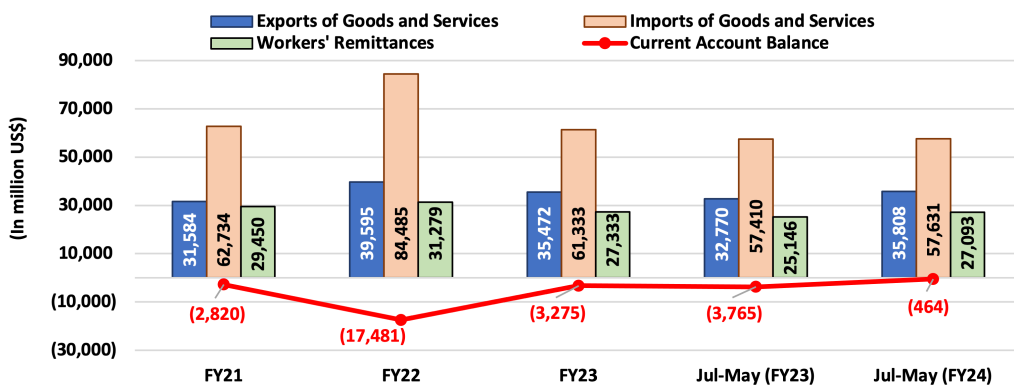
Total Assets and Liabilities of Scheduled Banks

<https://tinyurl.com/yfex7vn9>



Major Components of Current Account Balance

<https://shorturl.at/yBHI9>



Markets at a Glance

Rates taken till Friday, June 28, 2024

SBP POLICY RATE

20.5% | Effective from June 11, 2024

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

KIBOR (3 MONTHS)

	Bid%	Offer%
Change Starting	19.95	20.20
Change Ending	19.99	20.24
Change	+0.04	+0.04

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

FOREX RATES

	GBP	EURO	USD
Change Starting	PKR 352.29	PKR 297.56	PKR 278.51
Change Ending	PKR 351.92	PKR 297.69	PKR 278.34
Change	-0.37	+0.13	-0.17

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

PAKISTAN STOCK EXCHANGE

	100 Index
Change Starting	78,810
Change Ending	78,445
Change	-365

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

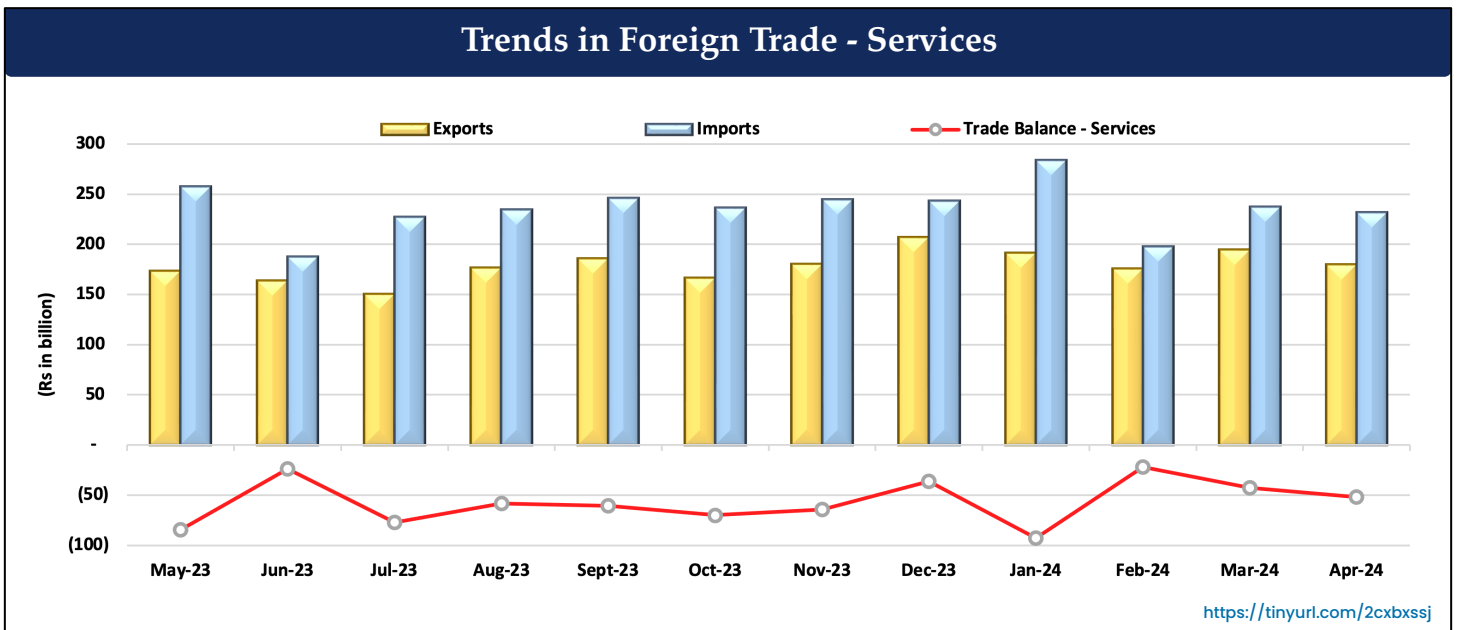
GOLD RATES

	10 GM, 24K
Change Starting	PKR 211,080
Change Ending	PKR 208,355
Change	-2,725

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

Yearly Trend (YoY) & Monthly Trend (MoM)

Balance of Trade Summary					(Rs in billion)	
Series	Apr 2024 (P)	Mar, 2024 (R)	April 2023	% Change (April, 2024 over March, 2023)	% Change (April, 2024 over April 2023)	
Exports	179.7	194.8	157.9	(7.8)	13.8	
Imports	231.7	237.4	206.7	(2.4)	12.1	
Balance of Trade - Services	(52.0)	(42.6)	(48.8)	22.0	6.6	



CPI Inflation	Annual Average			Year-on-Year		
	FY20	FY21	FY22	May 2023	Apr 2024	May 2024
General	10.7	8.9	12.2	38.0	17.3	11.8
Food (Urban)	13.6	12.4	13.4	48.1	11.3	2.2
Non-Food (Urban)	8.3	5.7	10.8	26.6	25.6	23.6

<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, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 16, 2023	June 14, 2024	
6,142.0	6,909.9	7,572.5	9,148.7	8,788.3	9,300.6	

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

Central Banks' Gallery

State Bank of Pakistan



Deputy Governor SBP Encourages Banks to Embrace SME Finance as Core Business Line to Boost MSME Growth

The State Bank of Pakistan (SBP) joined the global community in celebrating Micro, Small, and Medium Enterprises (MSME) Day by highlighting the pivotal role these enterprises play in driving economic growth, fostering innovation, and creating jobs. SBP celebrated this day by organizing an MSME seminar under this year's theme, 'MSME Finance: Catalyst for Inclusive Growth'. The theme underscores the importance of financial support in unleashing the potential of SMEs. The event was attended by Presidents/CEOs of banks/DFIs, senior SBP management, government officials, and representatives of trade bodies.

In his keynote address, Deputy Governor Saleemullah stated that SMEs are the lifeline of the country's economy, providing employment to 80 percent of the non-agricultural workforce, contributing 40 percent to GDP, and accounting for more than 25 percent of total export earnings. He informed the audience that SBP's focus is on creating an enabling environment where SME finance can grow enabling SMEs to thrive and contribute to sustainable economic growth.

As part of its Vision 2028, SBP aims to double SME financing to Rs 1,100 billion over the next five years, with Rs 100 billion to be added to the SMEs' outstanding portfolio by the end of June 2025. The Deputy Governor called on all banks to play their part in promoting SME finance and surpass the Rs 100 billion estimated increase for FY 2024-25.

To further support SME finance, SBP has proposed the government to provide risk coverage to banks on their fresh financing to SMEs, whereby 20 percent and 10 percent first loss coverage would be provided to banks' fresh exposures against SEs and MEs respectively. The necessary allocations for FY25 have been made in the FY25 budget. The Deputy Governor urged all stakeholders to renew their commitment to creating a supportive environment where small and medium-sized enterprises can flourish, thereby driving economic growth and innovation across the nation.

An event was also held at the Banking Hall of SBP on to raise awareness about the significant contributions of MSMEs to the country's economy. Throughout the day, commercial banks and SMEs showcased their products. The visitors took keen interest and praised this initiative of the banking industry and SMEs. Deputy Governor Saleemullah and other dignitaries visited the stalls and congratulated the organizers for displaying valuable products on the MSME day. <https://tinyurl.com/msj9ubsc>



Central Bank of the UAE (CBUAE)



CBUAE Issues Sandbox Conditions Regulation to Foster Innovation in Financial Services Sector

The Central Bank of the UAE (CBUAE) on June 25, 2024, has issued the Sandbox Conditions Regulation, which aims to attract start-ups and global fintech businesses and create an attractive environment for financial sector that supports creativity and innovation within a regulatory and supervisory framework. It will also consolidate the financial sector's competitiveness and support the UAE's economic growth.

The Regulation outlines specific conditions that must be met by participants, including start-ups, fintech and established businesses that are looking to deliver innovative solutions and services within the financial services sector in a regulatory and supervisory framework. It outlines also the criteria to exempt them from the requirement of obtaining a license to allow them to test innovative business models, products and services within a specified duration, provided that they will constantly comply with the regulatory obligations to ensure the best outcomes for all stakeholders.

Among other criteria, applicants are required to present a technologically innovative financial product, service, solution, or business model which may benefit consumers and/or the wider industry. Additionally, participants must demonstrate an intention to deploy the proposed service in the UAE on a broader scale after exiting the Regulatory Sandbox.

The Regulation has been published in the Official Gazette and has come into effect. For more information on the Regulation, please visit the following link: <https://tinyurl.com/2wasvc79> | <https://tinyurl.com/mwvpvdy3>

Saudi Central Bank (SAMA)



Saudi Central Bank Permits 'Sulfah' and 'Wadaie' as New Fintech Startups

The Saudi Central Bank (SAMA) has permitted two new FinTech startups to test their innovative solutions in SAMA's regulatory sandbox. 'Sulfah for Finance' is authorized to launch a peer-to-peer (P2P) lending platform and 'Wadaie for FinTech' to launch a Time Deposit Aggregation platform.

This step contributes to the development of the Saudi FinTech sector and underscores SAMA's commitment to promoting financial inclusion and innovation.

The Saudi Central Bank (SAMA) emphasizes the importance of dealing with licensed/or permitted financial institutions, and this can be verified by visiting the website.
<https://www.sama.gov.sa/en-US/News/Pages/news-1033.aspx>

European Central Bank (ECB)



ECB Publishes First Progress Report on DigitaEuro Preparation Phase

The European Central Bank (ECB) on June 24, 2024 published its first progress report on the digital euro preparation phase, which was launched on 1 November 2023 with the aim of laying the foundations for the potential issuance of a digital euro. The report outlines the progress made on key digital euro design aspects and the envisaged next steps for the project.

- ECB designing high privacy standards to make online and offline digital payments as close as possible to cash transactions.
- ECB started work on designing methodology for calibrating digital euro holding limits.
- ECB continues to provide technical input to legislative discussions with European co-legislators

<https://tinyurl.com/5d9thukk>

Financial Institutions' Gallery



Meezan Bank and EClear Services Limited to Jointly Develop Shariah Compliant Trading Window for Roshan Digital Account Customers

Meezan Bank has signed an agreement with EClear Services Limited (ESL), Pakistan's first Professional Clearing Member, to jointly develop a Shariah-compliant Trading Window for Roshan Digital Account (RDA) customers. The signing ceremony, held on June 25, 2024, at Meezan House, was graced by Mr Zia ul Hasan - Group Executive Operations and Branch Banking, Meezan Bank and Mr Zulfiqar Hyder Khan - CEO, ESL, who signed the SLA. Also present were Mr Hassan Mehmood - Deputy Manager Compliance. ESL and Mr Mirza Ayub Baig - Manager Capital Market, Meezan Bank.

Meezan Bank has successfully assisted in developing Shariah-compliant trading functionality within ESL's Electronic Order Management System (EOMS). This enhancement will enable ESL member brokers, in partnership with Meezan Bank, to facilitate RDA customers in opening CDC accounts with their preferred broker for trading in Shariah-compliant shares, Islamic Exchange Traded Funds, and Sukuk listed on the Pakistan Stock Exchange.

ESL offers an online stock trading system called EOMS to its Securities Brokers, who can then offer their clients (investors) the facility of online trading through web and/or mobile app by subscribing to it.

<https://tinyurl.com/459nhxpz>

U Bank and TCS Enter Strategic Partnership to Enhance Cash Management and Digital Payment Solutions

U Bank and TCS Private Limited have entered into a strategic partnership for the provision of cash management services, employee banking, and digitalized payment solutions across a number of TCS Cash Hubs, bringing innovation and better streamlining the services of TCS for greater customer convenience.

The MoU was signed by Mr Mohamed Essa Al Taheri, President & CEO - U Bank and Ms Saira Awan, President & Vice Chair - TCS, in the presence of other management members from both organizations.

<https://tinyurl.com/4a94hev2>

SNIPS

Climate Change Impact on GDP

Employing long-term data on global economic growth and average annual temperature, a working paper quoted by The Economist finds that an additional 1°C of warming will lead to a 12 percent fall in GDP.

General Economic Horizon

A. Domestic News

CDC Announces Further Tariff Reductions to Facilitate Capital Market Investors

The Central Depository Company of Pakistan Limited (CDC) has completely eliminated annual maintenance fee for the sub-account holders, as well as announced a full waiver of the CDS connection fee and minimum fees for Securities Brokers.

However, in order to make the transaction fee equitable, the Intra account movement transaction fee has been introduced, said a news release.

The revised tariffs reflect CDC's commitment to enhancing market accessibility and cost reduction for all capital market stakeholders.

CDC has announced the additional reduction and rationalization in tariffs, effective July 1, 2024.

In alignment with the Securities and Exchange Commission of Pakistan's (SECP) vision for investor facilitation and reducing the cost of doing business, CDC has, since its inception, reduced its transaction and custody fees by nearly 95 percent.

They further mentioned that they are thankful to SECP in this regard, especially SECP Chairman Akif Saeed and Commissioner (SMD) Abdul Rehman Warraich, for their continued support and encouragement towards CDC for coming up with reforms to enhance ease of doing business and tariff reductions and rationalizations.

Since its inception in 1997, CDC has consistently prioritized the delivery of efficient, cost-effective services to its diverse clientele, including market participants and general investors. During the last five years, CDC has been at the frontline of spearheading the digitization drive and has launched numerous groundbreaking initiatives in a very cost-effective manner, most of them at even NO COST to investors.

These included implementations of Professional Clearing Member regime with the formation of a separate company named EClear Services, and introduction of many digital solutions and services such as CDS Access, Dividend Repository, eIPO, eLOR, eVoting, e-Meeting, Zakat Repository, Emlaak Financials for mutual fund investments, and the Centralized Gateway Portal, among many other initiatives aimed at streamlining payments and business processes.

<https://tinyurl.com/mvt9tyna>



CCP and ICAP Join Hands to Implement Compliance Framework on Competition Law

The Competition Commission of Pakistan (CCP) and Institute of Chartered Accountants of Pakistan (ICAP) join hands to develop a compliance framework on Competition law to be adopted by CA professionals working in various sectors of the economy.

This proposal was made by the council members of the ICAP to CCP at the seminar held on Competition Law at ICAP in Lahore. The seminar was part of the series of CCP's advocacy and ICAP's CPD activities agreed between the both. The first seminar of this series was held in ICAP Karachi which also got a great response from the stakeholders.

This latest session held in ICAP Lahore was attended by CEO, CFOs, Board members, entrepreneurs, professionals from finance, marketing and legal fraternity. A comprehensive presentation was made by CCP officials and a brief video was also displayed on core components of the Competition law. Globally a high importance is being placed on the competition law as it deals with core matters of in the economy that include merger and acquisitions, deterring any anti-competitive and prohibited agreements, deterring abuse of dominant position in market, deterring deceptive marketing and awarding exemptions in certain cases against the criteria prescribed. <https://tinyurl.com/yc6uvsuy>

FBR Launches Nationwide Audit of Urea/Fertilizer Dealers to Ensure Accurate Income Tax Compliance

FBR has initiated a countrywide exercise for conducting audit of Urea/ Fertilizers dealers to ensure that they pay the correct amount of income tax on their earnings. Notices have been issued for audit to a total number of 437 cases. The proceedings are on hands and shall shortly be finalized. Besides above, notices to all non-filers have also been issued by the concerned Inland Revenue Field Formations. <https://tinyurl.com/9zc5y3d6>

Consultation Paper Published on the Real Estate Investment Trust Regulations, 2022

The Securities and Exchange Commission of Pakistan has published a Consultation Paper to invite feedback/suggestions on potential improvements in the Real Estate Investment Trust Regulations, 2022 (REIT Regulations).

The paper is part of SECP's efforts to modernize the regulatory ecosystem in catering to evolving REIT landscape within the country and aligning the REIT Regulations with international benchmarks. The analysis has been carried out on the basis of consultations with relevant stakeholders, including RMCs and trustees.

Potential areas where refinements have been proposed include streamlining the procedure for registration of trust deed and REIT Scheme, rationalizing the timelines for transfer of real estate/shares of SPV in the name of REIT scheme and expedient listing of REIT Schemes; overall designed to make REITs a vibrant capital market asset class. Reasons for identification of each potential area has also been provided to facilitate stakeholders in sharing their feedback

Suggestions are also being invited for enhancing the functions of RMC and trustee, mitigating regulatory arbitrage between different REIT structures and measures for enhanced adherence to Shariah governance framework.

Stakeholders are encouraged to submit their feedback/suggestions on the potential improvement areas along with any other suggestions at REIT.Feedback@secp.gov.pk by July 05, 2024 to July 09, 2024. The consultation paper can be accessed from the SECP's website at <https://tinyurl.com/yb5xshvc> | <https://tinyurl.com/n65z459e>

B. International News

Canada and ADB Launch New Fund to Support Private Sector Climate Action and Nature-Based Solutions

The Government of Canada and the Asian Development Bank (ADB) announced a partnership to create a new Can\$360 million trust fund (about \$255 million). The Canadian Climate and Nature Fund for Private Sector in Asia (CANPA) will support private-sector projects in Asia and the Pacific focused on climate and nature-based solutions while accelerating gender equity. Canada is providing Can\$350 million for project investments and Can\$10 million for technical assistance.

ADB will administer CANPA on behalf of Canada to help private sector companies lower their greenhouse emissions, transition from carbon-based operations, and improve their climate resilience. The fund will lower risks to bring viable projects to market that would be unlikely to proceed solely

on a commercial basis, while empowering women and girls by supporting their engagement in a just transition. It will also finance nature-based solutions such as sustainable agriculture and aquaculture to protect, manage, and restore ecosystems.

The Asia and the Pacific region are responsible for more than half of global greenhouse gas emissions. It is susceptible to the most destructive effects of climate change, including damage from extreme weather, prolonged droughts, and flooding. More than 60 percent of the region's population works in sectors most at risk from climate change.

The fund will encourage opportunistic investments, leveraging ADB's private sector platform and capabilities. It follows the successful deployment of the Canadian Climate Fund for the Private Sector in Asia (CFPS) in 2013 and CFPS II in 2017. <https://tinyurl.com/3yhy4arb>

IFC Launches \$2 Billion Five-Year Global Bond to Drive Private Investment in Emerging Markets

IFC, a member of the World Bank Group, issued a new US dollar global benchmark bond, raising \$2 billion to support private businesses in developing countries.

Support for the new five-year benchmark was strong and the trade attracted orders over \$2.79 billion. The deal also attracted the tightest spread over US Treasuries for a five-year sovereign, supranational, and agency (SSA) bond this calendar year.

"We continue to see strong demand for our bonds from a diverse investor base, and this bond issue is no exception," said John Gandolfo, IFC Vice President and Treasurer, Treasury & Mobilization. "Our bond issuances enable us to provide essential financing for private businesses in emerging markets, helping to create jobs, alleviate poverty, and drive inclusive and sustainable economic growth."

Joint lead managers for this transaction were BMO Capital Markets, J.P. Morgan, TD Securities and Wells Fargo Securities.

IFC has issued US dollar-denominated global bonds each year since 2000. In addition, IFC complements its public issuance by accessing a variety of different markets, including through private placements and thematic bonds, such as green bonds to support climate-smart business, and social bonds that fund IFC projects to help underserved people in developing countries with limited access to essential services. IFC also issues local-currency bonds to develop local capital markets and fund local-currency investments. All IFC bond issuances are rated triple-A by Standard & Poor's and Moody's.

IFC's fiscal year runs from July 1 to June 30. <https://tinyurl.com/5fhpvrpa>

HR TIPS



Support Your Employees' Emotional Well-Being

Knowing what to do or say when one of your employees is experiencing anger, sadness, or dejection can make a huge difference to their well-being, the quality of your relationship, and your team's overall performance. Here are three ways to develop your ability to support all of your employees' emotions.

Identify your default behavior. Do you have a go-to response when someone expresses a negative emotion? If you do, you're not alone. A common response is to jump into solution mode too quickly. Observe your instincts, and ask yourself if they're really what's needed in this context. Being more mindful can help you tailor your responses more effectively to each situation.

Pay attention to your employee's reactions. Did they seem grateful for your concern? Did they provide any feedback that could help you better respond to them or to others next time? What does their reaction tell you about their needs? Be curious and open to insights that could help you grow as a leader.

Expand your repertoire. By observing how other people respond to emotions, you can incorporate their methods into your approach and build your own portfolio of options. You can also experiment with new techniques in everyday interactions, such as offering a smile to a sad stranger. These small practices build your emotional intelligence, preparing you to support your team when it truly matters.

(This tip is adapted from *When Your Employee Feels Angry, Sad, or Dejected* by Christina Bradley and Lindy Greer – HBR.)

Discovering Your Innate Strengths

Most of us tend to hyper fixate on our weaknesses. But reflecting on your innate strengths—the skills that come naturally to you and set you apart—can help you maximize your potential and make a unique impact in your role. Here's how to understand your innate strengths.

Start by asking mentors and colleagues for their feedback. Questions like, "What situations do I thrive in?" or "What makes me a good team contributor?" or "What type of work do you see me get excited and energized by?" can reveal strengths you might overlook. Their insights, drawn from observing and working closely with you, are valuable data.

Then, put yourself in new situations. Look for opportunities to take on tasks, projects, and responsibilities. Pay attention to what you gravitate towards naturally and pick up easily. New experiences can activate hidden strengths that remain dormant in familiar settings.

Finally, be aware of your biases. Be mindful not to project your strengths onto others. Not everyone has the same innate strengths as you. When someone doesn't meet your expectations, reflect on whether it's because they lack a skill you naturally possess. This awareness can help you better understand yourself and your collaborators.

(This tip is adapted from *Identify—and Develop—Your Natural Strengths*, by Sanyin Siang – HBR.)

SNIPS

Globally Unbanked

About 1.4 billion adults globally are unbanked, the majority of whom are women, poor adults and the less educated, according to the World Bank's Global Findex.

Carving Out Time for Your Side Hustle...When You Already Have a Job

Dreaming of turning your passion into a profitable business? You're not alone. But for many, the challenge lies in balancing a full-time job while building a side hustle. Here's how to find the time.

Push through the initial energy drain. The toughest part is often finding the energy after a long day. Push through the first 10 to 15 minutes—you'll likely find the work invigorating once you get started. Creating a specific environment and cues, like playing a favorite music genre, can help signal your brain to focus.

Dedicate one hour weekly. No matter how busy you are, carve out one hour per week for your passion. Set SMART goals (specific, measurable, achievable, relevant, time-bound) to stay organized and motivated. Focus on one action item at a time—it's all about prioritizing and executing what's most essential to meet your goals.

Make it fun. Consistency is key, but life happens. Instead of berating yourself for missed sessions, ask how you can make the process more enjoyable. Align your passion project with activities you already love, and find ways to make the work rewarding.

(This tip is adapted from *Making the Time to Build Your Side Hustle*, by Claire Siyan Li – HBR.)