

Businesses want 'big' rate cut in one go to rev up economy

Businessmen have termed the interest rate cut "too little too late", seeking further reduction to reinvigorate the tumbling economy. BMG Chairman Siraj Kassam Teli and KCCI President Agha Shahab Ahmed Khan expressed disappointment over a meager reduction of just 1% in policy rate by SBP. They said that long before the pandemic, KCCI consistently demanded to bring the policy rate down to 4% in one go rather than in installments. Reduction in policy rate in bits and pieces did not provide the much-needed thrust to the economy whereas a one-time major reduction to 4% could have triggered growth and accelerated economic activities. *The News*.

SBP extends EFS limits to individual exporters

SBP has announced to extend the refinance limits sanctioned by banks to individual exporters under Export Finance Scheme (EFS) for seven months i.e. up to 31st Jan'21. Export refinance limits sanctioned in favour of banks for the year 2019-20 are due to expire on 30th Jun'20. Further, the entitlement for the exporters to borrow under EFS /Islamic Export Refinance Scheme (IERS) Part-II is determined for each year on the basis of export performance, which is prepared by bank/exporter and verified by the Foreign Exchange Operations Department (FEOD) of SBP. *BR*.

POL products: Whopping increase in prices notified

The govt. has increased the price of petrol by PKR 25.58/litre from existing PKR 74.52 to PKR 100.10/litre effect from 26th Jun'20 in an early monthly review. The price of HSD has gone up to PKR 101.46 from existing PKR 80.15, kerosene oil has been hiked by PKR 23.50/litre from current PKR 35.56 to PKR 59.06/litre. The price of LSD goes up by PKR 17.84 from PKR 38.14 to PKR 55.98/litre. *BR*.

Five-year trade policy finalized

The commerce ministry has finalized the 5-year Strategic Trade Policy Framework (STPF) draft with measures to diversify exports from traditional sectors to high quality and globally-competitive engineering products. Special focus has been directed to increase exports of sectors including textile, leather and surgical with non-formal and development sectors like engineering goods. *Dawn*.

Murad claims around PKR 70Bn to be spent on Karachi's uplift in upcoming fiscal year

CM Murad Ali Shah has said that up to PKR 70Bn would be spent on the uplift of Karachi in FY21. He was of the view that the provincial govt.'s main source of income was sales tax on services, the major chunk of which was received from Karachi. *Dawn*.

Govt gets \$ 7.5Bn in loans

Pakistan has received \$ 7.5Bn in foreign loans in 11MFY20 amid a sharp rise in non-project borrowing that rose to 80% of total receipts, heightening risks of a debt trap. Pakistan does not have any option but to borrow to repay maturing loans and to show higher gross official foreign currency reserves. Loans were received from sources including ADB, IMF, China and other bilateral and multilateral creditors. *Tribune*.

Government entities holding FTNs inflict a huge loss on FBR

The holders of Free Tax Numbers (FTNs), including govt. entities/organizations (filers and non-filers), have caused a revenue loss of PKR 18,934Mn during FY20 as many declared "exempt income". A report of FBR on FTNs revealed that the govt. entities mostly operate under a Free Tax Number (FTN) that is allotted to them by the FBR in place of the National Tax Number (NTN). *BR*.

NA passes PKR 4.2Tn budgetary demands, grants

The National Assembly has passed budgetary demands and grants of over PKR 4.2Tn of the FY21 budget. The opposition did not present cut motions on 96 demands, while on 94 other demands, its cut motions were rejected. The opposition members have termed the budget "unrealistic". *Dawn*.

Bol launches three online portals

The Board of Investment (BoI) has launched three online portals, Electronic Joint Venture, Branch/Liaison office Management Information System, and SEZ Information portal for the benefit of investors. Electronic Joint Venture (EJV) is Pakistan's first public sector online free Business Match-Making Service, which allows the businesses to create partnerships worldwide. *BR*.

Pakistan's case not taken up at FATF meeting: FO

The Foreign Office has said that Pakistan's case was not taken up at the FATF meeting held on 24th Jun'20 and the country would continue to be on the 'grey list' till Oct'20. Pakistan was given a 6-month extension (till Jun'20) on the grey list for meeting remaining requirements of the FATF action plan. *Dawn*.

FBR to observe extended working hours

FBR has issued instructions to all the collectorates of Customs to remain open and observe extended working hours till 10:00pm on 29th Jun'20 and till 12:00am on 30th Jun'20 (Tuesday) to facilitate the taxpayers' in payment of duties and taxes. *The News*.

Capacity charges, neglecting renewables intensifying Pakistan's financial burden, say studies

The massive build-up of coal power projects in Thar and the ignoring of renewable energy at both policy and operational levels have intensified Pakistan's financial burden amidst the economic downturn induced by COVID-19. According to the studies conducted by Institute for Energy Economic and Financial Analysis and the World Wind Energy Association, total capacity payments to power generators could reach an entirely unsustainable PKR 1.5Tn (\$ 9Bn) in the next few years. The govt. of Pakistan has now also asked China for easier repayment terms on 12GW of CPEC power projects totaling \$ 30Bn of investment. *The News*.

Pakistan receives \$1.725Bn from IFIs this week

Pakistan has received \$ 1.725Bn in financial support from multilateral international financial institutions during the week. This financing will support the govt. efforts to handle the impacts from the coronavirus pandemic. *The News*.

China pulls out of KE's buyout deal

China's Shanghai Electric Power Company has yet again withdrawn its offer to acquire a majority stake in K-Electric Limited as the timeline for concluding the deal pending for almost 4 years expired. This was not the first time that the state-owned company from China withdrew its offer as the instance emerged every year since Shanghai Electric made the first public announcement of intention to acquire KE in Aug'16. *The News*.

'Pakistan focusing on export diversification'

Adviser on Commerce, A.Razak Dawood, while chairing a meeting for the finalization of Strategic Trade Policy Framework, has said that Pakistan in pursuance of the diversification policy, export of microwave ovens from Pakistan have been confirmed for the first time and these were going to be exported by Dawlance, a Turkish investment in Pakistan. Duties on import of components of televisions have also been reduced to promote local manufacturing of television sets, which has a potential for export as well in the coming years. *The News*.

WHO says \$ 31.3Bn needed for tools to fight Covid-19

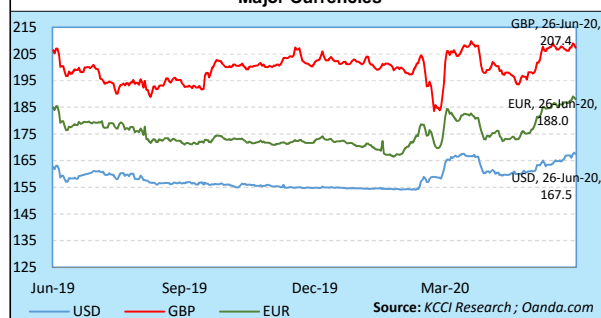
A World Health Organization-led coalition fighting the COVID-19 pandemic is asking govt. and private sector donors to help raise \$ 31.3Bn in the next 12 months to develop and deliver tests, treatments and vaccines for the disease. Renewing its call for global collaboration against the pandemic, it said \$ 3.4Bn had been contributed for the coalition to date, leaving a funding gap of \$ 27.9Bn. Of that, \$ 13.7Bn is "urgently needed". *BR*.

Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	26-Jun	PKR	167.67	0.18%
USD-Open MKT	26-Jun	PKR	168.00	0.30%
KSE-100 index	26-Jun	Pts.	33,939	0.68%
FIPI	26-Jun	\$ Mn	-1.22	NM**
Crude (AP'19)	25-Jun	\$/bbl	37.98	-5.71%
Gold (MA'19)	25-Jun	\$/oz	1,766.8	-0.64%
Gold (10g) Local	26-Jun	PKR	95,170	0.00%
Silver (MA'19)	25-Jun	\$/oz	17.58	-3.02%
Cotton(KHI) -40 kg	26-Jun	PKR	8,681	1.25%
Kibor-6M	26-Jun	%	7.22	-0.47%
Forex Reserves	19-Jun	\$ Bn	16.73	-0.30%
	FY20			YoY
Remittances	Jul-May 20	\$ Bn	20.65	2.74%
Exports*	Jul-May 20	\$ Bn	19.80	-6.87%
Imports*	Jul-May 20	\$ Bn	40.85	-18.96%
Trade Balance*	Jul-May 20	\$ Bn	-21.06	27.77%
Current Account	Jul-May 20	\$ Bn	-3.29	73.60%
Foreign Direct Inv.	Jul-May 20	\$ Bn	2.40	90.60%
LSM Growth*	Jul-Apr 20	%	-8.96	
Avg. CPI	Jul-May 20	%	10.94	
Discount Rate	Jun-20	%	8.00	

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

Major Currencies

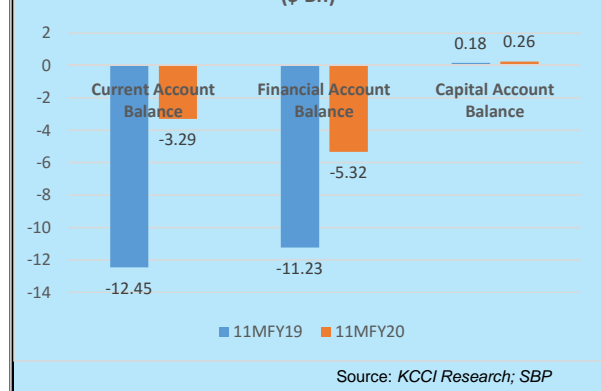


Quote of the Day

"A ship in the harbor is safe, but that is not what ships are built for."

John A. Shedd

Pakistan's Balance of Payment Snapshot (\$ Bn)



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