

SBP jacks up key interest rate by 100 points

In line with market expectations, the SBP has raised the key interest rate by 100 basis points to an 8-year high of 13.25% over apprehensions of increase in inflation, especially in 1HFY20. SBP Governor Reza Baqir has said that the inflationary pressure is expected to recede in 2HFY20. He gave an impression that the worst in the economy would be over in the first half and that it would gear up to return to the good days from the second half. Baqir maintained that the monetary policy committee expects average inflation at 11–12% in FY20 – higher than the previous projection. *Tribune*.

FBR devises plan for field offices to meet PKR 5.5Tn target

The FBR has devised an implementation plan for field offices all over the country to achieve the highly ambitious tax collection target of PKR 5.5Tn for FY20. The plan states that tax rates for properties, salaries and others have been increased, so the FBR will have to update its relevant wings and enable withholding agents to collect taxes fully. The simplified taxation regime for small traders will be introduced. The tax rates on dealers, commission agents (Artis) have been categorized into 3 categories and the rates for renewal of licenses have been increased. For business registration scheme through Nadra's e-Saulhat Centres, the forms will be designed and placed at FBR's web portal. For payment of refunds through promissory note, Refund Payment Orders generation tab will be enabled within Jul'19. *The News*.

New FBR chairman being considered

Clouds of uncertainty are gathering around FBR as talk continues to swirl in capital that its chairman, Shabbar Zaidi, could be replaced in coming days. Zaidi himself could be moved up the hierarchy, either to the position of Minister of State for Revenue that fell vacant or to the position of Special Advisor to PM on Revenue. Zaidi has said that he does not want to comment, as PM Imran Khan will decide the matter. *Dawn*.

KCCI talks trade and investment ties with US diplomat

The Chief of Economic Unit of CG of US, Chad Miner, met with KCCI President Junaid Esmail Makda where the two sides discussed removal of issues faced by Pakistani manufacturers exporting their products to US can help stimulate bilateral trade and investment. Makda highlighted that CPEC is a good opportunity for many US companies. He pointed out the need for a bilateral free trade agreement between Islamabad and Washington to pave way for enhanced trade and investment ties. He further urged local manufacturers to take full advantage of GSP opportunity keeping in view withdrawal of GSP facility to India and Turkey. *Dawn*.

PM assures all support to investors

PM Imran Khan, ahead of his three-day official visit to US, said that his govt. is committed to provide every possible facility to investors and business community. Talking to a delegation of US-Pakistan Business Council, PM said that Bol and all the concerned ministries are making hectic efforts to facilitate the investors. *The Nation*.

Flour mills call off strike after talks with FBR

After successful negotiation with the FBR Chairman, flour mills across Pakistan have called off their strike scheduled for today (17th Jul'19). The representatives of the flour mills have been assured that there will be no tax burden on wheat, flour, maida, suji and other products. On the other hand, FBR held parleys with traders' bodies and announced that facilitation measures will be taken to streamline procedures. FBR has announced that all big retailers and distributors will operate under their business registration numbers without payment of any fee. The FBR will issue a Mobile App in English and Urdu by 19th Jul'19. For small traders, the FBR will introduce a very simplified fixed tax scheme. No officer of the FBR will be authorized to conduct inspection for the purpose of stock taking and it will be done on the basis of self-assessment. If there is a need for inspection, the stock taking will be done with the consent of the relevant association of the business community. *The News*.

Tax on import of edible oil to be reduced

The cabinet has decided that tax on import of edible oil will be reduced from 7% to 2%, which will break the backbone of hoarders, and explanation will also be sought from chief secretaries on price hike. PM's Adviser on Climate Change Malik Amin Aslam has said the cabinet has decided to ban manufacturing, selling, buying and use of polythene bags. Initially the ban will be imposed in the federal capital from 14th Aug'19 and a fine ranging from PKR 5,000 to PKR 500,000 will be imposed on violation. *The News*.

Incoming passengers told: Mobile phones to be cleared as per new rates of duties, taxes: FBR

FBR has conveyed to the incoming international passengers that mobile phones will now be cleared by the system in accordance with the applicable rates of duties and taxes. Previously, the mobile phone sets were cleared by the system in accordance with admissible allowances under the Baggage Rules, whereby the first mobile phone in a year was allowed registration/white-listing in DIRBS free of duty/taxes. However, this registration of first mobile phone without payment of duties and taxes has been withdrawn under the new customs general order of the FBR. The travelers can register the mobile phone sets brought in following the said procedure within 60 days of their arrival in Pakistan. After the expiry of aforesaid time limit, such mobile devices shall be registered on payment of leviable duty/taxes along with prescribed fine notified for the purpose. *BR*.

Target rate and O/N repo rate revised

SBP has announced to revise the Policy Rate and Overnight Repo rate with effect from 17th Jul'19. Policy rate will be 13.25% while SBP Overnight Reverse Repo (Ceiling) rate will be at 13.75%, ie, 50 bps above the SBP Policy Rate. The SBP Overnight Repo (Floor) rate will be at 11.75%, ie, 150 bps below the SBP Policy Rate. *BR*.

Decision to register traders won't be withdrawn, cabinet resolves

Terming traders' recent countrywide strike politically motivated, the federal cabinet has resolved not to withdraw its decision on registration of traders to bring them under tax net. According to Special Assistant to PM on Information, PM has said that the country is facing an enormous burden of foreign debts and therefore it is the need of the hour that everyone should contribute to efforts to stabilise crippling economy. PM said the current situation requires that all trade activities should be documented so that everyone can play their role for a stable economy. *Dawn*.

Services trade deficit narrows

The country's services exports marginally increased by 1.21% to reach \$ 4.89Bn in 11MFY19. On the other hand, imports receded by a massive 14.45% to \$ 8.83Bn from \$ 10.33Bn. Subsequently, the reduction sharply narrowed the services trade deficit by 28.22% to \$ 3.94Bn against \$ 5.49Bn. *Dawn*.

Lagarde resigns as IMF chief

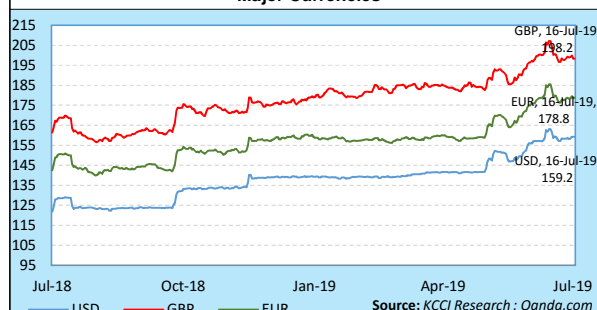
IMF chief Christine Lagarde has announced that she had submitted her resignation from the global lender, saying she had more clarity on her nomination to be the next head of the European Central Bank. *BR*.

Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	16-Jul	PKR	160.06	0.12%
USD-Open MKT	16-Jul	PKR	160.00	0.00%
KSE-100 index	16-Jul	Pts.	32,972	0.04%
FIPI	16-Jul	\$ Mn	-0.11	NM**
Crude (AP'19)	16-Jul	\$/bbl	57.61	-2.85%
Gold (MA'19)	16-Jul	\$/oz	1,406.1	-0.71%
Gold (10g) Local	16-Jul	PKR	70,800	2.84%
Silver (MA'19)	16-Jul	\$/oz	15.53	1.28%
Cotton(KHI) -40 kg	16-Jul	PKR	8,895	0.00%
Kibor-6M	16-Jul	%	13.23	0.04%
Forex Reserves	5-Jul	\$ Bn	14.26	-1.27%
	FY19			YoY
Remittances	Jul-Jun 19	\$ Bn	21.84	9.68%
Exports*	Jul-Jun 19	\$ Bn	22.98	-1.00%
Imports*	Jul-Jun 19	\$ Bn	54.80	-9.86%
Trade Balance*	Jul-Jun 19	\$ Bn	-31.82	15.33%
Current Account	Jul-May 19	\$ Bn	-12.68	29.28%
Foreign Direct Inv.	Jul-Jun 19	\$ Bn	1.74	-49.96%
LSM Growth*	Jul-Apr 19	%	-3.51	
Avg. CPI	Jul-Jun 19	%	7.34	
Discount Rate	May-19	%	12.25	

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

Major Currencies

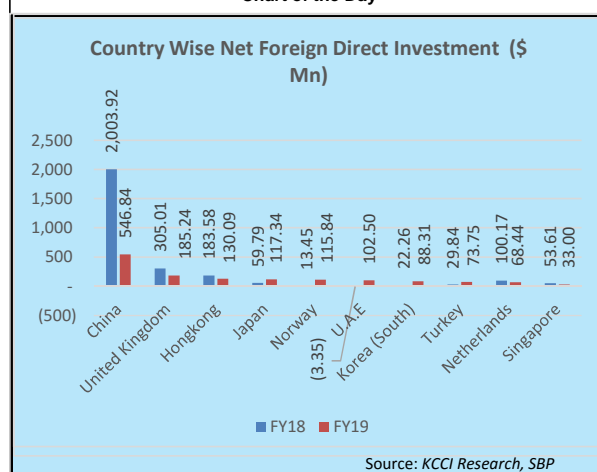


Quote of the Day

"Success is the sum of small efforts repeated day in and day out."

Robert Collier

Chart of the Day



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