

Confusion as FBR circular mistaken for govt's new revenue measures

A circular explaining the previous govt.'s tax cuts and adjustments was uploaded to the FBR website early in the day on Thursday (13th Sep), causing embarrassment to the govt. since it triggered a flurry of questions about its relationship to the coming finance bill that will be tabled before the National Assembly on Tuesday (11th Sep). The circular was actually due four months ago and was issued despite the incumbent govt.'s announcement to reverse the tax concessions. The explanatory circular is usually released within weeks once the National Assembly has passed the budget document. *Dawn*.

No increase in power, gas tariffs

Information Minister Fawad Chaudhry has rejected media reports that the govt. is planning to increase income tax on salaried individuals, saying no such proposal is under consideration. The minister has also denied reports of an increase in gas and electricity tariff. *The News*.

Economic managers mull proposal to issue yuan-denominated bonds

Pakistan's economic managers are mulling to propose the govt. to approach panda bond market to diversify its external financing sources, especially considering the loan repayment obligations under CPEC projects. Pakistan currently has an opportunity to lean towards the Chinese inter-bank bond market, which is the third biggest after US and Japan, to ease pressure on dollar reserves. The move would be a flight from the country's tradition sources of funding. A proposal to make CPEC-related repayments in Chinese currency is also being discussed at the ministry of finance. *The News*.

Pakistan pushes China to realign goals in its Belt-and-Road initiative: WSJ

Pakistan's new govt. is pushing China to establish factories and poverty-alleviation initiatives in Pakistan, instead of only big infrastructure programs that so far have dominated Beijing's high-profile overseas investment program, the Wall Street journal reported. The Pakistani move to broaden that effort comes as Beijing experiences rising criticism and pushback on its program across a range of countries, from Malaysia to Montenegro. The program will move toward private-sector Chinese factories in Pakistan, more Pakistani suppliers and laborers will be included, and social-sector projects such as sanitation will be added. The new govt. is also looking at whether the projects were unfairly skewed to benefit Punjab. *The News*.

CPEC rail project: Govt. moves to prevent financial risks

In a major development, Pakistan has announced exploring the possibility of shifting financial risks of a \$ 9Bn railway project under CPEC to contractors. The expansion and reconstruction of Karachi-Lahore-Peshawar railway track, known as the Main Line 1 project (ML1), is an early harvest and a strategic project of the CPEC framework. The change in the modus operandi of constructing the \$ 9Bn project would require amendments to the framework agreement that China and Pakistan had signed in May last year. *Tribune*.

China agrees to finance \$ 1.9Bn KCR

China has reportedly agreed to finance \$ 1.9Bn Karachi Circular Railways, in response to a proposal submitted by Govt. of Sindh. The Cabinet Committee on CPEC headed by the Minister for Planning, Development and Reforms is scheduled to meet today (14th Sep). The committee will be updated on CPEC projects and schedule of events till 8th Joint Cooperation Committee. *BR*.

Pakistan briefs IMF team on proposed mini-budget

Pakistan's economic managers have briefed an IMF team, via video conference, about the proposed mini-budget and partial withdrawal of tax incentives, imposition of regulatory duties on luxury items and slashing down development outlay in the range of PKR 330 - 430Bn in the next week. It was briefed that the govt. plans to take additional taxation measures of PKR 100 - 125Bn through proposed changes in the Finance Act 2018 and imposition of additional customs duty as well as slapping of increased regulatory duty on import of luxury items. The FBR's tax collection target would also be revised downward from PKR 4,435Bn to PKR 4,300Bn FY19. *The News*.

Unit formed to get back wealth stashed abroad

The federal cabinet has decided to establish a special 'Recovery Unit' to suggest ways and legal means to bring back the looted money stashed abroad and the property owned by Pakistanis in foreign countries. The new unit comprises forensic experts and international law experts. *Dawn*.

Govt. likely to amend Petroleum Policy 2012

With high prospects of finding oil and gas reserves, the govt. is likely to amend the Petroleum Policy 2012. Ministry of Energy (Petroleum Division) will take all provinces on board in a meeting of the Council of Common Interests (CCI) and seek approval for creating an additional zone in order to offer incentives to oil and gas exploration companies in the frontier region along with other amendments in the Petroleum Policy 2012. Currently, there are three zones for onshore exploration activities based on risk and investment. *Tribune*.

Haroon Sharif appointed Bol chairman

The federal cabinet has approved the appointment of Haroon Sharif as Chairman Board of Investment (BoI). The new chairman is a well-known global expert of economic policy, international development, economic diplomacy and financial markets. He has had a three-year stint as the Executive Director of the SECP. *Dawn*.

Investors suffer heavy losses at Bin Qasim Industrial Park

Five companies, including three from the auto sector, are at the advanced stages of construction of industrial plants in the Bin Qasim Industrial Park (BQIP) Special Economic Zone (SEZ). However due to unavailability of utilities, they are suffering heavy losses. The companies are incurring losses of millions of rupees due to unavailability of utilities (thus delaying plant start-up) and exchange rate losses, as the rupee has devalued by 18% in the past nine months. *Tribune*.

Turkish central bank raises interest rates by 625bps to 24%

Turkey's central bank has raised its benchmark rate by a hefty 625 basis points, the biggest such increase in President Tayyip Erdogan's 15-year rule, boosting the lira and possibly easing investor concern over his influence on monetary policy. The bank's Monetary Policy Committee raised the one-week repo rate to 24%, meaning it has now increased interest rates by 11.25% since late Apr'18 in an attempt to put a floor under its tumbling currency. *The News*.

Reserves fall by \$ 615Mn in two weeks

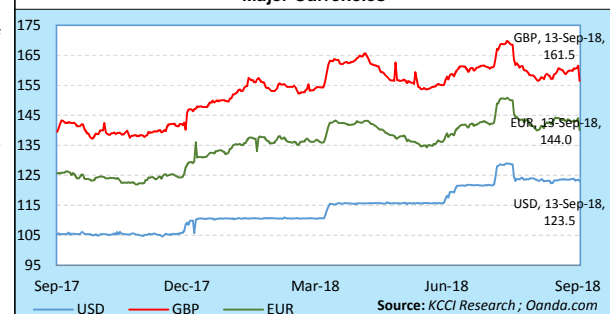
The country's total liquid foreign exchange reserves have fallen sharply by around \$ 615Mn in two weeks mainly due to external debt servicing, standing at \$ 16.07Bn on 7th Sep as compared to \$ 16.69Bn on 24th Aug. *BR*.

Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	13-Sep	PKR	124.25	0.00%
USD-Open MKT	13-Sep	PKR	125.50	0.20%
KSE-100 index	13-Sep	Pts.	41,050	1.30%
FIPI	13-Sep	\$ Mn	-8.25	NM**
Crude (SE'18)	13-Sep	\$/bbl	68.75	-2.18%
Gold (JY'18)	13-Sep	\$/oz	1,200.8	-0.44%
Gold (10g) Local	13-Sep	PKR	51,140	1.70%
Silver (JY'18)	13-Sep	\$/oz	14.14	-0.49%
Cotton(KHI) -40 kg	13-Sep	PKR	8,788	-1.20%
Kibor-6M	13-Sep	%	8.17	0.02%
Forex Reserves	7-Sep	\$ Bn	16.07	-1.83%
	FY19			YoY
Remittances	Jul-Aug 18	\$ Bn	3.97	13.44%
Exports*	Jul-Aug 18	\$ Bn	3.66	5.05%
Imports*	Jul-Aug 18	\$ Bn	9.83	1.01%
Trade Balance*	Jul-Aug 18	\$ Bn	-6.17	1.25%
Current Account	Jul-18	\$ Bn	-2.20	-13.87%
Foreign Direct Inv.	Jul-18	\$ Bn	0.13	-45.25%
LSM Growth*	Jul-Jun 18	%	5.38	
Avg. CPI	Jul-18	%	5.80	
Discount Rate	Jul-18	%	7.50	

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

Major Currencies

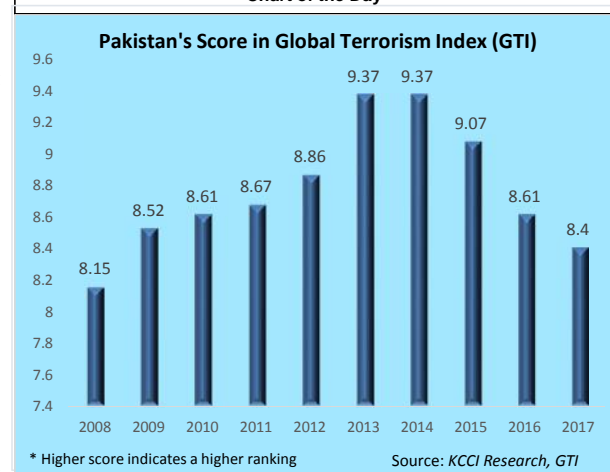


Quote of the Day

"In order to succeed, we must first believe that we can."

Nikos Kazantzakis

Chart of the Day



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