

SBP discovers stabilisation may slow growth

SBP, in its Financial Stability Review for 2018, has said that necessary stabilization measures may further slowdown the pace of economic activity while external account imbalances and related uncertainties are likely to have repercussions for the financial markets. The report has been issued nine months after the end of CY18. The report said ongoing monetary tightening may affect the debt repayment capacity of the borrowers with some lag. Accordingly, the growth of the financial sector had moderated to 7.5% in CY18. *Dawn*.

Rupee likely to depreciate in next 6 months: SBP

The PKR may encounter events of depreciation against the USD over the next 6-months as forex rate risk, balance of payment pressures, widening fiscal deficit and increase in domestic inflation were reported as key risks by SBP in its annual Financial Stability Review (FSR) 2018. It said that the likelihood of occurrence of a high risk event in Pakistan's financial system over the short-term is slightly higher than the medium-term. *Tribune*.

Failing in meeting IMF targets, widening budget deficit: IMF to send SOS mission to Pakistan on 16th

In the wake of worsening fiscal front of the economy, the IMF has decided to send its SOS (Save Our Soul) mission to Pakistan in Sep'19 for suggesting ways and means to curtail the yawning budget deficit. The IMF team will discuss fiscal issues with special focus to restrict target of primary deficit within the desired limits. Pakistan had initially tabled option of renegotiating targets envisaged under the IMF program in the context of emerging new realities on fiscal front. The IMF team will conduct a staff visit to Pakistan during 16th-20th Sep'19. *The News*.

Sindh asks federal agencies to help dispose of their waste in Karachi

Sindh Environment and Law Adviser, Murtaza Wahab, has demanded that the federal land-owning agencies in Karachi, including the cantonment boards, DHA, KPT and Pakistan Railways, should engage the Sindh govt. in properly disposing of the municipal waste generated in their respective territories at the two main landfill sites of the city. The adviser said that without these federal land-owning agencies doing their job properly the campaign to clean Karachi would remain incomplete. *The News*.

PM tells FBR to record all official interactions during market visits

PM Imran Khan has directed the FBR to ensure on-spot recording of all of their official interactions during visits to different markets. Chairman FBR Shabbir Zaidi informed the PM that FBR teams were visiting markets to create awareness on online registration of mobile phones brought from abroad, currency declaration system at airports and advance passengers information system, besides public awareness on the smuggled goods. *Daily Times*.

CCP issues policy notes to all provinces

The Competition Commission of Pakistan (CCP), in a policy note, has strongly recommended all four provinces to establish agriculture supermarkets, apply uniform formula for price determination throughout the provinces, employ minimum support prices (MSP) mechanism to incentivize farmers, provide tax incentives to promote food processing and cold chains and exempt hyper/super market from application of price control law. *BR*.

As harvest wilts, govt mulls incentives to boost cotton production

The govt. is finalising incentives for cotton growers that may include an indicative cotton price of more than PKR 3,800 per 40 kg to encourage farmers to use quality inputs to enhance output this season. Authorities are expecting at least 2Mn additional bales of cotton production in 2019 compared to 2018. Domestic cotton price is around PKR 3,500-3,600 per 40 kg compared to about PKR 4,400 per 40kg imported price and the govt. wants a middle ground as offering indicative price for local farmers this season. *Dawn*.

Govt eyes over 3% growth in agri sector with PKR 250Bn injection

The govt. is expecting more than 3% growth in agriculture for FY20 as it is pouring in around PKR 250Bn to help the sector, with around 19% contribution towards GDP. Adviser to PM on Finance, Hafeez Shaikh, said that a 3% growth in the agriculture sector is expected, which has remained stagnant for the past 5 years. PKR 250Bn is being injected in the sector to enhance crop productivity and improve water management. *The News*.

Tax base is growing, FBR team tells PM

The tax base has been broadened significantly in first year of the current govt., according to a presentation given by FBR to PM Imran Khan, as the number of new tax return filers has more than tripled during the period. As many as 783,039 new taxpayers filed returns with the tax department as a result of various schemes, including tax amnesty schemes. The govt. has also facilitated people to file their returns by extending the filing deadline a record eight times. In terms of revenue, FBR received PKR 2.58Bn from these new return filers. The total return filers has reached 2.561Mn in TY18 as against 1.514Mn over TY17, reflecting an increase of 69.1%. *Dawn*.

PKR 177.41Bn documented since termination of PKR 40,000 bonds

Around PKR 177Bn has been documented since the termination of PKR 40,000 denomination bearer prize bonds, announced by the govt. in Jun'19 as part of its ongoing clampdown on rampant black economic activities. The total investment in bearer prize bonds of PKR 40,000 denomination fell to PKR 81.38Bn by end-Jul'19 as compared with PKR 258Bn in May'19. *The News*.

MPs committee rejects setting up CPEC Authority

The Parliamentary Committee on CPEC has unanimously rejected establishment of CPEC Authority, giving a big jolt to the govt. plan to bring the whole CPEC related work under one umbrella. The members expressed their concerns that the CPEC Authority having chairman with power of Principle Accounting Officer will have direct conflict with Secretary Planning. The Planning Commission high-ups could not convince the parliamentarians why CPEC Authority is necessary. *The News*.

Pakistan, Saudi Arabia review progress on energy MoUs

Pakistan and Saudi Arabia have reviewed progress on the existing MoUs in energy sector and discussed possibilities for further expansion of mutual cooperation between the two countries in diverse fields. In a delegation level meeting, the two sides resolved to expedite the work on different MoUs signed in Feb'19 this year for setting up \$ 10Bn oil refinery, \$ 1Bn petrochemical complex, and installation of two RLNG plants with an estimated cost of \$ 4Bn and \$ 2Bn investment in mineral development sector. *The Nation*.

Govt. resolves to revive sick textile units

Adviser on Commerce A.Razak Dawood has said that govt. is taking all steps to attract foreign and domestic investment for new plants and operationalization of sick units of textile sector on competitive basis. He made these remarks in a meeting with textile exporters' delegation. The meeting discussed issues pertaining to textile industry in order to enhance export of the country. The Adviser stressed upon the need to increase existing installed capacity of the manufacturing sector to increase the industrial base of the economy. *The Nation*.

US, China to resume trade talks in Washington in Oct

China and the US will resume trade talks in Washington in early Oct'19, allaying fears that new punitive tariffs will lead to a breakdown in the protracted negotiations. The world's two biggest economies have been embroiled in a tense year-long tariffs row, which escalated on 1st Sep'19 when both sides swapped fresh levies on goods. *The News*.

Reserves up \$ 9Mn

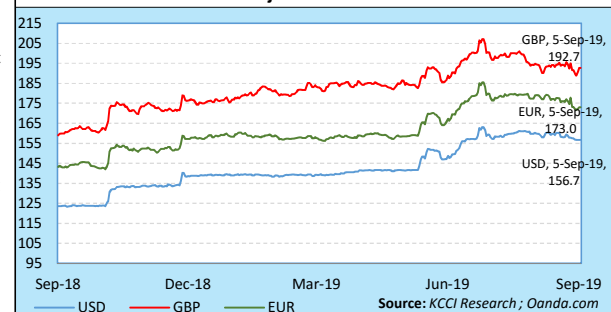
SBP's total liquid foreign exchange reserves have increased to \$ 8.28Bn as of 30th Aug'19, up by \$ 9Mn. However, reserves with the commercial banks decreased by \$ 19.60Mn to \$ 7.339Bn, bringing the country's total reserves to \$ 15.619Bn. *Dawn*.

Economic Indicators

| List of Indicators | Date / Period | Unit | Value | Change Daily |
|---------------------|---------------|--------|---------|--------------|
| USD-Interbank | 5-Sep | PKR | 156.38 | 0.10% |
| USD-Open MKT | 5-Sep | PKR | 156.00 | 0.00% |
| KSE-100 index | 5-Sep | Pts. | 30,215 | -0.10% |
| FIPI | 5-Sep | \$ Mn | -0.58 | NM** |
| Crude (AP'19) | 5-Sep | \$/bbl | 56.19 | 0.23% |
| Gold (MA'19) | 5-Sep | \$/oz | 1,520.2 | -2.26% |
| Gold (10g) Local | 5-Sep | PKR | 76,303 | 0.00% |
| Silver (MA'19) | 5-Sep | \$/oz | 18.63 | -4.89% |
| Cotton(KHI)-40 kg | 5-Sep | PKR | 8,145 | -5.00% |
| Kibor-6M | 5-Sep | % | 14.04 | -0.04% |
| Forex Reserves | 23-Aug | \$ Bn | 15.63 | 0.16% |
| | FY19 | | | YoY |
| Remittances | Jul-19 | \$ Bn | 2.04 | 5.70% |
| Exports* | Jul-19 | \$ Bn | 1.88 | 14.63% |
| Imports* | Jul-19 | \$ Bn | 4.15 | -15.13% |
| Trade Balance* | Jul-19 | \$ Bn | -2.27 | 30.15% |
| Current Account | Jul-19 | \$ Bn | -0.58 | 72.82% |
| Foreign Direct Inv. | Jul-19 | \$ Bn | 0.11 | -21.64% |
| LSM Growth* | Jul-Jun 19 | % | -3.64 | |
| Avg. CPI | Jul-Aug 19 | % | 9.44 | |
| Discount Rate | Jul-19 | % | 13.25 | |

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

Major Currencies

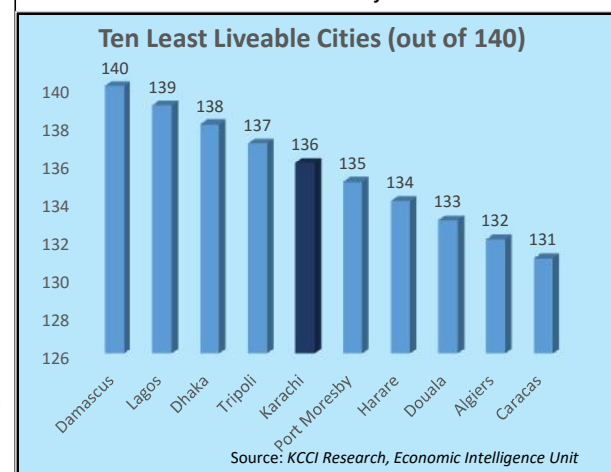


Quote of the Day

"It is always easy to create an ordinary city; what is difficult is to create an extraordinary one, peaceful and restful one, smart and tidy, artful and cultivated one, in short, a livable one"

Mehmet Murat ildan

Chart of the Day



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