

Traders demand deeper rate cuts to kick-start ailing economy

While cautiously welcoming the 200bps cut in interest rate, industrialists have demanded further cuts similar to other nations who have brought down policy rates to zero. KCCI President Agha Shahab said that SBP should have brought down the interest rate to 4-4.5%. KCCI had asked the govt. to bring down duties, taxes and levies, utility charges and oil prices by 50% so that trade and industry can work smoothly as long as the pandemic exists. He suggested that SBP should take a bold step and announce a further rate cut to 4-4.5% to kick-start the ailing economy. *Dawn*.

FBR agrees to tax incentive proposals of businessmen for next budget

FBR has agreed to a number of proposals related to tax incentives expected to be announced in the next budget, considering limitations under the IMF-backed reforms. FBR Chairperson Nausheen Javaid Amjad, while talking to office bearers of KCCI, assured the businessmen of support for resolution of outstanding issues related to taxation and anomalies. KCCI's proposed withdrawal of exemption in WHT to large import houses in the budget FY21 was agreed by the FBR. It said that sales tax of 17% on import of industrial machinery would be revised to 10, 5 and 1% according to various categories. On the occasion, BMG Chairman Siraj Kassam Teli said that the govt. has to take extraordinary measures to support trade and industry to ensure their survival in these difficult times. *The News*.

IMF scales down tax target to PKR 3.90Tn

The IMF has revised the projection of FBR tax collection of PKR 4.8Tn pre-Covid-19 to PKR 3.90Tn post Covid-19 for FY20, reflecting a decrease of PKR 892Bn. As percentage of GDP, the FBR's tax collection is projected to decline from 10.9% to 9.3% with: Direct tax collection projection revised downward from PKR 1.9Tn to PKR 1.6Tn; Sales tax from PKR 1.85Tn to PKR 1.42Tn; Customs duty from PKR 697Bn to PKR 546Bn; FED from PKR 329Bn to PKR 312Bn. The IMF has also projected PKR 5.1Tn tax collection target of the FBR for FY21 against pre-Covid19 projection of PKR 6.13Tn. *BR*.

Govt, IMF agree to put on hold \$ 6Bn program

With \$ 1.4Bn upfront breathing space through the Rapid Financing Instrument (RFI), Pakistan and IMF have agreed to put on hold the existing \$ 6Bn Extended Fund Facility (EFF) and revise it after the Covid-19 pandemic is over. According to IMF, the RFI, disbursed in one tranche, is the appropriate instrument to support Pakistan at this juncture as uncertainty about outlook makes it difficult to recalibrate the existing EFF to ensure it remains on track to meet its objectives. *Dawn*.

Pakistan manufacturing sector growth tumbles by 3%

LSM has recorded negative growth of 3.03% during 8MFY20 mainly due to a dip in production of automobiles that went down by 34.98% and coke and petroleum products by 13.57%. Similarly, production of electronic products declined by 7.85%. *The Nation*.

Construction industry: Ordinance promulgated

President Arif Alvi has promulgated Tax Laws (Amendment) Ordinance, 2020 for the construction industry. Key features of the Ordinance include: Fixed tax to be charged on basis of square feet/ per square yard basis; no WHT on materials for construction sector except cement and steel; abolition of WHT on services; facility for availing 10 times tax credit of profit/gains of the tax paid by the developers/builders; Other main features of the Ordinance include advance tax on sale of properties has been reduced from 10% to 5% and plant and machinery imported for construction and land development would enjoy the same facility available to other industries. One-time exemption from capital gains on personal residence – 500 sq. yards for house and 400 sq. feet for apartments has also been given. *BR*.

Stocks ascend, dollar descends

Trading was halted at PSX after the benchmark KSE-100 index soared almost 1,500 points — a rise of 5% — a day after SBP slashed the policy rate by 200points in a surprise move. Meanwhile, the USD fell by PKR 3.31 against the PKR in the interbank market to close at PKR 163.57 for the day. *The News*.

Afghan bulk cargo import allowed

The Ministry of Commerce has allowed import of Afghan bulk cargo of wheat, sugar and fertilizers at the Gwadar Port, and onward transit to Afghanistan. It advised customs authorities to take necessary and cost efficient measures to ensure the en route security of the cargo. *The News*.

Tax collection from non-cash transactions slips 32%

LTU Karachi, has said that WHT on transactions has fallen down to PKR 5.85Bn during 9MFY20 as compared to PKR 8.64Bn in 9MFY19 as collection of WHT from non-cash banking transactions has fallen 32% mainly owing to a record high increase in annual income tax return-filing. *The News*.

'Power sector sustaining PKR 1Bn loss per day'

A govt. constituted committee, formed to probe the alleged minting of billions of rupees by IPP, has claimed that the power sector is incurring a loss of PKR 1Bn per day. The committee pointed out that Pakistanis were being provided electricity at the most expensive rate in the region. It said that private companies provided false oil statistics to secure better tariffs. The report suggested that the power tariff could be cut down by PKR 3 per unit by adopting three measures; shifting the payment to IPPs from USD to PKR, switching from take or pay to take and pay option, and by reducing the capacity payments. *The Nation*.

Covid-19 challenge: Government steps must be targeted, temporary: IMF

IMF in its latest report, "Request for purchase under the Rapid Financing Instrument", has said that the regulatory measures and expanded refinancing schemes of the govt. to contain the ensuing economic impact of COVID-19 must be targeted and temporary, and their design should not create moral hazard nor foster poor credit risk management practices. Pakistan's public debt is projected to increase to around 90% of GDP in FY20 against 85% prior to the Covid-19 shock due to the sharp decline in growth and the increase in the budget deficit. *BR*.

Cash reserve requirements cut to 10%

SBP has reduced the Special Cash Reserve Requirement to 10% from 15% of total FE-25 deposits from 20th Apr20 onwards freeing around \$ 300Mn for banks. All conventional banks and development finance institutions will be required to maintain cash reserves in US dollar equivalent of their total FE-25 deposits on a daily basis with SBP, 5% cash reserve account and 10% special cash reserve account. *Dawn*.

First PKR 200Bn sukuk issue launched via stock market

For the first time the govt. has floated debt of a State Owned Entity, earlier the exclusive domain of banks, for ordinary investors through the stock market. The state-owned Power Holding Ltd (PHL) announced the 10-year Sharia-compliant sukuk up to PKR 200Bn through PSX. The amount generated from Pakistan Energy Sukuk-II (PES-II) will also be used for the settlement of partial circular debt related to the power sector. *Dawn*.

Face masks made mandatory

The Sindh govt. has made wearing of face masks mandatory for all persons who come out of their homes as part of efforts to halt the spread of Covid-19. Moreover, business/workplace shall be hygienically cleaned and disinfected frequently. *Dawn*.

US announces \$ 8.4Mn to help Pakistan's anti-virus efforts

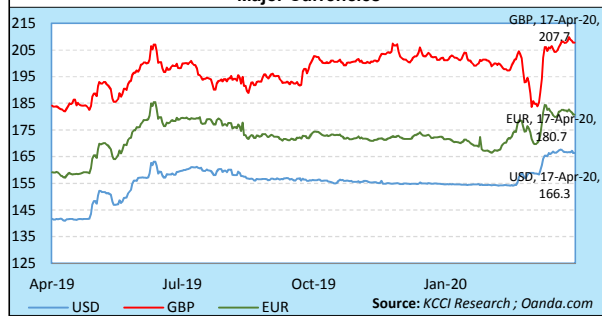
The US has announced funding of \$ 8.4Mn for Pakistan to combat the spread of coronavirus in the country including \$ 3Mn to provide three new mobile labs to enable Pakistanis living in virus hotspots to be tested. *Dawn*.

Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	17-Apr	PKR	163.58	-1.98%
USD-Open MKT	17-Apr	PKR	163.00	-2.54%
KSE-100 index	17-Apr	Pts.	32,832	4.80%
FIPI	17-Apr	\$ Mn	-6.62	NM**
Crude (AP'19)	16-Apr	\$/bbl	20.19	-2.93%
Gold (MA'19)	16-Apr	\$/oz	1,732.6	-0.73%
Gold (10g) Local	17-Apr	PKR	90,048	-1.69%
Silver (MA'19)	16-Apr	\$/oz	15.64	-2.54%
Cotton(KHI)-40 kg	17-Apr	PKR	9,431	0.00%
Kibor-6M	17-Apr	%	8.73	-1.30%
Forex Reserves	10-Apr	\$ Bn	17.30	1.81%
FY20				YoY
Remittances	Jul-Mar 20	\$ Bn	16.99	5.99%
Exports*	Jul-Mar 20	\$ Bn	17.45	3.65%
Imports*	Jul-Mar 20	\$ Bn	34.81	-14.06%
Trade Balance*	Jul-Mar 20	\$ Bn	-17.36	26.72%
Current Account	Jul-Feb 20	\$ Bn	-2.84	71.04%
Foreign Direct Inv.	Jul-Feb 20	\$ Bn	1.85	184.81%
LSM Growth*	Jul-Feb 20	%	-3.03	
Avg. CPI	Jul-Mar 20	%	11.53	
Discount Rate	Apr-20	%	9.00	

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

Major Currencies

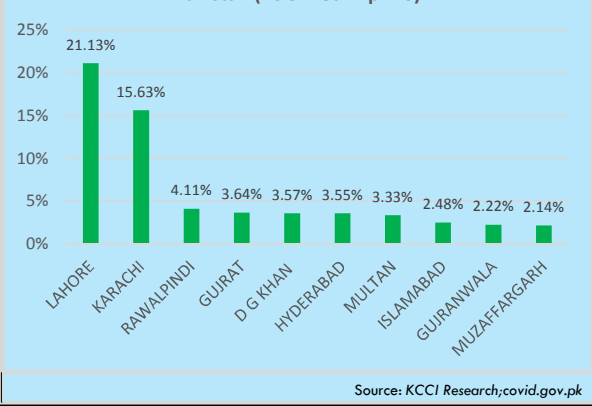


Quote of the Day

"If you don't have a competitive advantage, don't compete."

Jack Welch

Top City-wise Distribution (%) of Covid-19 Cases in Pakistan (As of 18th Apr'20)



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