



Economic Letter

a weekly publication of The Institute of Bankers Pakistan*

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Volume 14, Issue No. 02 | Date: January 11, 2019

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

PAKISTAN OVERVIEW

BANKING SPECTRUM

Deposits File

According to the weekly statement of position of all scheduled banks for the week ended December 28, 2018, deposits of all scheduled banks stood at Rs. 13,353.916 bn, higher by 2.48 pc, over the preceding week's figure of Rs. 13,303.678 bn.

Credit folio

Gross advances of all scheduled banks stood at Rs. 7,888.024 bn, higher by 1.0 pc over the preceding week's figure of Rs. 7,809.637 bn.

Investments Conspectus

Investments of all scheduled banks stood at Rs. 7,583.240 bn against preceding week's figure of Rs. 7,481.648 bn, higher by 1.35 pc.

Assets Diary

Total Assets of all scheduled banks amounted to Rs. 18,546.740 bn against previous week's figure of Rs. 18,122.033 bn, higher by 2.34 pc.

Govt Targeting Average Growth Rate of 5.8pc

The government is targeting an average economic growth rate of 5.8 pc — the departing rate of the last government — over the next five years of its term amid poor showing of the agriculture sector next year. This is part of the 12th five-year plan currently being finalized by the Planning Commission. The plan aims at achieving 5.8pc GDP growth on average during the plan period 2018-23 the meeting was told and explained that this growth had been projected on the basis of 3.6pc growth in agriculture, 6.1pc in industry and 6.8pc in services sector on average during the plan period.

1,130 New Companies Enrolled

The Securities and Exchange Commission of Pakistan (SECP) enrolled 1,130 new firms in Dec 2018 taking the total number of registered companies to 94,205. Of the latest enrollments, some 74pc companies were registered as private limited, while around 24pc were registered as single-member companies. 2pc companies were registered as public unlisted, non-profit associations, foreign companies and limited liability partnerships. The trading sector took the lead with the incorporation of 201 companies, including 138 in the IT, services sector 136, construction 116, tourism 67, education 37, food and beverages 35, real estate development 33 and 32 each for engineering and the marketing and advertisement sector. Around 27 companies have been registered in corporate agricultural farm-

MARKETS AT A GLANCE

Rates are taken till Friday 5:00 pm

KIBOR (6 MONTHS)

	Bid%	offer%
STARTING	10.53	10.78
ENDING	10.51	10.76
CHANGE	-0.02	-0.02

FOREIGN EXCHANGE RATES

	GBP(£)	EURO(€)	USD(\$)
STARTING	PKR 174.50	PKR 157.30	PKR 138.80
ENDING	PKR 176.20	PKR 158.20	PKR 138.60
CHANGE	+1.7	+0.9	-0.2

PAKISTAN STOCK EXCHANGE

	100 Index
STARTING	37,547
ENDING	39,049
CHANGE	+1502

GOLD RATE

	(10 gm)
STARTING	PKR 58,128
ENDING	PKR 58,128
CHANGE	0

* An ISO 9001 : 2015 Certified Company



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ing, pharmaceutical 24, transport 23, textile 21, chemical, fuel and energy, healthcare, and mining and quarrying 16 companies each, paper and board with 15, communication with 14, auto and allied with 12 and 103 companies were registered in other sectors.

Govt to Announce Power Policy this Month

Hoping to overcome prevailing gas shortage, the government has decided to announce a new power policy along with a 25-year composite energy strategy this month. This was the crux of a meeting of the Cabinet Committee on Energy presided over by Prime Minister Imran Khan. The meeting took stock of increasing number of complaints regarding gas and electricity shortage in the country and the remedial measures being taken by the authorities concerned. The prime minister was told that the prevailing gas shortage was mainly due to two new factors — closure of the LNG re-gasification terminal of Pakistan Gasport (PGP) for maintenance for almost two weeks and additional gas supply to fertilizer and export-oriented industries on the instructions of the government.

PM Asks Turkish Traders to Invest in Pakistan

The Prime Minister recently invited Turkish businessmen and investors to invest in various fields and industries in Pakistan, including construction, tourism and exploration of natural resources. Addressing the Turkish business fraternity in Ankara, the Prime Minister said the Belt and Road Initiative of China would bridge communication gap between Pakistan and Turkey and help increase trade between the two countries.

Sri Lanka for Removal of Trade Barriers

Sri Lanka has sought removal of non-tariff barriers (NTBs) and other issues to improve trade with Pakistan. Addressing the Lahore Chamber of Commerce and Industry, High Commissioner of Sri Lanka to Pakistan said that though the two countries signed Free Trade Agreement (FTA), certain issues including NTBs need to be resolved to improve trade between the two countries.

Inflation Eases to 6.2pc in December

The country's inflation clocked in at 6.2 pc in Dec 2018, according to data released by the Pakistan Bureau of Statistics (PBS). The consumer price index (CPI) based inflation in

Nov 2018 had already slowed to 6.5pc after touching record four-year high at 6.78pc in Oct 2018. The marginal decline in inflation was due to incremental increase in average prices of essential food items coupled with a sharp decline in fresh vegetables and higher-than-expected drop in fresh fruits at major urban centers. Central bank's tightening monetary policy has come on the back of rising inflation amidst depreciating rupee and high global crude prices during the last two years.

Oil Sales Plunge 32pc

Pakistan's overall oil sales plunged by 32pc to 9.179 mn tonnes in 1HFY19, led by a 67pc decline in furnace oil sales to 1.454 mn tonnes. High speed diesel (HSD) recorded the second largest fall of 22pc to 3.170 mn tonnes due to availability of smuggled Iranian diesel and slowdown in economy. Petrol sales during 1HFY19 edged lower by 2pc to 3.661 mn tonnes after posting growth for nine consecutive years. This decrease is attributed that to the rise in petrol prices by around 24pc.

SPOTLIGHT

- » Despite a fall of \$ 19 per ounce in the international market, local gold consumers witnessed a sharp jump of Rs. 11,600 in one tola in 2018, which traded at Rs. 67,000 on December 31. (One Tola is exactly equal to 11.33980925 grams, but presently it is treated as equal to 10 grams).
- » Pakistan exported 125,000 tonnes of kinnow from December 2018 till to date at the rate of \$500 per tonne. The country fixed the export target at 350,000 tonnes for this season, which will conclude in March/April.
- » Demand for tractors has plummeted so sharply it is now threatening an industry shutdown amid reports of widespread layoffs. The Chief Executive Officer Al-Ghazi Tractors Ltd (AGL) said production has plunged to 8,155 units in the first half of current fiscal year from 12,061 units last year following the slowdown in the market coupled with the non-release of massive sales tax refunds by the government.



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INTERNATIONAL VISTA

Canada Trade Deficit Doubles

Canada's trade deficit more than doubled in November as exports declined for a fourth month in a row, dragged down by weak prices for crude oil and lower demand for chemicals, Statistics Canada said recently. The deficit jumped to C\$ 2.06 bn (\$1.55 bn) from a revised C\$ 851 mn in October. Analysts had expected a shortfall of C\$ 1.95 bn. Exports fell 2.9 pc as the value of crude shipped abroad plunged 17.7 pc on lower prices. Canada is a major exporter of oil and the Bank of Canada has expressed concern over the impact of slumping revenues. Exports of basic and industrial chemical, plastic and rubber products dropped 7.5 pc as shipments of lubricants and other refinery petroleum products slumped by 26.4 pc on lower U.S. demand.

Eurozone Concerns

Further signs of a cool down in the Eurozone economy emerged recently, weighing on expectations that the European Central Bank will start raising interest rates this year. Inflation across the 19-country currency union fell in December to an eight-month low in the wake of the recent slump in oil prices. And a closely watched survey found that the Eurozone economy barely grew during the month largely because of popular protests that brought much of France to a standstill. Eurostat, the European Union's statistics agency, said consumer prices were up 1.6 pc in the year to December, down from the previous month's 1.9 pc. Inflation is now at its lowest level since April

New E-commerce Rules Hurt MNCs

One of the most sensitive sectors in India for years has been retail. The powerful domestic retail sector, dominated by traditional business families, has been preventing governments from introducing radical reforms in the sector. Consequently, all the governments have been dabbling in half-hearted attempts to bring in international majors including Amazon and Walmart into India. The then government partially opened up the sector way back in 2007, allowing Walmart to set up a presence in the country. The next eight years saw a mere score of new stores being set up in India by Walmart,

all focused on wholesale purchases. In 2012 Amazon was allowed a small foothold in setting up a site enabling consumers to compare prices online. But the American major managed to expand rapidly over the coming years. The government last month came out with new guidelines on the functioning of the e-commerce segment, obviously hurting the multinationals. From February, e-commerce operators will not be allowed to sell products from firms where they have equity, or exclusive agreements with seller partners. This means that companies like Amazon and Flipkart cannot sell products through vendors in which they have a stake.

Venezuela Launches WTO Legal Challenge Against US Sanctions

Venezuela launched a legal challenge at the World Trade Organization against a raft of US sanctions, even as Washington announced new measures targeting the crisis-hit country. Venezuela's complaint takes aim at four rounds of sanctions adopted by President Trump's government against Caracas last year.

TIDBITS

Automation Forecast

According to a University of Oxford study, 47pc of US jobs are predicted to be automated in the future.

Change in The Air

Duarte's survey of company executives found that 69pc of respondents are planning organizational change projects.

Failure to Launch

CIO, an American-based magazine, wrote that about one-third of customer relationship management, or CRM, projects end up failing.



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MANAGEMENT OUTLOOK

Slump in iPhone Sales

Behind Apple's disconcerting news of weak iPhone sales lies a more sobering truth: the tech industry has hit 'peak smartphone', a tipping point when everyone who can afford one already owns one and no breakthroughs are compelling them to upgrade as frequently as they once did. Some manufacturers have boosted prices to keep up profit. But Apple's shortfall highlights the limits of that strategy. The company said demand for iPhones is waning and revenue for the last quarter of 2018 will fall well below projections, a decrease traced mainly to China. Apple's shares dropped 10 pc recently on the news — its worst loss since 2013. The company shed \$74.6 bn in market value, amid a broader sell-off among technology companies, which suffered their worst loss in seven years.

Know Your Idea, Audience & Objective Before Giving a Speech

You need to have three things clear in your mind before giving a speech: your main idea, your audience, and your objective. Start preparing by focusing on your idea: Why are you the right person to deliver this talk? What unique perspective can you offer? Then, consider who will be in your audience and craft your talk with them in mind. For example, if you are speaking on a small panel, you can frame your remarks in more intimate, personal terms. If you are at a conference for professionals, you can use technical terms. Speaking the same language as your listeners increases the odds that they will understand and be inspired by you. And finally, make sure you have pinpointed your objective. Maybe you want to get the audience to donate to a worthy cause, or spread the word about the importance of your topic. Whatever your goal is, it will inform your preparation and delivery. (Adapted from *To Give a Great Presentation, Distill Your Message to Just 15 Words*, by Tricia Brouk-HBR.)

Create Ways for Your Employees to Learn

Peer to peer learning can be a powerful (and free) development tool. Research shows that when people want to learn a skill, turning to colleagues for help is often the first thing they do. You can encourage this kind of learning in your organization by setting up a formal program for it. Start by appointing a facilitator to oversee the program. It's important to have a neutral party — who is not the team's manager — to organize sessions, keep everyone on topic and maintain a positive atmosphere. You also need to build a safe environment so that people feel comfortable sharing their thoughts, experiences and questions. Setting ground rules around honoring confidentiality and accepting feedback graciously can help. During sessions, be sure that learning is tied to real-world situations and problems so that participants can apply the skills they have learned quickly. And encourage employees to network, whether online, at networking events, or through another method, so that anyone in the company can get involved. (Adapted from *How to Help Your Employees Learn From Each Other*, by Kelly Palmer and David Blake-HBR.)

Samsung, Huawei Supply Majority of Own Modem Chips: Qualcomm

The two largest smart phone makers in the world supply a majority of their own modem chips to help their devices connect to wireless data networks, according to evidence presented at an antitrust trial for chip supplier Qualcomm Inc. A trial between the US Federal Trade Commission and Qualcomm kicked off in a federal courtroom in California with the regulators arguing that Qualcomm engaged in anticompetitive patent licensing practices to preserve a monopoly on modem chips. The case is being closely watched because it may shed light on the likely eventual outcome of the global legal battle between Apple Inc and Qualcomm.

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Published by: The Institute of Bankers Pakistan, M.T. Khan Road, Karachi 74200, Pakistan

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