

MPS today: 100bps cut in key policy rate likely

SBP will announce the Monetary Policy Statement (MPS) today (15th May'20) with expectations of up to 100bps cut in key policy rate. *BR.*

Local, foreign currency: Moody's places ratings under review for downgrade

Moody's Investors Service (Moody's) has placed Pakistan's local and foreign currency long-term issuer and senior unsecured B3 ratings under review for downgrade. Moody's in its latest report on Pakistan stated that the decision to place the ratings under review for downgrade reflects its expectation that the govt. will request for bilateral official sector debt service relief under the recently announced G20 initiative. *BR.*

Economy likely to grow by 2% next year: Hafeez

Advisor on Finance Hafeez Sheikh has said that the real worry for the govt. is how to increase GDP when there are so many tendencies towards its contraction. He said that prior to the corona pandemic, we were expecting over 3% GDP growth but in the post-Covid-19 scenario, the GDP is projected at -1% to -1.5 for FY20. He said that in FY21 the GDP would be around 2%. *BR.*

Adviser assures demurrage solution within 24 hours

Advisor on Finance Dr. Hafeez Shaikh has vowed to resolve issues related to demurrage and detention charges in a day and assured businessmen of refunds settlement within a stipulated time frame. 20,000 containers could not be cleared at the ports within the specified time period due to lockdown after the coronavirus. *The News.*

SBP urged to include current LCs, bonded goods in TERF scheme

Industrialists have urged SBP to include the current Letters of Credit (LCs) and already imported equipment, lying at ports, in the Temporary Economic Refinance Facility (TERF) scheme. TERF will be available for one year only, requiring a letter of credit (LC) to be opened by end-Mar'21. In a letter to Governor SBP Dr. Reza Baqir they have asked for further clarification regarding ongoing Expansion and BMR of existing facilities through already established LC. *BR.*

SEZs: CPEC body asks Bol, SBP, FBR to resolve issues

The Parliamentary Committee on CPEC has asked the Board of Investment (BoI), SBP and the FBR to resolve all the issues pertaining to SEZs on a top priority basis, so that these early harvest projects could be ready for economic activity. The meeting was also given a briefing by the FBR on income tax, sales tax and custom duties pertaining to Gwadar and SEZ Rashakai, Dhabeji, Faisalabad. *BR.*

Debt relief from China: Pakistan considering exploring possibility

Pakistan is considering exploring the possibility of debt relief from China at bilateral level but discreetly, as debt relief on multilateral and commercial debt may be precluded. This was revealed during a video conference held between Federal Minister for Economic Affairs Khuro Bakhtyar and Reza Baqir, Governor SBP. It was proposed that Pakistan may actively work at relevant fora for further debt relief under G-20 framework. The country may also explore opportunities for debt for development swaps from bilateral countries. *BR.*

Five firms in Pakistan, India allowed to make and sell remdesivir

To expand the drug's access, Gilead Sciences has signed non-exclusive licensing pacts with five generic drug-makers based in India and Pakistan, allowing them to make and sell remdesivir for 127 countries. Remdesivir is the only drug approved to treat Covid-19 patients after promising early trials prompted US regulators to grant emergency use authorization on 2nd May'20. *Dawn.*

Online Merger and Acquisition application system launched

The Competition Commission of Pakistan (CCP) has launched an Online Merger and Acquisition (M&A) Application filing system to facilitate local and foreign investors intending to invest in Pakistan through mergers, acquisitions, and JVs. Companies can submit the required documents electronically and an undertaking, anywhere in Pakistan, can now request for Merger and Acquisition NOC and also track the application online through this system. *Dawn.*

After dropping Super Corona Tax proposal: FBR ponders various options to expand tax net

After dropping proposal of corona tax for higher income brackets, FBR is contemplating upon more options including raising tax incidence on cigarettes, expanding supply chain of GST in VAT mode starting from manufacturers, wholesalers to now big retailers, imposition of one-time land tax on assets as well as providing relief to small and medium enterprises. The govt. also plans to negotiate with the IMF to slash down FY21 target from PKR 5.10Tn to PKR 4.80- 5Tn. FBR high-ups had kick-started presenting budget proposals before Advisor on Finance Dr Abdul Hafeez Shaikh and another important meeting is expected to be held today. *The News.*

PSO defaults on payments to LNG supplier, local refineries

PSO has recently defaulted on payments to LNG supplier- Gunvor – and payments on various POL products to some local refineries of PARCO, NRL and ENAR due to severe liquidity crisis that has touched new heights due to non-payment of dues of over PKR 100Bn that Sui Northern has failed to pay to the entity against the LNG supply. A meeting of SNGPL, SSGC and PSO in the presence of top officials of the Petroleum Division is now scheduled next week to try to sort out the issue. *The News.*

IMF to tide Pakistan over COVID-19 shocks

IMF has assured Pakistan of its support to weather an unprecedented economic shock from the pandemic as the country is about to miss almost all the economic targets during FY20. Though the IMF approved \$ 1.4Bn of rapid financing to meet Pakistan's urgent balance of payment needs and free up its resources to spend on countervailing measures for the virus, it has yet to complete the 2nd review of its EFF bailout package that would entail release of the 3rd loan tranche. *The News.*

365,000 tons diesel import slated for May

Diesel cargoes containing at least 182,000 tons of diesel are scheduled to arrive in a week, adding to a local stock of 250,000 tons that are sufficient to meet domestic demand at the onset of the wheat harvesting season in Pakistan. OMCs plan to import 365,000 tons of the retail fuel in May'20 to ensure uninterrupted supply. *The News.*

Excise dept unveils new facility

Sindh Excise and Taxation Department has decided to open the offices of Motor Registration Wings, while introducing an online Que Management System to facilitate the visitors to reserve a time-slot prior to their visit of the said offices. The expected visitors are advised by the Sindh Excise and Taxation Department to visit the website <http://taxportal.excise.gos.pk> and to fill on registration page and confirm one's identity using SMS verification. *The News.*

SBP reserves fall

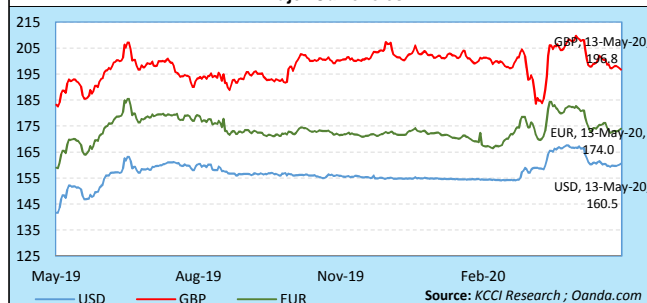
SBP's forex reserves have declined \$ 59Mn to \$ 12.27Bn mainly on account of external debt repayments during the week ended 8th May'20 whereas reserves held by commercial banks increased \$ 48Mn to \$ 6.44Bn during the week. Pakistan's total forex reserves are \$ 18.74Bn. *Dawn.*

Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	14-May	PKR	160.10	0.02%
USD-Open MKT	14-May	PKR	161.50	0.62%
KSE-100 index	14-May	Pts.	33,805	0.33%
FIPI	14-May	\$ Mn	0.07	NM**
Crude (AP'19)	14-May	\$/bbl	25.62	1.22%
Gold (MA'19)	14-May	\$/oz	1,723.0	1.06%
Gold (10g) Local	14-May	PKR	89,400	0.74%
Silver (MA'19)	14-May	\$/oz	15.74	0.98%
Cotton(KHI)-40 kg	14-May	PKR	9,217	0.00%
Kibor-6M	14-May	%	8.16	0.03%
Forex Reserves	8-May FY20	\$ Bn	18.74	-0.06% YoY
Remittances	Jul-Apr 20	\$ Bn	18.78	5.51%
Exports*	Jul-Apr 20	\$ Bn	18.41	-3.92%
Imports*	Jul-Apr 20	\$ Bn	37.91	-16.50%
Trade Balance*	Jul-Apr 20	\$ Bn	-19.50	25.68%
Current Account	Jul-Mar 20	\$ Bn	-2.77	73.10%
Foreign Direct Inv.	Jul-Mar 20	\$ Bn	2.15	137.30%
LSM Growth*	Jul-Mar 20	%	-5.40	
Avg. CPI	Jul-Apr 20	%	11.22	
Discount Rate	May-20	%	9.00	

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

Major Currencies

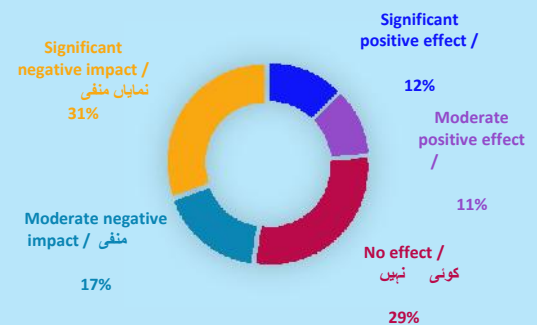


Quote of the Day

"Don't be afraid to give up the good to go for the great."

John D. Rockefeller

Karachi Business Sentiment Survey - Effect of the CNIC Condition on Karachi Based Businesses



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