

#### ECC approves up to 191% hike in gas prices

The ECC has approved in principle up to 191% increase in gas price. The rise in gas rates would generate about PKR 510Bn in FY20 for the two gas companies and meet their requirements of PKR 487Bn and create about PKR 23bn surplus to take care of previous circular debt. The average increase in gas and electricity tariff would be around 25% and 12%, respectively. According to the summary, only the tariff for consumers using less than 50 cubic meters will remain unchanged. The meeting, presided over by Finance Minister Dr Hafeez Shaikh, also approved withdrawal of PKR 3 per unit subsidy on electricity rates to export industries, except for peak hours. In doing so, it indirectly gave a go-ahead for notification of about PKR 1.49 per unit increase in power tariff already under vetting by the law ministry after the determination of Nepra. The increase in gas and electricity rates would be notified with effect from 1<sup>st</sup> Jul'19 under an agreement with the IMF after formal approval by the federal cabinet. *Dawn*.

#### "Declared assets could not be presented as evidence against declarant"

Chairman FBR, Shabbar Zaidi, has clarified that declaration made under Section-12 of Assets Declaration Ordinance 2019 will not be used as an evidence against the declarant for the purpose of any proceedings relating to imposition of penalty or prosecution under any other law. Section-12 states as under: "Notwithstanding anything contained in any other law for the time being in force, nothing contained in any declaration made under this Ordinance shall be admissible in evidence against the declarant for the purpose of any proceedings relating to imposition of penalty or adverse action or for the purposes of prosecution under any law". *BR*.

#### Declarants can deposit forex into bank accounts under ADO: SBP

The SBP has clarified that any instructions to the contrary contained in the Foreign Exchange Manual, a declarant, including a non-filer, can deposit foreign currency in cash into his/her bank account under the Asset Declaration Ordinance (ADO). Similarly, the provision of Foreign Exchange Manual regarding deposit of foreign currency notes in foreign currency accounts exceeding \$ 10,000 (or equivalent in other currencies) in a single day, shall not be applicable to such deposits made under the ADO, the SBP said in a circular sent to the presidents of all banks. *BR*.

#### Declaration of goods: KCCI urges govt to amend late filing provision

KCCI has demanded that the new provision related to late filing of goods declaration should be amended to allow at least 20 days before any penalty is imposed. Penalties have been increased for late filing of goods declaration after 10 days at PKR 5,000/day for initial five days and PKR 10,000/day for each day thereafter. This is exorbitant rate of penalties, while also the port authorities and shipping companies charge demurrage and detention charges at will and an arbitrary manner. Further, the Asset Declaration Scheme 2019 should be amended to include declaration of gold and bearer securities. The chamber in its report has noted that soft drinks and aerated beverages are a consumer item which is widely consumed by masses including the low income segment of population. The beverage industry contributes more than PKR 100Bn in sales tax and FED to the national exchequer. Such high increase in FED will result in price increase of all beverages, which will directly affect their sales as its price is quite elastic. *BR*.

#### Sindh Assembly passes PKR 1.22Tn budget after week-long debate

The Sindh Assembly has passed the PKR 1.22Tn deficit-free budget for FY20 as the house decided to present the finance bill stuffed with various taxes. The revenue targets of the province have been revised from PKR 243.08Bn to 240.75Bn. As a result, against an estimated budgetary amount of PKR 1.12Tn, the revised receipts for FY19 stand at PKR 963.70Bn. *Dawn*.

#### Sindh govt hints at slashing tax on Uber, Careem

The Sindh govt. has hinted at reducing the rate of tax on online app-based cab services like Careem and Uber considering that such companies generate employment. Sindh Minister for Local Govt. Saeed Ghani has said that the govt. has proposed 5% GST on such services to bring them into the tax net. The tax is much lower than the 16% levy being charged by the Punjab govt. since long. Careem has requested the Sindh govt. to consider zero tax drivers since it will have a substantial impact on their income as they are daily-wage earners. *Tribune*.

#### Amendments to Baggage Rules proposed: FBR to withdraw facility of bringing duty-free cellphone

The FBR has decided to withdraw baggage facility of bringing one mobile phone without payment of duties and taxes for incoming international passengers. The FBR has proposed amendments to the Baggage Rules, 2006 through an SRO 653(I)/2019. The FBR has also prescribed a customs declaration form for the incoming and outgoing international passengers seeking personal details including residential address/names of sponsors of trip and other details. The FBR has specified list of items of personal use allowed duty-free on any visit after stay abroad for more than 7 days. The FBR has excluded mobile phone from the said list. *BR*.

#### Qatari support: Top officials maintaining silence

The govt.'s top officials are maintaining silence about the investment commitments and/or deposits reported in the media after the visit of Emir of Qatar. There was no concrete commitment for investment of \$ 3Bn. Qatar News Agency has quoted the Deputy PM and Minister of Foreign Affairs as saying that the Qatari-Pakistani economic partnership will amount to \$ 9Bn. It is claimed that a business delegation was due to accompany the Emir but the scheduled B2B meetings were scrapped due to its absence. *Tribune*.

#### Runaway dollar confounds money market

Despite assurance of the new governor of the central bank that there would be no free float, the PKR fell to a new record low as the USD hit an all-time high of PKR 162 in the interbank market. The greenback has traded at PKR 163 in open market, an increase of at least PKR 6. In his first press conference, the new SBP governor had assured that the central bank would interfere if the market became volatile; exchange rate will be market-based and that the free float does not suit the country's economy. Yet, the PKR has been falling against USD following an agreement with IMF on a \$ 6Bn loan with strict conditions, including a market-determined exchange rate. *Dawn/DT*.

#### Rupee devaluation, raise in discount rate add extra loan of PKR 3,640Bn

The govt. has added PKR 3,640Bn in public debt on account of devaluation and increase in discount rate just to ensure IMF loan of just \$ 6Bn, Dr. Ashfaq Hasan Khan said. Extremely worried on massive devaluation of PKR in a single day, Dr. Khan said since the govt. came to power, it has added PKR 2.5Tn in public debt while PKR 1.1Tn have added to public debt in the wake of increase in discount rate up to 12.25%. *The News*.

#### \$ 6Bn EFF: IMF executive board scheduled to meet on July 3

The IMF's Executive Board is scheduled to meet on 3<sup>rd</sup> Jul'19 with consideration of Pakistan's request for \$ 6Bn 39 months Extended Fund Facility (EFF) on the agenda. On 12<sup>th</sup> May'19, Pakistani authorities and the IMF team reached a staff level agreement. The agreement is subject to IMF Executive Board approval. The govt. has budgeted PKR 357.450Bn from the IMF for FY20 as budgetary support. *BR*.

#### KMC budget today

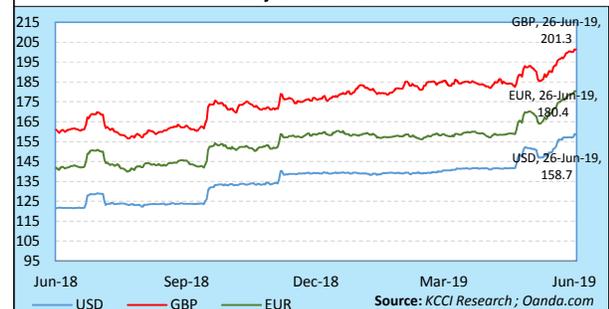
Mayor Karachi Wasim Akhtar will preside over the general body meeting at KMC Head office on 2<sup>nd</sup> Aug'19 during which budget for FY20 will be presented for approval. *Dawn*.

#### Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	26-Jun	PKR	162.17	3.30%
USD-Open MKT	26-Jun	PKR	162.50	3.90%
KSE-100 index	26-Jun	Pts.	34,089	-0.30%
FIPI	26-Jun	\$ Mn	2.67	NM**
Crude (AP'19)	26-Jun	\$/bbl	59.23	1.08%
Gold (MA'19)	26-Jun	\$/oz	1,412.8	-0.98%
Gold (10g) Local	26-Jun	PKR	69,444	0.62%
Silver (MA'19)	26-Jun	\$/oz	15.37	0.19%
Cotton(KHI)-40 kg	26-Jun	PKR	9,002	-1.17%
Kibor-6M	26-Jun	%	13.12	0.03%
Forex Reserves	14-Jun	\$ Bn	14.64	-1.68%
	FY19			YoY
Remittances	Jul-May 19	\$ Bn	20.19	10.42%
Exports*	Jul-May 19	\$ Bn	21.27	-0.30%
Imports*	Jul-May 19	\$ Bn	50.47	-8.47%
Trade Balance*	Jul-May 19	\$ Bn	-29.21	13.62%
Current Account	Jul-May 19	\$ Bn	-12.68	29.28%
Foreign Direct Inv.	Jul-May 19	\$ Bn	1.61	-49.18%
LSM Growth*	Jul-Apr 19	%	-3.51	
Avg. CPI	Jul-Apr 19	%	7.00	
Discount Rate	May-19	%	12.25	

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

#### Major Currencies

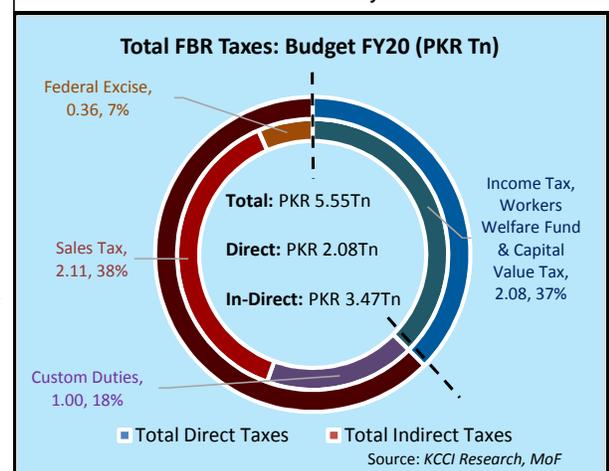


#### Quote of the Day

*Those who have the gold make the rules*

*Buzzie Bavasi*

#### Chart of the Day



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