

### PM vows to correct economy in six months

Rejecting criticism over plans to seek an IMF bailout package, PM Imran Khan has said that it will take at least six months before corrective economic measures taken by his govt. start showing results. He said that a whopping current account deficit, unprecedented loans and dwindling exports have forced the govt. to obtain the fresh loan. He asked the people to have courage and faith in the govt. and assured them that he will steer the country out of the economic crisis, as the prevailing economic meltdown will not last long. *Tribune*.

### 5 Mn homes project launched: 'Do not be afraid, stay calm'

PM Imran Khan has vowed to steer the country out of the prevailing crisis and get the affairs in order as he cajoled the nation not to get worried and be composed. He was speaking at the launching ceremony of 'Naya Pakistan Housing Project'. Giving details of the housing programme, he revealed that 5Mn affordable houses will be constructed in five years for the common man, who earns PKR 10,000-25,000 a month. In this regard, he announced the formation of the 'Naya Pakistan Housing Authority' (NPHA) that will provide one-window operations to facilitate the construction industry. The Authority will be set up in three months, while a 17-member task force will oversee the housing project until then. A 60-day pilot project will commence on 11<sup>th</sup> Oct'18(today) in coordination with Nadra in seven districts to assess the demand and payment capacity for affordable houses. *The News*.

### Beijing welcomes Riyadh in CPEC

The IMF has again pressed Pakistan to slash provincial share under the National Finance Commission (NFC) award, as the President enjoys constitutional discretion to redefine the size of the federal divisible pool. During a staff level visit, the IMF had urged Pakistan to strengthen the federal fiscal framework by finding ways to cut shares of the provinces in federal taxes. However, the finance ministry is of the view that it cannot commit anything which is against the Constitution. *Tribune*.

### Moody's warns Pakistan on high debt refinancing

Pakistan is likely to face high refinancing cost for its international bonds maturing over the next two years, which would increase the country's debt burden. Moody's said in a report that Pakistan tops those countries that will be the most exposed to costly debt financing, as its international sovereign bonds mature in 2019 and 2020. Moody's said a further drain on foreign exchange reserves would raise the risk of lower capital inflows and higher refinancing costs. Currently, at least 8 Pakistani bonds are trading in the international market. *The News*.

### IMF proposes cut in provincial share in NFC

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### FBR barred from seeking banks' data

The govt. has disallowed the FBR from seeking suspicious transactions and written-off loans reports from banks in the recently-approved mini-budget. The Finance (Supplementary) Bill 2018 has brought about changes into Section 165A of the Income Tax Ordinance 2001, which makes banks responsible to share accountholders details. Earlier this week, the SBP has asked the financial institutions to ensure that customers' confidential data should not be disclosed to unauthorised officials. *The News*.

### Trade deficit narrows to \$ 8.87Bn in July-September

Pakistan's Trade deficit narrowed 1.61% to \$ 8.87Bn in 1QFY19 as regulatory duties snipped non-essential imports into country. Merchandise exports rose 4.56% to \$ 5.39Bn, while imports inched up 0.63% to \$ 14.26Bn during 3MFY19. In Sep'18, imports amounted to \$ 4.43Bn, almost same as in Sep'17, but noticeably down 11.25% over Aug'18. The tepid growth in exports comes despite PKR 32Bn cash support during the last 18 months to the textile and clothing exporters under a special package. Data suggests that slowing trade deficit might have hit a low peak this year. If subsequent months show similar tepid growth in the trade deficit, the new govt.'s fortunes on external sector could see a turnaround. *The News/Dawn*.

### Remittances up 13.14% to \$ 3.42Bn in 1Q

Remittances from overseas Pakistani workers rose 13.14% in 1QFY19, mainly on the back of strong economic and job market growth in major contributing countries and the devaluation of rupee. According to SBP, remittances stood at \$ 5.42Bn in 3MFY19, compared to \$ 4.79Bn in 3MFY18, whereas they amounted to \$ 1.45Bn in Sept'18 against \$ 2.04Bn in Aug'18. Country-wise details for the period shows that inflows from the US posted the highest growth, amounting to \$ 828.44Mn. *The News*.

### Umar shares govt. priorities with WB President

Finance Minister Asad Umar has met with World Bank President Dr Jim Yong Kim on the sidelines of the World Bank/IMF Group Annual meetings. He shared with the WB leader the vision of the new govt. and its priorities and the current level of Pak-World Bank cooperation. Later, while meeting with his Indonesian counterpart, Umar emphasized expanding Pak-Indonesia trade relations. The minister in this regard called upon the Indonesian side to expedite the process of ratification of the additional tariff lines granted to Pakistan after comprehensive review of the PTA in 2017. Over 15,000 delegates from 189 countries are currently gathered at Bali, Indonesia for IMF/WB Group Annual meetings. *BR*.

### IMF projects increase in gross debt

The IMF has projected an increase in govt. gross debt - by 0.7% to 73.2% of the GDP in 2019 against 72.5% in 2018 and further rise to 73.6% in 2020. The Fund earlier in Apr' 18 had projected gross govt. debt for Pakistan at 67.4% for 2019 against 67.2% in 2018. *BR*.

### Data on foreign currency debt released

Pakistan's dollar denominated foreign debt, as percentage of total debt, has increased from 13.3% in Jun'17 to 17.3% at Jun' 18 end. A report by the Finance Ministry states that Pakistan's external debt accounts for 17.3% in USD, followed by 8.8% in Special Drawing Rights, 4% in Japanese yen and 2.1% in euro. The national debt in Pak rupee as % of the total debt is 67.8%. *BR*.

### Inspectors not impressed with work done on FATF list

Not impressed with the progress made so far, a delegation of the Asia Pacific Group (APG) has asked Pakistan to do more and get its house in order so that it may get out of the grey list of the Financial Action Task Force (FATF). The APG believes that even in areas where the legal framework appeared vigorous, the implementation mechanism is not geared to track down financial flows of the entities in question. *Dawn*.

### HBL to start RMB operations in China

Habib Bank Ltd (HBL) has announced its plans to start Renminbi (RMB) operations in China after in-depth discussions with People's Bank of China (PBC). The representatives of the two banks held discussions to promote RMB's internationalization and relocation of export-based industries from China to Pakistan. HBL is the only Pakistani bank to have operations in China. *Dawn*.

### PIA lands in PSX defaulters' list

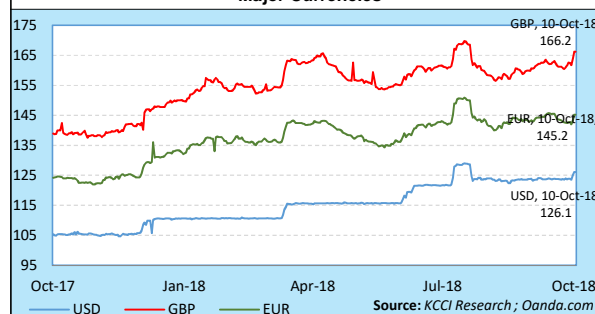
The Pakistan Stock Exchange (PSX) has placed the state-owned PIA on its defaulter counter from 10<sup>th</sup> Oct'18 as the airline has failed to comply with the bourse's disclosure law. PIA has failed to hold its annual general meeting and submit its annual audited accounts for the year ended 31<sup>st</sup> Dec'17. The National Clearing Company of Pakistan has also excluded the PIA from the list of eligible securities for trading settlements. *The News*.

### Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	10-Oct	PKR	133.76	0.09%
USD-Open MKT	10-Oct	PKR	134.50	0.47%
KSE-100 index	10-Oct	Pts.	38,792	0.75%
FIPI	10-Oct	\$ Mn	1.04	NM**
Crude (NO'18)	10-Oct	\$/bbl	72.59	-2.89%
Gold (OC'18)	10-Oct	\$/oz	1,197.8	0.37%
Gold (10g) Local	10-Oct	PKR	51,098	-3.87%
Silver (OC'18)	10-Oct	\$/oz	14.33	-0.62%
Cotton(KHI)-40 kg	10-Oct	PKR	9,002	3.07%
Kibor-6M	10-Oct	%	9.31	0.21%
Forex Reserves	28-Sep	\$ Bn	14.89	-4.05%
	FY19			YoY
Remittances	Jul-Sep 18	\$ Bn	5.42	13.15%
Exports*	Jul-Sep 18	\$ Bn	5.39	4.54%
Imports*	Jul-Sep 18	\$ Bn	14.26	0.64%
Trade Balance*	Jul-Sep 18	\$ Bn	-8.87	1.60%
Current Account	Jul-Aug 18	\$ Bn	-2.72	-9.85%
Foreign Direct Inv.	Jul-Aug 18	\$ Bn	0.29	-39.58%
LSM Growth*	Jul-18	%	0.50	
Avg. CPI	Jul-Sep 18	%	5.60	
Discount Rate	Jul-18	%	7.50	

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

### Major Currencies



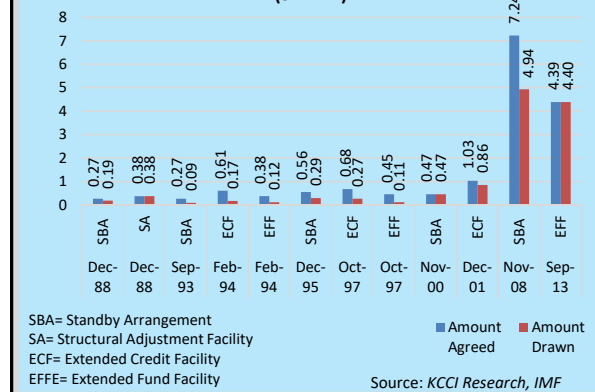
### Quote of the Day

*"We have to prepare our students so that they become able to face any challenge rising in any environment and anywhere in the world."*

**Abdul Qadeer Khan**

### Chart of the Day

#### Pakistan's Borrowings from IMF in last three decades (SDR Bn)



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