

### Pakistan's trade deficit skyrockets to historic high

Despite taking numerous administrative measures and devaluing the currency by 15%, Pakistan booked its highest trade deficit in history in the recently-ended FY18, as authorities miserably failed to increase exports and contain the import bill. The country's trade deficit in FY18 stood at \$ 37.7Bn, 16% or \$ 5.2Bn more than that of FY17. Exports increased by 13.7% to \$ 23.2Bn, \$ 2.8Bn higher than FY17. In comparison, the import bill widened 15.1% (by \$ 8Bn) to \$60.9Bn, the highest ever import bill since its creation. *Tribune.*

### Amnesty beneficiaries declare PKR 1.8Tn assets, pay PKR 97Bn in taxes

Tax amnesty beneficiaries have declared around PKR 1.8Tn of concealed foreign and local assets, and have deposited PKR 97Bn in taxes to the exchequer since Apr'18. So far, 55,225 declarations have been filed in which declared value of foreign assets is around PKR 577Bn and that of domestic assets is around PKR 1.19Tn, the finance ministry said. Of the PKR 97Bn tax collected, PKR 36Bn have been collected on foreign assets while PKR 61Bn have been collected on domestic assets. In addition, \$ 40Mn has been repatriated. *The News.*

### Shamshad for steps to discourage currency smuggling

Caretaker Finance Minister Dr Shamshad Akhtar has said that as part of steps to check terror financing and menace of money laundering, there is a need to put in collective efforts to check currency smuggling through the borders to control terrorism and other criminal activities. She was chairing a meeting to discuss measures against cross-border illegal transportation /smuggling of currency. She said it is important that authorities properly identify and understand the nature of risks of cash couriers that are being used for terror financing. *BR.*

### Shamshad sees debt growing to 74% of GDP by June 2019

Finance Minister Dr Shamshad Akhtar has said that public debt has increased to an unsustainable level of PKR 24.5Tn or 72% of total size of economy, the highest level in 15 years, due to weak economic management, linking the last political govt. with current economic mess. The public debt of PKR 24.5Tn includes domestic debt of PKR 16.5Tn and external debt of PKR 8Tn. Speaking at a seminar, the minister feared that the debt level would further increase to 74% of GDP by Jun'19. She stressed the need for immediately following a fiscal consolidation path by restricting expenditures and enforcing a radical plan for domestic revenue mobilisation. She also criticized the last govt.'s exchange rate policy, saying Pakistan appears to be in a pseudo fixed exchange rate regime. *Tribune.*

### China rejects reports of Pakistan asking for financial assistance

A spokesperson of the Chinese foreign ministry has rejected reports that Pakistan had asked Beijing for financial assistance amid its shortage of foreign currency reserves and increasing debt, saying that the Pakistani govt. would devise a strategy to come out of the situation. The spokesperson was asked to comment if Pakistan could ask for help from the IMF if it was not able to receive assistance from China. *Tribune.*

### SBP lists reasons behind inflation

The SBP has said that high domestic demand, adjustment in energy prices, and PKR depreciation may contribute to higher CPI inflation in FY19. The SBP, in its 3<sup>rd</sup> quarterly report titled "The State of Pakistan's Economy" said that several external sector developments have started to impact inflation. The pass-through of rising global oil prices to domestic fuel prices has pushed up the energy component of inflation. Similarly, the impact of PKR depreciation has started to translate into costly imports and shoring up of inflationary expectations. However, smooth supply of staple food items and soft oil prices could offset these underlying pressures and help keep inflation around the target of 6% set for FY19, it added. *BR.*

### Fiscal deficit rose to 4.3% of GDP in July-March

Pakistan's fiscal deficit has surged to 4.3% of GDP during 9MFY18 as compared with 3.9% in 9MFY17, and against the full year target of 4.1%, mainly due to a sharp increase in expenditures and slower growth in revenue. According to SBP's 3<sup>rd</sup> quarterly report, the growth in revenue, though remained higher compared to last year, has slowed down in 3QFY18 as compared to first two quarters of FY18. On the other hand, growth in expenditures accelerated from 12.4% in 1QFY18 to 23.4% in 3QFY18. The slowdown in revenue collection was primarily due to direct taxes. *BR.*

### Mismanagement increases Neelum Jhelum project cost: Wapda seeks tariff increase of PKR 13.24 per unit

Wapda has sought a tariff increase of PKR 13.24 per unit for 969 MW Neelum Jhelum Hydroelectric Project, whose cost has been increased from less than PKR 100Bn to over PKR 500Bn due to mismanagement. The tariff petition filed by Wapda came under consideration at a public hearing conducted by Nepra. *BR.*

### OGRA warns of illegal usage of LPG

Taking notice of the number of LPG cylinder-related blasts across the country, Ogra has issued a warning against the illegal usage of the fuel. To take provincial authorities on board, the regulator has written to formulate an action plan against violators. According to Ogra, installation of LPG cylinders on motorcycles, scooters and public service vehicles, which includes three-wheelers, buses, coaches and wagons, is not allowed for safety concerns. *Tribune.*

### High coal prices increase industry's cost of production

High import duties and around 15% PKR rupee depreciation against dollar have increased the rates of imported coal to 11-month high, leading to increase in cost of production for the local industry. Industry experts are of the view that because of the rupee depreciation and rising coal prices in the international market (from \$ 92 to \$ 108 per ton), the industry has no choice except to again shift on the national grid which would cause additional burden on the power distribution companies, besides increasing cost for the industry. *The Nation.*

### China's Xi pledges \$ 20Bn in loans to revive Middle East

Chinese President Xi Jinping has pledged a package of \$ 20Bn in loans, and about \$ 106Mn in financial aid, to Middle East nations, as part of what he called an "oil and gas plus" model to revive economic growth in the region. Beijing has ramped up engagement in the Middle East in recent years as Arab nations play an important role in Xi's signature Belt and Road foreign policy plan for strong trade routes linking China with central and southeast Asia. Development was key to resolving many security problems in the Middle East, Xi told a gathering with representatives of 21 Arab nations in the Chinese capital. China would offer aid worth 15Mn to Palestine to support economic development, besides providing a further \$ 91Mn to Jordan, Lebanon, Syria and Yemen. A consortium of banks from China and Arab nations, with a dedicated fund of \$3Bn, will also be set up. *The News.*

### China vows retaliation for US tariff threat

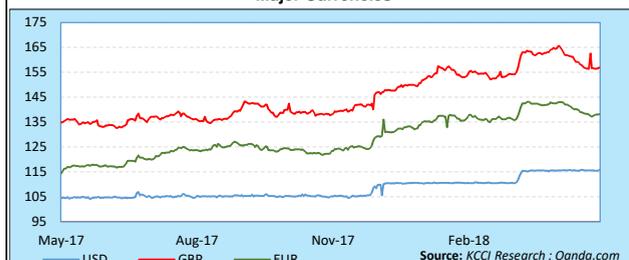
China has vowed to take firm and forceful measures as the US has threatened to expand tariffs to thousands of Chinese imports like fish sticks, apples and French doors, the latest salvo in an escalating trade dispute that threatens to chill global economic growth. A possible second round of tariff hikes announced by the US Trade Representative targets a \$ 200Bn list of Chinese goods. *Dawn.*

### Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	11-Jul	PKR	121.55	0.00%
USD-Open MKT	11-Jul	PKR	123.75	-0.24%
KSE-100 index	11-Jul	Pts.	39,587	0.34%
FIPI	11-Jul	\$ Mn	-6.50	NM**
Crude (JU'18)	11-Jul	\$/bbl	70.57	-5.08%
Gold (JU'18)	11-Jul	\$/oz	1,242.4	-1.11%
Gold (10g) Local	11-Jul	PKR	50,754	-0.50%
Silver (JU'18)	11-Jul	\$/oz	15.77	-1.74%
Cotton(KHI)-40 kg	11-Jul	PKR	8,895	1.22%
Kibor-6M	11-Jul	%	7.06	0.00%
				WoW
Forex Reserves	29-Jul	\$ Bn	16.39	0.92%
	FY18			YoY
Remittances	Jul-Jun 18	\$ Bn	19.62	1.40%
Exports*	Jul-Jun 18	\$ Bn	23.23	13.74%
Imports*	Jul-Jun 18	\$ Bn	60.90	15.10%
Trade Balance*	Jul-Jun 18	\$ Bn	-37.67	-15.95%
Current Account	Jul-May 18	\$ Mn	-15,961	-43.28%
Foreign Direct Inv.	Jul-May 18	\$ Bn	2.48	-1.28%
LSM Growth*	Jul-Apr 18	%	5.76	
Avg. CPI	Jul-Jun 18	%	3.82	
Discount Rate	May-18	%	6.50	

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

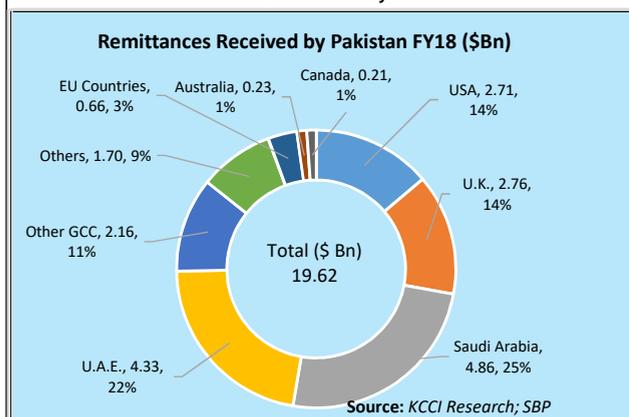
### Major Currencies



### Quote of the Day

*"There is one rule for the industrialist and that is: make the best quality goods possible at the lowest cost possible, paying the highest wages possible."*  
**Henry Ford**

### Chart of the Day



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