



Exchange rate adjustment may contain imbalances: SBP

The SBP has said that the market-driven adjustment in the exchange rate, based on foreign exchange demand-supply gap in the interbank market, along with other recent policy measures are expected to contain the imbalances in the external account. The money market remained volatile on Monday (11th Jun) as the PKR-USD exchange rate in interbank market went as high as PKR 122 and then closed at PKR 119.84. The PKR has now depreciated for the 3rd time in FY18. Despite the continued growth in exports (13.3% in 10MFY18) and some uptick in remittances, growing imports have pushed the current account deficit to USD 14.0Bn during 10MFY18, which is 1.5 times the level of deficit realized during 10MFY17, said the SBP. *BR-Tue.*

SC says has no objection to Amnesty Scheme

The Chief Justice of Pakistan has observed that the Supreme Court has no objection to the Amnesty Scheme and has given one month time to a committee to come up with suggestions as to how the outflow of the money, smuggling (Hawala, Hundi), could be stopped and how the money invested in foreign countries or kept in foreign accounts could be brought back. *BR-Wed.*

Caretaker govt. rules out bailout talks with IMF

The caretaker govt. has ruled out the possibility of talks with the IMF for a bailout programme despite admitting that Pakistan may face difficulties in meeting its international debt obligations due to mounting external sector challenges. Caretaker Finance Minister Dr Shamsah Akhtar announced that she had deferred the plan of holding Article-IV mandatory consultations with the IMF, leaving the issue for the next govt. She also hinted at further currency depreciation and increase in petroleum product prices. She said foreign currency reserves, currently at just \$ 10Bn, would further deplete and budget deficit would remain far higher than PKR 2Tn in FY18. The minister said managing the exchange rate through SBP's intervention was not the right way to do it, hinting that rupee may further weaken. *Tribune-Wed.*

Pakistan finalizes deal for \$ 1Bn SAFE deposits from China

At a time of rising pressures on the exchange rate when rupee is continuously on a decline against the greenback, Pakistan has finalised a deal for \$ 1Bn SAFE deposits from China before 30th Jun'18, including \$ 500Mn in shape of rollover of existing amount and an additional \$ 500Mn. The yawning current account deficit (CAD) and repayment obligations have eroded the ability of the SBP for intervening into the market to stop the downside on a more sustained basis. Another \$ 200Mn commercial loan from banks will be finalised, as its procedures have already been completed. The increasing worry for Pakistan is of repayments to the IMF on account of the loans obtained in the previous years as Islamabad will have to pay \$ 190Mn outstanding amount in Jun'18. *The News-Tue.*

Caretaker govt. increases prices of petroleum products for June

The caretaker government has increased prices of petroleum products for Jun'18. The price of petrol has been fixed at PKR 91.96, increasing by PKR 4.26 per litre while price of High Speed has been fixed at PKR 105.31, increasing by PKR 6.55 per litre. Light Diesel Oil will be sold on PKR 74.99/litre with an increase of PKR 6.14 while the price of Kerosene Oil will be PKR 84.34 with an increase of PKR 4.46 per litre. *The Nation-Tue.*

Pakistan govt's debt swells to PKR 23.6Tn to bridge budget gap

The federal govt.'s debt has increased to PKR 23.6Tn, a net addition of PKR 2.84Tn in just 10 months, due to a yawning budget deficit and the policy to give undue benefits to commercial banks by placing deposits with them at extremely low rates. The SBP's latest central govt. debt bulletin for 10MFY18 shows that the finance ministry accumulated far more-than-required debt. The federal govt. is not utilizing its deposits that are placed with banks and is instead acquiring more debt to meet its expenses. *Tribune-Tue.*

SECP notifies regulations for non-profit associations

The SECP has notified the Associations with Charitable and Not for Profit Objects Regulations, 2018. The regulations specify procedure for grant of licence to associations with charitable and not for profit objectives, incorporation of association as a public limited company and conditions applicable to such companies. *The News-Wed.*

Mobile phone recharge cards: SC restrains FBR, cellular companies from deducting WHT

The Supreme Court has restrained the FBR and cellular companies from deducting withholding tax and other charges from mobile phone recharge cards till further orders. The court also directed the FBR and the cellular companies to present within two weeks a plan to separate those mobile phone users not liable to pay tax from their tax collection system. CJP Saqib Nisar observed that the deduction of such taxes was a compulsory appropriation and gave two days to the FBR and companies to implement the order. Chairman FBR Tariq Pasha and lawyers of cellular companies were unable to answer a query that under what law a person not liable to pay tax could be forced to pay tax. The CJP lamented that cellular companies had been fleecing the innocent consumers with impunity. *BR-Tue.*

Mobile cards tax suspension: Federal, provincial govts to bear PKR 123Bn revenue loss

After suspension of tax on mobile phone cards by the Supreme Court, the national exchequer at federal and provincial levels will have to bear revenue loss of PKR 123Bn, including PKR 48Bn to the FBR and PKR 75Bn to all provincial govts, over next 12 months. The FBR is going to face revenue loss of PKR 4Bn per month with the existing rate of 12.5% tax; the provinces used to collect around 19.5% tax on phone card, so their total collection would be impacted in the range of PKR 75Bn on annual basis. *The News-Tue.*

Mobile phone handsets, telecom apparatus: Govt. mulling taking steps to rationalize import

The caretaker govt. is considering measures to reduce import bill by rationalizing import of mobile phone handsets and other telecom apparatus. The Commerce Division has reportedly started preparing a list of non-essential items. Mobile phone imports witnessed a phenomenal growth of 18.56% in 10MFY18, valued at \$678.6Mn. *BR-Tue.*

Exports remit over \$ 18Bn in 11 months

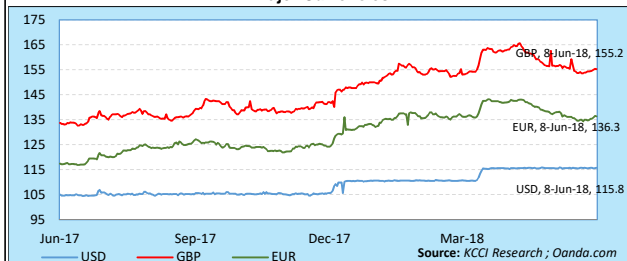
Overseas Pakistani workers remitted \$ 18.03Bn in 11MFY18, compared with \$ 17.51Bn during 11MFY17, showing a growth of 3%. Inflows from UK and USA inclined by 20% and 13% respectively, while home remittances from Saudi Arabia declined by 10% to \$ 4.52Bn during the period under review. *BR-Wed.*

Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	12-Jun	PKR	120.00	0.14%
USD-Open MKT	12-Jun	PKR	121.50	0.83%
KSE-100 index	12-Jun	Pts.	43,229	-1.60%
FIPI	12-Jun	\$ Mn	-1.49	NM**
Crude (JU'18)	12-Jun	\$/bbl	66.05	-0.02%
Gold (JU'18)	12-Jun	\$/oz	1,297.0	-0.41%
Gold (10g) Local	12-Jun	PKR	50,583	1.03%
Silver (JU'18)	12-Jun	\$/oz	16.92	-0.47%
Cotton(KHI)-40 kg	12-Jun	PKR	8,145	0.00%
Kibor-6M	12-Jun	%	6.97	0.01%
Forex Reserves	1-Jun	\$ Bn	16.42	0.08%
	FY18			YoY
Remittances	Jul-May 18	\$ Bn	18.03	2.95%
Exports*	Jul-May 18	\$ Bn	21.35	15.28%
Imports*	Jul-May 18	\$ Bn	55.23	14.12%
Trade Balance*	Jul-May 18	\$ Bn	-33.89	-13.40%
Current Account	Jul-Apr 18	\$ Mn	-14,035	-50.04%
Foreign Direct Inv.	Jul-Apr 18	\$ Bn	2.24	2.56%
LSM Growth*	Jul-Mar 18	%	5.89	
Avg. CPI	Jul-May 18	%	4.20	
Discount Rate	May-18	%	6.50	

Sources: KCCI Research, PMEX, NCCPL, KSE, SBP, PBS*
** Not Meaningful on week;

Major Currencies

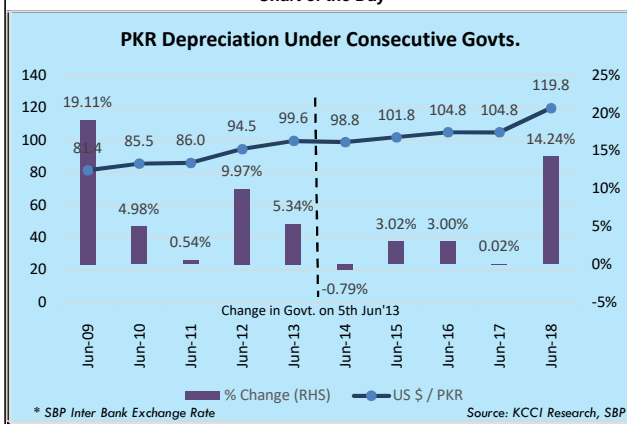


Quote of the Day

"The Prophet (peace be upon him) cursed the one who bribes and the one who takes a bribe."

Hadith, Jami' At-Tirmidhi, 1337

Chart of the Day



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