

LSMIs May output plunges 24.80% YoY

The Large-Scale Manufacturing Industries (LSMIs) output in May'20 plunged by 24.80% year-on-year as almost all the major manufacturing sectors posted a negative growth. In 11MFY20, the overall output declined by 10.32% as compared to 11MFY19. Textile, top contributing sector to the overall big industry output, fell 30.45%, coke and petroleum products 18.19%, chemicals 27.58%, automobiles 79.02%, iron and steel products 31.16%, electronics 81.60%, leather products 53.86%, wood products 89.57%, and non-metallic mineral products 36.19%. *BR.*

CA deficit plunges 78% in FY20

The country's Current Account Deficit (CAD) contracted by 78% to \$ 2.9Bn during FY20 compared to \$ 13.43Bn during FY19, mainly driven by a modest growth in workers' remittances and significant reduction in imports. In terms of GDP ratio, the CAD settled at 1.1% of GDP in FY20 compared to 4.8% of GDP in FY19. *BR.*

Import of wheat: 60% regulatory duty abolished

FBR has abolished 60% regulatory duty, 11% custom duty, 17% sales tax, and 6% WHT on the import of wheat from 21st Jul'20. The FBR has amended SRO.680 (I)/2020 through a SRO.633 (I)/2020. *BR.*

Duty drawbacks: Razak discusses progress on various MoC's initiatives

Advisor on Commerce Abdul Razak Dawood has chaired a meeting on duty drawbacks, to discuss the progress on various initiatives by the Ministry in this regard. During the meeting, the Advisor was briefed on the progress on implementation of Duty Drawback rates recalculation exercise. It was informed that MoC had earlier selected 11 sectors for recalculation, out of which Duty Drawback revised rates had been duly notified in three sectors, including leather hides, plastic goods and carpets. The exercise for remaining eight sectors was in final stages and would be finalized shortly. *BR.*

FBR allows clearing stuck cargoes against bank guarantee

FBR has allowed customs clearance against bank guarantees to goods stuck up after changes in application of income tax rates applied through Finance Act 2020. Under the new regime, the FBR has classified imported goods under three different categories for income tax concessions at 1%, 2% and 5.5%. For categorizing 3 different parts of goods, a new 12th Schedule has been introduced to Income Tax Ordinance 2001. *The News.*

Nepra issues show-cause notice to K-Electric

Nepra has issued a show-cause notice to Karachi Electric (KE) for "unscheduled" load shedding in Karachi and Hyderabad. According to the findings of the Investigation Committee, KE did not produce electricity on furnace which is expensive as compared electricity generated on gas. Nepra is of the view that KE's system failed to ensure unscheduled supply to consumers. The regulator maintained that KE has also failed to invest in generation. *BR.*

PM's package in response to Covid-19: AGP begins probe into refunds, drawbacks and rebates

The Auditor General of Pakistan (AGP) has started investigation into the sales tax refunds, duty drawback and customs rebate paid to exporters under PM's Relief Package for Covid-19. AGP has obtained the names of the exporters and other categories of taxpayers, who have obtained sales tax refunds under the Relief Package. *BR.*

\$ 200Mn ADB Pak rupees-linked bonds: SBP sets strict conditions

SBP has set strict conditions for \$ 200Mn ADB Pak Rupees-linked bonds which will be sold only to non-resident investors. Finance Division recently proposed to the ECC that Govt. of Pakistan may give its consent to ADB's proposal for issuance of Offshore PKR-Linked Bonds. This will help promote private sector investments, and increase local currency operations by ADB, thereby injecting foreign exchange into local currency spot market. *BR.*

Torkham border scam: FBR fails to satisfy NA body

The finance committee of NA has expressed displeasure over the briefing by FBR into the Torkham border scam of allowing hundreds of containers into Pakistan without duties and taxes from Afghanistan, and sought FIA's report into the matter. FBR admitted that 113 vehicles crossed into Pakistan from Afghanistan, wherein, neither goods declaration nor record for deposit of leviable duties/taxes were found. *BR.*

Under-invoicing in trade from China to Pakistan reduced, NA body told

Standing Committee on Finance has unanimously decided to submit breach of privilege motion against Adviser to PM on Finance Dr. A.Hafeez Shaikh before the Lower House if he did not bother to attend next meeting of the NA Panel. It also grilled the FBR over valuation rates of different products after which the FBR high-ups told the committee that the under invoicing of ongoing trade between China and Pakistan has been reduced from \$ 5Bn to \$ 2Bn per annum and around \$ 900Mn of it were related to fabric. *The News.*

Iran requests Pakistan to audit hot water plants

The Iranian govt. has requested Pakistani authorities to audit six hot water treatment plants, which is being delayed and can hurt export of Pakistani mangoes to Tehran in the future. Pakistan's mango industry is worth PKR 100Bn, which employs a 22.5Mn workforce. *Tribune.*

All construction activities in Bahria Town Karachi are illegal, SBCA tells SHC

The Sindh Building Control Authority (SBCA) has informed the Sindh High Court that all the construction activities at Bahria Town were unauthorized and illegal and its "Bahria Greens" project was launched without obtaining a sale and advertisement no-objection certificate from the authority. *Dawn.*

OGRA grants 9 licenses to construct storage facilities

Ogra granted 9 provisional licenses in FY19 to construct storage facilities before establishing Oil Marketing Companies (OMCs), paving way for an investment of around PKR 4.5Bn in oil infrastructure over the next three years. According to its Annual Report FY19, Ogra conducted inspections at 447 fuel outlets and issued 182 show cause notices for overcharging, less filling and non-conforming quality, cumulatively imposing a penalty of PKR 64.57Mn. *Tribune.*

Cabinet defers proposal to increase TV license fee

The federal cabinet has deferred the proposed increase in the television license fee from PKR 35 to PKR 100 charged from the country's electricity consumers and also approved amendments to money laundering and terror financing acts as well as the Code of Criminal Procedure 1898 to meet FATF requirements. The cabinet also approved formation of 'Cash Management & Treasury Single Account' to effectively manage cash balance in the govt.'s bank accounts. *Dawn.*

PSX Rulebook launched

Pakistan Stock Exchange (PSX) has reintroduced its Rulebook under the Securities Act, 2015 and Futures Market Act, 2016, and has aligned it with the relevant sections of the Companies Act, 2017 with the approval of SECP. *Dawn.*

PKR 199Bn PIBs sold

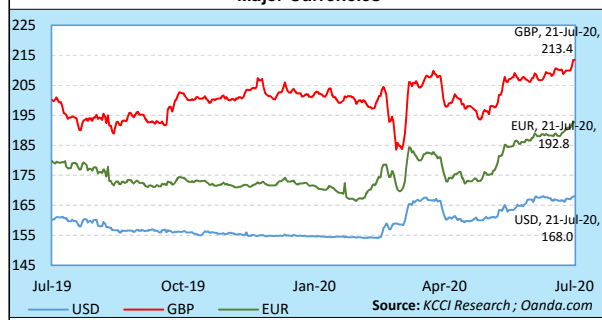
The govt. has raised PKR 199.4Bn through auction of fixed-rate Pakistan Investment Bonds (PIBs). The highest amount of PKR 97.3Bn was raised through 3-year PIBs at 9% per annum with corresponding bids for this tenure at PKR 128.5Bn. Another PKR 57.25Bn was raised for 5-year bond and PKR 29.82Bn for 10-year with annual rates of 9.5% and 10%, respectively. *Dawn.*

Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	21-Jul	PKR	167.90	-0.24%
USD-Open MKT	21-Jul	PKR	168.80	0.57%
KSE-100 index	21-Jul	Pts.	37,700	0.13%
FIPI	21-Jul	\$ Mn	-1.20	NM**
Crude (AP'19)	21-Jul	\$/bbl	40.82	0.17%
Gold (MA'19)	21-Jul	\$/oz	1,819.1	0.39%
Gold (10g) Local	21-Jul	PKR	100,200	1.93%
Silver (MA'19)	21-Jul	\$/oz	20.28	2.94%
Cotton(KHI)-40 kg	21-Jul	PKR	8,949	0.00%
Kibor-6M	21-Jul	%	6.66	0.01%
Forex Reserves	10-Jul	\$ Bn	18.95	0.86%
	FY20			YoY
Remittances	Jul-Jun 20	\$ Bn	23.12	6.35%
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-Jun 20	\$ Bn	-2.97	77.92%
Foreign Direct Inv.	Jul-Jun 20	\$ Bn	2.56	88.03%
LSM Growth*	Jul-May 20	%	-10.32	
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

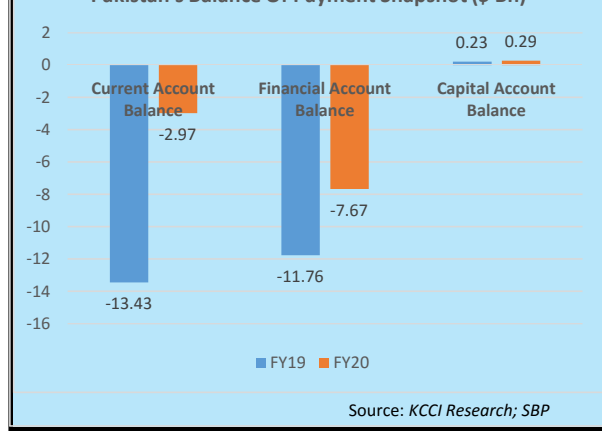


Quote of the Day

"Stay away from negative people. They have a problem for every solution."

Albert Einstein

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



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