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SHAHID LEGAL GROUP

SLD NEWS UPDATES

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FBR CHAIRMAN PLANS BUSY KARACHI VISIT AMID ISLAMABAD HOLIDAYS

October 11, 2024

Karachi, October 11, 2024 – Rashid Mahmood Langrial, Chairman of the Federal Board of Revenue (FBR), has laid out a demanding agenda for his upcoming visit to Karachi. During the public holidays announced in Islamabad for the Shanghai Cooperation Organization (SCO) Summit, Langrial will capitalize on this period by engaging in pivotal meetings and performance evaluations in the economic hub of Pakistan.

The government of Pakistan has declared holidays in Islamabad from October 14 to October 16, 2024, to accommodate the SCO Summit. However, rather than taking a pause, the FBR Chairman has opted to intensify his engagements in Karachi, focusing on the review of the first fiscal quarter's (July-September) revenue performance for 2024-25. Moreover, he will strategize for the successful attainment of October's ambitious revenue targets.

According to reliable sources within the FBR, Langrial's schedule will kick off on Monday, October 14, with a series of high-level meetings with key tax authorities in Karachi. The Chairman will convene with Chief Commissioners of Karachi's Large Taxpayers Office (LTO), Medium Taxpayers Office (MTO), Corporate Tax Office (CTO), as well as Regional Tax Offices (RTO) I and II. These discussions are expected to focus on resolving pressing tax-related issues and aligning efforts to enhance revenue collection mechanisms.

The following day, Tuesday, October 15, will see the Chairman shift his attention to Pakistan Customs. Langrial will meet with the Chief Collectors to address pressing matters within customs operations, including strategies for efficient border control and enhanced revenue collection through customs duties. His focus on these key institutions underscores his determination to drive fiscal discipline and enhance operational effectiveness across both Inland Revenue and Customs.

On the concluding day of his Karachi tour, Wednesday, October 16, Langrial will hold a highly anticipated dialogue with the business community. He is scheduled to meet members of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI), offering them a platform to voice their concerns. This exchange is expected to cover a wide range of issues, from tax policy challenges to regulatory bottlenecks, with an aim to foster stronger collaboration between the government and business stakeholders.

Accompanying the FBR Chairman on this vital visit will be Member Inland Revenue (IR-Operations) and Member Customs Operations, further indicating the significance of this Karachi-based initiative during the Islamabad holidays. This proactive approach reflects Langrial's commitment to steering the FBR towards achieving its revenue targets in the ongoing fiscal year, while addressing the concerns of both tax administrators and the business community.

WHAT PAKISTAN COMMITTED TO IMF FOR AGGRESSIVE FY25 TAX COLLECTION

October 11, 2024

Karachi, October 11, 2024 – Pakistan has reaffirmed its strong commitment to the International Monetary Fund (IMF) to substantially increase tax collection in the fiscal year 2024-25. In its latest country report, the IMF outlined Pakistan's pledge to implement robust fiscal policies designed to bolster tax revenues and meet stringent economic goals, as the country faces ongoing economic challenges.

These measures are part of Pakistan's broader strategy to fulfill its commitments under the IMF's Extended Fund Facility (EFF) and stabilize its economy.

Comprehensive Tax Measures

The government's key objective is to strengthen general government tax revenues to 12.3 percent of GDP, with new tax measures expected to generate over PKR 1,723 billion, equivalent to 1.4 percent of GDP. This will involve significant changes across multiple tax domains, ranging from personal and corporate income taxes to sales tax, excise duties, and customs duties.

Personal and Corporate Income Tax (PIT and CIT)

One of the central components of the revenue-enhancement plan is reforming personal and corporate income tax structures. Measures targeting personal income tax (PIT) and corporate income tax (CIT) are projected to bring in PKR 357 billion. Exporters will be integrated into the regular tax regime, while personal income tax reforms will streamline taxation for both salaried individuals (SI) and non-salaried individuals (NSI). Specifically, the number of tax slabs will be reduced to five, with the highest tax rate for NSIs being increased to 45%. This is a significant move towards broadening the tax base and ensuring more equitable tax enforcement.

Sales Tax Overhaul

The transformation of the sales tax structure is set to generate PKR 286 billion. The majority of products currently exempt or zero-rated will be brought under the standard tax rate. However, certain key sectors, such as education, health, and agricultural inputs, will be taxed at reduced rates of 5% or 10%. Essential food items, health products, and goods acquired by charitable hospitals will continue to benefit from tax exemptions. Pakistan's export sector will also see a shift, with the budget terminating the preferential Export Facilitation Scheme for locally purchased inputs.

Federal Excise Duty (FED) Expansion

The government also aims to widen the scope of the Federal Excise Duty (FED), enhancing rates on various products, which is expected to generate PKR 413 billion. New FEDs will be levied on property sales, sugar, acetate tow, and lubricants. Additionally, a harmonized FED will be applied to locally manufactured cigarettes, e-cigarettes, and nicotine pouches, aligning it with that on imported cigarettes. Excise duties will also increase on cement and airline tickets. These changes reflect the government's intent to raise revenue through excise duties, particularly targeting sectors that have previously enjoyed leniency in tax obligations.

Enhanced Withholding Taxes

To further strengthen tax collection, Pakistan plans to enhance withholding taxes and direct taxation measures, bringing in an additional PKR 240 billion. Key steps include raising the withholding tax for non-filers across various sectors, including manufacturing, wholesale, and retail. Progressive taxation on property transactions and the elimination of reduced rates for capital gains are also expected to contribute to the tax haul. Additionally, the income tax on dividend income from mutual funds will be increased to a maximum of 25%, and a new ad-valorem tax will replace the nominal tax on motor vehicle registration.

Customs Duty Rationalization

In line with efforts to rationalize tariffs, the government will eliminate various exemptions and concessions on customs duties, generating PKR 65 billion. This includes withdrawing concessions on imports of home appliances, electric vehicles, and specific food items, such as fresh and dry fruits (except Afghan apples). These measures are part of broader tariff policy reforms aimed at curbing unnecessary imports and boosting local production.

Compliance and Revenue Administration

Improved compliance measures are expected to generate PKR 157 billion, with initiatives such as the imposition of minimum import values on certain goods for withholding tax and sales tax collection. Additionally, Pakistan will enhance cross-adjustment of sales taxes between the federal and provincial governments, reevaluate property valuation tables to align with market rates, and introduce anti-fraud measures to prevent tax evasion.

Moreover, under the Tajir Dost scheme, efforts to bring retailers into the tax net are anticipated to significantly increase revenue, supported by the implementation of the Compliance Risk Management (CRM) framework. These steps, alongside an expansion of the Compliance Improvement Plan (CIP), are projected to add PKR 250 billion to the national exchequer.

Clearing Arrears

In a bid to ease financial pressure on businesses, Pakistan has also committed to clearing outstanding GST credit claims owed to companies involved in the commercialization of petroleum products. A total of PKR 80 billion in arrears will be settled during FY25, with an initial payment of PKR 35 billion.

Conclusion

Pakistan's aggressive tax collection strategy for FY25, driven by reforms in income tax, sales tax, excise duties, and customs duties, reflects the government's resolve to meet its commitments to the IMF and strengthen its fiscal position. With these ambitious measures, Pakistan aims to not only enhance tax revenues but also build a more transparent, efficient, and equitable taxation system, critical for the country's economic growth and stability.

FBR REAFFIRMS PLAN TO FREEZE BANK ACCOUNTS OF TAX DEFAULTERS

October 11, 2024

Islamabad, October 2024 – Rashid Mehmood Langrial, Chairman of the Federal Board of Revenue (FBR), has reiterated the government's resolve to freeze the bank accounts of individuals who fail to file their income tax returns.

In a candid interview with a private TV channel, FBR Chairman underscored the government's determination to eliminate the category of non-filers and tighten the noose around tax evaders engaging in significant financial transactions.

FBR Chairman Langrial clarified that while the average citizen will still be able to purchase smaller assets such as plots or used vehicles, individuals engaging in large-scale transactions will face severe restrictions. Those who fail to file their tax returns by the final deadline of October 14, 2024, will be subjected to stringent penalties, including a ban on purchasing properties exceeding Rs10 million, the acquisition of new vehicles, and the freezing of bank accounts. The government is even contemplating restrictions on air travel for persistent non-filers, in line with international practices where such punitive measures extend to up to 15 different types of sanctions.

Langrial highlighted that under-filing—where individuals or corporations misreport their income to evade taxes—remains a substantial issue in Pakistan's tax system. With only three million individuals paying taxes in a nation of over 240 million, he acknowledged that the widespread poverty reduces the pool of potential taxpayers. However, the FBR's analysis has identified a significant portion of the population that is deliberately under-reporting income to avoid paying their fair share of taxes.

He provided stark examples from the corporate sector, where companies operating in the same industry exhibit glaring discrepancies in their tax declarations. For instance, in the cement sector, one company declared coal costs at Rs3,500 per ton, while another declared Rs5,000 per ton—a disparity that points to tax evasion. Similarly, in the beverage industry, some companies report sugar inputs as low as 3-4%, while others report as high as 16%, raising suspicions about the accuracy of their financial reporting.

Langrial condemned such deceptive practices, equating them to criminal acts, and reaffirmed the FBR's stance against tax amnesties. He also highlighted the challenges faced by field officers, whose minimal salary packages hinder their ability to effectively combat tax evasion. To address this, he has requested the Prime Minister to enhance the mobility and resources of tax enforcement officers.

Smuggling was also flagged as a significant issue undermining the country's tax revenues. Langrial emphasized that while the FBR's comprehensive reform plan has been approved, its implementation will take several months, as procedural and legislative changes must be enacted.

He concluded by outlining the potential for Pakistan's tax-to-GDP ratio to rise significantly. With targeted reforms and the provinces contributing more effectively, Langrial projected that the country could achieve a tax-to-GDP ratio of 18%, helping to stabilize the economy and increase revenue collection for the state.

SRB FILES FIR AGAINST RESTAURANT FOR MISBEHAVIOR WITH LADY OFFICER

October 11, 2024

Karachi, October 11, 2024 – The Sindh Revenue Board (SRB) has taken firm legal action against a restaurant in Latifabad, Hyderabad, by lodging a First Information Report (FIR) following an incident involving the harassment of a lady officer during an official inspection. The incident has not only highlighted misconduct by the restaurant's management but also underscored serious issues of persistent tax evasion.

In a statement released on Friday, the SRB reiterated its unwavering commitment to enforcing compliance with the Sindh sales tax law while maintaining professionalism and respect in its interactions with all taxpayers. However, the unacceptable behavior exhibited by the restaurant's management during the inspection prompted the SRB to take decisive action. The establishment has been continuously failing to meet its tax obligations, further aggravating the situation.

The restaurant has a long history of non-compliance, particularly its failure to issue POS-integrated invoices as mandated by law, a critical step in documenting sales and tax payments. Despite multiple show-cause notices, public complaints filed via platforms like the Pakistan Citizen's Portal, and several assessment and adjudication orders, the restaurant has consistently evaded paying taxes. It currently faces a penalty of PKR 6.73 million for unpaid Sindh sales tax.

During a recent inspection, tensions escalated when the restaurant's management not only ignored legal requirements but also misbehaved with a lady officer who was fulfilling her official duties. In response, the SRB promptly filed an FIR against the restaurant owner, sending a clear message that such behavior and tax evasion will not be tolerated. The SRB stressed that it takes the protection and professionalism of its officers seriously, and it stands by its commitment to shield its officers from harassment or undue pressure while they carry out their responsibilities.

The SRB has called on the public, especially business owners, to actively contribute to fostering a culture of tax compliance. It urged all businesses, particularly those in the restaurant sector, to strictly adhere to the Sindh sales tax law, including the issuance of SRB-prescribed QR-coded POS invoices. The board emphasized that compliance with tax laws is not just a legal duty but also a collective responsibility, essential for ensuring transparency and the legitimate collection of public revenue.

With the FIR now lodged, the SRB has set a precedent that both tax evasion and misconduct will lead to serious legal consequences. The board reaffirmed its resolve to combat tax evasion and maintain integrity in the taxation system, supporting Pakistan's economic stability.

FBR SET TO ISSUE UPDATED PROPERTY VALUATION TABLES

October 11, 2024

Islamabad, October 11, 2024 – The Federal Board of Revenue (FBR) is poised to release revised valuation tables for immovable properties across 42 major cities in Pakistan, a move expected to reshape the property market landscape and increase tax revenues from real estate transactions.

This long-awaited update, which has been sent to the Law and Justice Division for vetting, marks a significant shift in property valuation aimed at aligning official rates with market realities.

The revised valuations are expected to be officially notified by the FBR today, October 11, 2024, as part of the government's strategy to boost revenue from property sales and purchases. The move will bring property valuations closer to their actual market values, with rates likely to increase to 80-90% of the estimated market figures, compared to the current 75%. This adjustment will have profound implications for both property buyers and sellers, as well as investors and developers across the country.

This revision comes after a pause in 2023, when the FBR refrained from increasing property valuations. Prior adjustments were made in 2018, 2019, 2021, and 2022, highlighting the FBR's periodic efforts to keep property values in line with market dynamics. Notably, in some areas such as Gwadar, property values have decreased under the new regulations, but for the majority of locations, valuations have seen substantial increases. In some instances, the property rates have been hiked by as much as 75%, reflecting the FBR's intent to close the gap between declared and actual values.

The updated tables will distinguish between commercial, industrial, and residential properties, providing a more nuanced approach to property valuations. This segmentation is expected to facilitate more precise taxation and align property-related taxes with the nature and use of the property.

The cities affected by this revision include major hubs such as Lahore, Karachi, Islamabad, and Faisalabad, along with several others like Peshawar, Rawalpindi, Quetta, and Sialkot. The revised valuation tables will also impact smaller cities, such as Abbottabad, Mardan, and Narowal, ensuring nationwide consistency in property tax regulations.

The Federal Tax Ombudsman (FTO) has played a pivotal role in pushing for this revision, setting a deadline of October 11, 2024, for the FBR to comply. The FTO has issued a stern warning to FBR officials, stating that failure to meet this deadline would result in proceedings for "Defiance of Recommendations" under Section 12(2) of the FTO Ordinance, 2000. This underscores the urgency and importance of the FBR's compliance with the revision, aimed at enhancing transparency and efficiency in property taxation.

Markets » Cotton & Textile

SPOT RATE UNCHANGED AMID MODEST TRADING

Recorder Report Published about an hour ago

LAHORE: The local cotton market on Friday remained steady and the trading volume remained satisfactory. Cotton Analyst Naseem Usman told BUSINESS RECORDER that the rate of cotton in Sindh is in between Rs 17,800 to Rs 18,000 per maund. The rate of Phutti in Sindh is in between Rs 7,400 to Rs 8,400 per 40 kg.

The rate of cotton in Punjab is in between Rs 17,700 to Rs 18,200 per maund. The rate of Phutti in Punjab is in between Rs 7,200 to Rs 8,400 per 40 kg.

The rate of cotton in Balochistan is in between Rs 17,700 to Rs 18,000 per maund. The rate of Phutti in Balochistan is in between Rs 7,400 to Rs 8,000 per 40 kg. The rate of Balochi Cotton is in between Rs 18,800 to Rs 19,000 per maund.

Around, 1200 bales of Tando Adam were sold in between Rs 17,725 to Rs 18,000 per maund, 800 bales of Sanghar were sold in between Rs 17,800 to Rs 18,000 per maund, 1200 bales of Khair Pur were sold in between Rs 17,900 to Rs 18,000 per maund, 1000 bales of Saleh Pat were sold in between Rs 17,800 to Rs 17,900 per maund, 1000 bales of Yazman Mandi, 400 bales of Bahwalpur, 400 bales of Marrot, 600 bales of Lodhran, 800 bqales of Fort Abbas, 200 bales of Rahim Yar Khan, 400 bales of Ahmed Pur East, 400 bales of Faqeer Wali, 400 bales of Haroonabad, were sold at Rs 18,000 per maund, 600 bales of Shujabad were sold in between Rs 17,800 to Rs 18,000 per maund, 600 bales of Burewala were sold in between Rs 17,750 to Rs 17,800 per maund, 400 bales of Chichawatni were sold at Rs 17,800 per maund, 1000 bales of Mianwali were sold at Rs 18,000 per maund and 600 bales of Vehari were sold at Rs 17,900 per maund.

The Spot remained unchanged at Rs 17,700 per maund. Polyester Fiber was available at Rs 357 per kg.

Stock & Commodity

STRONG BANK EARNINGS PUSH S&P 500, DOW TO RECORD HIGHS

Reuters Published about 2 hours ago

NEW YORK: The S&P 500 and the Dow hit record highs on Friday, driven by gains in major banks following third-quarter results, while the latest producer price data

backed expectations for a 25-basis-point rate reduction by the US Federal Reserve in November.

Major financial companies kicked off the earnings season on the day, with JPMorgan Chase rising 5% after the lender reported higher-than-expected third-quarter profit and raised its annual interest income forecast.

Wells Fargo rose 5.7%, after its profit also beat analysts' expectations. BlackRock gained 3.1% after the asset manager reported its assets under management had hit a record high for the third straight quarter.

Other financial stocks rose broadly, with the Financials index climbing 1.9% to a record high, the S&P 500 Banks index rising 4.5% to its highest since February 2022, and an index of regional lenders up 3%.

However, a 7.8% slump in Tesla limited gains on the Nasdaq after the EV maker unveiled its long awaited robotaxi, but did not provide details on how fast it could ramp up production or deal with potential regulatory hurdles. Meanwhile, data from the US Department of Labor showed the Producer Price Index for final demand was unchanged on a monthly basis in September, compared to the 0.1% rise expected by economists polled by REUTERS.

Traders kept bets steady on a 25-basis-point rate cut by the central bank in November, pricing in a nearly 88% chance, according to CME's FedWatch.

The data comes after Thursday's Consumer Price Index data, which was slightly higher than forecast, although weekly jobless claims rose more than expected.

"(The Fed) is trying to thread the needle between not creating inflation through accommodative policy, but not letting the labor markets fall apart. The conflicting data over the last week shows that challenge," said Matt Rowe, head of portfolio management and cross asset strategies at Nomura Capital Management.

The Dow Jones Industrial Average rose 344.19 points, or 0.81%, to 42,798.31, the S&P 500 gained 34.85 points, or 0.61%, to 5,815.15, and the Nasdaq Composite gained 66.54 points, or 0.37%, to 18,349.13.

All three major indexes were on track to notch their fifth consecutive week of gains.

With major indexes trading around record highs and the benchmark S&P 500 up more than 21% year-to-date, the third-quarter results will test if 2024's rally can be sustained.

"The success of banks this quarter won't be universal. With valuations where they are... I would say outperformance is already priced in to some degree," Rowe said.

STOXX 600 TOUCHES 1-WEEK HIGH, EARNINGS EYED

Reuters Published about 2 hours ago

FRANKFURT: European stocks reversed early losses and ended Friday at more than a one-week high as investors shifted their focus to updates on China's stimulus plans, corporate earnings and an interest rate decision by the European Central Bank.

The continent-wide STOXX 600 index ended up 0.5%, and was on track for weekly gains of 0.6%.

Markets closed a volatile week that saw Shanghai markets drop on uncertainty around policy support, oil prices spike on Middle East tensions and US data raise doubts about sustained cooling of inflation.

Britain's FTSE 100 edged up 0.2%, while Germany's DAX and Spain's IBEX closed up 0.7% and 0.5% respectively.

"We're now in that limbo phase where economies are not expecting to plunge into recession, rates are still high, there's no clear path on interest rate cuts and earnings have been resilient, but again the expectations were pretty low," said Daniela Sabin Hathorn, senior market analyst at Capital.com.

France's blue-chip CAC 40 reversed early losses and ended higher after the government delivered its 2025 budget with plans for 60 billion euros ($65.5 billion) worth of spending cuts and tax hikes on the wealthy and big companies.

Ratings agency Fitch is scheduled to update its view on France's debt later in the day.

"These effects are going to have an impact, but as always, we tend to see that the actual application tends to be a bit more uneven than expected," Hathorn said.

Overall, there was a sense of caution as investors awaited China finance ministry's press conference on Saturday, with expectations of stimulus announcements running high.

European markets closed lower on Thursday after data showed US inflation rose slightly more than expected in September, firming bets for a rate reduction of 25 bps.

The European Central Bank will meet on Oct. 17, and a rate cut is almost fully priced in, with a December move also firmly expected.

Among single stocks, Chrysler parent Stellantis fell 2.8% as the company confirmed that CEO Carlos Tavares would retire at the end of his contract in early 2026.

Sainsbury's dropped 5.9% after the Qatar Investment Authority, the biggest shareholder in the British supermarket group, sold shares worth 306 million pounds ($399.88 million).

Volkswagen lost 0.7% after reporting a decline in third-quarter global deliveries, following which Moody's cut its outlook on the carmaker to "negative" from "stable".

Valmet slid 7.7% to the bottom of the STOXX index after lowering its full year expectations.

Attention will squarely be on earnings reports from ASML, Nordea Bank, Nokia, Sartorius and Volvo among others in the following week.

CHINA STOCKS END WEEK LOWER AS STIMULUS CHEER TURNS CAUTIOUS

Reuters Published about 2 hours ago

SHANGHAI: Chinese stocks fell on Friday and ended the week in negative territory as investors' previous enthusiasm about economic stimulus gave way to concerns about whether the policy support would be big enough to revive growth.

The blue-chip CSI300 Index closed down 2.8%, while the Shanghai Composite Index dropped 2.6%. For the week, the CSI300 index fell by 3.3%. Hong Kong markets were closed for a holiday.

China stocks have rallied over 20% since Sept. 24, fanned by stimulus news, but the momentum has slowed this week. The market is now focused on potential further fiscal stimulus announcements that could come out at a finance ministry press conference on Saturday.

"The question remains on the magnitude of the fiscal policies and the effectiveness of the policy implementation, which we believe are both needed to stabilise the property market," and repair consumer confidence, said Vivian Lin Thurston, a portfolio manager at William Blair.

UBS analysts forecast a base case scenario of 1.5 trillion yuan ($212.07 billion) for special government bond issuance, with a best case of 3 trillion yuan.

Reuters reported last month that China plans to issue special sovereign bonds worth about 2 trillion yuan this year as part of fresh fiscal stimulus.

According to LSEG Lipper data, overseas China funds and exchange-traded funds (ETFs) have received a net $13.91 billion since Sept. 24, pumping up inflows so far in 2024 to $54.34 billion.

Much of that money has gone into ETFs, which have seen buying of $12.84 billion since Sept. 24, while mutual funds are still reporting net outflows of $11.77 billion for the year.

Nomura's chief China economist Ting Lu said the National People's Congress (NPC) is still the key "checkpoint" for the exact size of the extra budget.

"At the upcoming briefing, the (finance ministry) might still discuss additional funding via the issuance of CGBs (China government bonds), while the exact numbers will most likely be announced by the NPC Standing Committee later this month," Lu said.

Most sectors declined, with information technology and healthcare shares among the biggest drags, down 5.2% and 5.0%, respectively, while real estate stocks were up 0.7%.

Brokers Guotai Junan and Haitong Securities rallied again to a maximum of 10% each on Friday, after the disclosure of merger details earlier in the week.

Intra-day volatility on the CSI 300 index has more than doubled to 24% in the past month

NIKKEI RISES AS FAST RETAILING JUMPS

Reuters Published about 2 hours ago

TOKYO: Japan's Nikkei share average rose to a two-week closing high on Friday, propelled by gains in index heavyweight Fast Retailing, even as investors turned cautious as the earnings season kicked into high gear.

The Nikkei closed 0.6% higher at 39,605.80, logging a 2.5% gain for the week. The broader Topix finished down 0.2% at 2,706.2.

Shares of Fast Retailing jumped 6.1% to become the top percentage gainers, after the owner of clothing brand Uniqlo said on Thursday it had booked record profits for a third straight year.

The rise in Fast Retailing, the heaviest of the Nikkei's 225 constituents, was enough to keep the Nikkei well in positive territory, even though 160 shares declined.

Despite a dip in the Philadelphia SE Semiconductor index overnight and Wall Street's three main indexes, Japan's chip-related shares closed higher, tracking gains in Nvidia.

Chip-testing equipment maker Advantest, which counts Nvidia among its customers, climbed 3.5%. Chip-making equipment giant Tokyo Electron edged up 0.4%.

The Nikkei struggled to move closer to the 40,000 level, with investors looking forward to a slew of corporate earnings results on Friday and Tuesday, and taking positions carefully ahead of a local holiday on Monday.

"It's difficult to buy before earnings are released," said Masahiro Ichikawa, chief market strategist at Sumitomo Mitsui DS Asset Management.

"There's a sense that investors want to discern company earnings trends" before making a move, he said.

S&P 500, DOW RISE ON BOOST FROM BIG BANK EARNINGS

Reuters Published October 11, 2024

The S&P 500 rose and the Dow hit a record high on Friday, driven by gains in major banks following third-quarter results, while mixed producer price data backed expectations for a 25-basis-point rate cut by the Federal Reserve in November.

However, the tech-heavy Nasdaq lagged due to an 8.1% drop in Tesla, after the EV maker unveiled its long awaited robotaxi, but did not provide details on how fast it could ramp up production or deal with potential regulatory hurdles.

The Dow Jones Industrial Average rose 180.22 points, or 0.42%, to 42,634.34, the S&P 500 gained 13.53 points, or 0.23%, to 5,793.58, and the Nasdaq Composite lost 16.74 points, or 0.09%, to 18,265.31.

The Dow touched an intraday record high, outperforming its peers as major bank stocks boosted the index.

The Financials index also hit a record high, climbing 1.8% and leading sectoral gains, while S&P 500 Banks stocks ticked 4.5% higher.

Major financial companies kicked off the earnings season on the day, with JPMorgan Chase rising 5% after the lender reported higher-than-expected third-quarter profit and raised its annual interest income forecast.

Wall Street rises, inflation data in focus

Wells Fargo rose 5.6%, after its profit also beat analysts' expectations. BlackRock gained 3.9% after the asset manager reported its assets under management had hit a record high for the third straight quarter.

Meanwhile, data from the U.S. Department of Labor showed the

Producer Price Index for final demand was unchanged on a monthly basis in September, compared to the 0.1% rise expected by economists polled by Reuters.

However, core PPI, which excludes the volatile food and energy components, stood at 2.8% on an annual basis, slightly higher than the estimated 2.7% rise.

Traders kept bets steady on a 25-basis-point rate cut from the U.S. central bank in November, pricing in a nearly 84% chance, according to CME's FedWatch.

"The annual numbers are a little higher and it's going to take a little time to go through why that is the case, (but) there's nothing specifically in this number to make markets… change the narrative," said Steve Sosnick, chief market strategist at Interactive Brokers.

All three major indexes were on track to notching their fifth consecutive week of gains. It would be the best winning streak for the Dow in eight months and the best for the Nasdaq since May.

With major indexes trading around record highs and the benchmark S&P 500 up more than 21% year-to-date, the third-quarter results will test if 2024's rally can be sustained amid uncertainty over monetary policy, geopolitical risks and the upcoming U.S. presidential elections.

Meanwhile, a preliminary reading of the University of Michigan's October consumer sentiment index stood at 68.9, compared with analysts' estimate of 70.8.

Also on deck are speeches from Fed officials Michelle Bowman, Lorie Logan and Austan Goolsbee through the day.

Advancing issues outnumbered decliners by a 2.23-to-1 ratio on the NYSE, with 144 new highs and 12 new lows.

On the Nasdaq, 2,357 stocks rose and 1,222 fell as advancing issues outnumbered decliners by a 1.93-to-1 ratio.

The S&P 500 posted 40 new 52-week highs and one new low, while the Nasdaq Composite recorded 62 new highs and 47 new lows.

KSE-100 ENDS MARGINALLY POSITIVE BUT AFTER SEEING SELLING PRESSURE

BR Web Desk Published October 11, 2024

The KSE-100 Index closed nearly flat on Friday after the index swayed in both directions amid concerns related to early termination of contracts with the independent power producers (IPPs).

The KSE-100 started the session positive, hitting an intra-day high of 85,750.19, followed by selling pressure that pushed the index to an intra-day low of 84,774.46.

However, some late-session buying helped the index to close in the green.

At close, the benchmark index settled at 85,483.40, marginally up by 30.18 points or 0.04%.

On Thursday, the KSE-100 witnessed mixed trading for most part of the day and closed marginally lower on late-session selling.

"Negotiation with IPPs where 5 IPPs have agreed for early termination of Power Purchase Agreements (PPA) has changed the market sentiment," brokerage house Topline Securities said in its post-market report.

Major positive contribution to the index came from PSO, FFC, EFERT, PIOC and UBL, as they cumulatively contributed 276 points to the index. On the flip side, HUBC, LUCK, HBL, TRG and SRVI lost value to weigh down on the index by 327 points, it added.

Pakistan's capacity to repay the International Monetary Fund (IMF) remains subject to significant risks, the Washington-based lender said in its staff report, adding that the country remains critically dependent on policy implementation and timely external financing.

The lender said the Fund's exposure would reach SDR 6,816 million by September 2024 (336% of quota) with purchases linked to the request.

Pakistan's listed companies, including Citi Pharma Limited and Pakistan Cables, entered into agreements with Saudi firms as the two countries strive to boost economic ties.

Citi Pharma Limited, a Pakistani pharmaceutical, signed a joint venture agreement with All Care Group of Investment, a Saudi investment company, to establish an advanced API (Active Pharmaceutical Ingredient) and Formulation Facility in Saudi Arabia.

Globally, European stocks dipped on Friday as nervous investors awaited updates on China's stimulus plans, while French markets edged down after the government unveiled its 2025 budget aimed at tackling a spiralling fiscal deficit.

The continent-wide STOXX 600 index was down 0.1%, capping a volatile week that saw Shanghai markets drop on uncertainty around policy support, oil prices spike on Middle East tensions and US data raise doubts about sustained cooling of inflation.

Britain's FTSE 100 dipped 0.2%, while Germany's DAX and Spain's IBEX were down 0.1% each.

China stocks opened down on Friday, as investors cautiously await further policy announcements from a finance ministry press conference scheduled on Saturday.

The Hong Kong market was closed for a holiday.

China's blue-chip CSI300 Index dropped 0.7% at the market open, while the Shanghai Composite Index edged down 0.4%.

Meanwhile, the Pakistani rupee ended marginally stronger against the US dollar, appreciating 0.05% in the inter-bank market on Friday. At close, the currency settled at 277.64, a gain of Re0.15 against the greenback.

Volume on the all-share index increased to 560.74 million from 503.75 million on Thursday.

However, the value of shares declined to Rs26.12 billion from Rs27.91 billion in the previous session.

Hub Power Co.XD was the volume leader with 58.16 million shares, followed by PTCL with 51.35 million shares, and WorldCall Telecom with 45.7 million shares.

Shares of 435 companies were traded on Friday, of which 130 registered an increase, 251 recorded a fall, while 54 remained unchanged.

FERTIGLOBE BOOSTS ABU DHABI, DUBAI EXTENDS GAIN

Reuters Published October 11, 2024

Stock exchanges in United Arab Emirates closed higher on Friday, with Abu Dhabi boosted by a surge in Adnoc and OCI- owned fertilizer firm Fertiglobe, Dubai extends gains.

Abu Dhabi's benchmark index rose 0.1%, bolstered by a 10.1% surge in Fertiglobe, while Abu Dhabi's richest listed firm International Holding Company gained 0.5%.

Abu Dhabi National Oil company (Adnoc) announced on Friday that it had received all regulatory approvals to complete acquisition of OCI's 50% + 1 share stake in Fertiglobe.

Dubai's main index extended gains to second session with 0.1% increase, supported by a 2.8% jump in Emirates Integrated Telecommunications after the firm unveiled two new operating sub-brands joining DU business — DU tech and DU infra.

Major Gulf markets mixed amid regional tensions

Among the gainers, Mashreqbank rose 1.3% and Dubai Taxi advanced 2.3%.

Abu Dhabi and Dubai index notched up 0.79% and 0.88%, respectively, on a weekly basis, according to LSEG data.

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 ABU DHABI    up 0.1% to 9,261 points
 DUBAI        rose 0.1% to 4,441 points
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FOREIGN OUTFLOWS, EARNINGS ANXIETIES TOPPLE INDIAN SHARES FOR SECOND WEEK

Reuters Published October 11, 2024

Indian benchmarks logged daily and weekly losses on Friday, weighed down by foreign outflows, slowing corporate earnings and escalating tensions in the Middle East.

The NSE Nifty 50 lost about 0.2%, while S&P BSE Sensex shed 0.4% this week. They lost about 4.5% each last week as well, the worst decline since June 2022.

Both indexes are down 5% from record-highs hit on Sept. 27 and have posted losses in eight of the last 10 sessions.

Foreign institutional investors sold Indian shares for the last nine sessions, offloading $7.8 billion worth of stocks, as they directed flows to China after it announced bumper stimulus measures.

The Indian rupee fell below 84 per dollar for the first time on Friday, pressured by a spike in oil prices and exodus of foreign money from the equity market.

Investors have booked profits in the last two weeks due to foreign outflows, worries over moderation in earnings, growing Middle East unrest and elevated corporate valuations, said Divam Sharma, founder and fund manager at Green Portfolio.

Indian shares trim gains as IT weighs ahead of TCS earnings; US CPI awaited

The consumer index lost 2% this week and was the top sectoral loser by percentage, after the central bank flagged inflation concerns at its policy meeting on Wednesday.

Automakers gained 2%, led by 3.9% rise in Mahindra & Mahindra this week, after CLSA upgraded the stock to “buy”, citing positive volume growth outlook.

Among stocks, retailer Trent rose 12% and was the top weekly gainer on the Nifty 50 after it said it would extend its portfolio in the mass-priced beauty segment.

The broader, more domestically-focussed small- and mid-caps jumped about 1.3% each for the week.

On the day, the Nifty 50 shed 0.14% to 24,964.25, while the Sensex lost 0.28% to 81,381.36, dragged down by financials and Tata Consultancy Services, India’s top software company.

TCS fell about 2% after it missing quarterly profit estimates.

The market remains watchful as Nifty valuations appear stretched, and more soft earnings from large-cap stocks could trigger further consolidation, said Krishna Appala, senior research analyst at Capitalmind Research.

Metals, however, rose 1% on expectations of more stimulus from top consumer China.

SRI LANKA SHARES END HIGHER BOOSTED BY ENERGY, IT GAINS

- CSE All Share index settled up 1.07% at 12,294.03 points

Reuters Published October 11, 2024

Sri Lankan shares closed higher on Friday, aided by gains in energy and IT stocks.

The CSE All Share index settled up 1.07% at 12,294.03 points.

Blue Diamonds Jewellery Worldwide and Industrial Asphalts (Ceylon) were the top percentage gainers on the CSE All Share index, rising 33.3% each.

Trading volume on the CSE All Share index rose to 81.3 million shares from 61.1 million in the previous session.

Sri Lanka shares end lower as utilities weigh

The equity market's turnover rose to 2.30 billion Sri Lankan rupees ($7.86 million) from 1.59 billion rupees in the previous session, according to exchange data.

Foreign investors were net buyers, purchasing stocks worth 292.2 million rupees, while domestic investors were net sellers, offloading shares worth 2.12 billion rupees, the data showed.

FTSE 100 LITTLE CHANGED; SAINSBURY'S, BP SLIP

Reuters Published October 11, 2024

The blue-chip FTSE 100 was flat on Friday, weighed down by losses in Sainsbury's after its biggest shareholder cut stake in the supermarket chain, while BP slipped as it warned on third-quarter profit.

Sainsbury's dropped 4.2%, the top decliner on the FTSE 100, after the Qatar Investment Authority looked to sell 306 million pounds ($399 million) worth of shares.

British oil major BP slipped 0.4% after it said weak refining margins would dent its third-quarter profit by up to $600 million.

The FTSE 100 was little changed at 0752 GMT, on track for a second consecutive week of declines. Stocks took little comfort from data that showed Britain's economy grew in August after two consecutive months of no growth.

Economic output rose by 0.2% in monthly terms in August, in-line with economists' expectations, and was likely to reassure Finance Minister Rachel Reeves ahead of the new Labour government's first budget.

London stocks regain ground after worst session in two months

"The bottom line is that the economy still seems to be growing at a reasonable pace, but the 0.6/0.7% quarterly GDP readings we became accustomed to in the first two quarters of the year are not going to be repeated in the second half of the year," James Smith, economist at ING, said.

The midcap FTSE 250 index edged up 0.1%, but was also headed for a weekly decline. Jupiter Fund Management slipped 1.2% after it reported lower assets under management with outflows of 1.6 billion pounds in the third quarter.

Saga jumped 9.6% after it said Belgian insurer Ageas is in exclusive talks to set up a 20-year motor and home insurance broking partnership with the British over-50s holiday group.

EUROPEAN STOCKS DIP AS CHINA'S STIMULUS UNCERTAINTY WEIGHS

Reuters Published October 11, 2024

European stocks dipped on Friday as nervous investors awaited updates on China's stimulus plans, while French markets edged down after the government unveiled its 2025 budget aimed at tackling a spiralling fiscal deficit.

The continent-wide STOXX 600 index was down 0.1%, capping a volatile week that saw Shanghai markets drop on uncertainty around policy support, oil prices spike on Middle East tensions and US data raise doubts about sustained cooling of inflation.

Britain's FTSE 100 dipped 0.2%, while Germany's DAX and Spain's IBEX were down 0.1% each.

France's blue-chip CAC 40 also dipped after the government delivered its 2025 budget with plans for 60 billion euros ($65.5 billion) worth of spending cuts and tax hikes on the wealthy and big companies.

Ratings agency Fitch is scheduled to update its view on France's debt later in the day.

"We think Barnier will be successful in doing what he's doing but the numbers need fixing. Eventually our view is that this government in France will do what it takes to ease the concerns by the European Commission," said Andrea Cicione, head of research at TS Lombard.

Overall, there was a sense of caution as investors awaited China finance ministry's press conference on Saturday, with expectations of stimulus announcements running high.

European markets closed lower on Thursday after data showed US inflation rose slightly more than expected in September, potentially keeping the Federal Reserve on track to cut rates again next month.

Traders currently see an 85% chance of a rate reduction of 25 bps.

European stocks end lower after US inflation data

The European Central Bank will meet on Oct. 17, and a rate cut is almost fully priced in with a December move also firmly expected.

Among single stocks, Chrysler parent Stellantis fell 3.6% as the company confirmed that CEO Carlos Tavares would retire at the end of his contract in early 2026.

Shares of Sainsbury's dropped 5% after the Qatar Investment Authority, the biggest shareholder in the British supermarket group, sold shares worth 306 million pounds ($399.88 million).

KSE-100 INDEX GAINS 30 POINTS AFTER DAY-LONG NEGATIVITY

October 11, 2024

Karachi, October 11, 2024 – The benchmark KSE-100 index of the Pakistan Stock Exchange (PSX) showed resilience on Friday, managing to recover from a day of negativity to end with a modest gain of 30 points. The KSE-100 index closed at 85,483 points, up from the previous day's closing of 85,453 points.

Despite the overall bearish sentiment prevailing throughout the trading session, which saw the KSE-100 index trading in the negative zone and hitting an intraday low of 679 points, a late-session rally helped lift the market. Analysts at Topline Securities Limited attributed this shift in sentiment to the ongoing negotiations with Independent Power Producers (IPPs). Reports indicate that five IPPs have agreed to early termination of their Power Purchase Agreements (PPA), which is seen as a potential positive development for the energy sector.

During the trading hours, the KSE-100 index fluctuated significantly, reflecting investor caution and volatility. However, as the closing hours approached, a recovery was observed, allowing the index to finish slightly above the previous day's closing level, representing a 0.04% increase.

The major contributors to the KSE-100 index's positive performance included stocks such as Pakistan State Oil (PSO), Fauji Fertilizer Company (FFC), Engro Fertilizers (EFERT), Pak Oman Investment Company (PIOC), and United Bank Limited (UBL). Collectively, these stocks contributed a notable 276 points to the index. Conversely, some heavyweights, including Hub Power Company (HUBC), Lucky Cement (LUCK), Habib Bank Limited (HBL), TRG Pakistan, and Service Industries Limited (SRVI), experienced declines, negatively impacting the index by 327 points.

The day's trading volume stood at a substantial 560 million shares, with a total value of approximately Rs 26 billion. HUBC emerged as the volume leader for the day, trading 58 million shares, indicating a robust interest in this particular stock despite its overall decline.

Market experts noted that while the recovery is a positive sign, the KSE-100 index remains sensitive to external economic factors and domestic developments. Investors are encouraged to remain vigilant as ongoing negotiations with IPPs and broader economic indicators could influence market trends in the coming days.

As the PSX continues to navigate through periods of volatility, analysts emphasize the importance of strategic investments and market awareness, particularly in the energy sector, which plays a critical role in shaping the future of the Pakistani economy. The overall sentiment reflects cautious optimism as traders look ahead to potential policy changes and economic reforms that could impact market dynamics.

Business & Finance » Money & Banking

DOLLAR FLAT AGAINST PEERS

Reuters Published about 2 hours ago

NEW YORK: The US dollar was little changed against major currencies on Friday as markets digested a slew of economic data that supported the Federal Reserve's current monetary policy path, while a rise in British economic growth could not lift the pound from one-month lows.

A gauge of US wholesale prices was unchanged in September, the Labor Department reported on Friday, the latest economic data to indicate the Fed will likely cut rates again next month. Consumer prices in September rose 0.3%, according to data released on Thursday, slightly hotter than expected, while weekly jobless claims figures surged, pointing to labor market weakness.

The weekly jobless claims data was skewed by Hurricane Helene. Next week's data will be affected by Hurricane Milton.

Moves were fairly muted across major currencies. The euro was flat at $1.10938, the pound was up 0.08% at $1.3071, while the dollar was up 0.34% against the Japanese yen at 149.11.

As a result, the dollar index was flat at 102.89, taking a breather after a recent steady climb that took it above 103 on Thursday, its highest since mid-August on the back of traders reducing bets on further jumbo interest rate cuts by the Federal Reserve at its remaining meetings this year.

"The market is satisfied because there's nothing there that really tells against the narrative that the Fed is cutting; the only debate is how fast they're going to cut," said Steven Englander, head of Global G10 FX Research at Standard Chartered in New York.

"Overall, the data have been slightly encouraging to that narrative and none of the data have been discouraging to the narrative that the Fed is cutting rates."

Britain's economy grew in August after two consecutive months of stagnation, providing some relief to finance minister Rachel Reeves ahead of the new Labour government's first budget later this month.

However, in addition to being broadly steady on the dollar the pound was little changed on the euro at 83.67 pence to the common currency.

Traders are also watching French politics, after the government on Thursday delivered its 2025 budget with plans for 60 billion euros ($65.5 billion) worth of spending cuts and tax hikes on the wealthy and big companies to tackle a soaring fiscal deficit.

The budget is unlikely to pass until December, as French Prime Minister Michel Barnier and his allies in President Emmanuel Macron's camp lack a majority by a sizeable margin and will have little choice but to accept numerous concessions.

Markets are also awaiting a news conference from China's finance ministry on fiscal policy on Saturday. The Chinese yuan strengthened 0.17% against the greenback to 7.071 per dollar. The Australian dollar strengthened 0.04% versus the greenback to $0.6742, while the New Zealand dollar was at $0.61 after the central bank on Wednesday slashed rates by a half point and hinted at further cuts to come.

In cryptocurrencies, bitcoin gained 3.43% to $61,771.00. Ethereum rose 2.74% to $2,431.10.

MOST ASIAN FX RISE ON SMALLER FED RATE CUT BETS

Reuters Published about 2 hours ago

BENGALURU: Emerging Asian currencies got a leg up on Friday due to a weakened dollar, while stocks in the region were mixed after slightly weaker US labour data pushed up bets for a smaller Federal Reserve rate cut.

The South Korean won was among the lead gainers, rising about 0.5% after the Bank of Korea kick-started its policy easing cycle with a 25-basis-point cut, joining Indonesia and the Philippines.

The Indonesian rupiah, Philippine peso, Thai baht and the Malaysian ringgit traded nearly flat to 0.4% higher.

The dollar was set for its second straight weekly gain after a stronger jobs report reinforced bets on a smaller rate cut from the Fed, leading to outflows from riskier Asian assets.

However, what cemented bets on a 25-bps cut in November was the higher weekly jobless claims report, which overshadowed a slightly hotter inflation print.

Markets are currently pricing in an 84.3% chance of a 25-bps cut, according to the CME Fedwatch tool.

The rupiah lost more than 1% on the week, hovering near a two-month low. The baht and ringgit were also poised for weekly losses.

"The broad dollar has rebounded from the past few weeks' decline, which makes us more cautious that the previous out-performance in MYR and THB may have room to retrace," Citi analysts said in a note.

"We are also turning more selective in high yielders because the mutual reinforcement of lower rates and portfolio inflows may be also coming to a pause," they added.

Citi analysts estimated outflows from Indonesia and Thailand totalled $329 million and $221 million respectively, while India saw large foreign selling of about $5.2 billion last week.

Investors will be reassessing the rate cut trajectories in Asia as a slew of economic growth data and inflation prints, as well as central bank meetings, are due in the upcoming week.

Analysts predict the Philippines will move forward with a 25-bps cut, while others such as Thailand, Indonesia and Singapore may stand pat.

The Reserve Bank of India held rates this week, but kept the doors open to cutting rates as early as December.

The rupee slipped below the 84 per dollar mark on Friday, dropping to a record low.

Among Asian equities, Jakarta, Bangkok, and Taipei rose between 0.4% and 1.1%, while shares in Manila and Mumbai fell 1.3% and 0.3%, respectively.

Stocks in Seoul, which rose about 0.5% initially, pared all their gains to trade flat.

INDIA'S FX RESERVES HALT 7-WEEK RISING STREAK, COME OFF RECORD HIGH

Reuters Published October 11, 2024

MUMBAI: India's foreign exchange reserves fell for the first time in eight weeks and came off a record high to stand at $701.18 billion as of Oct. 4, data from the Reserve Bank of India (RBI) showed on Friday.

The reserves fell by $3.71 billion in the reporting week, after having risen by a total of nearly $35 billion in the prior seven weeks.

They had hit a record high of $704.89 billion and had risen by $12.6 billion in the week ending Sept. 27 in their biggest weekly increase since mid-July 2023.

Changes in foreign currency assets are caused by the central bank's intervention in the foreign exchange market as well as the appreciation or depreciation of foreign assets held in the reserves.

The RBI intervenes on both sides of the forex market to prevent undue volatility in the rupee.

Forex reserves also include India's reserve tranche position in the International Monetary Fund.

India's forex reserves top $700bn for first time after seven-week surge

In the period for which the forex reserves data pertains, the rupee had logged its worst week since May and had slipped 0.3% week-on-week, as equity outflows surged and crude oil prices rose due to a worsening of the Middle East conflict.

The RBI had intervened in both the non-deliverable forwards and local spot forex market to help the rupee stay above the psychologically important 84 mark, traders said.

The currency settled at 84.06 on Friday, after hitting a record low of 84.07 in intraday trade. It was down 0.1% week-on-week.

Foreign exchange reserves (in million US dollars)

	Oct 04 2024	Sept 27 2024
Foreign currency assets	612,643	616,154
Gold	65,756	65,796
SDRs	18,425	18,547
Reserve Tranche Position	4,352	4,387
Total	701,176	704,885

SBP DIRECTS BANKS TO INSTALL AT LEAST 5MP CCTV CAMERAS, SETS NEW GUIDELINES

BR Web Desk Published October 11, 2024

The State Bank of Pakistan (SBP) has directed all banks and microfinance institutions to enhance the operations of Close Circuit Television (CCTV) cameras in and around their branches.

The central bank, based on the representations received from various stakeholders and facilitate the phased installation of CCTV cameras in this regard, revised its Circular Letter No. 31 of 2022 that was dated October 26.

Under new revisions, banks/MFBs are advised to update their internal Standard Operating Procedures (SOPs) to prescribe and standardize, inter alia, installation points of CCTV cameras within and around branch premises (e.g. ATM vestibules, branch entrances, and any vantage point(s) outside branches), minimum preservation period of visual records, and quality of cameras deployed including minimum required resolution standards to enable round-the-clock recording.

“Moreover, banks/MFBs shall install CCTV cameras of at least five (5) Megapixels (MPs) instead of the earlier advised specification of at least six (6) MPs, along with allied paraphernalia (e.g. storage devices, wiring, etc.),” read the circular.

Safe city project: 10,000 new CCTV cameras being installed in Karachi

Moreover, to facilitate the phased installation, SBP advised banks/MFBs to install the prescribed CCTV cameras at all critical points of the existing branch premises that are located in Tier 1 cities, as provided in Branch Licensing Policy, and high-risk geographies by March 31, 2025.

"For this purpose, banks/MFBs shall define high-risk geographies, and the number and location of critical points in and around branch premises in their updated internal SOPs for installation of CCTV cameras.

"In all new branches to be established and existing branches to be renovated under the normal course of the annual budgeted plan."

The SBP said these requirements will also apply to all new branches being established and existing branches being renovated under the annual budget for CY2024, where procurement orders for CCTV cameras and related paraphernalia have not been placed.

The State Bank said that banks/MFBs may, at their discretion, opt for the accelerated installation of prescribed cameras across their entire branch network.

"Moreover, banks/MFBs are advised to submit a plan for implementation of the above regulatory instructions to the relevant Banking Supervision Department," it added.

RUPEE REBOUNDS WITH 15 PAISAS GAIN AGAINST DOLLAR

October 11, 2024

Karachi, October 11, 2024 – The Pakistani rupee experienced a notable rebound on Friday, gaining 15 paisas against the US dollar, attributed to an increase in foreign inflows.

The local currency closed at PKR 277.64 to the dollar, up from the previous day's closing of PKR 277.79 in the interbank foreign exchange market. This recent uptick marks the end of a four-day losing streak for the rupee against its American counterpart.

Currency analysts have linked this appreciation in the rupee's value to a rise in the country's foreign exchange reserves. According to the latest data released by the State Bank of Pakistan (SBP) a day earlier, Pakistan's total foreign exchange reserves reached $16.05 billion. This represents an increase of $64 million during the week ending October 4, 2024, bringing the reserves up from $15.983 billion the previous week.

In addition to improved reserves, analysts noted positive sentiments surrounding Pakistan's recent improvements in its trade balance and current account deficits. Both deficits have shown significant narrowing in recent months, leading experts to believe that these trends may provide ongoing support for the rupee. "The shrinking of both the trade and current account deficits is a good sign for the rupee's future performance," commented a currency expert. As these deficits reduce, the pressure on the rupee is expected to ease, thereby decreasing the reliance on foreign currency reserves for external obligations.

Further contributing to the rupee's stability are anticipated increases in export receipts and steady inflows of workers' remittances. These remittances are crucial for offsetting the growing demand for foreign exchange and are expected to lend significant support to the local currency in the coming months.

While the recent gains are a positive development, market experts urge caution, noting that fluctuations in global economic conditions and domestic challenges could still pose risks to the rupee's stability. Nevertheless, the current trend reflects a cautiously optimistic outlook for the Pakistani economy, suggesting that ongoing efforts to bolster foreign reserves and improve trade dynamics may continue to benefit the rupee in the future.

As the market continues to respond to both domestic and international factors, stakeholders remain vigilant, watching for indicators that could influence the rupee's trajectory in the upcoming weeks.

DIGITAL RETAIL PAYMENTS SURGE 35% IN FY24: SBP

October 11, 2024

Karachi, October 11, 2024 – The State Bank of Pakistan (SBP) has reported a remarkable 35% surge in digital retail payments during the fiscal year 2023-24, both in volume and value.

This surge underscores the growing reliance on digital financial services, reflecting the nation's swift transition toward digital payment channels.

In its annual report, the SBP highlighted significant advancements in Pakistan's national payment ecosystem, emphasizing the rapid expansion of digital transactions. The report revealed that retail payments saw substantial growth, with the number of transactions rising from 4.7 billion to 6.4 billion, while the value of these transactions surged from PKR 403 trillion to PKR 547 trillion. This 35% increase in both volume and value marks a transformative year for Pakistan's payment landscape.

Digital payments accounted for an increasing share of total transactions, with their volume rising from 76% in fiscal year 2022-23 to 84% in FY24. This growth reflects the deepening penetration of digital financial solutions across the country, supported by a growing number of users embracing mobile and internet banking platforms.

The report attributed this expansion to the increased accessibility and variety of digital payment solutions, including mobile banking apps, internet banking, and mobile wallets. The number of mobile app banking users rose by 16%, while internet banking users surged by 25%. Branchless Banking (BB) mobile app wallets, which offer a convenient and flexible option for customers, saw a 2% increase, while e-wallets experienced a staggering 85% growth in user base during the fiscal year.

Notably, digital payments made through mobile banking apps and internet portals saw an impressive 62% jump in transaction volume, reaching 1,346 million transactions. The value of these transactions grew by 74% to PKR 70 trillion, demonstrating the increasing preference for mobile-based financial services. BB mobile app wallets also continued to gain traction, with 2,697 million payments made through these platforms, while 85 million payments were initiated through electronic money institutions (EMIs) e-wallets.

The growth of Pakistan's payment infrastructure is further underscored by the expansion of the point-of-sale (POS) machine network. The number of POS terminals grew by 8.9% to 125,593, enabling more card-based transactions at retail outlets and contributing to the overall growth in digital payments. This expansion has facilitated greater adoption of digital payments at the retail level, improving convenience for consumers and businesses alike.

E-commerce has also witnessed a substantial transformation, with 87% of digital payments for online purchases now being initiated through bank accounts or digital wallets. In total, 309 million e-commerce payments were processed during FY24, with the total value of these transactions reaching PKR 406 billion.

The SBP's report underscores the resilience and robustness of Pakistan's digital financial infrastructure, positioning the country as a regional leader in digital financial services. As the nation continues to embrace digital transformation, the SBP remains committed to fostering innovation, expanding access, and further enhancing the efficiency of the country's payment systems.

With the strong momentum in digital payment adoption, Pakistan is well on its way to establishing a vibrant, technology-driven financial ecosystem, providing consumers with modern, efficient, and secure payment options.

Trade & Industry

PAAPAM TO HOST 19TH PAPS-24 FROM 25TH TO 27TH

Recorder Report Published about 2 hours ago

LAHORE: The Pakistan Association of Automotive Parts & Accessories Manufacturers (PAAPAM) is set to host the 19th edition of the Pakistan Auto Parts Show (PAPS-24), the nation's premier automotive exhibition, from October 25-27, 2024, at Expo Centre Lahore.

This year's event will span across all three halls of the Expo Centre, showcasing the strength and diversity of over 3,000 large, medium, and small industries from across Pakistan. The theme for this year, "Industrial Pakistan," underscores PAAPAM's commitment to promoting the nation's industrial capabilities and driving economic growth through innovation and collaboration.

Attracting over 300,000 visitors, even PAPS-24 promises to be a landmark event featuring 50 international exhibitors, 53 PAAPAM members, around 65 local exhibitors and 12 sponsors.

The show is proudly supported by key sponsors, including Diamond Sponsors Toyota, Changan, and Suzuki, Platinum Sponsors Hyundai, LMC, Sazgar, MG, and BYD, as well as Gold Sponsors Honda Atlas Cars Pakistan Limited, Atlas Honda Limited, New Asia, and BearMAX. PakWheels.com is the official Digital Media Partner, while the Trade Development Authority of Pakistan (TDAP) and the Engineering Development Board (EDB) are vital partners, further strengthening the event's international appeal.

One of the exhibition's primary objectives is to spotlight PAAPAM's Auto Village, a platform designed to attract international buyers from key markets like the USA and Europe. By promoting the export of high-quality automotive parts manufactured in Pakistan, PAAPAM aims to enhance the industry's global presence.

Rehan Riaz, Convener of PAPS-24 commented, "The Pakistan Auto Parts Show 2024 provides an unparalleled opportunity for our industry to demonstrate its capabilities to the international community. We welcome foreign investment and technology exchange as part of our vision for building 'Industrial Pakistan' and propelling our economic growth."

PAPS-24 will feature a wide variety of automotive categories, including passenger cars, buses, tractors, rickshaws, motorcycles, auto parts manufacturers, service providers, machinery makers, tool-makers, and essential services such as accessories, tracking, and insurance.

The exhibition is open to the public from 10 AM to 7 PM daily, offering a unique opportunity to explore cutting-edge innovations and advancements in the automotive industry.

PPMA URGES GOVT TO UPDATE DRUG LAWS IN LINE WITH RECOMMENDATIONS

Muhammad Saleem Published about 2 hours ago

LAHORE: Pakistan Pharmaceutical Manufacturers Association (PPMA) has urged the government to update existing drug laws in line with the recommendations of the relevant stakeholders.

"There is a need of updating obsolete drug laws conforming to the global best practices, as it are in the larger interest of the patients and under stress pharma industry," former Chairman PPMA Mian Khalid Misbah-ur-Rehman said while talking to a select group of media men.

He claimed that the multinationals (MNCs) were fast leaving the country due to excessive and unjustified regulations. "At present, only four MNCs are actively investing in the country. Patients are the ultimate sufferers, as the situation is going from bad to worse with every passing day and new therapies will become rare in times to come if immediate action is not taken," Khalid Misbah said.

He requested government to intervene immediately for saving the local pharma industry in the larger interests of the country and the health sector. Referring to the existing laws, he said that the world has moved forward but Pakistan was still sticking to decades old regulations. He appreciated the federal government's step of deregulating prices of non-essential drugs, saying this will provide much needed oxygen for survival of pharma industry and attract investment.

He further said that to fully realize the huge potential of earning much-needed foreign exchange through exports by Pharma sector it was critical to provide a conducive environment. "Drugs export of India is more than $28 billion annually. It is due to supportive environment there for FDI", he said, adding: "There was a dire need to bring the pharma sector regulations up to the mark of neighboring countries as well as global best practices and make Pakistan an attractive market for investment with its population of over 240 million and generate pharma exports of US $ 3 billion within few years."

He urged the government to amend existing drug laws and ensure timely revision of essential drugs prices to improve medicines availability, attract FDI and provide impetus for MNCs to stay in Pakistan to allow latest therapies to reach our country.

PM, FEDERAL CABINET EFFORTS TO TERMINATE FIVE PPA'S LAUDED

Recorder Report Published 45 minutes ago

KARACHI: Chairman of the Pakistan Business Forum (PBF) for Balochistan, Daroo Khan Achakzai and PBF South Punjab Chief, Malik Talat Suhail lauded the Prime Minister Shehbaz Sharif and federal cabinet efforts to terminate five Power Purchase Agreements (PPA's) termed a first step for an efficient electricity tariff for the public and industry.

As this move will benefit electricity consumers to the tune of Rs60 billion annually, reducing per-unit electricity costs, and saving the national treasury Rs411 billion overall.

Talking to presser on Friday, they said PBF believes the termination of the IPP agreements marks the beginning of broader reforms aimed at providing economic relief to the public while ensuring the sustainability of the energy sector.

Daroo Khan said the recent approval by Federal Cabinet to terminate Power Purchase Agreements with five Independent Power Producers (IPPs) marks a significant step in the country's efforts to reform its struggling power sector. The decision, stemming from recommendations by the Task Force on Power Sector Reforms, targets HUBCO, Lalpir Power Limited, Saba Power, Rousch Power, and Atlas Power.

They also recalled that on July 2024, PBF President sent a letter addressed to Federal Minister for Power Awais Khan Laghari, to expressed strong dismay over the electricity tariff hike in Pakistan, emphasizing its adverse effects on both industries and the general public.

The PBF were urged the government to re-evaluate its agreements with IPPs, citing substantial disparities in electricity costs compared to neighbouring countries. With the comparison that electricity costs are approximately Rs3.92 per unit in Afghanistan, Rs17.07 per unit in Bangladesh, and Rs6.29 per unit in India, whereas in Pakistan, rates for domestic consumers have surged from Rs5.72 to Rs7.12 per unit, with additional sales taxes amounting to Rs48.84 per unit. After adjustments and taxes, the rate is likely to exceed Rs65 per unit, putting a tremendous burden on ordinary people." The letter were also highlighted a significant gap between Pakistan's installed generation capacity (over 40,000MW) and its peak demand and transmission capacity (25,000MW).

In this regard we are thankful to the government that they undertaken the PBF proposal too.

Chairman of the PBF for South Punjab also expressed support for the government's efforts to reduce markup rates, emphasizing that further reductions are essential to ease the cost of doing business.

Talat Suhail further praised the Special Investment Facilitation Council (SIFC) for its collaboration with the government to revive the economy, particularly welcoming the Saudi business delegation's visit to Pakistan.

Additionally, he called for the withdrawal of 50% Minimum Demand Charges (MDI) on closed industries and urged the government to prioritize the revival of the cotton sector. This focus on cotton production aims to enhance foreign exchange earnings and mitigate the financial strain caused by cotton imports, which have been depleting the country's reserves.

VARIOUS SECTORS: 'KSA TEAM VISIT AIMS TO BOOST TRADE & INVESTMENTS'

Recorder Report Published 35 minutes ago

KARACHI: President United Business Group (UBG) Zubair Tufail, Chairman (Sindh) Khalid Tawab, other leaders Hanif Gohar, Syed Mazhar Ali Nasir, Malik Khuda Bakhsh, Eng Daroo Khan Achakzai and Momin Ali Malik have warmly welcomed the high-powered Saudi Arabian delegation, led by Minister for Investment Sheikh Khalid Bin Abdul Aziz Al Faleh, to Pakistan.

The three-day visit aims to strengthen bilateral trade, economic relations, and investments in various sectors, including energy, infrastructure, agriculture, and textiles. This delegation's arrival underscores Saudi Arabia's growing interest in Pakistan's emerging market.

"The UBG sees this visit as a significant opportunity to deepen economic ties between our nations," said Zubair Tufail, UBG President. "Pakistan's strategic location, skilled workforce, and business-friendly policies make it an attractive destination for Saudi investors."

Khalid Tawab, UBG Regional Chairman Southern Zone, added, "We believe this collaboration will unlock new avenues for mutual growth, driving prosperity in both countries. Our business communities will work together to identify lucrative investment opportunities and foster sustainable partnerships."

Hanif Gohar, UBG Secretary General Southern Zone, emphasized Pakistan's potential for export growth, particularly to Saudi Arabia and the OIC region. "With improved trade facilitation and investment, we can significantly increase our exports, benefiting both nations."

Syed Mazhar Ali Nasir, UBG Core Committee Member, praised the Special Investment and Facilitation Council (SIFC) for its pivotal role in strengthening Pakistan's economy and foreign trade. "SIFC's efforts have created a conducive business environment, making Pakistan an attractive investment hub."

The UBG leaders expressed their commitment to working closely with the Saudi businessmen to explore opportunities, address challenges, and develop mutually beneficial partnerships.

'ECONOMY STABILISING DUE TO GOOD POLICIES'

Recorder Report Published 32 minutes ago

KARACHI: Chairman of the FPCCI Advisory Board and National Business Group Pakistan, President Pakistan Businessmen and Intellectuals Forum, Mian Zahid Hussain said on that despite terrorism, political turmoil, and other serious problems, the economy is stabilising due to good policies.

Success is the only option in the war of economic development; therefore, policymakers are doing their best to revive the economy, he said.

Mian Zahid Hussain stated that while the results of effective policies are evident, speeding up reforms would be preferable.

He predicted further reductions in inflation and interest rates, which will support business growth and job creation.

He observed that the State Bank had projected a reduction in the inflation rate to 5 or 6 percent by 2025, but it has now dropped to 6.9 percent, necessitating a drop in interest rates to a single digit.

Mian Zahid Hussain said that the government has controlled the unnecessary imports, which has reduced the trade deficit, but still many items are being imported and smuggled into the country that are not needed.

Stopping unnecessary imports will lead to local production of these items, which will benefit all stakeholders.

He stated that selling many commodities in the local market benefits businessmen more than exporting them. Moreover, the unaffordable prices of electricity pose a threat to Pakistan's exports, despite a recent 17 percent increase.

He advocated for the immediate reduction of electricity prices to nine cents per unit, which is central to economic revival.

Unfortunately, he said, hundreds of containers blocked highways during the recent protests, causing significant losses to the business and transport community.

Mian Zahid Hussain stated that such protests and road closures cause significant damage to the economy, negatively impact the country's reputation globally, and undermine the hard-earned economic stability, necessitating the discovery of a solution.

Unrestrained protests, which affected eight lakh people in Islamabad alone, also resulted in a daily economic loss of ninety billion rupees. People have now started to understand the difference between politics, violence, misogyny, lies, deceit, harmful language, etc.

He noted that the Jatha politics are ruining the country. Rioting, shouting slogans, vandalism of property, arson, and clashes with police and Rangers will serve no purpose, he noted.

Mian Zahid Hussain added that the Chinese experts had travelled to Pakistan to negotiate a tariff reduction for their IPPs, who were hit by the terrorists in Karachi.

It's astonishing how the terrorists managed to obtain all the details of their arrival, he said, adding that we should ensure the security of expatriates working in Pakistan and strictly deal with terrorists, as they aim to obstruct investment and halt the ongoing economic recovery process in the country.

ECC ALLOWS ADDITIONAL EXPORT OF 500,000 MT OF SURPLUS SUGAR

- Decision taken in view of availability of sufficient surplus stocks, Finance Division says

BR Web Desk Published October 11, 2024

The Economic Coordination Committee (ECC) allowed additional export of 500,000 metric tonnes (MT) of sugar “in view of availability of sufficient surplus stocks”, the Finance Division said on Friday.

Federal Minister for Finance and Revenue Senator Muhammad Aurangzeb chaired the meeting of the ECC of the Cabinet.

"The ECC discussed a summary submitted by the Ministry of Industries and Production seeking permission for a further export of 500,000 metric tonnes of sugar in view of availability of sufficient surplus stocks even after catering for the proposed and ongoing exports, the requirement for remaining two months of the ongoing crushing year, as well as maintenance of strategic reserves," the statement read.

ECC grants conditional approval to sugar export to Tajikistan

The meeting was told that as per data provided by provinces and the Federal Board of Revenue (FBR), existing stock of sugar stood at 2.054 million MT as on September 30, 2024, while total consumption during the last 10 months of current crushing year 2023-24 staying at 5.456 million MT.

It was further submitted that in the next 2 months, expected offtake was likely to stand at around 900,000 MT (based on FBR reported offtake for September i.e 450,000 MT).

"Therefore, after taking into account 140,000 MT quantity yet to be exported as per earlier ECC decisions, remaining expected stocks would be 1.014 million MT as on November 30, 2024.

"Similarly, after earmarking one month's off-take i.e 450,000 MT as strategic reserve, a surplus of 564,000 MT would still remain available," the Finance Division said.

Sugar export to Afghanistan: Banks directed to ensure 100pc advance payment

It added that the ECC approved the proposal for an additional export of 500,000 MT of surplus sugar with the same terms and conditions as allowed by the ECC in its decision on September 20, 2024 with the following modifications/insertions:

- This permission shall be subject to the provision of an undertaking by PSMA that their mills will commence production by 21st November, 2024 for the next crop year and export quota of any non-compliant mill will be revoked;
- Exporters shall ensure that the consignments are shipped within ninety (90) days of allocation of quota by the respective Cane Commissioners; and
- This permission may be revoked by SAB at any time in the interest of stability of the domestic market and maintenance of retail price.

The ECC further directed that the Cabinet Committee on Monitoring Sugar Exports, already constituted vide Cabinet Division's Notification dated June 25 and 26, 2024 and September 13, 2024, would continue to regularly monitor and update the Cabinet on demand, supply and price situation of sugar in the country, including in the case of export of 500,000 MT of sugar as well.

ECC allows export of another 100,000 MT of sugar

The Finance Division said the ECC also discussed and approved a summary submitted by the Ministry of Energy (Power Division) seeking a compensation package for the deceased Chinese employees of Port Qasim Electric Power Company (Private) Limited.

The meeting was attended by Minister for Industries and Production Rana Tanveer Hussain, Minister for Power Sardar Awais Ahmed Khan Leghari, Minister for Economic Affairs Ahad Khan Cheema, Minister of State for Finance and Revenue Ali Pervaiz Malik, Governor of the State Bank of Pakistan (SBP), Chairman of the Securities and Exchange Commission of Pakistan (SECP) along with Federal Secretaries and senior officers from the concerned Ministries and Divisions.

Business & Finance » Companies

GONG CEREMONY MARKS LISTING OF BURJ MODARABA

Recorder Report Published 44 minutes ago

KARACHI: A gong ceremony was held at the Pakistan Stock Exchange (PSX) to mark the listing of Burj Clean Energy Modaraba.

Burj Modaraba is the first green energy fund in accordance with Shariah principles to be listed on the Stock Exchange on the Growth Enterprise Market (GEM) Board of PSX.

The gong was struck by Muneer Kamal, Chairman, Burj Modaraba; Saad Zaman, Sponsor Director, Burj Modaraba; other Director(s) and top management of Burj Modaraba, amidst the presence of Shahid Ali Habib, CEO of Arif Habib Limited (Advisor to the Issue); Nadeem Naqvi, Acting CEO of Pakistan Stock Exchange, and senior management of PSX.

The listing of Burj Modaraba marks a pivotal moment for Pakistan's capital markets and for sustainable energy investments. As Pakistan's first green energy fund, Burj Modaraba serves as a bridge for clean energy project between developers and investors and fosters the growth of renewable energy initiatives across the country.

Burj Modaraba is supported by esteemed partners and investors such as Meezan Bank Limited, Habib Bank Limited and Arif Habib Corporation Limited, who are committed to promoting the use of renewable energy in Pakistan. AKD Securities serves as the underwriter, with Arif Habib Limited (AHL) as the financial advisor and Usmani & Company Shariah Advisors (Pvt.) Limited as the Shariah advisor.

With a diversified portfolio that is intended to include solar, wind, energy storage, and energy efficiency solutions, Burj Modaraba is positioned to meet the growing demand for clean energy in Pakistan. The fund aims to alleviate the country's reliance on conventional fuel sources and reduce the financial burden of high electricity costs on consumers, while adhering to the highest standards of Environmental, Social, and Governance (ESG) principles.

In the Initial Offering of Burj Clean Energy Modaraba, the Modaraba offered 10,000,000 certificates to the investors, against which applications for a total of 10,244,000 certificates were received. The entire Issue was offered through Fixed Price Mechanism at a Price of Rs 10/- per certificate. The amount to be raised was Rs 100,000,000/-, however subscription for an amount of Rs 102,440,000/- was received. The capital raised is to procure and install Solar Power solutions for Residential clients up to a total capacity of 700 KWp within 6 months of business commencement. The average capacity per residential site is assumed to be 9.86 KWp, resulting in a total of 71 sites for the installation of the entire 700 KWp capacity.

Welcoming the guests at the gong ceremony, Nadeem Naqvi, Acting CEO, Pakistan Stock Exchange said it is a first of its kind of opportunity for Pakistani shareholders. Globally, solar is now a leading energy source, and it will become even more so in the near future. The cost of solar panels and solar plants is reducing sharply because the demand is increasing which is being met by increasing supplies. I think there cannot be a better and more opportune time than now for such an investment to come for investors, he added.

He said there are many private sector solar panel distributors and installers but nothing has been done in an institutionalised manner. This partnership is going to give us the model that will grow by itself and also attract a large number of new entrants in the market. An interesting factor of this fund is that it is Shariah compliant. “Thereby, we have an effective green energy product on Shariah compliant basis. I think you couldn’t get the best of both worlds anywhere else,” he said.

Speaking at the ceremony, Muneer Kamal, Chairman Burj Clean Energy Modaraba said Burj Clean Energy Modaraba is set to transform Pakistan’s energy market. “We are not just a financial entity; we are a catalyst for holistic energy solutions, positioning ourselves as leaders in energy as a service. Our commitment to ESG-compliant financing fosters responsible energy practices”, he added.

Saad Zaman, Sponsor Director of Burj Modaraba, said, “At Burj Modaraba, we are more than just a Power Purchase Agreement (PPA) provider. We are committed to offering comprehensive energy solutions that disrupt the market by delivering energy as a service. Our focus on environmentally friendly and ESG-compliant financing will empower renewable energy projects across Pakistan. We are also excited to bring cutting-edge energy storage technologies to the country, having already invested in Dubai. We are also committed to promote E-mobility and the electric vehicle (EV) sector”.

Shahid Ali Habib, CEO of Arif Habib Limited (AHL), expressed his enthusiasm over the strong response to Burj Clean Energy Modaraba’s Initial Offering (IO). He highlighted Burj Clean Energy's pivotal role in Pakistan's renewable energy sector, with a focus on solar, wind, and energy efficiency solutions.

Expressing his views on the listing of Burj Clean Energy Modaraba, he said the Offering marks a significant milestone, launching the company's renewable energy initiatives. The transaction enables a smooth entry into Pakistan’s expanding energy market, offering Shariah-compliant, diversified energy solutions. AHL is proud to have acted as Advisor to this Issue, and we look forward to bringing more innovative companies to Pakistan Stock Exchange.

Fareed Alam, CEO AKD Securities Limited (Underwriter to the Issue), Aamir Irshad, Group Head, Corporate, Commercial and Investment Banking (Pre-IPO Investor), Nasim Beg, CEO Arif Habib Consultancy (Pvt.) Limited, and Zia Ul Hasan, Group Executive – Operations &

Branch Banking, Meezan Bank Limited (Pre-IPO Investor & Banker to the Issue) also attended the ceremony.

BANKISLAMI REACHES 500-BRANCH MILESTONE

Recorder Report Published 25 minutes ago

KARACHI: BankIslami Pakistan Limited has achieved a milestone of strengthening branch network with the opening of its 500th branch in Nankana Sahib.

According to BankIslami all of its branches across Pakistan are fully operational, delivering premium banking experience while upholding the principles of Islamic finance and staying true to their values. The inauguration of the 500th branch marks a significant milestone for BankIslami, reflecting the bank's commitment to expanding interest-free banking and reinforcing its vision of providing Shariah-compliant financial services.

On this development, the President and CEO of BankIslami, Rizwan Ata said that the inauguration of our 500th branch showcases BankIslami's commitment to serving the people of Pakistan by providing value-added banking services.

"We take immense pride in delivering a secure, customer-centric experience aligned with the values of Islamic finance. This accomplishment is a result of our continued dedication to promoting Islamic banking across the country and contributing to Pakistan's economic development. We are excited to move forward with the same passion and focus to broaden our reach even further," he added.

As BankIslami expands its presence nationwide, the bank aims to lead the way in transforming Pakistan's financial sector through ethical banking practices, contributing to both economic progress and financial inclusion for all.

'DIGITAL REMITTANCES BE EXEMPTED FROM WALLET-RECEIVING LIMITS'

Recorder Report Published 33 minutes ago

KARACHI: Murtaza Ali, President of JazzCash, has proposed that digital remittances be exempted from wallet-receiving limits as higher transfer limits for remittances via digital wallets will not only to benefit Pakistani expats but also facilitate access for remote and low-income households, enabling them to engage more fully in the formal financial system.

JazzCash Chief said that this proposal aligns with ongoing efforts to enhance digital payment systems to increase the home remittances inflows to build the country's foreign exchange reserves. By removing limit restrictions, more individuals can benefit from the convenience and security of digital transactions, ultimately contributing to economic growth and stability, he believed.

Remittances play a critical role in Pakistan's economy, besides a lifeline for millions of households. During the first quarter of this fiscal year (FY24-25) Pakistan received record $8.8 billion home remittances, up by 39 percent year-on-year. As per reports, the average remittance transaction size in Pakistan is estimated between $350 to $400 or Rs110,000, far exceeding the Rs50,000 limit on most mobile wallets.

"We must expedite cross-border payments and make them more accessible for millions of Pakistanis. Enhancing the mobile limit is crucial to facilitating financial transactions for the Pakistani diaspora," he said and added that improving these services would not only support expatriates in sending money back home more efficiently but also enable their families to engage more effectively with the formal financial system.

Murtaza has emphasized that recent policies from the State Bank of Pakistan have been critical in driving the adoption of digital payments. With remittance-friendly policies, we improve financial inclusion and increase the use of formal financial channels among underbanked and unbanked communities.

He also stressed the need for interoperability making it easier for customers to send and receive money across platforms by aligning regulations across borders. He also pointed to the upcoming integration of Pakistan's RAAST system with the Arab region's Buna platform, which is expected to further promote cross-border payments from the Middle East.

Touching upon the importance of instant payments in the remittance landscape, he said that JazzCash is focused on providing fast, reliable payment solutions through mobile wallets.

He cited the potential of direct wallet-to-wallet transfers, bypassing traditional banking systems and allowing instant cross-border payments.

As Pakistan advances in cross-border payments, collaboration between financial institutions, regulators, and fintech platforms is essential to ensure that remittances continue to support millions of Pakistani families while boosting the country's economy. Through strategic partnerships and investments in cutting-edge technology, the industry is well-positioned to play a leading role in shaping the future of global remittances for Pakistan.

PAK SUZUKI TO DISCONTINUE ITS BOLAN, LAUNCH 'EVERY' IN PAKISTAN

Bilal Hussain Published October 11, 2024

Pak Suzuki Motor Company has formally announced the launch of its new model 'Every', ending decades-long production of its Bolan that remained popular among the masses for several reasons.

In a statement to the media, Head of Corporate Affairs Pak Suzuki Motor Co. Ltd Shafiq Shaikh said the company will display 'Every' at authorised showrooms across Pakistan on October 13, 2024.

"Prospective buyers can also take the vehicle for a test drive the same day," the statement added.

"This launch reinforces our commitment to providing customers with innovative, reliable, and affordable mobility solutions."

Pak Suzuki Motor Company has been a leading automobile manufacturer in Pakistan, known for its brands such as Suzuki Alto, Swift, and Cultus. It is the biggest passenger car assembler/manufacturer in terms of volume in the country.

Auto sector expert and former PAAPAM chairman Mashood Khan said that he sees a gap in the segment that Suzuki Every could cater.

"I think it will perform," he told BUSINESS RECORDER.

Pak Suzuki Motor Co shuts down plant in Karachi

Every is a vehicle that can be used commercially as a school van as well as a loading vehicle similar to its predecessor Bolan.

Meanwhile, auto experts lauded the entry of a new economical vehicle into the Pakistani market.

"The entry of Suzuki Every into the local market is a good decision," Usman Ansari, an auto sector analyst and founder of website carspirit.pk, told BUSINESS RECORDER.

"Customers criticised discontinuation of the Mehran earlier, saying that Pakistan may not have economical cars anymore. But Alto did better, with better sales. I also expect Every to do better than Bolan, which lacked features and comfort," he maintained.

Suzuki Every is projected to be priced in the range of around Rs2.6- Rs2.7 million.

"However, the only concern is Suzuki not introducing an automatic version of Every, which is now considered an important feature."

On the other hand, Abrar Polani, auto sector analyst at Arif Habib Limited (AHL), also put the expected price at around Rs2.6 million.

"It will be a price point where financing is also easier," said Polani.

He added the car will have better safety features.

The analyst informed that auto sales numbers are improving especially for vehicles below 1000cc category. "Expectations are Every will also be able to perform well."

PAKISTAN'S LISTED FIRMS ANNOUNCE KEY PARTNERSHIPS WITH SAUDI COMPANIES

BR Web Desk Published October 11, 2024

Pakistan's listed companies, including Citi Pharma Limited and Pakistan Cables, have entered into agreements with Saudi firms as the two countries strive to boost economic ties.

Citi Pharma Limited, a Pakistani pharmaceutical, signed a joint venture agreement with All Care Group of Investment, a Saudi investment company, to establish an advanced API (Active Pharmaceutical Ingredient) and Formulation Facility in Saudi Arabia.

"This collaboration represents a pivotal step forward for the pharmaceutical industry in the region," said Citi Pharma in its notice to the Pakistan Stock Exchange (PSX) on Friday.

As part of the agreement, CPL will oversee technology transfer to Saudi Arabia, ensuring the production of APIs and formulations compliant with international Good Manufacturing Practices (GMP).

'Investment talks': high-level Saudi business delegation lands in Pakistan

Meanwhile, the All Care Group of Investment will be responsible for land acquisition and infrastructure development, products registration with Saudi Regulatory Authorities and securing financing through local banking institutions.

"The joint venture will focus on manufacturing essential APIs and formulation products to meet the healthcare needs of the KSA and the broader MENA (Middle East and North Africa) region, which serves a population of over 500 million.

"The facility will also act as a strategic export hub, targeting markets in MENA, South Africa, and beyond," Citi Pharma said.

Citi Pharma intends to construct 200-bed hospital, medical university in Lahore

The pharmaceutical was of the view that the venture would enhance its production efficiency and position as a significant player in the global pharmaceutical landscape.

"Additionally, this partnership opens the door to exporting Citi Pharma's products to other regions, including India, China, and other International markets across the globe," it said.

Citi Pharma informed that a major highlight of this venture is the future local production of key chemicals like Naphtha cracker chemicals, Phenol, and Benzeme materials that the company currently imports.

"With the establishment of this Saudi-based facility. Citi Pharma will be able to produce these chemicals at significantly lower costs and export them worldwide, ensuring competitive pricing and broad market reach.

Commenting on the partnership, Rizwan Ahmad, CEO of Citi Pharma Limited, stated: "This partnership will accelerate our growth, allowing us to expand into new territories and deliver substantial financial gains."

Pakistan Cables' MoU

Meanwhile, in a separate notice to the PSX, Pakistan Cables Limited signed a Memorandum of Understanding (MoU) with Bahra Electric, a leading manufacturer of cables and electrical goods in Saudi Arabia, aimed at strengthening collaboration in the industrial and energy sectors between Pakistan and the Kingdom of Saudi Arabia.

"The agreement focuses on the development of electrical products for the energy sector, enhancing supply chain resilience, and expanding distribution networks.

"This partnership is expected to foster long-term strategic collaboration and promote industrial development, contributing positively to economic relations between the two countries," read the notice.

Pakistan and Saudi Arabia on Thursday signed 27 Memorandum of Understandings (MoUs) valuing $2.2 billion in various sectors including industry, agriculture, Information Technology (IT), food, education, mine & minerals, health, petroleum, energy and other areas of mutual cooperation.

MICROSOFT TO ENABLE XBOX GAME PURCHASES ON ANDROID VIA APP

October 11, 2024

Starting this November, Xbox users will be able to purchase and play games directly through the Xbox app on Android devices, Microsoft has announced.

This move comes following a US court ruling that mandates changes to Google's Play Store policies, giving app developers more flexibility in offering payment options.

Sarah Bond, Xbox President, shared the news on X (formerly Twitter), stating, "The court's ruling to open up Google's mobile store in the US will allow more choice and flexibility.

Our mission is to enable more players to play on more devices, and we are thrilled to share that starting in November, players will be able to play and purchase Xbox games directly from the Xbox App on Android."

The court ruling, set to take effect on November 1, 2024, will force Google to allow third-party app stores to sell apps and games directly to users without relying on Google's Play Billing system.

This means developers, including Microsoft, will no longer be subject to Google's 30% commission, often referred to as the "app tax."

This new development offers Microsoft an opportunity to expand its gaming ecosystem, bypassing Google's payment system for in-app purchases. By selling Xbox games directly through its app, Microsoft can offer a more streamlined experience to gamers while reducing the fees associated with Play Store purchases.

Though it's unclear why Microsoft couldn't previously sell Xbox games through its Android app, the company's decision to leverage the court's ruling is a significant step forward for mobile gaming. This move aligns with Microsoft's broader vision to provide gamers more flexibility and access to its content across various platforms.

The ruling could also pave the way for other third-party developers to follow suit, enhancing competition and offering more choices to Android users.

The impact of this shift remains to be seen, but for Xbox fans, November will bring exciting new options for gaming on the go.

Technology

ELON MUSK UNVEILS ROBOTAXI, PLEDGES IT 'BEFORE 2027'

AFP Published October 11, 2024

LOS ANGELES: Elon Musk on Thursday unveiled what he said was a robotaxi capable of self-driving, predicting it would be available by 2027 – about a decade after he first promised an autonomous vehicle.

The Tesla CEO said the fully electric car – which has no steering wheel or pedals – would be priced under $30,000, would be charged wirelessly with inductive technology and would be "10 to 20 times safer" than human-driven cars.

"You can think of the car in an autonomous world as being like just a little lounge," he told a crowd at the Warner Brothers Studio lot near Los Angeles.

"You're just sitting in a comfortable little lounge, and you can do whatever you want while you're in this comfortable little lounge, and when you get out, you will be at your destination."

Few details were given about the vehicle, whose gullwing doors are reminiscent of the Delorean made famous by the "Back to the Future" films, but Musk said Tesla already had 50 of them.

He said the company was expecting to begin "fully autonomous, unsupervised" driving in Texas and California next year with existing models, and then move on to production of what he called the "cybercab".

"I tend to be a little optimistic with time frames, but in 2026, so yeah, before 2027. Let me put it that way."

Robovan and Optimus robot

The evening, which started almost an hour late, was heavy on sunny visions of the future, but light on specifics.

But it also showcased a mass passenger vehicle that Musk called "The Robovan."

The vehicle, which looks like an enormous moving toaster, has no steering wheel, pedals or driver.

It can seat up to 20 people or could be converted to carry goods, Musk said.

He gave no details about production or any timeline.

Musk also brought out dancing humanoid robots called Optimus that he said would one day be able to do menial tasks, as well as offer friendship.

Vietnam says Musk's SpaceX plans $15bn Starlink investment

"I think this will be the biggest product ever of any kind," he said, adding that he expected the robot to retail for $20,000 to $30,000.

He gave no timeline on this, either, and it was not clear from the livestream what the robot's capabilities were, although it was shown walking amongst audience members, handing out plaques and serving drinks.

Trump

Musk's bullish pronouncements and dedicated fanbase have helped build Tesla into one of the world's most valuable companies.

While he was once the darling of the political left for his environmentalist moves towards electrifying transport, he has become increasingly controversial.

And he's currently spending time and money promoting Republican Donald Trump, echoing the billionaire presidential candidate's dire warnings about migrants and a crumbling America, including during an exuberant appearance at a weekend Trump rally that was widely mocked.

Thursday night's robotaxi reveal was a long time coming.

Musk first said in 2016 a fully automated car was two years away; a year later he was touting a vehicle by 2019 so clever that customers would be able to sleep while it drove them around.

But as many automakers have found, self-driving is tricky.

While lots of cars nowadays have limited automation, theoretically allowing the driver to cede some of the boring bits of driving to an onboard computer, the person behind the wheel still has to pay attention and jump in if the car does something unpredictable.

That's because computers, unlike people, are not very good at reacting to unexpected events or situations they have never seen before.

Other companies, such as Google's Waymo and General Motors' Cruise, have operated heavily regulated and limited pilot robotaxi programs for a few years already.

Anything Tesla tries to put on the road will face the same kind of regulatory hurdles, as well as skepticism from the general public, many of whom have never seen a car without a driver.

Immediate reaction to the reveals was mixed.

"Delusional nonsense from a liar who has been promising a robotaxi every year for a decade," wrote user goodandnormal on X.

Others on the platform were more enthusiastic, with some predicting that Tesla's share price will soar when US markets open.

"Tesla self-driving 'Robovan.' The future looks promising," wrote CollinsEbot1.

BYTEDANCE'S TIKTOK CUTS HUNDREDS OF JOBS IN SHIFT TOWARDS AI CONTENT MODERATION

Reuters Published October 11, 2024

KUALA LUMPUR: Social media platform TikTok is laying off hundreds of employees from its global workforce, including a large number of staff in Malaysia, the company said on Friday, as it shifts focus towards a greater use of AI in content moderation.

Two sources familiar with the matter earlier told REUTERS that more than 700 jobs were slashed in Malaysia.

TikTok, owned by China's ByteDance, later clarified that less than 500 employees in the country were affected.

The employees, most of whom were involved in the firm's content moderation operations, were informed of their dismissal by email late Wednesday, the sources said, requesting anonymity as they were not authorized to speak to media.

ByteDance plans new AI model trained with Huawei chips, sources say

In response to REUTERS' queries, TikTok confirmed the layoffs and said that several hundred employees were expected to be impacted globally as part of a wider plan to improve its moderation operations.

TikTok employs a mix of automated detection and human moderators to review content posted on the site.

ByteDance has over 110,000 employees in more than 200 cities globally, according to the company website.

The technology firm is also planning more retrenchments next month as it looks to consolidate some of its regional operations, one of the sources said.

"We're making these changes as part of our ongoing efforts to further strengthen our global operating model for content moderation," a TikTok spokesperson said in a statement.

The company expects to invest $2 billion globally in trust and safety this year and will continue to improve efficiency, with 80% of guidelines-violating content now removed by automated technologies, the spokesperson said.

The layoffs were first reported by business portal The Malaysian Reserve on Thursday.

The job cuts occur as global technology firms face greater regulatory pressure in Malaysia, where the government has asked social media operators to apply for an operating licence by January as part of an effort to combat cyber offences.

Malaysia reported a sharp increase in harmful social media content earlier this year and urged firms, including TikTok, to step up monitoring on their platforms.

Economic distress

IMF SPELLS OUT THREATS TO REFORM MOMENTUM

Tahir Amin Published about 2 hours ago

ISLAMABAD: Political economy considerations and pressures from vested interests could delay or weaken the reform momentum and put at risk still-brittle stability, says the International Monetary Fund (IMF).

The Fund in its latest report stated that resurgence in political or social tensions could weigh on policy and reform implementation. Political economy considerations and pressures from vested interests could delay or weaken the reform momentum and put at risk still-brittle stability.

The external environment remains challenging as well, with still tight global financing conditions, volatile commodity prices, and elevated geopolitical tensions.

IMF urges Pakistan to 'move away' from state-led growth model, calls for structural reforms

Notwithstanding the new government's intent to deepen reforms under a new Fund-supported program, political uncertainty remains significant, and pressures for easing policies and providing tax concessions and subsidies are strong.

Policy slippages, including particularly on needed revenue measures, together with lower external financing, could undermine the narrow path to debt sustainability, given the high level of gross financing needs, and place pressure on the exchange rate and on banks to finance the government (further exacerbating crowding out of the private sector, which could entrench a low-growth—low-financial-development equilibrium). Geopolitically-driven higher commodity prices or tighter global financial conditions could also adversely affect external stability.

The report also noted that the Fund faces a number of major enterprise risks associated with a new program. Notably, business risks are elevated due to the potential for the program to go off-track, as well as, Pakistan's challenging security situation, which could adversely impact FDI, among others.

Reputational risks would arise if the Fund were perceived as treating Pakistan differently from other members that ostensibly enjoy less support. Alternatively, not proceeding with a new program also raises reputational risks as the new authorities, or other members, may accuse the Fund of not being even-handed especially following the successful SBA.

Although near-term financial risks have declined since SBA approval, they remain very elevated and are to be mitigated through phased access, burden sharing, and adequate financing assurances.

Operational risks in relation to staff's in-country activities persist, although Fund activities are closely coordinated in line with policies and supported by United Nations Department of Safety and Security (UNDSS)

The report also noted that notwithstanding recent progress, deep structural challenges continue to weigh on Pakistan's economic prospects. Pakistani living standards have declined relative to peer in South and South East Asia over the past decades, reflecting weak policies, inadequate investment in human and physical capital, and distortions from an outsized role of the state.

At the same time, structural fiscal policy weaknesses and repeated boom-bust cycles have increased external financing needs and depleted buffers, leaving a narrow path to fiscal and external sustainability. To build on the hard-won transient stability created over the past year, sound policies and reforms need to be strengthened and sustained.

FUND SETS 22 SBS AND CONDITIONALITIES

Tahir Amin Published about 2 hours ago

ISLAMABAD: The International Monetary Fund (IMF) has set 22 structural benchmarks (SBs) and conditionalities for the new $7 billion Extended Fund Facility (EFF) program, including not granting tax amnesties, not issuing any new preferential tax treatment (including exemptions, zero rating, tax credits, accelerated depreciation allowances, or special rates), as well as average premium between the interbank and open market rate to be no more than 1.25 percent during any consecutive 5 business days.

The Fund in its latest report "2024 Article IV Consultation and request for an Extended Arrangement under The Extended Fund Facility" noted that 22 SBs have been set.

Despite progress, Pakistan's vulnerabilities, structural challenges remain formidable: IMF

The SBs on fiscal side include; (i) do not grant tax amnesties, and do not issue any new preferential tax treatment (including exemptions, zero rating, tax credits, accelerated depreciation allowances, or special rates) with the rational to protect tax revenue (continuous), (ii) seek ex-ante parliamentary approval for any expenditures that are non-budgeted or that exceed the budgetary appropriation with the rational of improved parliamentary oversight of budget execution (continuous), (iii) approve a National Fiscal Pact devolving some spending functions to the provinces aimed at addressing the mismatch of federal and provincial revenues and expenditures (end-September 2024), (iv) share with the IMF staff a report detailing actions to reduce the federal government's footprint aimed at reducing the footprint of the state (end-September 2024), (v) each province amends their Agriculture Income Tax legislation and regime to fully align it with the federal personal income tax regime for small farmers and the federal corporate income tax regime for commercial agriculture, so that taxation can commence from January 1, 2025 to protect tax revenue (end-October 2024), (vi) fully implement compliance risk management measures in Large Taxpayer Units in large markets in Islamabad, Karachi, and Lahore Regional Offices to improve tax compliance (end-December 2024), (vii) develop and publish on the Ministry of Planning website: (i) the criteria for project selection, including a scorecard, detailing the weight assigned to each criterion and the methodology for calculating the score; and (ii) the annual limit on the total size of new projects entering the PSDP portfolio for better public investment management (end-January 2025), and (viii) introduce a 5 percent FED on fertilizer and pesticide to protect tax revenue (end-June 2025).

On the governance two SBs have been set which include; (i) amend the Civil Servants Act to ensure that asset declarations of high-level public officials (including assets beneficially owned by them and a member of their family) are digitally filed and publicly accessible (with sufficient protection over private information) through the FBR, with a robust framework for risk-based verification by a single authority.

The rationale is to enhance effectiveness of anti-corruption framework (end-February 2025) and (ii) publish the full Governance and Corruption Diagnostic Assessment report to publicly identify critical governance vulnerabilities (end-July 2025).

One SB is set on social sector which is annual inflation adjustment of the unconditional cash transfer (Kafaalat) to maintain purchasing power in real terms (end-January 2025).

Five SBs have been set on monetary and financial sector including; (i) average premium between the interbank and open market rate will be no more than 1.25 percent during any consecutive 5 business day period to maintain FX market functioning (continuous), (ii) parliamentary approval of amendments to the bank resolution and deposit insurance legislation, in a manner that preserves the integrity of the draft legal amendments to strengthen crisis management toolkit (end-October 2024), (iii) place undercapitalized private banks under resolution unless (i) these banks are fully recapitalized by end-October 2024; or (ii) a legally binding agreement is in place by end-October 2024 towards a merger with other banks or with a new sponsor that would achieve full recapitalization by April 2025 to enforce regulatory standards (end-November 2024), (iv) in consultation with Fund staff, revise regulations and underlying methodologies on risk mitigating measures, including enhanced collateral policy and by requiring counterparties to be financially sound to improve safeguards in monetary policy operations (end-December 2024), and (v) implement revised regulations on risk mitigating measures to improve safeguards in monetary policy operations (end-September 2025).

POWER SECTOR: GOVT COMMITS TO IMF ABOUT DRASTIC REFORMS

Mushtaq Ghumman Published about 2 hours ago

ISLAMABAD: The government has committed to the International Monetary fund (IMF) to revise terms of Power Purchase Agreements (PPAs) of Government Power Plants (GPPs) and Independent Power Plants (IPPs) to settle Rs 263 billion earmarked for them in the budget and put a moratorium on new generation capacity sans new transmission infrastructure and to fully utilise existing capacity at peak times.

According to the IMF staff Report for an Extended Arrangement under the Extended Fund Facility of $7 billion for 37 months, the energy sector has become a major point of macro-fiscal risk as Circular Debt (CD) spiked over 2013–21 for power and 2020–23 for gas. The authorities began to significantly adjust tariffs in line with costs beginning in 2021 (electricity) and early 2023 (gas). This along with sizeable power subsidies (around 1 percent of GDP in FY24) broadly stabilised nominal CD flow in 2023-24. However, large persistent power subsidies are not a viable ongoing tool to plug the sector's gaps.

Govt approves termination of existing Power Purchase Agreement with five IPPs

The Fund urged the authorities for broad structural reforms aimed at reducing costs and tackling theft, captive power, and inefficiencies in the sector (especially Discos).

The stock of power payment arrears (circular debt, CD) stood at Rs 2,794 billion (2.6 percent of GDP) at end-March 2024, while the stock of gas payment arrears stood at Rs 2,083 billion (2.0 percent of GDP) at end-January 2024. CD has historically been driven by the failure of tariffs to keep pace with prices (although more regular tariff increases over 2023-24 helped to moderate CD flow); inefficient management of distribution and transmission companies and under-collections, and delayed maintenance coupled with weak transmission and distribution infrastructure. "We see the need for fundamental energy sector reform to reduce our fiscal risks, ensure viability of the sector and debt sustainability, and build a business environment conducive to dynamic growth.

Our program will keep energy tariffs in line with costs while we implement fundamental reforms to ease price pressures and shore up viability over the medium term," the government maintained.

According to the Fund, for the power sector, this requires an annual rebasing notification in full by the Power Ministry at a rate consistent with cost recovery, which occurred on July 14, 2024, along with timely implementation of quarter tariff adjustments and monthly fuel cost adjustments. This, along with the budgeted FY25 power subsidy of Rs1,229 billion (1.0 percent of GDP), would minimize net CD flow.

"Timely energy tariff adjustments under the previous program have helped stabilise energy sector circular debt. Going forward, deep cost-side reforms are critical to securing the sector's lasting viability and reducing its costs," the Fund said adding that efforts to ensuring cost-recovery in the energy sector continued to dwindle until early 2023, but subsequent tariff adjustments have broadly conformed with staff recommendations by limiting CD growth. Meanwhile, staff advice to undertake broader cost-side reforms and resolve infrastructure issues, even as some first steps have been taken, remains largely unaddressed.

The Fund argued that an unreliable energy supply and high and unpredictable costs negatively impact economic activity and development. Structural inefficiencies (particularly in Discos), guaranteed US$ returns to power producers, and a long-running reluctance to adjust tariffs in line with costs, has led to large losses, accumulation of arrears, and a network of cross-subsidisation among different consumer groups. In addition, inadequate maintenance, declining service, and under-collection, lead to the need for ever higher tariffs.

For the power sector, this requires an annual rebasing notification in full by the Power Ministry at a rate consistent with cost recovery, which occurred on July 14, 2024, along with timely implementation of quarter tariff adjustments and monthly fuel cost adjustments. This, along with the budgeted FY25 power subsidy of Rs 1,229 billion (1.0 percent of GDP), would minimise net CD flow over the course of the fiscal year.

According to the Fund, key reforms to reduce costs and CD focus on improving distribution efficiencies, most notably by accelerating steps to improve distribution company management via private sector participation (end-January 2025) include: (i) institutionalising anti-theft procedures to reduce losses; (ii) improving the policy and regulatory framework of the transmission system which has been a key bottleneck; (iii) privatising inefficient generation companies; (iv) improving power plant efficiencies; (iv) completing the transition to a competitive electricity market; and (v) reducing capacity payments by renegotiating power purchase arrangements (which account for approximately 60 percent of generation costs).

The authorities recognise the urgency of implementing cost-reducing reforms. At the same time, they remained committed to implementing scheduled tariff increases, recognising the need to prevent further CD flow. They highlighted the tension inherent in a tariff structure in which certain non-residential consumer categories cross-subsidise lower-slab households and thus face higher input costs, agreeing with staff that these cross-subsidies should be phased out when they can be shifted to direct cash transfers in the medium term (pending fiscal space). They agreed that progressive tariff structures should be maintained until then.

The FY25 budget includes Rs 1,229 billion (1.0 percent of GDP) in power subsidies to address liquidity needs. This, along with tariff adjustments and cost-side reforms, will broadly stabilise the CD stock.

The subsidy will cover (i) the projected tariff differential (Rs 663 billion); (ii) arrears payments of FATA and KE (Rs 174 billion); (iii) agricultural tube-wells (Rs 10 billion); and (iv) CD stock payments to compensate for the projected CD flow via PHPL principal payments (Rs 24 billion) and arrears payments to power producers (Rs 358 billion). The use of any resources allocated above this in the FY25 budget will be decided upon during the fiscal year, with the potential to retire up to an additional Rs 35 billion in CD stock or return these resources back to the Treasury.

In parallel, with the support of the World Bank, the government will continue efforts to reform tube-well subsidies, which primarily benefit large agricultural users, and have not budgeted tube-well subsidies for three provinces for FY25.

More broadly, over the medium term the government aims to eliminate cross-subsidies to households, and replace it with directly-targeted cash transfers for vulnerable households to be provided via BISP.

Pakistani authorities have assured IMF that they are prioritising plans to either privatise or enter into concession arrangements for the private management of nine Discos to improve their performance, efficiency, and governance, lack whereof has been a key driver of power sector CD accumulation and the need for higher tariffs.

4.7PC OF GDP: IMF PROJECTS EXTERNAL FINANCING NEEDS AT $18.813BN

Tahir Amin Published about 2 hours ago

ISLAMABAD: The International Monetary Fund (IMF) has projected Pakistan's gross external financing needs at $18.813 billion for the current fiscal year 2024-25 which is 4.7 percent of the GDP.

The Fund in its latest report "2024 Article IV Consultation and request for an Extended Arrangement under The Extended Fund Facility" noted that the country's external financing need would be $20.088 billion in the fiscal year 2025-26. The report also noted that available financing is $18.175 billion for the current fiscal year 2024-25.

The Fund stated that the program is fully financed, with firm commitments for the first 12 months andgood prospects thereafter. Financing committed for fiscal year 2025 includes $16.8 billion of rollovers ofexisting short-term financing and $2½ billion of additional commitments, including from China,Saudi Arabia, the ADB and the IsDB. The authorities have also received firm commitments from keybilateral partners to (at least) maintain their existing exposures throughout the program, includingby continuing to rolling over existing short-term liabilities, which will contribute to meetingfinancing needs in the remaining program period. Loans from foreign commercial banks totaling $6.6 billion, which were renewed during the 2019 EFF and 2023 SBA, are also expected to continue to be rolled during the new program period. These together with commitments from multilateral institutions provide the necessary financing assurances. Nonetheless, financing risks remain high, and continued monitoring will be needed to ensure timely and adequate financing during program reviews.

The Fund stated that multilateral disbursements are projected to reach $14 billion over fiscal year 2025-28 (including $7.1 billion from the World Bank and $5.6 billion from the Asian Development Bank) with key bilateral creditors fully maintaining their exposure through new financing activities. Modest access to new short-term borrowing from commercial banks is anticipated for fiscal year 2025-fiscal year 2026, with a gradual return to bond markets assumed for mid-fiscal year 2027, reflecting a restoration of policy credibility.

Pakistan's capacity to repay is subject to significant risks and remains critically dependent on policy implementation and timely external financing. The Fund's exposure would reach SDR 6,816 million by September 2024 (336 percent of quota) with purchases linked to the request. With completion of all purchases under the arrangement, the Fund's exposure would peak in September 2027 at SDR 8,774 million (432 percent of quota; approximately 55 percent of projected gross reserves for fiscal year 2027) around double the average for recent EFFs. Exceptionally high risks—notably from high public debt and gross financing needs, low gross reserves and sociopolitical factors—could jeopardize policy implementation and erode repayment capacity and debt sustainability. Restoring fiscal and external viability is critical to ensure Pakistan's capacity to repay the Fund. This hinges on strong and sustained policy implementation, including, but not limited to, fiscal consolidation and external asset accumulation, as well as decisive reforms to enable stronger and more resilient economic development, it added.

The Pakistani authorities have stated that they have secured adequate financing from our international partners to support our economic reform program and durably increase our external buffers. The current projections suggest that, after incorporating pre-existing financial commitments, rollovers and the envisaged IMF program, residual financing needs during the program period will amount to $5 billion.

Fuel & Energy

24-HOUR GAS HOLIDAY TOMORROW

Recorder Report Published about 2 hours ago

KARACHI: Sui Southern Gas Company (SSGC) has announced 24-hour gas holiday for all industries including their power generation units and all CNG stations in Sindh from 08:00am on Sunday, October 13, 2024.

"Due to the shortages of gas supplies in SSGC's system, the availability of gas has decreased, resulting in the depletion of line pack, causing low pressures in the system", SSGC said.

Pursuant to clause # 14 of GSA for Industrial Customers approved by OGRA and as allowed by ECC of the cabinet to effectively manage gas load according to the approved sectoral priority order, in force for gas load management, all industries including their power generation units and all CNG stations in Sindh (including those being operated on RLNG) will remain close for twenty-four (24) hours from 08:00am on Sunday, October 13, 2024 to 08:00am on Monday, October 14, 2024.

"SSGC will take strict action against any industry found violating this Gas Holiday Period and subsequently their gas supplies will be disconnected for at least seven (07) days."

GLOBAL LNG: ASIAN SPOT LNG SLIPS ON TEPID DEMAND, AMPLE SUPPLY

Reuters Published October 11, 2024

SINGAPORE: Asian spot liquefied natural gas (LNG) slightly slipped this week as demand remains tepid amid ample supplies.

The average LNG price for November delivery into north-east Asia was at $13.00 per million British thermal units (mmBtu), industry sources estimated, down from $13.10/mmBtu last week.

The price for December delivery was estimated at $13.30/mmBtu.

"Asia spot prices have held steady week-on-week (though) decreasing slightly," said Go Katayama, LNG and natural gas analyst at Kpler.

"The slight decline was driven by receding geopolitical tensions and ample LNG supply to Asia."

Oil prices had eased on Tuesday on news of a possible ceasefire between Israel and Iran-backed Hezbollah, though Israeli strikes killed 22 people and injured over 100 in Beirut on Thursday.

The conflict between Israel and Hezbollah erupted one year ago when Hezbollah opened fire in support of Palestinian militant group Hamas at the start of the Gaza war.

Global LNG: Asian spot LNG price flat on weak demand during China holiday

On LNG supply, train 2 at Australia's Ichthys LNG restarted operations this week. It was previously taken offline in August for inspection and repairs.

However, two trade sources said two production trains at Petronas' Bintulu LNG Complex in east Malaysia are offline, with one of them adding that trains 7 and 8 at the MLNG Tiga production facility are the affected ones.

Petronas did not immediately respond to a request for comment.

In Japan, Kansai Electric Power will shut the No.3 reactor at its Mihama nuclear power station after discovering two small holes in a pipeline, and Shikoku Electric Power shut the Ikata No. 3 reactor due to a malfunction in the equipment used to monitor fuel combustion.

Nuclear reactor shutdowns could lead to an increase in LNG demand to fulfill power requirements in Japan.

In Europe, S&P Global Commodity Insights assessed its daily North West Europe LNG Marker (NWM) price benchmark for cargoes delivered in November on an ex-ship (DES) basis at $12.635/mmBtu on Oct. 10, a $0.21/mmBtu discount to the November gas price at the Dutch TTF hub.

Argus assessed the price for November delivery at $12.610/mmBtu, while Spark Commodities assessed it at $12.649/mmBtu.

"Prices in both key demand markets had been sliding… But a sharp rise in European DES markets on Thursday wiped losses on the week," said Samuel Good, head of LNG pricing at commodity pricing agency Argus.

"Europe's gains on Thursday came from multiple drivers, not least further extensions to Norwegian gas maintenance on the day which is set to slow the ramping up of pipeline gas deliveries to the region as it steps further into winter and towards the peak heating demand period."

In LNG freight, Atlantic prices fell for a third straight week to $45,000/day on Friday, while Pacific rates also declined to $52,250/day, said Spark Commodities analyst Qasim Afghan.

OIL ON TRACK FOR WEEKLY CLIMB ON POTENTIAL MIDEAST SUPPLY DISRUPTION

- Brent crude oil futures down 20 cents, or 0.25%, at $79.20 a barrel

Reuters Published October 11, 2024

HOUSTON: Oil prices edged down marginally on Friday but remained on track for a second weekly gain as investors weighed the potential for supply disruption if Israel attacks Iranian oil sites, against the fallout from Hurricane Milton.

Brent crude oil futures were down 20 cents, or 0.25%, at $79.20 a barrel by 11:13 a.m. EDT. U.S. West Texas Intermediate crude futures slipped 13 cents, 0.17%, to $75.72 per barrel.

For the week, both benchmarks were headed for gains.

"Markets can feel the tension, as Israel contemplates the size and form for their response to Iran's massive missile attack. If Israel destroys Iran's oil & gas infrastructure, prices will rise," said chief economist at Matador Economics, Tim Snyder, in a note on Friday.

In the U.S., Hurricane Milton plowed into the Atlantic Ocean on Thursday after cutting a destructive path across Florida, killing at least 10 people and leaving millions without power. The destruction could dampen fuel consumption.

Florida is the third-largest gasoline consumer in the U.S., but there are no refineries in the state, making it dependent on waterborne imports.

And reservations over high crude inventories and a possibly more gradual monetary easing by the U.S. Federal Reserve have also helped put the recent rally in oil prices on hold, said Yeap Jun Rong, market strategist at IG.

Oil falls as swelling US supply counters Middle East and hurricane risks

Crude benchmarks spiked this month after Iran launched more than 180 missiles against Israel on Oct. 1, raising the prospect of retaliation against Iranian oil facilities. Israel has yet to respond, and crude benchmarks have eased and remained relatively flat through the week.

Israeli Defence Minister Yoav Gallant has said that any strike against Iran would be "lethal, precise and surprising."

"We need to wait and see how Israel responds, but I think until that point the oil market will keep a risk premium," said UBS analyst, Giovanni Staunovo.

Iran is backing several groups fighting Israel, including Hezbollah in Lebanon, Hamas in Gaza and the Houthis in Yemen.

Lebanon's army said two people were killed and three others injured after Israeli forces targeted one of its military posts in southern Lebanon's Kafra on Friday.

Gulf states, meanwhile, are lobbying Washington to stop Israel from attacking Iran's oil sites out of concern their own oil facilities could come under fire from Tehran's allies if the conflict escalates, three Gulf sources told Reuters.

On the supply side, Libya's national oil corporation (NOC) said on Friday it had restored oil production to levels before the country's central bank crisis as it reached 1.25 million barrels.

Markets – Rates

PSX POSTS MINOR GAINS

Recorder Report Published about 2 hours ago

KARACHI: Pakistan Stock Exchange on Friday witnessed a mixed trend and remained oscillating in both directions throughout the trading session.

The benchmark KSE-100 Index hit 85,750.19 points intraday high and 84,774.46 points intraday low before closing at 85,483.40 points, up 30.18 points or 0.04 percent.

The daily trading volumes on ready counter increased to 560.740 million shares as compared to 503.750 million shares traded on Thursday. The daily traded value on the ready counter declined to Rs 26.121 billion against previous session's Rs 27.912 billion.

BRIndex100 inched up by 2.01 points or 0.02 percent to close at 9,082.40 points with total daily turnover of 460.526 million shares.

BRIndex30 declined by 280.59 points or 1.01 percent to close at 27,379.87 points with total daily trading volumes of 335.373 million shares.

Foreign investors also remained net sellers of shares worth $449,733. Total market capitalization declined by Rs 5 billion to Rs 11.156 trillion. Out of total 435 active scrips, 251 closed in negative and 130 in positive while the value of 54 stocks remained unchanged.

Hub Power Co was the volume leader with 58.159 million shares however declined by Rs 5.83 to close at Rs 106.90 followed by PTCL that increased by Rs 1.18 to close at Rs 15.70 with 51.351 million shares. WorldCall Telecom lost Rs 0.02 to close at Rs 1.18 with 45.693 million shares.

Nestle Pakistan and Rafhan Maize Products Company were the top gainers increasing by Rs 153.70 and Rs 116.35 respectively to close at Rs 6,931.45 and Rs 7,144.35 while Hallmark Company and Unilever Pakistan Foods were the top losers declining by Rs 120.64 and Rs 88.50 respectively to close at Rs 1,092.67 and Rs 17,612.00.

"Negotiation with IPPs (Independent Power Producers) where 5 IPPs have agreed for early termination of Power Purchase Agreements (PPA) has changed the market sentiment, as KSE 100 Index largely traded in negative zone during the trading session making an intraday low of 679 points", an analyst at Topline Securities said.

However some recovery was observed at closing hours of trade as index recovered to barely close slightly above Thursday`s closing – 85,483 (up by 0.04 percent).

Major positive contribution to the index came from PSO, FFC, EFERT, PIOC and UBL, as they cumulatively contributed plus 276 points to the index. On the flip side HUBC, LUCK, HBL, TRG and SRVI lost value to weigh down on the index by minus 327 points.

BR Automobile Assembler Index decreased by 88.22 points or 0.51 percent to close at 17,101.18 points with total turnover of 8.099 million shares.

BR Cement Index added 37.24 points or 0.45 percent to close at 8,264.38 points with 39.605 million shares.

BR Commercial Banks Index gained 15.55 points or 0.06 percent to close at 24,662.72 points with 28.414 million shares.

BR Power Generation and Distribution Index declined by 589.11 points or 3.8 percent to close at 14,924.44 points with 80.637 million shares.

BR Oil and Gas Index inched up by 9.47 points or 0.11 percent to close at 8,288.89 points with 35.328 million shares.

BR Tech. & Comm. Index lost 2.69 points or 0.07 percent to close at 3,958.84 points with 152.732 million shares.

Ahsan Mehanti at Arif Habib Corporation said stocks showed recovery in late session buying led by banking and auto scrips on strong earnings outlook.

He said SBP revision of exposure limits for SMEs, upbeat data on car sales surging by 25 percent YoY in September 2024 and record $2.8 billion remittances in Sep'24 played a catalyst role in positive close.

KIBOR INTERBANK OFFERED RATES

KARACHI: Kibor interbank offered rates on Friday (October 11, 2024). ========================== KIBOR...

Published about 2 hours ago

KARACHI: Kibor interbank offered rates on Friday (October 11, 2024).

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           KIBOR
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Tenor         BID     OFFER
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1-Week      17.28    17.78
2-Week      17.29    17.79
1-Month     17.17    17.67
3-Month     15.70    15.95
6-Month     14.43    14.68
9-Month     14.10    14.60
1-Year      13.54    14.04
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Data source: SBP

BRINDEX100 AND BR SECTORAL INDICES

KARACHI: BRIndex100 and BR Sectoral Indices on Friday (October 11, 2024). ==================================== BR...

Recorder Report Published about 2 hours ago

KARACHI: BRIndex100 and BR Sectoral Indices on Friday (October 11, 2024).

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BR INDICASE AT A GLANCE
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             BRINDEX100
====================================
Day Close:                 85,483.40
High:                      85,750.19
Low:                       84,774.46
Net Change:                    30.18
Volume (000):                295,019
Value (000):              20,705,571
Makt Cap (000)         2,664,629,000
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BR AUTOMOBILE ASSEMBLER
------------------------------------
Day Close:                 17,101.18
NET CH                     (-) 88.22
------------------------------------
```

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BR CEMENT
------------------------------------
Day Close:                  8,264.38
NET CH                     (+) 37.24
------------------------------------
BR COMMERCIAL BANKS
------------------------------------
Day Close:                 24,662.72
NET CH                     (+) 15.55
------------------------------------
BR POWER GENERATION AND DISTRIBUTION
------------------------------------
Day Close:                 14,924.44
NET CH                    (-) 589.11
------------------------------------
BR OIL AND GAS
------------------------------------
Day Close:                  8,288.89
NET CH                      (+) 9.47
------------------------------------
BR TECH & COMM
------------------------------------
Day Close:                  3,958.84
NET CH                      (-) 2.69
------------------------------------
As on:             11- October -2024
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These indices are available Live on Aaj TV, www.brecorder.com and www.khistocks.com.

For further information please visit www.khistocks.com

OPEN MARKET FOREX RATES

Updated at: 12/10/2024 8:04 AM (PST)

Currency	Buying	Selling
Australian Dollar	186.75	188.86
Bahrain Dinar	731.71	739.71
Canadian Dollar	202.60	205.00
China Yuan	39.6	40.00
Danish Krone	41.12	41.52
Euro	302.05	304.80
Hong Kong Dollar	35.65	36
Indian Rupee	3.34	3.45
Japanese Yen	1.92	1.98
Kuwaiti Dinar	898.00	907.50
Malaysian Ringgit	63.55	64.15
NewZealand $	174.21	176.21
Norwegians Krone	26.26	26.56
Omani Riyal	716.67	725.17
Qatari Riyal	76.24	76.94
Saudi Riyal	73.65	74.20
Singapore Dollar	215	217
Swedish Korona	27.15	27.46
Swiss Franc	322.20	325.15
Thai Bhat	8.56	8.71
U.A.E Dirham	75.40	76.05
UK Pound Sterling	360.35	363.85
US Dollar	278.25	279.75

INTER BANK RATES

Updated at: 12/10/2024 8:04 AM (PST)

Currency	**Bank Buying TT Clean**	**Bank Selling TT & OD**
Australian Dollar	187.37	187.71
Canadian Dollar	201.97	202.33
China Yuan	39.63	39.70
Danish Krone	40.73	40.80
Euro	303.87	304.41
Hong Kong Dollar	35.89	35.95
Japanese Yen	1.8685	1.8719
Saudi Riyal	74.03	74.16
Singapore Dollar	212.89	213.27
Swedish Korona	26.89	26.94
Swiss Franc	324.17	324.76
Thai Bhat	8.34	8.36
UK Pound Sterling	362.65	363.31
US Dollar	277.70	278.20

GOLD RATE

Bullion / Gold Price Today

As on Sat, Oct 12 2024, 02:58 GMT

Metal	Symbol	PKR for 10 Gm	PKR for 1 Tola	PKR for 1 Ounce	
Gold	XAU	237,201	276,377	737,789	
Palladium	XPD	95,303	111,043	296,430	
Platinum	XPT	87,720	102,208	272,845	
Silver	XAG	2,818	3,284	8,766	

Gold Price in Pakistan

As on Sat, Oct 12 2024, 02:58 GMT

Gold Rate	24K Gold	22K Gold	21K Gold	18K Gold
per Tola Gold	Rs. 276400	Rs. 253365	Rs. 241850	Rs. 207300
per 10 Gram	Rs. 237000	Rs. 217248	Rs. 207375	Rs. 177750
per Gram Gold	Rs. 23700	Rs. 21725	Rs. 20738	Rs. 17775
per Ounce	Rs. 671900	Rs. 615904	Rs. 587913	Rs. 503925

Gold Rates in other Major Currencies

Currency	Symbol	10 Gm	1 Tola	1 Ounce	
China Yuan	CNY	6,038	7,035	18,781	
Euro	EUR	781	910	2,429	
Japanese Yen	JPY	127,439	148,487	396,386	
Saudi Riyal	SAR	3,204	3,734	9,967	
U.A.E Dirham	AED	3,138	3,656	9,761	
UK Pound Sterling	GBP	654	762	2,033	
US Dollar	USD	854	996	2,658	