

Avoids blacklisting, remains in grey: Pakistan gets 123 days FATF breather

The FATF has kept Pakistan in the grey list for an extended period up to Feb'20 and warned that Islamabad will be put on the blacklist if it does not comply with the remaining 22 out of 27 points. The FATF plenary meeting was held at Paris from 13th-18th Oct'19. Pakistan managed to escape falling into the blacklist despite hectic efforts by New Delhi due to the diplomatic support secured by Islamabad from China, Turkey, Malaysia, GCC and Saudi Arabia. Although, Pakistan had asked for an extension up to Jun'20 for fully complying with all the conditions, Islamabad possesses only 45 to 60 days to implement the remaining 22 points of action plan, as the FATF found Islamabad compliant on only five points out of a total of 27. *The News*.

FATF action comes as no surprise for stakeholders

Analysts and economists have said that economic uncertainty will continue to persist in the next couple of months despite that the global financial watchdog retained Pakistan's place on its grey list, as the country has been given 4 months to improve its money laundering actions to avoid being blacklisted. Agha Shahab Ahmed, President KCCI hopes that the country is likely to comply with the conditions of the FATF, considering the pace of action launched by the govt. The FATF has given time to Pakistan on the basis that the country has taken several measures to stop money laundering and terror financing. Zubair Motiwala, former President KCCI, said that it is an achievement for the govt. that blacklisting has been avoided. Although being on grey list is quite problematic for exporters as their export receipts are delayed, yet this is positive for Pakistan. Exporters are suffering the most because of grey-listing. They sell goods to foreign buyers on credit and the receipts are received after 90-120 days. Receipts have to be routed through London, New York or Frankfurt, which takes time causing liquidity issues for the exporters. *The News*.

\$ 6Bn bailout: Pakistan to seek IMF waiver after FATF decision

Pakistan will have to seek the IMF waiver on structural benchmark condition with regard to \$ 6Bn bailout after the FATF retained its grey list status for an extended period up to Feb'20. Under the structural benchmark of IMF-sponsored bailout package, Pakistan was bound to exit the FATF list by end-Oct'19. Pakistani authorities will have to explain before the IMF's upcoming review mission the progress made by Islamabad on the FATF front. The exact course of action will be determined on the eve of upcoming review talks that were expected to be held by end of Oct'19. *The News*.

FBR extends sales tax deadline

The FBR has extended the last date for filing sales tax and federal excise return for the month of Sep'19. The last date for making payments of sales tax and federal excise duty for Sep'19 has been extended to 22nd Oct'19 from 15th Oct'19. The last date for submitting sales tax and federal excise return has been extended to 25th Oct'19 from 18th Oct'19. *The News*.

Current account deficit shrinks massive 64%

The country's Current Account Deficit (CAD) in 1QFY20 declined by a huge 64% mainly on the back of a 21% reduction in the imports bill. CAD for 1QFY20 clocked in at \$ 1.55Bn compared to \$ 4.29Bn in 1QFY19; a decline of \$ 2.74Bn. The large decline in imports was the real force behind the reduction in the deficit whereas, exports of goods and services increased by a meagre 1.38%. Exports of services clocked in at \$ 7.26Bn. The country's imports fell by 19% to \$ 13.46Bn. *Dawn*.

New work visas: Pakistan among top 10 countries for Japan hiring

Japan will hire skilled people from Pakistan and offer them working visas to counter growing decline in its population. Japanese Ambassador Kuninori Matsuda said that a MOU will be signed with the Pakistan govt. in a month's time, enabling Pakistani skilled workers to have indefinite visa of Japan. He said that Pakistan is one of the 10 top countries from where Japan was planning to hire workers as Pakistanis working in Japan are very devoted, honest and skilled and are contributing to the country's development. *The News*.

PM orders crackdown on profiteers, hoarders

PM Imran Khan has directed the provincial govts. to launch crackdown against profiteers and hoarders and keep a strict check on prices of daily use items. Chairing a meeting to review the prices of eatables and control inflation, he asked the provincial govt.'s to take strict action against those creating artificial inflation. He said in order to end the monopoly of the profiteers and control the prices, it was essential to fully activate the Tehsil level market committees. It was told that the flour prices had increased owing to the disturbance of the demand and supply chain as the Sindh govt. had not purchased wheat this year. *The Nation*.

Cotton production dips 27%

The country's cotton production has plunged by 26.54% to 4.44Mn bales, suffering a massive blow of 1.60Mn bales up to 15th Oct'19. The impact of this season's poor production and losses suffered by growers is expected to adversely impact next year's production as many will shift to other crops. Cotton production is estimated to be not more than 9Mn bales this season which means around 5Mn bales will have to be imported at an estimated cost of \$ 1.5Bn. Cotton prices on ready trading soared to a new high of PKR 9,150 per maund on 18th Oct'19. Many mills do not have the facility of remission of duty and taxes on imports and are in panic mode as they buy locally. *Dawn*.

Soap-makers demand duty cuts

Pakistan's soap manufacturers have demanded the govt. to reduce Additional Custom Duty (ACD) on Palm Stearin so that a daily use item like soap can be provided to the people on low price. The local soap industry was importing Halal Tallow from India before 7th Aug'19 when the govt. of Pakistan imposed a ban on imports from India. *The News*.

Govt releases PKR 179Mn to resume operations of Aman ambulance

The Sindh govt. has released an amount of PKR 179.77Mn for the Sindh Rescue and Medical Services, commonly known by its former official name, Aman Ambulance, so that it can resume its services in the city. A day earlier, the Aman Foundation had announced that it was suspending its ambulance service in Karachi on account of unavailability of funds. *The News*.

US imposes tariffs on EU goods

US has imposed tariffs on a record \$ 7.5Bn worth of EU goods, despite threats of retaliation, with Airbus, French wine and Scottish whiskies among the high-profile targets. The WTO-endorsed onslaught from US President Donald Trump also comes as Washington is mired in a trade war with China and could risk destabilizing the global economy further. *Dawn*.

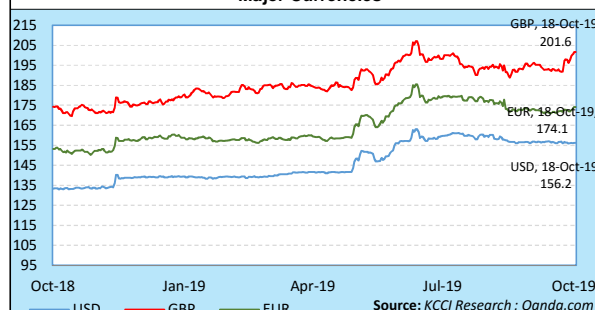
Economic Indicators

| List of Indicators | Date / Period | Unit | Value | Change Daily |
|---------------------|---------------|--------|---------|--------------|
| USD-Interbank | 18-Oct | PKR | 155.91 | 0.01% |
| USD-Open MKT | 18-Oct | PKR | 155.60 | 0.00% |
| KSE-100 index | 18-Oct | Pts. | 33,870 | -1.20% |
| FIPI | 18-Oct | \$ Mn | 0.24 | NM** |
| Crude (AP'19) | 17-Oct | \$/bbl | 54.01 | 1.71% |
| Gold (MA'19) | 17-Oct | \$/oz | 1,491.9 | 0.15% |
| Gold (10g) Local | 18-Oct | PKR | 74,588 | 0.00% |
| Silver (MA'19) | 17-Oct | \$/oz | 17.53 | 0.98% |
| Cotton(KHI)-40 kg | 18-Oct | PKR | 9,763 | 4.71% |
| Kibor-6M | 18-Oct | % | 13.54 | -0.04% |
| Forex Reserves | 11-Oct | \$ Bn | 15.14 | 1.00% |
| | FY20 | | | YoY |
| Remittances | Jul-Sep 19 | \$ Bn | 5.48 | -1.43% |
| Exports* | Jul-Sep 19 | \$ Bn | 5.52 | 2.75% |
| Imports* | Jul-Sep 19 | \$ Bn | 11.25 | -20.59% |
| Trade Balance* | Jul-Sep 19 | \$ Bn | -5.73 | 34.85% |
| Current Account | Jul-Sep 19 | \$ Bn | -1.55 | 63.89% |
| Foreign Direct Inv. | Jul-Sep 19 | \$ Bn | 0.54 | -3.09% |
| LSM Growth* | Jul-19 | % | -3.28 | |
| Avg. CPI | Jul-Sep 19 | % | 10.08 | |
| Discount Rate | Jul-19 | % | 13.25 | |

Sources: KCCI Research, PMEX, NCCPL, KSE, SBP, PBS*

** Not Meaningful on week;

Major Currencies

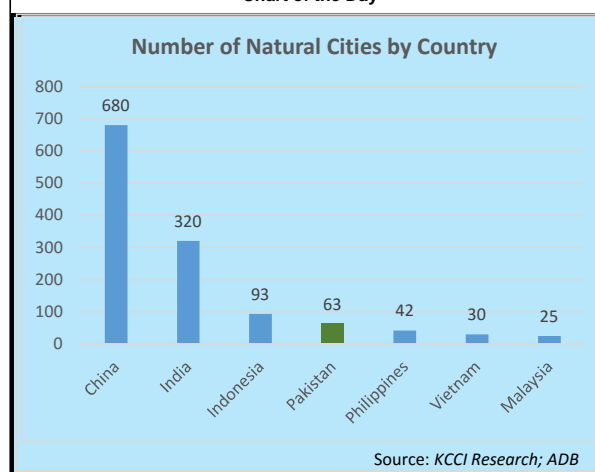


Quote of the Day

"An investment in knowledge pays the best interest."

Benjamin Franklin

Chart of the Day



Disclaimer

This report has been prepared by KCCI Research & Development Cell. The information contained herein have been compiled or arrived at based upon information obtained from sources believed to be reliable and in good faith. Such information has not been independently verified.

icon represents the sole viewpoint of the KCCI R&D Cell, and is stated to enrich the readers' understanding of the news item. The