

Pakistan on brink of Covid-19 financial collapse – Asia Times

Pakistan's financial woes are going from bad to worse as the national fiscal deficit surges to over 7% of GDP and could breach 9-10% as state revenues dry up amid Covid-19 economic devastation. President KCCI, Agha Shahab Ahmad Khan has said that the budget accentuates the fast-shrinking fiscal space, which is symptomatic of a bigger economic abyss. Even in the pre-pandemic scenario, before Dec'19, our economy was not doing well due to global recession, monetary distress and high interest rates. He said that Pakistan already faced a "liquidity crisis" before the coronavirus outbreak and that the govt. needs to launch a "revival and survival" package to save the economy while also ensuring "a more fair distribution of resources. *Asia Times*.

SBP extends deferment of principal amount of loans till Sept 30

Considering the fact that Covid-19 pandemic is continuing to stress the cash flow of small and medium sized businesses and households, the SBP has decided to extend the Deferment of Principal Amount facility up till 30th Sep'20. *BR*.

Penny wise, pound foolish: PTI govt forms company for trade

The govt. has set up a private limited company to efficiently handle international trade, expanding the size of public sector that is contrary to its ongoing drive to reduce state footprint due to a severe financial crunch. Pakistan Single Window Company will perform all those functions that are currently being done by Pakistan Customs of FBR. Under the new regime, these functions will still be performed by the Pakistan Customs but it will get additional monetary benefits for doing the core job. The National Assembly Standing Committee on Finance will consider the Pakistan Single Window Bill 2020 for approval on 9th Jul'20 (today) to give permanent legal cover to the company. *Tribune*.

CRTO Karachi launches E-Katcheri

Corporate Regional Tax Office (CRTO) Karachi has launched public outreach program for efficient service delivery and ensuring public trust. In this regard Sajidullah Siddiqui, Chief Commissioner Inland Revenue, CRTO Karachi would conduct E-Khuli Katcheri on Friday of every second week of the month from 11:00 AM to 12:00 noon through Whatsapp. *The News*.

Nepra decides to hold public hearing of K-Electric

While taking notice of load shedding complaints by K-Electric, Nepra has decided to hold public hearing in the matter of excessive load shedding in Karachi. In this regard, the Authority has decided to hold a public hearing on 10th Jul'20 via video link. All interested stakeholders and general public are invited to participate in the hearing to share their views/comments regarding load shedding position in Karachi. *The Nation*.

Karachi cries for mercy after enduring long hours without electricity

Following the rainfall that marked the beginning of this year's monsoon season, Karachi's sole electricity provider, K-Electric (KE), failed to restore power to some areas of the city for 24 long hours. According to KE, teams of the power utility faced hurdles in the restoration process due to fallen trees and other objects as well as standing rainwater around the KE infrastructure. *The News*.

EU states asked to bar Pak pilots from work

The European Union Aviation Safety Agency (EASA) has ordered the member states to bar Pakistani pilots from working. The letter sent to the member states by the EASA stated that the CAA has revealed irregularities in the issuance of 40% of licenses. *The News*.

German fashion giant Hugo Boss places sports clothes order at Pakistani firm

Advisor on commerce, A.Razak Dawood, has announced that German fashion giant Hugo Boss has placed its first order of sportswear at a Pakistani company. He said that this achievement was due to the effort of Garments exporters for holding the 35th International Apparel Federation's Fashion Convention in Nov'19 in Lahore. *The News*.

Investment in premium prize bonds surges 211% till May

Investment in registered prize bonds of PKR 40,000 surged to PKR 19.19Bn till May'20 compared with PKR 6.17Bn in May'19, registering growth of 211%. The substantial increase was due to govt. initiatives to introduce reforms in saving schemes and also due to discontinuation of bearer prize bonds of PKR 40,000 denominations. *The News*.

As interest rates rose in FY20, money poured into govt securities: SBP data

Total deposits of banks rose by 12.2% to PKR 16.23Tn by end-Jun'20, compared to PKR 14.46Tn in Jun'19 — an increase of PKR 1.77Tn. Overall money supply of the country increased by almost 16% in FY20, compared to 11.3% in FY19. But private sector lending remained severely depressed throughout the year as advances grew at a meagre 1.2%. Investment in govt. papers reached record high as it crossed the mark of PKR 11Tn. *Dawn*.

New FBR chief meets PM, adviser

FBR Chairman Muhammad Javed Ghani held separate meetings with PM Imran Khan and his Adviser on Finance Dr Hafeez Shaikh to discuss measures to be taken to achieve revenue target for FY21, and to bring about reforms in the tax administration. Chairman FBR shared his thoughts about how he wanted to move ahead with four points from simplification of tax collection, automation, and increasing points of sales (PoS). *BR*.

Facilitating AMCs, IAs: SECP issues master circular

SECP in order to facilitate and create an enabling environment for Asset Management Companies (AMCs)/Investment Advisors (IAs) and ensure compliance of statutory / regulatory requirements pertaining to Collective Investment Schemes/ Investment Advisory Services, has issued a master circular containing consolidated circulars. *BR*.

Policy facilitating Chinese investment: PD barred from carrying out alteration

Planning Commission has reportedly barred Power Division from carrying out alteration in power generation policy aimed at facilitating Chinese investment in Kohala Hydropower Project and Patrind Hydropower Project under CPEC. The tariff of Kohala hydropower project has been fixed at Cents 7.85/kWh (PKR 13.12/kWh at present dollar-rupee conversion rate whereas tariff of Patrind hydropower project has been agreed at Cents 7.12/kWh which is equal to PKR 11.90/kWh, sans taxes. *BR*.

Planning Commission assents around 92% of PSDP during FY 2019-20

The Planning Commission has issued authorization for around 92% of the PSDP during FY20. Out of the total allocations of PKR 701Bn, the planning commission has released PKR 644.70Bn. *The Nation*.

Sindh Consolidated Fund account: Murad approaches Hafeez against 'illegal' deductions by FBR

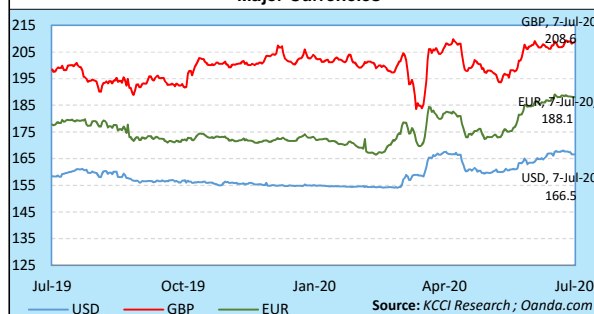
Sindh CM Murad Ali Shah has approached Abdul Hafeez Shaikh, Adviser on Finance, against unauthorized deductions by FBR from the Provincial Consolidated Fund account of the Govt. of Sindh. It said that among others FBR has deducted PKR 861.3Mn during FY15; PKR 6,127.1Mn during FY16; PKR 294.89Mn during FY17 on account of WHT and PKR 76Mn during FY17 on account of sales tax. The Sindh govt. requested that the FBR may be directed to make arrangements for collection of this tax from start of FY21, the letter of the Sindh CM added. *BR*.

Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	7-Jul	PKR	166.95	0.14%
USD-Open MKT	7-Jul	PKR	167.50	-0.12%
KSE-100 index	7-Jul	Pts.	35,373	0.48%
FIPI	7-Jul	\$ Mn	-3.09	NM**
Crude (AP'19)	7-Jul	\$/bbl	40.64	0.99%
Gold (MA'19)	7-Jul	\$/oz	1,794.6	0.46%
Gold (10g) Local	7-Jul	PKR	96,300	1.05%
Silver (MA'19)	7-Jul	\$/oz	18.56	1.64%
Cotton(KHI) -40 kg	7-Jul	PKR	9,002	0.00%
Kibor-6M	7-Jul	%	6.88	0.00%
Forex Reserves	26-Jun	\$ Bn	17.97	7.42% YoW
	FY20			YoY
Remittances	Jul-May 20	\$ Bn	20.65	2.74%
Exports*	Jul-Jun 20	\$ Bn	21.39	-6.84%
Imports*	Jul-Jun 20	\$ Bn	44.57	-18.61%
Trade Balance*	Jul-Jun 20	\$ Bn	-23.18	27.11%
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-Jun 20	%	10.74	
Discount Rate	Jul-20	%	7.00	

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

Major Currencies

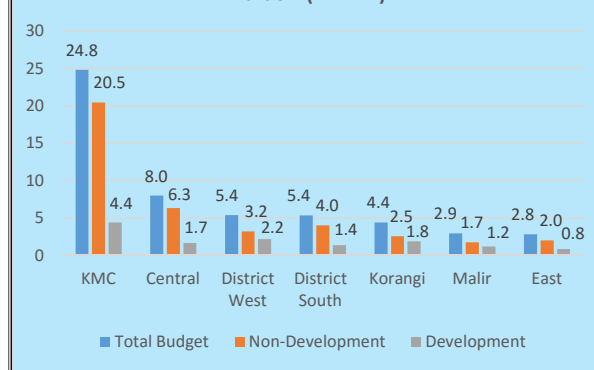


Quote of the Day

"A big business starts small."

Richard Branson

Breakdown of KMC and 6 District-wise budgets in Karachi (PKR Bn)



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