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SHAHID LEGAL GROUP

SLD NEWS UPDATES

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TAX RETURN FILING DEADLINE EXTENDED

Recorder Report Published 35 minutes ago

ISLAMABAD: The Federal Board of Revenue (FBR) has extended the last date for filing of income tax returns, ie, up to October 31, 2024.

According to an Income Tax Circular Number 3 of 2024 issued late Monday night, the FBR has extended the date in view of the requests from various trade bodies, tax Bar associations and in the wake of the banking holidays announced in Islamabad and Rawalpindi.

FBR EXTENDS DEADLINE FOR FILING TAX RETURNS TILL OCTOBER 31

BR Web Desk Published October 15, 2024 Updated about 6 hours ago

The Federal Board of Revenue (FBR) on Monday extended the deadline for filing the income tax returns further till October 31, 2024.

"In exercise of the powers conferred under Section 214A of the Income Tax Ordinance, 2001, the Federal Board of Revenue is pleased to communicate that the date of filing of income tax return for tax year 2024, for the persons who were required to file their returns by September 30, 2024 and was extended up to October 14, 2024 vide circular No.2 of 2024-25 dated September 30, 2024, is further extended to October 31, 2024," a late-night notification from the FBR read.

Earlier, the FBR had extended the deadline for filing tax returns till October 14 from previously September 30 on the "requests from various trade bodies, tax bar associations, and general public".

Pakistan is currently facing a tax gap of Rs3.4 trillion accounted for by tax evasion and tax fraud, according to a study conducted by the FBR.

Finance Minister Muhammad Aurangzeb along with Minister of State for Revenue and Chairman FBR conducted last week a press conference to brief about the study regarding sales tax evasion across different sectors of the economy, labelling the impending crackdown on tax evasion as a "war against tax fraud".

FBR EXTENDS TAX RETURN FILING DEADLINE TO OCTOBER 31, 2024

October 15, 2024

Islamabad, October 15, 2024 – The Federal Board of Revenue (FBR) has announced a further extension for the filing of income tax returns for the tax year 2024, moving the deadline to October 31, 2024.

This latest extension offers taxpayers additional time to fulfill their filing obligations amid mounting requests from trade bodies and tax professionals.

The FBR issued Circular No. 3 of 2024-25 (Income Tax) on October 14, 2024, formalizing the new deadline for those who were originally required to file their returns by September 30, 2024. This marks the second extension, with the deadline previously extended to October 14, 2024, through Circular No. 2. The new cutoff date of October 31, 2024, is aimed at providing relief to taxpayers struggling to meet the deadline.

According to the circular, the decision to extend the deadline was made after taking into consideration multiple factors, including persistent requests from various trade bodies, tax bar associations, and the impact of banking holidays in Islamabad and Rawalpindi, which further complicated taxpayers' ability to meet the October 14 deadline.

This move comes as a welcome relief for businesses and individuals who had been grappling with procedural and logistical challenges, including those posed by the FBR's online portal. While the extension allows taxpayers more time to complete their returns, it also reinforces the FBR's commitment to accommodating genuine concerns, ensuring that compliance is not hindered by avoidable delays.

However, the extension was not without some controversy. Earlier on October 14, the FBR had issued a statement asserting that no further extensions would be granted beyond the existing deadline. This clarification had caused widespread concern among taxpayers and professionals, who feared penalties for late filings. The sudden change of stance by the FBR underscores the agency's responsiveness to evolving circumstances and pressures from stakeholders.

The FBR's decision to extend the deadline again highlights the delicate balance it must maintain between enforcing tax compliance and addressing practical challenges faced by taxpayers. It also reflects the growing influence of professional associations and trade bodies in shaping tax administration policies. The extension to October 31 provides taxpayers with the opportunity to rectify any outstanding filing issues and avoid penalties associated with late submissions.

This additional time also signals the FBR's determination to ensure maximum compliance, while offering flexibility where needed. Taxpayers are strongly advised to use this period to complete their returns diligently, as further extensions are unlikely.

FBR DECLARES WAR ON SALES TAX FRAUD, WARNS LARGE TAXPAYERS

October 14, 2024

Karachi, October 14, 2024 – The Large Taxpayers Office (LTO) Karachi convened a high-profile conference on Monday with corporate sector leaders, issuing a stern warning that the Federal Board of Revenue (FBR) has officially declared war on fraudulent sales tax practices.

The conference, attended by all LTO Karachi commissioners, conveyed a clear message from the government and the Ministry of Finance regarding zero tolerance for the use of fake and flying invoices in sales tax filings. The LTO is now fully committed to eradicating these fraudulent practices, which have plagued Pakistan's revenue system and led to substantial losses for the national exchequer.

During a comprehensive presentation, Dr. Najeeb Ullah, Commissioner of Inland Revenue, Zone 1, LTO Karachi, revealed disturbing findings from ongoing inquiries and data analytics. "Investigations have exposed gross anomalies and malpractices in sales tax declarations," Dr. Najeeb Ullah noted, adding that the majority of fake and excessive input tax claims trace back to major beneficiaries operating within the jurisdictions of LTOs, MTOs, and CTOs.

"There has been a continuous stream of contravention reports and communication slips, which LTO initially tried to address in a civil and amicable manner," he stated. However, the increasing volume and undeniable evidence of malpractices, even among very large companies, has led the FBR to declare, 'ENOUGH,' and overhaul its strategy.

LTO Karachi, as the flagship organization of the FBR, plays a pivotal role in tax collection and compliance for the country's largest taxpayers. The office has traditionally aimed to facilitate voluntary compliance, fostering trust between the corporate sector and tax authorities. However, the growing tide of sales tax fraud has pushed the FBR to adopt a more aggressive stance.

Dr. Najeeb Ullah further highlighted that the extensive scale of this revenue leakage would not have been possible without the complicity of highly skilled professionals in legal, accountancy, and IT sectors. He also pointed to systemic weaknesses within the FBR itself, including procedural lapses and internal collusion. "It's a desperate situation," he admitted, emphasizing that desperate times call for extraordinary measures. The FBR has now declared all-out war on fraudulent sales tax practices to protect the integrity of the country's revenue system.

He warned that any discrepancies or deviations from industry benchmarks would be scrutinized, with ample opportunity given to explain the anomalies. However, in cases where evidence of fake or flying invoices, failure to adhere to the withholding sales tax regime, or avoidance of liability under Section 8B of Sales Tax Act, 1990 is found, legal and criminal proceedings will be swiftly initiated.

The LTO's firm stance marks a critical turning point in the government's efforts to curb tax fraud and ensure that Pakistan's largest businesses comply fully with tax regulations.

KTBA URGES FBR TO ALLOW UNCONDITIONAL RETURN FILING EXTENSIONS

October 14, 2024

Karachi, October 14, 2024 – The Karachi Tax Bar Association (KTBA) has called on the Federal Board of Revenue (FBR) to accept applications for extensions in return filing deadlines without imposing restrictive conditions. In a formal communication addressed to Badshah Khan Wazir, Member of IR Operations at FBR, KTBA President Syed Zafar Ahmad raised several critical issues regarding the current return filing process and the challenges faced by taxpayers.

The association advocated for a more flexible and accommodating approach in granting date extensions, especially for those facing genuine difficulties.

One of the key points highlighted by the KTBA is the frequent technical difficulties associated with the FBR's online tax portal, IRIS. As is often the case on critical filing deadlines, the system becomes overwhelmed, resulting in connectivity and access issues for taxpayers attempting to file their returns. In light of these challenges, the KTBA proposed that manual extension applications be accepted as an alternative. The association emphasized that taxpayers should be allowed to submit extension requests in person at designated Tax Facilitation Desks (TFDs) under Section 119 of the Income Tax Ordinance.

The KTBA also raised concerns over what it described as the "en masse rejection" of extension requests by field formations, particularly in Karachi, on the eve of the September 30th deadline. According to the KTBA, many applications were rejected instantaneously without proper consideration, leading to the perception that the FBR had preemptively decided to deny all extension requests, regardless of the merit of the cases presented. The association urged FBR leadership to instruct field formations to carefully review each application on its own merits, rejecting only those that lacked valid justification. The KTBA warned that blanket rejections could force legitimate taxpayers into the category of late filers, causing unnecessary penalties and hardships.

Another key issue raised by the KTBA was the imposition of tax pre-payment conditions for granting extensions. The association argued that such requirements were not supported by any provision of law under Section 119 of the Income Tax Ordinance. KTBA pointed out that in several cases, particularly near the last deadline, extensions were granted only if taxpayers made advance payments, a practice that the association deemed both "illicit" and arbitrary.

While reaffirming its commitment to timely compliance, the KTBA stressed that granting these extensions without conditions would not only alleviate taxpayer grievances but also foster greater cooperation and trust between taxpayers and the tax authorities.

FBR ARRESTS CFOS IN MAJOR CRACKDOWN AGAINST SALES TAX FRAUD

October 14, 2024

Islamabad, October 14, 2024 – In an aggressive push against tax evasion, the Federal Board of Revenue (FBR) has arrested several Chief Financial Officers (CFOs) linked to large-scale sales tax fraud.

The arrests are part of a nationwide operation led by the Directorate of Intelligence and Investigation (I&I) of Inland Revenue (IR), targeting individuals and companies suspected of causing colossal losses to the national exchequer through tax malpractices.

This development comes after an announcement made on October 10, 2024, by Finance Minister, Chairman of FBR, and Director General of Intelligence & Investigation. During the press conference, the officials declared their intention to launch a comprehensive crackdown on businesses engaged in fraudulent activities, particularly those utilizing fake or “flying” invoices to evade taxes. The crackdown, which has now moved into full force, has already led to the arrest of five high-profile suspects, including one of the leading fraudsters accused of creating dummy companies and four CFOs from major corporations, all implicated in sales tax fraud amounting to billions of rupees.

In a major operation conducted by the Directorate of Intelligence & Investigation-Inland Revenue in Hyderabad, the CFO and Purchase Officer of a prominent Lahore-based battery manufacturer were taken into custody. The accused are alleged to have collaborated in a fraudulent scheme that falsely claimed input tax on lead, leading to over a billion rupees in tax losses. The Hyderabad team, with assistance from the Lahore office, executed the arrests after filing a First Information Report (FIR) detailing the massive scale of the tax fraud.

Meanwhile, another successful raid was conducted by the Directorate in Faisalabad, where CFOs of two sister concerns associated with a leading textile unit were arrested. These individuals are accused of abetting a tax fraud scheme that involved claiming fake input tax on coal purchases. This fraudulent activity is believed to have caused hundreds of millions of rupees in revenue losses. FIRs have already been registered against these suspects and other beneficiaries involved in this complex web of deceit.

The crackdown intensified with the arrest of Taswar Shahid, a key figure implicated in numerous FIRs related to generating fake sales tax inputs. Shahid, whose pre-arrest bail was rejected by the court earlier today, was apprehended outside the courtroom. He is considered a linchpin in a well-organized gang that operated numerous fake companies, funneling billions of rupees in fraudulent tax benefits to end-user businesses. His arrest represents a significant victory in FBR’s battle against this entrenched tax evasion network.

The arrests come in the context of FBR’s broader strategy to curb tax fraud and improve compliance with the nation’s tax laws. Sales tax fraud, particularly involving fake invoices, has been a longstanding problem, contributing to significant revenue shortfalls. This latest operation reflects the agency’s heightened resolve to eliminate corrupt practices that have eroded public trust and drained national resources.

According to FBR officials, the individuals arrested are part of a sophisticated scheme designed to manipulate the tax system for financial gain. The CFOs and their accomplices exploited loopholes and falsified tax records, effectively evading billions of rupees in sales tax. These losses directly impact the country’s ability to fund essential public services and infrastructure development.

The FBR has pledged to continue its efforts to dismantle these criminal networks. In a statement, the FBR highlighted that it would leave no stone unturned in its mission to enforce compliance and ensure that all businesses and individuals pay their fair share of taxes. These enforcement measures are seen as a crucial step toward restoring fiscal discipline and reinforcing the credibility of the tax collection system.

As the crackdown continues, further arrests and investigations are expected, with FBR emphasizing that no individual or entity involved in tax fraud will be spared. This initiative signals the agency's determination to hold accountable those who flout the law, ensuring that tax revenue is properly collected and utilized for the country's development.

The nation now watches closely as the FBR intensifies its battle against one of the largest tax fraud syndicates in recent memory.

NO MORE EXTENSIONS: FBR CONFIRMS FINAL DEADLINE FOR RETURN FILING

October 14, 2024

The Federal Board of Revenue (FBR) has confirmed that October 14, 2024, will be the final deadline for filing income tax returns for the 2024 tax year. In its latest statement on Monday, the FBR clarified that there will be no further extensions granted beyond this date, urging taxpayers to complete their submissions promptly.

The FBR had previously extended the original deadline, providing taxpayers with additional time until mid-October following numerous appeals from various trade organizations, tax bar associations, and the general public. The decision to extend was aimed at accommodating taxpayers who had encountered difficulties in meeting the earlier deadline.

However, the FBR has now made it clear that no further delays will be considered. "The taxpayers should not anticipate any further extension in the deadline," the FBR emphasized in its latest advisory, stressing the importance of timely compliance.

It is important to note that despite a public holiday in the capital city of Islamabad, declared by the federal government from October 14 to 16, the FBR remains firm on its decision. The FBR headquarters is located in Islamabad, but taxpayers nationwide are still expected to meet the October 14 deadline.

The FBR has also ensured that its online portal and resources remain fully operational, allowing taxpayers to file their returns electronically without interruption. The tax authority has provided detailed guidelines and support to facilitate the process and encouraged taxpayers to avoid last-minute submissions to prevent any technical issues that may arise due to high traffic on the system.

With this being the final extension, the FBR has urged all taxpayers who have not yet submitted their returns to do so without delay, as non-compliance may result in penalties or legal consequences.

As the filing period comes to a close, the FBR remains committed to enforcing tax regulations and ensuring that all eligible individuals and businesses fulfill their tax obligations for the current fiscal year.

Stock & Commodity

S&P 500 HITS RECORD HIGH ON CHIP STOCKS; CORPORATE RESULTS, KEY DATA IN FOCUS

Reuters Published October 14, 2024

The S&P 500 and Nasdaq rose on Monday, with the benchmark index touching an intraday record high as investors geared up for a week packed with corporate earnings and crucial economic data that will likely test stretched stock market valuations.

Chip stocks drove the gains, with the S&P 500 building on the record close it notched on Friday after major banks kicked off the third-quarter corporate earnings season on a positive note.

Growth stocks such as Nvidia and Apple gained 2.2% and 1.6%, respectively. An index of semiconductor companies jumped to a more than two-month high.

Five of the 11 S&P 500 sectors inched higher, with Technology shares in the lead, gaining 1.5%. Energy fell 0.4%, tracking lower oil prices.

The Dow, however, was bogged down by Caterpillar , which dipped 3% after Morgan Stanley downgraded the equipment maker to "underweight" from "equal weight".

The Dow Jones Industrial Average fell 42.89 points, or 0.10%, to 42,820.42, the S&P 500 gained 29.72 points, or 0.51%, to 5,844.75 and the Nasdaq Composite gained 158.43 points, or 0.86%, to 18,501.37.

Boeing also dragged on the Dow and was down 2.4% after the planemaker flagged a larger-than-expected Q3 loss on Friday. It also said it would cut 17,000 jobs and delay first deliveries of its 777X jet by a year.

Bank earnings may have boosted hopes that solid results could help stocks continue their strong 2024 run. However, with stock valuations stretched - the S&P 500 is trading at 21.8 times forward earnings, versus a long-term average of 15.7 - companies might struggle to satisfy investors.

Wall St Week Ahead: Health of US consumer in focus as earnings season heats up

"We closed pretty strong on Friday, thanks to the bank earnings results. JPMorgan was clearly the standout, setting a tone of optimism going into a bigger part of earnings season this week," said Michael James, managing director of equity trading at Wedbush Securities.

Forty-one S&P 500 companies are expected to report results this week, including Bank of America, Citigroup, Johnson & Johnson and Netflix.

Year-over-year third-quarter earnings growth for the S&P 500 is estimated at 4.9%, according to data compiled by LSEG on Friday.

Investors will also watch for crucial economic data, notably the September retail sales figures, due on Thursday, for clues on the financial health of U.S. consumers.

Meanwhile, Minneapolis Fed President Neel Kashkari said he sees modest interest-rate cuts ahead as inflation looms near the central bank's 2% target.

Fed Governor Christopher Waller is also scheduled to speak later in the day.

Bets on a 25-basis-point reduction at the Fed's November meeting stood at 84.2%, according to the CME Group's FedWatch tool, as traders dialed back expectations of an outsized cut.

Investment bank B. Riley Financial leapt 20% after the company said it had agreed to sell its unit, Great American Group, to asset management firm Oaktree Capital in a $386-million deal.

U.S.-listed shares of Chinese firms dropped, with Alibaba down 1.3% and PDD Holdings losing 3.9%, as investors were left guessing the size of the overall fiscal stimulus China announced on Saturday.

Declining issues outnumbered advancers by a 1.41-to-1 ratio on the NYSE, and by a 1.23-to-1 ratio on the Nasdaq.

The S&P 500 posted 32 new 52-week highs and one new low, while the Nasdaq Composite recorded 79 new highs and 36 new lows.

S&P 500, DOW NOTCH FRESH RECORD HIGHS

Reuters Published 43 minutes ago

NEW YORK: Wall Street rose on Monday, with the S&P 500 and the Dow touching fresh intraday record highs, as investors geared up for a week packed with corporate earnings and crucial economic data that will likely test stretched stock market valuations.

Chip stocks drove gains on the S&P 500 and the Nasdaq , with the benchmark index building on the record close it notched on Friday after major banks kicked off the third-quarter corporate earnings season on a positive note.

An index of semiconductor companies jumped 1.5% to a more than two-month high, led by Nvidia's 2.5% rise. Among other growth stocks, Apple and Microsoft gained 1.1% and 0.9%, respectively.

"There's a continued belief that the economy continues to move forward, albeit slowly, and optimism that third-quarter earnings are going to be good and probably hopefully better than expected," said Robert Pavlik, senior portfolio manager, Dakota Wealth Management.

"People are moving back into these megacap tech names that had been left out as people were looking for the rotation trade."

The Dow Jones Industrial Average rose 180.04 points, or 0.42%, to 43,043.90, the S&P 500 gained 40.05 points, or 0.69%, to 5,855.08, and the Nasdaq Composite gained 145.85 points, or 0.80%, to 18,488.79.

Gains on the Dow, however, were kept in check by a 1.5% drop in Caterpillar, following a brokerage downgrade, and a 0.7% fall in Boeing after the planemaker flagged a larger-than-expected Q3 loss on Friday.

Energy shares fell 0.2%, tracking lower oil prices.

Bank earnings may have boosted hopes that solid results could help stocks continue their strong 2024 run. However, with stock valuations stretched - the S&P 500 is trading at 21.8 times forward earnings, versus a long-term average of 15.7 - companies might struggle to satisfy investors.

October marks two years since the end of the last bear market in 2022, with the S&P 500 up more than 63% since its Oct. 12, 2022 close.

Forty-one S&P 500 companies are expected to report results this week. Year-over-year third-quarter earnings growth for the S&P 500 is estimated at 4.9%, according to data compiled by LSEG on Friday.

Investors will also watch for crucial economic data, notably the September retail sales figures, for clues on the financial health of US consumers.

Meanwhile, Minneapolis Fed President Neel Kashkari said he sees modest interest-rate cuts ahead as inflation hovers near the central bank's 2% target. Fed Governor Christopher Waller is also scheduled to speak later in the day.

STOXX 600 ENDS AT TWO-WEEK HIGH WITH EYES ON EARNINGS

Reuters Published 43 minutes ago

PARIS: European stocks ended Monday's choppy session at a two-week high ahead of corporate earnings and a European Central Bank policy decision later this week, while some caution prevailed after China's weekend stimulus promises underwhelmed.

The continent-wide STOXX 600 index closed 0.48% higher, with tech, defence stocks and utilities up over 1.2% each.

France's main index underperformed other major markets. Credit ratings agency Fitch revised the country's outlook to "negative" from "stable" on Friday.

The ECB is expected to deliver another interest rate cut on Thursday after recent data signalled the euro zone economy was in worse shape than when policymakers last met.

Traders are pricing in a near 100% chance of a 25 bps rate cut this week, up from as low as 20% when the ECB met last month. Money markets have also moved to almost fully price in another such move in December.

Current indicators point to continued weakness in the German economy in the third quarter, the economy ministry said in its monthly report. The federal statistics office is scheduled to release preliminary data for Q3 GDP at the end of this month.

"While (the ECB) will likely not scrap its meeting-by-meeting approach, a probable higher emphasis on the growth risks and less concerns about inflation risks should support expectations of gradual rate cuts at the forthcoming meetings," said Martin Wolburg, senior economist at Generali Asset Management.

The STOXX index is less than 1% away from an all-time high, reflecting investors' confidence that lower borrowing costs will help revive the economy.

Globally, the focus was firmly on China where the government on Saturday pledged to significantly increase debt, but left investors guessing on the overall size of the stimulus.

LVMH, Hermes, Kering and other French luxury stocks exposed to China fell between 0.4% and 3.8%.

Some of the biggest European companies including LVMH and ASML are due to report results in the coming week, kicking off earnings season on the continent.

Analysts expect profit for STOXX 600 companies to grow 4.6% in the third-quarter, as per LSEG IBES data, although earnings estimates have been falling considerably since the start of September.

British betting companies Flutter, Entain and Evoke slid between 6% and 14% after a media report said the UK government is considering doubling taxes on online casinos and bookmakers.

Defence group Leonardo said it will finalise a joint venture with Germany's Rheinmetall, sending their stocks up 3.2% and 2.2% respectively. The stocks topped their respective Italian and German bourses.

Tetragon Financial surged 11% after Reuters reported that it is looking at options for Equitix, including a possible sale.

CHINA STOCKS RALLY SLOWS AS STIMULUS SUGAR-HIT SUBSIDES

Reuters Published 44 minutes ago

SHANGHAI: China's stock markets pressed ahead in heavy trade on Monday as stimulus promises lifted property shares, though without re-igniting the euphoria of late last month as investors wait on the next batch of economic data and authorities' response.

The Shanghai Composite closed 2.1% higher and the blue chip CSI300 rose 1.9%, with mainland stocks adding more than $200 billion in market value.

Hong Kong shares were bumpy, swinging the Hang Seng 1% lower in afternoon trade.

China's financial markets have been on a rollercoaster ride and turnover records have tumbled since late September when a series of rate cuts and announcements raised expectations of a major government rescue effort for China's ailing economy.

At a Saturday news conference Finance Minister Lan Foan reiterated plans to help, promising to raise government debt and use the proceeds to drive growth.

Even though he did not spell out exactly how much the government will spend or how quickly, there was enough in his tone to keep markets broadly encouraged and real estate shares in particular went up in Hong Kong and the mainland.

"The Chinese government is playing the long game here," said Joseph Lai, chief investment officer at Ox Capital in Sydney.

"There is now a resolve and drive to deliver steady growth for the economy. In this sense, this is better than the government floating up a number to please folks in the next two months."

China's yuan fell about 0.2% to 7.0792 per dollar while five-year government bond futures inched lower.

The CSI300 real estate index rose 3.9% and the construction-engineering index was up 3.4%. Healthcare and consumer staples shares were more muted but recovered early losses to notch small gains.

China's long slump in consumer confidence and the property sector is a by-product of a drive by the Communist Party leadership to reduce debt and root out corruption. Debt restructuring and borrowing promises have encouraged investors that generating growth is top of mind for policymakers.

Goldman Sachs estimated that measures announced on Saturday and last week would possibly add 0.4 percentage points to growth next year, and the bank's analysts upgraded a 2025 real GDP growth forecast from 4.3% to 4.7%.

The CSI300 is up more than 20% since a slew of policy announcements began on Sept. 24 and investors say furious gains may be giving way to a more steady market.

IT, BANKS BOOST INDIAN SHARES

Reuters Published 44 minutes ago

BENGALURU: Indian information technology (IT) and bank stocks lifted domestic shares on Monday, while investors awaited the domestic inflation print for clues about the timing of a possible rate cut.

The Nifty 50 index rose 0.66% at 25,127.95 points as of 3:30 p.m. IST, while the S&P BSE Sensex added 0.73% to 81,973.05.

The benchmarks fell about 5% over the last two weeks on worries of escalating Middle East tensions, slowing corporate earnings and foreign outflows.

Ten of the 13 major sub-sector indexes advanced on the day.

Financials and banks, which together have the heaviest weightage on the Nifty 50, gained 1% and 1.3% respectively. They fell 5.2% and 4.9%, respectively, in the last two weeks.

Investors are moving money to financials after their recent underperformance and on anticipation of no negative surprises as the focus shifts to earnings, two analysts said.

Nifty 50 heavyweight HDFC Bank, which jumped 2.3%, was among the top percentage gainers on the benchmark. Its September-quarter earnings report is due this week.

IT firm Wipro rose 4% after announcing a plan to issue bonus shares. This lifted the IT index by 1.3%.

Among other stocks, Larsen and Toubro (L&T) jumped 2% after JP Morgan started coverage with an “overweight” rating and said that the construction bellwether is well placed to navigate capital expenditure cycles in India and the Middle East.

GULF MARKETS END MIXED ON REGIONAL CONFLICT, AHEAD OF EARNINGS

Reuters Published October 14, 2024

Stock markets in the Gulf ended mixed on Monday ahead of third-quarter earnings and with the region still on high alert for Israel to retaliate against Iran for an Oct. 1 barrage of missiles launched in response to Israeli actions in Lebanon.

Saudi Arabia’s benchmark index dropped 0.9%, ACWA Power Co declined 7.4% and Al Taiseer Group fell 0.6%.

In Qatar, the index lost 0.2%, hit by a 0.6% fall in petrochemical maker Industries Qatar.

Oil prices - a key factor for the Gulf's financial markets - declined over 2%, wiping out all of last week's gains, as China's stimulus plans failed to inspire investor confidence and the country's oil imports fell for the fifth month, stoking concern about fuel demand.

The markets were also depressed by worries that the possibility of an Israeli response to Iran's Oct. 1 missile attack could disrupt oil production, though the U.S. has cautioned Israel against targeting Iranian energy infrastructure.

Lower prices and disruptions to crude exports impact fiscal balances in countries reliant on oil income.

Most Gulf markets ease on Mideast conflict; Saudi gains

Dubai's main share index gained 0.3%, with top lender Emirates NBD rising 2.3%.

The Abu Dhabi index finished 0.5% higher.

The Dubai stock market continued its rebound, maintaining a healthy bullish trend, which could be further supported by solid earnings if the results are confirmed, said George Pavel General Manager at Capex.com.

According to Pavel, regional geopolitical tensions were less impactful on UAE markets, although they did not avoid the risks entirely.

Outside the Gulf, Egypt's blue-chip index advanced 1.1%, ending three sessions of losses, led by a 1% rise in Commercial International Bank.

SAUDI ARABIA	fell 0.9% to 11,960
ABU DHABI	rose 0.5% to 9,303
DUBAI	down 0.3% to 4,455
QATAR	lost 0.2% to 10,478
EGYPT	up 1.1% to 30,273
BAHRAIN	eased 0.2% to 1,995
OMAN	gained 0.8% to 4,803
KUWAIT	lost 0.1% to 7,565

IT, BANKS BOOST INDIAN SHARES; DOMESTIC INFLATION DATA EYED

Reuters Published October 14, 2024

Indian information technology (IT) and bank stocks lifted domestic shares on Monday, while investors awaited the domestic inflation print for clues about the timing of a possible rate cut.

The Nifty 50 index rose 0.66% at 25,127.95 points as of 3:30 p.m. IST, while the S&P BSE Sensex added 0.73% to 81,973.05.

The benchmarks fell about 5% over the last two weeks on worries of escalating Middle East tensions, slowing corporate earnings and foreign outflows.

Ten of the 13 major sub-sector indexes advanced on the day.

Financials and banks, which together have the heaviest weightage on the Nifty 50, gained 1% and 1.3% respectively. They fell 5.2% and 4.9%, respectively, in the last two weeks.

Investors are moving money to financials after their recent underperformance and on anticipation of no negative surprises as the focus shifts to earnings, two analysts said.

Foreign outflows, earnings anxieties topple Indian shares for second week

Nifty 50 heavyweight HDFC Bank, which jumped 2.3%, was among the top percentage gainers on the benchmark. Its September-quarter earnings report is due this week.

IT firm Wipro rose 4% after announcing a plan to issue bonus shares. This lifted the IT index by 1.3%.

Among other stocks, Larsen and Toubro (L&T) jumped 2% after JP Morgan started coverage with an “overweight” rating and said that the construction bellwether is well placed to navigate capital expenditure cycles in India and the Middle East.

In contrast, Avenue Supermarts slumped 8.5% after the operator of the DMart retail chain posted its slowest revenue growth in four years in the September quarter.

Focus will now be on domestic inflation data for September, due after the closing bell, which is expected to have overshot the central bank’s target.

The print will be parsed for clues on the timing of a rate cut after the Reserve Bank of India last week eased its policy stance to “neutral”, signalling openness to reduce borrowing costs as early as December.

SRI LANKAN SHARES END LOWER AS ENERGY STOCKS SLIP

- CSE All Share index settled down 0.39% at 12,246.22 points

Reuters Published October 14, 2024

Sri Lankan shares ended lower on Monday, weighed down by losses in energy stocks.

The CSE All Share index settled down 0.39% at 12,246.22 points. The benchmark index gained 1.9% in the previous week, extending its rally for a fourth straight week.

Mercantile Shipping Company and Eastern Merchants were the top percentage losers on the CSE All Share index, falling 9.5% and 4.4%, respectively.

Trading volume on the index fell to 62.1 million shares from 81.3 million in the previous session.

Sri Lanka shares end higher boosted by energy, IT gains

The equity market's turnover slumped to 1.46 billion Sri Lankan rupees (about $5 million) from 2.30 billion rupees in the previous session, according to exchange data.

Foreign investors were net buyers, purchasing stocks worth 216.1 million rupees, while domestic investors were net sellers, offloading shares worth 1.39 billion rupees, the data showed.

KSE-100 CLOSES MARGINALLY LOWER ON LATE-SESSION SELLING

BR Web Desk Published October 14, 2024 Updated about 8 hours ago

The Pakistan Stock Exchange's (PSX) benchmark KSE-100 Index opened on a higher note on Monday, adding more than 600 points during intra-day trading before late-session selling erased the gains and pushed the index into the negative territory.

At close, the benchmark index settled at 85,261.39, down by 222.02 points or 0.26%.

"The KSE-100 Index opened on a positive note, reaching a high of 621 points. However, this momentum was short-lived as investors opted to book profits, resulting in an intraday low of 327 points," brokerage house Topline Securities said in its post-market report.

"This profit-taking was influenced by a expected downward revision of earnings for HUBC, which declined by 9.15% following the early termination of a contract, as well as EFERT's corporate results, which fell by 4.1% as the company declared 3Q2024 EPS of Rs13.47 and dividend of Rs2.50 per share, which was lower than industry expectation."

Key contributors to the index included HUBC, EFERT, OGDC, BAHL, and ENGRO, which collectively subtracted 532 points. Conversely, positive movements from FFC, NBP, ATRL, and ISL added 326 points to the index, Topline said.

Another brokerage house Ismail Iqbal Securities said in its report that the index experienced volatility throughout the session on Monday.

"The power giant, Hubco, faced selling pressure following the confirmation of the early termination of its power purchase agreement for the base plant," it said.

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

The Board of Directors (BoD) of Siemens (Pakistan) Engineering Co.Ltd (SIEM), an engineering conglomerate and financial services contractor, approved the sale of company's energy portfolio to Siemens Gamesa Renewable Energy (Private) Limited for approximately Rs17.82 billion (~ $64 million).

On Monday, the listed company shared the development in a notice to the Pakistan Stock Exchange (PSX).

Pakistan Petroleum Limited (PPL), an oil and gas exploration firm, announced commencement of hydrocarbon production from a new development well, Adhi South-9 well, located in the Pothwar region, Punjab.

Engro Fertilizers Limited (EFERT), a wholly-owned subsidiary of Engro Corporation Limited, posted a profit after tax (PAT) of Rs8.55 billion for the third quarter ended September 30, 2024, a decrease of 11% as compared to Rs9.58 billion recorded in the same period of the previous year, showed the company's consolidated financial results posted at the PSX on Monday.

Globally, Asian stock markets rose on Monday and currencies declined as investors assessed China's underwhelming stimulus measures, while focus was on key interest rate decisions by central banks in Indonesia, Thailand and the Philippines later this week.

China said on Saturday it will "significantly increase" debt to revive its sputtering economy but left investors guessing on the overall size of the stimulus package.

The onshore yuan was 0.1% lower while stocks in Shanghai rallied 1.7%. The South Korean won inched 0.4% lower while the Malaysian ringgit dipped 0.1% as the US dollar extended gains.

The UK's main stock indexes opened largely flat on Monday as investors await a set of crucial economic data this week, while gambling firms fell after reports of the government considering tax raids.

The blue-chip index FTSE 100 was trading flat at 8247.86 by 0718 GMT, while the mid-cap index FTSE 250 lost 0.1%.

British bookmakers Flutter and Entain lost 7.3% and 14.2%, respectively, after reports said that the new government is considering a 3-billion-pound ($3.92 billion) tax raid on gambling firms. The travel and leisure sector dropped 2% after the news and was the biggest decliner amongst sectors.

Meanwhile, the Pakistani rupee remained largely stable against the US dollar, depreciating 0.01% in the inter-bank market on Monday. At close, the currency settled at 277.66, a loss of Re0.02 against the greenback.

Volume on the all-share index decreased to 477.64 million from 560.74 million on Friday.

The value of shares declined to Rs23.47 billion from Rs26.12 billion in the previous session.

WorldCall Telecom was the volume leader with 41.06 million shares, followed by Hub Power Co. with 37.18 million shares, and Pak RefineryXD with 30.17 million shares.

Shares of 443 companies were traded on Monday, of which 205 registered an increase, 180 recorded a fall, while 58 remained unchanged.

LONDON STOCKS FLAT AHEAD OF DATA-PACKED WEEK; BOOKMAKERS FALL

Reuters Published October 14, 2024

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The oil sub-sector lost 0.2% after data showed that China's inflation rate declined and a lack of clarity on the country's economic stimulus plans stoked fears about fuel demand.

Investors are bracing for a flood of key economic data from Britain, starting with payrolls and employment figures on Tuesday.

Consumer Price Index figures for September are due on Wednesday, with economists polled by REUTERS expecting core CPI to ease to 3.4% on an annual basis.

London stocks regain ground after worst session in two months

The Producer Price Index (PPI) figures are also scheduled for release on the same day. British retail sales figures for September, set to be released on Friday, will wrap up the week's economic data.

Markets are also eyeing comments from Bank of England's Monetary Policy Committee member, Swati Dhingra, who is due to speak at a panel later in the day.

Meanwhile, market participants are assessing China's economic stimulus promises made over the weekend, which were light on details.

Among individual stocks, TI Fluid Systems jumped 20.2% to the top of the FTSE 250 after the automotive fluid storage maker received a revised offer from ABC Technologies.

Ashmore Group rose 6.3% after the emerging markets-focused investor reported higher first-quarter assets under management.

MAJOR GULF MARKETS MIXED IN EARLY TRADE

Reuters Published October 14, 2024

Major stock markets in the Gulf were mixed in early trade on Monday as geopolitical tensions rose in the region and investors braced for third-quarter earnings.

Tensions were up with the prospect of a retaliation against Iran, the continued violence in Gaza and Israel's relentless push against Hezbollah in Lebanon.

Saudi Arabia's benchmark index dropped 0.6%, hit by a 6.1% slide in ACWA Power and 0.7% decrease in Al Rajhi Bank. Among other losers, oil giant Saudi Aramco was down 0.2%.

Oil prices - a catalyst for the Gulf's financial markets - wiped out nearly all gains made last week after data showed China's inflation rate declined and a lack of clarity on the country's economic stimulus plans stoked fears about fuel demand in the world's biggest crude importer.

The markets were also depressed by worries that the possibility of an Israeli response to Iran's Oct. 1 missile attack could disrupt oil production, though the US has cautioned Israel against targeting Iranian energy infrastructure.

Lower prices and disruptions to crude exports impact fiscal balances in countries reliant on oil income.

The Qatari index eased 0.1%, with Islamic lender Masraf Al Rayan losing 0.3%. Dubai's main share index gained 0.5%, with top lender Emirates NBD rising 1.8%.

In Abu Dhabi, the index was up 0.3%.

On Friday, a reading on US inflation and consumer confidence kept expectations for the path of Federal Reserve interest rate cuts intact.

Markets had been fully pricing in a cut of at least 25 basis points (bps) with a chance for another outsized 50 bps cut.

Most Gulf markets ease on Mideast conflict; Saudi gains

Monetary policy in the Gulf Cooperation Council (GCC) often aligns with the Fed's decisions as most of the regional currencies are pegged to the US dollar.

EUROPEAN STOCKS FLAT AS CHINA STIMULUS UPDATE UNDERWHELMS

Reuters Published October 14, 2024

European stocks were little changed on Monday after China's stimulus plans failed to inspire confidence among investors, who focussed on the earnings season and the European Central Bank's (ECB) policy meeting later this week.

The continent-wide STOXX 600 index was flat by 0833 GMT, with gains in tech and telecom sectors offsetting declines in travel and leisure stocks as well as luxury companies.

Asian stocks teetered between gains and losses after China pledged on Saturday to "significantly increase" debt to revive its sputtering economy, but left investors guessing on the overall size of the stimulus package.

"Chinese finance ministry's presentation over the weekend was a bit disappointing in the sense that you didn't get these big numbers that some investors were hoping for," Richard Flax, chief investment officer at Moneyfarm said.

LVMH, Hermes, Kering and other French luxury stocks exposed to China fell between 1.4% and 3.6%.

Meanwhile, the ECB looked set to deliver another interest rate cut on Thursday as data signals the euro zone economy was in worse shape than when policymakers last met.

Traders are pricing in a 99% chance of a 25 bps rate cut on Thursday, up from as low as 20% when the ECB met last month. Money markets have also almost fully priced in the odds of another such move in December. Current indicators point to continued weakness in the German economy in the third quarter, the economy ministry said in its monthly report.

The federal statistics office is scheduled to release preliminary data for Q3 GDP at the end of this month.

STOXX 600 touches 1-week high, earnings eyed

Some of the biggest European companies including LVMH and ASML are due to report results in the coming week, kicking off earnings season on the continent.

Analysts expect profit for STOXX 600 companies to grow 4.6% in the third-quarter, as per LSEG IBES data, although earnings estimates have been falling considerably since the start of September.

British betting companies Flutter, Entain and Evoke slid between 7.7% and 13.6% after a media report said the UK government is considering doubling taxes on online casinos and bookmakers.

Mulberry jumped 16% after the British luxury brand said it is working with advisers to evaluate Frasers' sweetened 111 million pound ($145.1 million) takeover proposal, after its top investor Challice declined to sell shares to the sportswear retailer.

CHINA STOCKS RALLY SLOWS AS STIMULUS VOWS LACK DETAIL

Reuters Published October 14, 2024

SHANGHAI/SINGAPORE: China's stock markets pressed ahead in volatile trade on Monday as stimulus promises lifted property shares, though without re-igniting the euphoria of late last month.

The Shanghai Composite and blue chip CSI300 were each more than 1.5% higher by the midday break, adding $146 billion in market value.

However, Hong Kong shares were bumpy, swinging the Hang Seng 0.4% lower in heavy trade.

China's financial markets have been on a rollercoaster ride since late September when a series of rate cuts, news reports and announcements raised expectations of a major government rescue effort for China's ailing economy.

At a Saturday news conference Finance Minister Lan Foan reiterated plans to help, promising to raise government debt and use the proceeds to drive growth.

Even though he did not spell out exactly how much the government will spend or how quickly, there was enough in his tone to keep markets broadly encouraged and real estate shares in particular went up in Hong Kong and the mainland.

"The Chinese government is playing the long game here," said Joseph Lai, chief investment officer at Ox Capital in Sydney.

"There is now a resolve and drive to deliver steady growth for the economy. In this sense, this is better than the government floating up a number to please folks in the next two months." China's yuan fell about 0.2% to while five-year government bond futures were broadly steady.

The CSI300 real estate index rose 4.1% and the construction-engineering index was up 3.4%.

China, HK stocks close higher after PBOC begins swap programme

Healthcare and consumer staples shares were more muted but recovered early losses to notch small gains.

Growth boost

China's long slump in consumer confidence and the property sector is a by-product of a drive by the Communist Party leadership to reduce debt and root out corruption.

Debt restructuring and borrowing promises have encouraged investors that generating growth is top of mind for policymakers.

Goldman Sachs estimated that measures announced on Saturday and last week would possibly add 0.4 percentage points to growth next year, and the bank's analysts upgraded a 2025 real GDP growth forecast from 4.3% to 4.7%.

The CSI300 is up more than 20% since a slew of policy announcements began on Sept. 24 and investors say furious gains may be giving way to a more steady market.

"China needs a slow bull, not a crazy one, which will eventually burn retail investors," said Yuan Yuwei, founder and CIO of Water Wisdom Asset Management.

"The Ministry of Finance officials were basically saying: I still have cards up my sleeves, but I'm not showing them now."

Global commodity markets from iron ore to other industrial metals and oil had a mixed morning, with iron ore futures higher in China and Singapore but the yuan and Australian dollar under pressure.

Weekend data showed inflation slowing and producer price deflation deepening, while a raft of figures due this week - including gross domestic product - are seen likely to be soft and add pressure on Beijing to act quickly.

AUSTRALIAN SHARES HIT TWO-WEEK HIGH ON MINERS, BANKS BOOST

Reuters Published October 14, 2024

Australian shares hit a two-week high on Monday, driven by gains in miners and banks, while a positive start to the US quarterly earnings boosted investor sentiment.

The S&P/ASX 200 index rose 0.5% to close at 8,252.8 points.

The benchmark hit 8,271.8 points earlier in the session, its highest since Sept. 30.

Miners gained 1.3% due to rising iron ore prices, with BHP Group and Rio Tinto advancing 0.9% and 1.9%, respectively.

"Mining stocks seemed unfazed by the lack of details in the China stimulus plans, with investors focused more on the intent of China's finance ministry to up the ante in coming months with fiscal stimulus," said Tim Waterer, chief market analyst, KCM Trade.

Interest-rate sensitive financials ended 0.8% higher, with the "Big Four" banks rising between 0.2% and 0.9%.

The sub-index earlier hit its highest level since Sept. 26. Strong earnings reports from some big US banks last week boosted investor confidence amid growing hopes that the Federal Reserve will start cutting rates again in November.

"US equities ended last week on a strong note, which gave the ASX a positive offshore lead …. US Q3 earnings got off to a solid start which helped broader equity market performance," said Waterer.

Miners, real estate stocks pull Australian shares lower

Among corporate news, TPG Telecom fell 3.9% on plans to sell its fibre and fixed network infrastructure assets to Macquarie and pension fund Aware Super-owned telecoms group Vocus for A$5.25 billion ($3.54 billion).

Analysts at Morningstar said the sale price sounded "like a price discount" considering that the amount would bear further reductions in contingent payment and transaction/separation costs, among others.

Energy stocks lost 1.3% after two straight sessions of gains, tracking global oil prices lower.

Woodside Energy dropped 1.1%, while its smaller peer Santos shed 0.8%.

New Zealand's benchmark S&P/NZX 50 index fell 0.6% to 12,766.75.

FINANCIALS, L&T LIFT INDIAN SHARES; DOMESTIC INFLATION DATA EYED

Reuters Published October 14, 2024

Indian shares rose on Monday, led by heavyweight financials and Larsen and Toubro (L&T), while investors awaited the domestic inflation print for clues about the timing of a possible rate cut.

The Nifty 50 index was up 0.6% at 25,113.2 points as of 11:22 a.m. IST, while the S&P BSE Sensex added 0.7% to 81,924.47.

The benchmarks fell about 5% over the last two weeks on worries of escalating Middle East tensions, slowing corporate earnings and foreign outflows.

Nine of the 13 major sub-sectors traded higher on the day, with financials gaining 1%. They slipped 5.2% in the last two weeks.

HDFC Bank, India's largest lender by market value, added 1.9% and was the biggest boost to the Nifty 50.

Investors are moving money to financials after the sector's recent underperformance, said Kranthi Bathini, director - equity strategy at WealthMills Securities.

The more domestically-focussed mid-caps fell 0.1% while small-caps rose 0.13%.

Construction bellwether L&T jumped 2% after JP Morgan started coverage on the stock with an “overweight” rating on expectations that the company is well placed to navigate capital expenditure cycles in India and the Middle East.

Focus will now be on domestic inflation data for September, due after the closing bell, which is expected to have overshot the central bank’s target.

Foreign outflows, earnings anxieties topple Indian shares for second week

The print will be parsed for clues on the timing of a rate cut after the central bank last week shifted its policy stance to “neutral”, signalling openness to reduce borrowing costs as early as December. Among other stocks, Wipro rose 2.2% after the IT firm said it would consider issuing bonus shares.

In contrast, DMart operator Avenue Supermarts slumped 8% after posting its slowest revenue growth in four years in the September quarter. Reliance Industries and HCLTech were flat.

They are due to kick off a results-heavy week with their earnings reports on Monday.

KSE-100 INDEX LOSES 222 POINTS AMID PROFIT TAKING

October 14, 2024

Karachi, October 14, 2024 – The benchmark KSE-100 index of the Pakistan Stock Exchange (PSX) experienced a decline of 222 points on Monday, closing at 85,261 points, down from last Friday’s closing of 85,483 points. This drop was primarily driven by profit-taking activity among investors.

Analysts from Topline Securities Limited reported that the KSE-100 index opened on a positive note, initially gaining momentum and reaching a high of 621 points early in the session. However, the gains were short-lived as investors opted to lock in profits, resulting in an intraday low of 327 points before the index settled at a 0.26% decline for the day.

The decline in the index was largely attributed to key stocks like Hub Power Company (HUBC) and Engro Fertilizers (EFERT). HUBC saw a significant drop of 9.15%, following the announcement of the early termination of one of its contracts, which led to an expected downward revision in earnings. EFERT also underperformed, falling 4.1% after reporting its third-quarter results. The company declared earnings per share (EPS) of Rs13.47 and a dividend of Rs2.50 per share, which was below market expectations, further weighing down on the index.

Other major contributors to the KSE-100 index’s decline included Oil & Gas Development Company (OGDC), Bank Al Habib Limited (BAHL), and Engro Corporation, which collectively subtracted a total of 532 points. Despite the broader market downturn, a few stocks, including Fauji Fertilizer Company (FFC), National Bank of Pakistan (NBP), Attock Refinery Limited (ATRL), and International Steels Limited (ISL), provided some relief, collectively adding 326 points to the index.

Trading activity on Monday was lower than in the previous session, with 477 million shares being exchanged, amounting to a total value of Rs 23.6 billion. Worldcall Telecom Limited (WTL) was the most actively traded stock, with 41 million shares changing hands during the day.

Market participants noted that the decline in trading volume and value reflects a cautious sentiment among investors, as uncertainties over corporate earnings and broader economic conditions continue to influence market behavior. Looking ahead, analysts suggest that the market may remain volatile in the short term, with investors closely watching corporate results and macroeconomic developments for further cues.

Despite the day's losses, market experts maintain a cautiously optimistic outlook for the PSX, with expectations of recovery as corporate earnings season progresses and external economic factors stabilize.

Business & Finance » Money & Banking

US DOLLAR HITS NINE-WEEK HIGH

Reuters Published about an hour ago

NEW YORK: The US dollar hit a nine-week high on Monday in thin trading, continuing its bullish trend in the last few weeks, triggered by economic data that, while trending lower, remained stable overall.

This suggested that the Federal Reserve, which launched its monetary easing cycle nearly four weeks ago, will implement moderate interest rate cuts going forward after an aggressive 50 basis-point reduction at its last policy meeting.

The dollar index, a gauge of the greenback's value against six major currencies, rose to 103.26, the highest since mid-August. It was last up 0.1% at 103.18, with gains made at the expense of the euro, which fell 0.2% to $1.0913, ahead of an expected interest rate cut this week from the European Central Bank.

Separately, the dollar rose against the Chinese yuan after investors found China's weekend stimulus announcements disappointing.

But currency market participants' focus remained on Fed rate expectations. The US rate futures market has priced in an 87% chance the Fed will ease by 25 bps at the November meeting, and a 13% chance it will pause and keep the fed funds rate at the target range between 4.75% and 5%, according to LSEG estimates.

For the remainder of the year, the futures market expects about 45 bps in cuts and another 98.5 bps in rate reductions for 2025. That was way down from the roughly 200 bps in cuts that market implied before the September Fed meeting and the blockbuster US nonfarm payrolls report that reset easing expectations to a much shallower cycle than previously thought.

Smaller interest rate cut expectations have supported the dollar in the last few weeks, but that adjustment is likely on its last legs, analysts said.

In the euro zone, the euro fell for the 11th time in 12 sessions as investors moved to price in a 25 bp interest rate cut from the ECB with near-certainty at its Thursday meeting as data pointed to deteriorating euro zone activity. Current indicators indicate continued weakness in the German economy in the past quarter, the economy ministry said in its monthly report on Monday.

Meanwhile, credit ratings agency Fitch revised France's outlook to "negative" from "stable" on Friday, citing increases in fiscal policy and political risks.

The pound dipped 0.2% against the dollar to $1.3047.

Against the yen, the dollar climbed to its highest since early August to 149.96 yen in thin trading, as Japanese markets were shut for a bank holiday.

US Treasuries were also unlikely to provide much of a lead since bond markets were closed for Columbus Day.

Traders next have on their radar Thursday's retail sales and jobless claims data in the US, in addition to the ECB's policy review.

Trading in Asia, meanwhile, was dominated by Beijing's fiscal stimulus briefing. China's offshore yuan fell 0.3% against the dollar, and was last at 7.0906. Without providing details on the size of the fiscal stimulus being prepared, Finance Minister Lan Foan told a press conference there will be more "counter-cyclical measures" this year. The onshore yuan has fallen nearly 1% against the dollar since Sept. 24, when the People's Bank of China kicked off China's most aggressive stimulus measures since the pandemic.

In digital currencies, bitcoin rose to a two-week high of $66,263, and was last up 4.6% at $65,908. Ether surged 6.6% to $2,620 also touching a two-week peak earlier in the session.

ASIAN CURRENCIES TEPID AGAINST STRONGER DOLLAR

Reuters Published about an hour ago

BENGALURU: Asian stock markets rose and currencies lost momentum on Monday as investors assessed China's underwhelming stimulus steps, while focus was on monetary policy decisions by central banks in Indonesia, Thailand and the Philippines later this week.

China said on Saturday it will "significantly increase" debt to revive its sputtering economy, but left investors guessing on the overall size of the stimulus package.

"The lack of any announcement on a concrete fiscal stimulus headline figure or major consumption measures is continuing to test investors' patience," Maybank analysts said in a note.

The yuan was trading 0.2% lower, while stocks in Shanghai rallied 1.7%.

The South Korean won inched 0.4% lower while the Malaysian ringgit dipped 0.2% as the US dollar extended gains.

In Singapore, stocks added 0.5% while the local dollar edged lower after the city-state's central bank left its monetary settings unchanged, after data showed the economy perked up in the third quarter.

Focus shifts to rate decisions in Indonesia, Thailand and the Philippines, all due on Wednesday, with analysts expecting the Bangko Sentral ng Pilipinas to deliver a 25-basis-point reduction to support economic growth, according to a Reuters poll.

The BSP started its easing cycle in August, and data indicating slower annual inflation in September has given the central bank room to cut rates further.

Analysts at Barclays expect Bank Indonesia (BI) to pause its rate-cutting cycle and stay on hold, noting recent rupiah stability.

BI had surprised markets with a 25 bps cut last month just ahead of the Federal Reserve's 50 bps cut.

The rupiah had been under pressure earlier this year in response to flitting risk appetite in global markets, although it has since recouped some of the losses and is down just 1% so far this year.

"We expect BI to emphasise the need to defend external stability, while focusing on the USD/IDR level. That said, we acknowledge that this is a close call, and continue to see risk of BI pushing ahead with a 25 bp cut – especially if USD/IDR continues to fall or trade data surprises," they wrote.

The rupiah was last slightly up at 15,560 per dollar and the peso inched 0.3% lower.

Regional equities were broadly higher, tracking Wall Street gains from last week. Stocks in Seoul, Jakarta and Manila rose 0.5% to 1%.

Markets in Thailand were closed for a public holiday.

INDIAN RUPEE SLIPS TO RECORD LOW

Reuters Published about an hour ago

MUMBAI: The Indian rupee slipped to an all-time low on Monday, weighed down by a fall in most Asian peers and strong dollar demand from foreign banks.

The rupee, which weakened below the key support level of 84 for the first time on Friday, ended unchanged at 84.06 on Monday after dipping to a record low of 84.0750 earlier in the session.

Foreign banks' dollar bids, likely on behalf of custodian clients, weighed on the currency alongside weakness in most regional peers, traders said.

Overseas investors have been sellers of Indian stocks over the last 10 trading sessions, selling nearly $8 billion.

Benchmark Indian equity indices, the BSE Sensex and Nifty 50, rose on the day but have declined about 3% this month.

Asian currencies were mostly lower, with the offshore Chinese yuan down 0.3% to 7.08 per dollar as investors considered the economic implications of the fiscal measures announced over the weekend.

The dollar index was little changed at 103, close to its highest level in two months.

"The dollar is holding recent gains as investors now price in less than 50bp of Federal Reserve rate cuts this year. We doubt short-dated US rates will move much higher from here," ING Bank said in a note.

Investors awaited India's retail inflation data due later in the day.

The consumer price index based inflation likely overshot the central bank's 4% medium-term target in September and accelerated to 5.04% from 3.65% in August, according to a Reuters poll of economists.

WORLD BANK SAYS 26 POOREST NATIONS IN WORST FINANCIAL SHAPE SINCE 2006

Reuters Published October 14, 2024

WASHINGTON: The world's 26 poorest countries, home to 40% of the most poverty-stricken people, are more in debt than at any time since 2006 and increasingly vulnerable to natural disasters and other shocks, a new World Bank report showed on Sunday.

The report finds that these economies are poorer today on average than they were on the eve of the COVID-19 pandemic, even as the rest of the world has largely recovered from COVID and resumed its growth trajectory.

Released a week before World Bank and International Monetary Fund annual meetings get underway in Washington, the report confirms a major setback to efforts to eradicate extreme poverty and underscores the World Bank's efforts this year to raise $100 billion to replenish its financing fund for the world's poorest countries, the International Development Association (IDA).

The 26 poorest economies studied, which have annual per-capita incomes of less than $1,145, are increasingly reliant on IDA grants and near-zero interest rate loans as market financing has largely dried up, the World Bank said. Their average debt-to-GDP ratio of 72% is at an 18-year high and half of the group are either in debt distress or at high risk of it.

Most of the countries in the study are in sub-Saharan Africa, from Ethiopia to Chad and Congo, but the list also includes Afghanistan and Yemen.

World Bank raises South Asia growth forecast to 6.4% on India demand

Two thirds of the 26 poorest countries are either in armed conflicts or have difficulty maintaining order because of institutional and social fragility, which inhibit foreign investment, and nearly all export commodities, exposing them to frequent boom-and-bust cycles, the report said.

"At a time when much of the world simply backed away from the poorest countries, IDA has been their lifeline," World Bank chief economist Indermit Gill said in a statement. "Over the past five years, it has poured most of its financial resources into the 26 low-income economies, keeping them afloat through the historic setbacks they suffered."

IDA normally is replenished every three years with contributions from World Bank shareholding countries. It raised a record $93 billion in 2021 and World Bank President Ajay Banga is aiming to exceed that with more than $100 billion in pledges by Dec. 6.

Natural disasters have also taken a greater toll on these countries over the past decade. Between 2011 and 2023, natural disasters were associated with average annual losses of 2% of GDP, five times the average among lower-middle-income countries, pointing to the need for much higher investment, the World Bank said.

The report also recommended that these economies, which have large informal sectors operating outside their tax systems, do more to help themselves. This includes improving tax collections by simplifying taxpayer registration and tax administration and improving the efficiency of public spending.

RUPEE DEPRECIATES SLIGHTLY TO END AT PKR 277.66 AGAINST DOLLAR

October 14, 2024

Karachi, October 14, 2024 – The Pakistani rupee saw a slight depreciation on Monday, closing at PKR 277.66 against the U.S. dollar in the interbank market. The currency edged down by 2 paisas from last Friday's closing value of PKR 277.64, reflecting a marginal decline in its value.

Currency experts attributed the small drop in the rupee's value to an increased demand for U.S. dollars, driven by import and corporate payments, typical for the first day of the week. Despite the rupee's slight weakening, experts remain optimistic about the currency's performance in the coming days, citing improved foreign inflows and macroeconomic indicators as supportive factors.

According to the latest data from the State Bank of Pakistan (SBP), the country's total foreign exchange reserves increased to $16.05 billion, representing a $64 million rise during the week ending October 4, 2024. This improvement in reserves, up from $15.983 billion the previous week, is expected to bolster the rupee's position and contribute to stabilizing the currency.

In addition to enhanced reserves, analysts highlighted improvements in Pakistan's trade balance and current account deficits, which have both narrowed significantly in recent months. This narrowing has led to positive sentiment surrounding the rupee's future prospects. "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, there is less pressure on the rupee, easing the reliance on foreign currency reserves for external obligations.

The rupee's stability is also supported by anticipated increases in export receipts and steady inflows of workers' remittances. Remittances, in particular, play a crucial role in offsetting the rising demand for foreign exchange, and they are expected to provide significant backing for the local currency in the months ahead.

While these developments offer a cautiously optimistic outlook for the rupee, market experts warn of potential risks. Fluctuations in global economic conditions, alongside domestic challenges, could still affect the rupee's stability. However, the current trend of strengthening reserves and improving trade dynamics suggests that Pakistan's efforts to stabilize its currency and economy are moving in the right direction.

Looking ahead, experts remain hopeful that ongoing efforts to bolster foreign exchange reserves, reduce trade deficits, and attract foreign inflows will continue to lend support to the rupee's performance in the near future.

SBP LAUNCHES CHALLENGE FUND TO BOOST SME FINANCING

October 14, 2024

Karachi, October 14, 2024 – The State Bank of Pakistan (SBP) has introduced a new challenge fund aimed at improving access to finance for small and medium-sized enterprises (SMEs).

The Challenge Fund for Technology Adoption & Digitalization of SME Banking (CFS) is designed to help banks develop innovative technological solutions to better serve the needs of the SME sector.

In a statement released on Monday, the SBP explained that this fund, offered in the form of a grant, will support banks in creating advanced technological solutions to address the financing challenges faced by SMEs. The goal is to increase the availability of financial services and products tailored to the unique requirements of small businesses across the country.

The SBP explained key features of the Challenge Fund (CFS):

• Scope of the Fund:

The fund will focus on improving various aspects of SME banking, including:

— Developing loan origination and processing systems specifically for SMEs.

— Creating digital products such as digital scorecards, digital supply chain tools, and systems for the digital onboarding of SMEs for account opening.

— Enhancing or creating platforms that provide financial education, empowering SMEs to make informed banking and financial decisions.

— Upgrading digital banking platforms, including mobile apps, online banking, and customer portals.

— Supporting any other innovative ideas that address the challenges SMEs face in accessing financing.

• Eligibility:

Commercial banks, both conventional and Islamic, as well as other financial entities regulated by the SBP, are eligible to apply for the grant. Banks can also collaborate with Electronic Money Institutions (EMIs) or fintech companies, but the lead responsibility will lie with the applicant bank.

• Grant Size:

The grant amount will be based on the financial needs of the proposed project. However, banks receiving the grant must contribute 15% of the total project cost. Each bank will only be eligible to receive one grant, and the project must be completed within 8 months.

The SBP has invited banks to express their interest in applying for the grant through an Expression of Interest (EOI) form, which can be found in Annexure A of the official announcement. Proposals will be evaluated by the SBP based on internal criteria, with the goal of improving the banks' ability to support SME financing.

This initiative is expected to play a significant role in promoting the growth of SMEs by increasing their access to tailored financial services and solutions.

Business & Finance » Companies

VEON'S BOD APPROVES PLAN TO MOVE HQ TO DUBAI: JAZZ

Recorder Report Published about an hour ago

ISLAMABAD: Jazz, Pakistan's leading digital operator and VEON's leading operating company, Monday, announced that VEON's Board of Directors has approved a plan to move its headquarters from Amsterdam to Dubai, United Arab Emirates, where VEON's expanding operational hub has been located since early 2022.

Aamir Ibrahim, chief executive officer (CEO) Jazz said that with the move of its headquarters to the Dubai International Financial Centre (DIFC), VEON will become the largest Nasdaq-listed company with its Group headquarters in Dubai, which is also home to Nasdaq Dubai.

"We, at Jazz welcome this strategic move, marking an exciting chapter for the entire group. This relocation strengthens Jazz's ability to accelerate our Service Co and enterprise journey by leveraging Dubai's role as a global tech hub and driving innovation in connectivity and digital services for our customers across Pakistan and beyond. This move will further enhance our ability to deliver innovative solutions in connectivity, fintech, cloud, cybersecurity, and driving digital inclusion. This transition enhances our partnerships, access to capital, and talent acquisition, which are crucial for bridging the digital divide as we lead Pakistan's digital transformation," Ibrahim said.

"Our decision to relocate VEON's headquarters to Dubai reflects the strategic realignment of our focus with closer proximity to our key markets. This move positions us to capitalize on the vast opportunities Dubai offers, including its proximity to our operations, access to world-class talent, and enhanced visibility with a broad base of Gulf investors. We are pleased to announce this shift as GITEX Global 2024, one of the world's premier technology events, kicks off today in Dubai, marking a new chapter for VEON in a dynamic, thriving market," said Kaan Terzioglu, Group CEO of VEON.

Jazz plays a pivotal role in driving regional growth, offering innovative digital and financial services to millions of customers and contributing to the Group's vision of empowering societies through enhanced connectivity and digital transformation.

Jazz has over 71 million subscribers and more than 43.9 million 4G users nationwide. The company's digital verticals – JazzCash, Tamasha, Garaj, and SIMOSA – continue leading the local fintech, entertainment, cloud and cybersecurity, and self-care sectors in Pakistan.

INDIA'S RELIANCE PROFITS DROP ON WEAK OIL-TO-CHEMICALS ARM

AFP Published October 14, 2024

MUMBAI: Indian conglomerate Reliance Industries reported a drop in quarterly profits on Monday, weighed down by its core oil-to-chemicals arm even as its telecom division posted healthy growth.

The oil-to-telecoms giant is led by Asia's richest man Mukesh Ambani and is India's most valuable company by market capitalisation.

Net profit attributable to owners of the company came in at 165.63 billion rupees ($1.97 billion) for the July-September quarter, a 4.78 percent drop from the 173.94 billion rupees reported in the same period last year.

Revenues from operations for Reliance came in at 2.35 trillion rupees, barely higher than the numbers reported a year ago.

Despite an aggressive expansion into retail, telecoms and green energy, the firm still relies heavily on its traditional oil business to make money.

Ambani's Reliance lobbies India minister on satellite spectrum in new face-off with Musk

Chairman Ambani, in a statement, acknowledged there was "weak contribution" from the oil-to-chemicals business, which was impacted by "unfavourable global demand-supply dynamics".

The conglomerate's earnings release also pointed out that crude oil benchmarks fell year-on-year due to "lower than expected demand growth, especially in China".

Reliance's telecom arm, however, was a bright spot.

The division reported a 23 percent on-year rise in net profit for the September quarter, helped by a bump in subscribers and an increase in average revenue per user due to tariff hikes.

Its retail arm reported a one percent decline in gross revenue despite store footfalls increasing to 297 million, up 14 percent year-on-year from the 260 million recorded last year.

Reliance Industries shares closed flat in Mumbai ahead of the earnings announcement on Monday.

ADOBE STARTS ROLL-OUT OF AI VIDEO TOOLS, CHALLENGING OPENAI AND META

Reuters Published October 14, 2024

Adobe on Monday said it has started publicly distributing an AI model that can generate video from text prompts, joining the growing field of companies trying to upend film and television production using generative artificial intelligence.

The Firefly Video Model, as the technology is called, will compete with OpenAI's Sora, which was introduced earlier this year, while TikTok owner ByteDance and Meta Platforms have also announced their video tools in recent months.

Facing much larger rivals, Adobe has staked its future on building models trained on data that it has rights to use, ensuring the output can be legally used in commercial work.

San Jose, California-based Adobe will start opening up the tool to people who have signed up for its waiting list but did not give a general release date.

Adobe to launch generative AI video creation tool later this year

While Adobe has not yet announced any customers using its video tools, it said on Monday that PepsiCo-owned Gatorade will use its image generation model for a site where customers can order custom-made bottles, and Mattel has been using Adobe tools to help design packaging for its Barbie line of dolls.

For its video tools, Adobe has aimed at making them practical for veryday use by video creators and editors, with a special focus on making the footage blend in with conventional footage, said Ely Greenfield, Adobe's chief technology officer for digital media.

"We really focus on fine-grain control, teaching the model the concepts that video editors and videographers use – things like camera position, camera angle, camera motion," Greenfield told Reuters in an interview.

ENGRO FERTILIZERS' EARNINGS STAND AT RS8.6BN IN 3QCY24, DOWN 11% YOY

BR Web Desk Published October 14, 2024

Engro Fertilizers Limited (EFERT), a wholly-owned subsidiary of Engro Corporation Limited, posted a profit after tax (PAT) of Rs8.55 billion for the third quarter ended September 30, 2024, a decrease of 11% as compared to Rs9.58 billion recorded in the same period of the previous year, showed the company's consolidated financial results posted at the Pakistan Stock Exchange (PSX) on Monday.

The profit translates into earnings per share (EPS) of Rs6.41 in 3QCY24, in comparison to an EPS of Rs7.17 recorded in the same period of the previous year.

The earnings are higher than market expectations, which expected EFERT's earnings to clock near Rs5 per share.

The Board of Directors (BoD) of EFERT in its meeting held on October 14, also announced an interim cash dividend for the third quarter at Rs2.5 per share i.e. 25%. This is in addition to the interim cash dividend already paid at Rs11 per share i.e. 110%.

On a consolidated basis, Engro Fertilizers' revenue declined by nearly 11% to Rs58.64 billion in 3QCY24 from Rs66.17 billion in 3QCY23.

Engro Fertilizers' earnings stand at Rs1.6bn in 2QCY24, up 57% YoY

Amid a decline in revenue, the fertilizer manufacturer's gross profit declined significantly by 13% to Rs18.31 billion as compared to Rs20.99 billion. As a result, the profit margin reduced to 31.2% in 3QCY24, down from 31.7% in the preceding year.

EFERT's interest expense increased by 155% to reach Rs1.28 billion in 3QCY24, as compared to Rs499.3 million in same period of the previous year. The rise in finance cost can be attributed to an increase in interest rate during the period.

Consequently, the company posted a profit before tax (PBT) of Rs14.03 billion in 3QCY24, a decrease of over 11%.

During the period, the company paid Rs5.5 billion in taxes in 3QCY24, lower than Rs6.2 billion in same period last year.

SIEMENS PAKISTAN TO SELL ENERGY PORTFOLIO TO SIEMENS GAMESA FOR RS17.8BN

BR Web Desk Published October 14, 2024

The Board of Directors (BoD) of Siemens (Pakistan) Engineering Co.Ltd (SIEM), an engineering conglomerate and financial services contractor, has approved the sale of company's energy portfolio to Siemens Gamesa Renewable Energy (Private) Limited for approximately Rs17.82 billion (~ $64 million).

On Monday, the listed company shared the development in a notice to the Pakistan Stock Exchange (PSX).

"The board has approved with majority in its meeting held on October 11, 2024 the sale and transfer of the company's energy business segment on a going concern basis to a non-affiliated Siemens Energy Group Entity i.e. Siemens Gamesa Renewable Energy (Private) Limited (the buyer) for an aggregate consideration of approximately Rs17.82 billion as at the valuation date i.e. March 31, 2024," read the notice.

Siemens Pakistan says it intends to sell energy portfolio

The company, which is principally engaged in execution of projects under contracts and in manufacturing, installation and sale of electronic and electrical capital goods, informed that the net book value of energy business as at valuation date was approximately Rs17.61 billion (~ $63.5 million).

"The determination of cash to be received from the buyer and gain / loss on the transaction is subject to computation based on net book value as of effective date (i.e. transaction closure date) and certain other contractual subsequent events in accordance with the terms and conditions of the agreement to be executed with the buyer," SIEM said.

It further noted that the closure of the transaction shall remain subject to shareholders' and other regulatory approvals.

SIEM was set up as a public limited company in 1953. It sells electronic and electrical capital goods while also executing projects under contracts.

The company operates several business segments such as power and gas, power generation services, energy management, digital factory, process industries and drives, and mobility.

HONOR TO UNVEIL MAGICOS 9.0 AND MAGIC7 SERIES THIS OCTOBER

October 14, 2024

Honor has announced two major upcoming events in China, marking significant updates to its product lineup.

On October 23, the company will reveal MagicOS 9.0, their customized version of Android 15. This new operating system is designed to enhance user experience with advanced AI-driven features.

A key highlight of MagicOS 9.0 is its AI Agent, an always-on personal assistant poised to challenge Apple Intelligence and Google Gemini in the smart assistant space. Honor first showcased this new technology at IFA 2024, offering a glimpse of its capabilities.

Just a week after the MagicOS 9.0 announcement, Honor will debut its highly anticipated Magic7 series on October 30.

This flagship lineup is expected to set new standards in smartphone technology, offering cutting-edge hardware and innovative features.

While details about the new devices remain limited, leaks suggest that the Magic7 series will include a selfie camera housed in an oval-shaped punch-hole cutout, as seen in a demo video during IFA 2024.

The Magic7 phones are rumored to feature Qualcomm's Snapdragon 8 Gen 4 chipset, delivering top-tier performance for high-demand applications.

However, there is speculation that Honor may opt for the MediaTek Dimensity 9400 chipset for the standard Magic7 variant, catering to different price points.

The Magic7 series is expected to offer significant improvements in camera technology, battery life, and overall user experience, making it a strong contender in the competitive flagship smartphone market.

With just over two weeks until the official launch, excitement is building for Honor's latest innovations, which aim to compete with industry giants and push the boundaries of mobile technology. Fans and tech enthusiasts alike are eagerly awaiting the debut of these new products.

Honor's upcoming October events promise to deliver significant advancements in both software and hardware with the introduction of MagicOS 9.0 and the Magic7 series.

With the new AI Agent poised to rival top competitors and the expected inclusion of powerful chipsets, Honor is positioning itself as a serious contender in the flagship smartphone market. As excitement grows, these launches could mark a pivotal moment for the company, offering users a blend of cutting-edge innovation and enhanced mobile experiences.

Technology

GOOGLE SIGNS NUCLEAR POWER DEAL

AFP Published about an hour ago

SAN FRANCISCO: Google on Monday signed a deal to get electricity from small nuclear reactors to help power artificial intelligence. The agreement to buy energy from reactors built by Kairos Power came just weeks after word that Three Mile Island, the site of America's worst nuclear accident, will restart operations to provide energy to Microsoft.

"We believe that nuclear energy has a critical role to play in supporting our clean growth and helping to deliver on the progress of AI," Google senior director of energy and climate said during a briefing.

"The grid needs these kinds of clean, reliable sources of energy that can support the build out of these technologies."

No financial details were disclosed.

Insatiable AI

Tech giants like Microsoft, Amazon, and Google are rapidly expanding their data center capabilities to meet the AI revolution's computing needs while also scouring the globe for sources of electricity.

The first of a series of small modular reactors (SMRs) developed by Kairos as a result of its deal with Google is projected to be online by the end of this decade, according to the companies.

Additional small reactors are expected to go online through 2035, generating a combined total of 500 megawatts of power.

SMRs are more compact and potentially easier to deploy -- with big investments by Microsoft founder Bill Gates in the sector.

However, the technology is still in its infancy and lacks regulatory approval, leading companies to seek out existing nuclear power options.

"We view this as a really significant partnership," Kairos co-founder and chief executive Mike Laufer said in the briefing.

The agreement allows SMR technology "to mature and learn along the way," Laufer added.

The grid needs new, clean, electricity sources to support AI as its capabilities and uses accelerate, Terrell said, saying nuclear power is part of a campaign by the tech giant to have abundant carbon-free energy available around the clock.

"This is an incredibly promising bet," Terrell said of the deal.

"If we can get these projects to scale and then scale globally, it will deliver enormous benefits to communities and power grids around the world."

Is it safe?

Seen as a more consistent source of power than solar and wind, many tech companies are betting on nuclear energy's rapid development to meet AI's electricity demands.

Microsoft use of Three Mile Island's nuclear energy will bolster a power grid covering 13 states.

This area faces severe strain from data centers' massive energy consumption, raising concerns about grid stability as AI demands increase.

Amazon's AWS agreed in March to invest $650 million in a data center campus powered by another Pennsylvania nuclear plant.

Nuclear energy has staunch opponents due to concerns about radioactive waste disposal, the potential for catastrophic accidents, and the high costs associated with plant construction and decommissioning.

The 1979 partial meltdown of Unit 2 at Three Mile Island caused panic in the United States and brought the expansion of nuclear energy to a standstill.

The Nuclear Regulatory Commission deemed it the "most serious accident in US commercial nuclear power plant operating history," though it noted no detectable health effects on workers or the public from the small radioactive releases.

Economic distress

STOCK MARKET: WHAT IT MEANS TO BE CAUTIOUS

Published October 15, 2024 Updated about an hour ago

EDITORIAL: Pakistan Stock Market (PSX) is on a consistent rise. There are elements of re-rating of country risk by international credit rating agencies due to the avoidance of debt default, a decline in interest rates, and anticipation of further drops following a sharp fall in inflation.

However, these factors alone may not fully explain the continuous bull-run that PSX index has experienced over the past year. While it's undeniable that macroeconomic indicators have significantly improved, there isn't much to show in terms of company performance.

The economic slowdown persists, and volumetric sales in key industries remain far from their respective peaks. Slack in capacity utilisation is difficult to absorb.

Foreign investors are not significantly contributing as well, as the net buying for the fiscal year to date is negligible. This is due to Pakistan's downgrade from an emerging to a frontier market for certain foreign funds, which are forced to sell. Local investors have been purchasing those shares.

Thus, the market's growth is largely driven by continuous buying from local investors, despite the political instability where the government remains on shaky ground and long-term investments are scarce.

The question remains: why is the stock market attracting investment like bees to honey? There are some fundamental reasons behind this. One: Despite the KSE-100 more than doubling during this bull-run, research shows the weighted average P/E for 2024 is 5.2x, which is almost a trailing P/E, as three quarters of the year are over. This remains at a discount compared to the 10-year average trailing P/E of 7x, suggesting some discount is still available.

Another perspective is the KSE-30 index, which is based on stock prices (unlike the KSE-100, a total return index), is still below its peak from May 2017. Therefore, the market has some catching up to do, as it underperformed between 2017 and 2023.

The lingering question is why this catch-up of 6-7 years is happening in just 18 months, especially when future growth for listed companies isn't particularly enticing, and the economy lacks a strong growth momentum. The answer may lie in the lack of alternative investment options for local investors. Historically, real estate has been the go-to choice for savers — small, medium, and large alike.

While long-term returns in real estate have roughly matched the stock market, its depth and informality have made it the obvious choice.

However, due to recent tax regulations and a crackdown on informal transactions, the real estate market is slowing down, and some capital is flowing into the stock market. The fall in interest rates is also shifting lower-risk investors from fixed-income instruments to stocks. But this is a regular occurrence and doesn't fully explain the ongoing bull-run.

An interesting development is that banks are trimming non-current account deposits to avoid higher taxes if their Advance to Deposit Ratio (ADR) falls below 50 percent. Last month, the gap was estimated at Rs 2.5 to 3 trillion rupees.

Many banks are lending at sub-KIBOR rates, and some are enjoying single digit borrowing costs. At the same time, they are avoiding deposits, particularly when they must pay 16 percent on savings accounts. This money may be partially flowing into the stock market.

Additionally, the revival of the sovereign fund, which could improve the balance sheets of government-owned companies like OGDC, PPL and others, is also attracting investment in these companies, which have underperformed.

For these reasons, the PSX continues to perform well. However, investors should exercise caution. The faster the market rises, the greater the potential for a sharp downward correction.

Fuel & Energy

PPL BEGINS OIL & GAS PRODUCTION FROM PUNJAB

BR Web Desk Published October 14, 2024 Updated about 8 hours ago

Pakistan Petroleum Limited (PPL), an oil and gas exploration firm, announced commencement of hydrocarbon production from a new development well, Adhi South-9 well, located in the Pothwar region, Punjab.

The E&P, a key supplier of natural gas in the country, shared the development in its notice to the Pakistan Stock Exchange (PSX) on Monday.

"We are pleased to disclose that as part of our continuous efforts towards increasing production of oil and gas, production has commenced from Adhi South-9, a new development well drilled in Adhi Mining Lease which is operated by the company with 39% working interest along with its joint venture partners, Oil & Gas Development Company Limited (OGDCL) and Pakistan Oilfields Limited (POL) with working interests of 50% and 11%, respectively," read the notice.

PPL commences oil & gas production from Punjab

As per the company's notice filed at the PSX, Adhi South-9 was successfully drilled to a depth of 3,430 meters and completed as producer based on encouraging log results.

"Subsequent to tie-in of the well with the plant, production from the well has commenced at the rate of 530 barrels per day (bpd) of oil and 0.6 million standard cubic feet per day (MMscfd) of gas," PPL added.

Exploration at Adhi, located about 70 km south of Islamabad in the Pothwar region, began in 1956 and continued for a decade during which four wells were drilled. Crude oil production from the field commenced in early 1980s from the Sakesar reservoir.

Adhi's major clients are SNGPL for gas, Attock Refinery Limited for LNG/ crude oil and various LPG marketing companies.

Earlier in July, PPL commenced hydrocarbon production from Adhi South-8 well. Last year, PPL began production of hydrocarbon from the Adhi South-6 well.

CHINA OIL IMPORTS FALL FROM A YEAR AGO FOR A FIFTH MONTH IN SEPT

Reuters Published October 14, 2024

SINGAPORE: China's oil imports fell in September by 0.6% from a year earlier, data showed on Monday, as plants curbed purchases because of weak domestic fuel demand and narrowing export margins.

The world's largest crude oil importer brought in 45.49 million metric tons in September, or about 11.07 million barrels per day (bpd), data from the General Administration of Customs showed.

This was the fifth straight month that shipments were less than the year before, with imports in September 2023 at 11.13 million bpd. They also declined from 11.56 million bpd in August.

Year-to-date imports totaled 412.39 million tons, or 10.99 million bpd, down 2.8% versus the year-ago period, the data showed.

Imports declined even as China's newest refiner Shandong Yulong Petrochemical started up one of its two 200,000 bpd crude units in late September.

However, many smaller plants in Shandong province, where Yulong is based, are dealing with sluggish fuel consumption particularly for diesel fuel.

Between January and September this year, Chinese diesel consumption was less than the year before in every month except for August, according to consultancy Sublime China Information.

China's August crude oil imports fall 7% on weak demand, refining margins

Monday's customs data also showed China's natural gas imports last month were up 18.1% from a year earlier to 11.99 million metric tons, bringing year-to-date purchases to 99.08 million tons, or 13% higher than year-earlier levels.

Exports of refined oil products, which include diesel, gasoline, aviation fuel and marine fuel, were at 5.19 million tons, down 4.6% from a year earlier and versus 4.92 million tons in August.

Exports for the first nine months dropped 5.7% on the year to 45.2 million tons.

OIL FALLS 2% AS OPEC CUTS OIL DEMAND GROWTH VIEW, CHINA CONCERNS

Reuters Published October 14, 2024

HOUSTON: Oil prices declined about 2% on Monday, wiping out all of last week's gains, as OPEC's lowering of its 2024 and 2025 global oil demand growth view again added to concerns of weak fuel demand with China's oil imports falling for a fifth month in a row.

China's stimulus plans also failed to inspire investor confidence while markets continued to watch for potential Israeli attacks on Iranian oil infrastructure.

Brent crude futures were down $1.58, or 2.02%, at $77.44 per barrel by 10:37 a.m. ET (1437 GMT), while U.S. West Texas Intermediate crude futures fell $1.64, or 2.17%, to $73.92 per barrel. Brent gained 99 cents last week, while WTI climbed $1.18.

OPEC on Monday cut its forecast for global oil demand growth in 2024 and also lowered its projection for next year, marking the producer group's third consecutive downward revision.

China, the world's largest crude oil importer, accounted for the bulk of the 2024 downgrade as OPEC trimmed its growth forecast for the country to 580,000 barrels per day (bpd) from 650,000 bpd.

China's crude imports for the first nine months of the year were down nearly 3% from last year to 10.99 million bpd, data showed. Declining Chinese oil demand from the growing adoption of electric vehicles (EV), as well as slowing economic growth following the COVID-19 pandemic, has been a drag on global oil consumption and prices.

Oil settles down

China's deflationary pressures also worsened in September, according to official data released on Saturday. A press conference the same day left investors guessing about the overall size of a stimulus package to revive the fortunes of the world's second-largest economy.

"The lack of a clear timeline and the absence of measures to address structural issues, such as weak consumption and reliance on infrastructure investments, have only increased ambiguity amongst market participants," noted Mukesh Sahdev, the global head of commodity markets-oil at Rystad Energy.

The negative news from China outweighed market concerns over the lingering possibility that an Israeli response to Iran's Oct. 1 missile attack could disrupt oil production. The U.S. said on

Sunday it would send troops to Israel along with an advanced anti-missile system in a highly unusual deployment meant to bolster the country's air defenses.

"While an attack by Israel into Iran is likely to happen, the latest reinforcing measures by the US military may have calmed the responses on both sides," said Dennis Kissler, senior vice president of trading at BOK Financial.

"A nervous trade will remain with most fund managers remaining on the sidelines," Kissler added. The U.S. has been privately urging Israel to calibrate its response to avoid triggering a broader war in the Middle East, officials say, with President Joe Biden publicly voicing his opposition to an Israeli attack on Iran's nuclear sites and his concerns about a strike on Iran's energy infrastructure.

PPL COMMENCES OIL AND GAS PRODUCTION FROM ADHI SOUTH-9

October 14, 2024

Karachi, October 14, 2024 – Pakistan Petroleum Limited (PPL) has successfully commenced oil and gas production from its new development well, Adhi South-9, located within the Adhi Mining Lease. This marks a significant step in the company's ongoing efforts to boost the country's domestic oil and gas output.

In an official communication shared with the Pakistan Stock Exchange (PSX) on Monday, PPL announced that Adhi South-9, a development well, has started producing 530 barrels per day (bpd) of oil and 0.6 million standard cubic feet per day (MMscfd) of gas. The well was drilled to a depth of 3,430 meters and, after promising results from logging tests, was completed and tied into the existing plant for production.

PPL operates the Adhi Mining Lease with a 39% working interest, while its joint venture partners, Oil & Gas Development Company Limited (OGDCL) and Pakistan Oilfields Limited (POL), hold working interests of 50% and 11%, respectively.

The production from Adhi South-9 is part of PPL's broader strategy to enhance its contribution to Pakistan's energy sector by increasing domestic production of oil and gas. The successful drilling and completion of the well are expected to positively impact the company's production capacity and contribute to addressing the country's energy needs.

Adhi South-9 is located in the Potohar region, an area known for its oil and gas reserves. The Adhi field has been a key asset for PPL and its partners, consistently delivering valuable energy resources to Pakistan's growing industrial and consumer markets. The addition of this new well to the company's portfolio will help to sustain and potentially increase overall production from the field.

The company's management expressed optimism about the results from Adhi South-9, citing the encouraging log data and successful integration into the production network. This achievement is part of PPL's ongoing efforts to explore and develop new resources in Pakistan to meet the country's rising demand for energy.

Industry analysts have noted that this development comes at a crucial time as Pakistan continues to grapple with energy shortages and rising demand for both oil and gas. The successful production from Adhi South-9 is expected to provide some relief to the country's energy sector and reduce its reliance on costly energy imports.

As PPL continues to explore new wells and optimize its existing fields, the company remains committed to playing a pivotal role in securing Pakistan's energy future.

Markets - Rates

STOCKS DIP ON PROFIT-TAKING

Recorder Report Published about an hour ago

KARACHI: Pakistan Stock Exchange on Monday witnessed a mixed trend and after moving in both directions, closed in negative as investors opted to book profit on available margins.

The benchmark KSE-100 Index once again crossed 86,000 psychological level to hit 86,105.03 points intra-day high however dropped into negative to hit 85,156.11 points intraday low before closing at 85,261.39 points, down 222.02 points or 0.26 percent.

Trading activity also remained low as daily volumes on the ready counter decreased to 477.642 million shares as compared to 560.740 million shares traded on last Friday. The daily trading value on the ready counter declined to Rs 23.474 billion against previous session's Rs 26.121 billion.

BRIndex100 lost 14.92 points or 0.16 percent to close at 9,067.48 points with total daily turnover of 410.488 million shares.

BRIndex30 declined by 354.35 points or 1.29 percent to close at 27,025.52 points with daily trading volumes of 281.099 million shares.

The market capitalization increased by Rs 8 billion to Rs 11.164 trillion. Out of total 443 active scrips, 205 closed in positive and 180 in negative while the value of 58 stocks remained unchanged.

WorldCall Telecom was the volume leader with 41.061 million shares and gained Rs 0.03 to close at Rs 1.21 followed by Hub Power Co that declined by Rs 8.59 to close at Rs 98.31 with 37.178 million shares. Pak Refinery increased by Rs 0.96 to close at Rs 25.30 with 30.172 million shares.

Atlas Honda Limited and Reliance Cotton Spinning Mills were the top gainers increasing by Rs 62.42 and Rs 57.57 respectively to close at Rs 814.35 and Rs 650.00 while Unilever Pakistan Foods and Nestle Pakistan were the top losers declining by Rs 261.50 and Rs 139.45 respectively to close at Rs 17,350.50 and Rs 6,792.00.

An analyst at Topline Securities said that the KSE-100 Index opened on a positive note, reaching a high of plus 621 points. However, this momentum was short-lived as investors opted to book profits, resulting in an intraday low of 327 points.

This profit-taking was influenced by a expected downward revision of earnings for HUBC, which declined by 9.15 percent following the early termination of a contract, as well as EFERT's corporate results, which fell by 4.1 percent as the Company declared 3Q2024 EPS of Rs 13.47 and dividend of Rs 2.50 per share, which was lower than industry expectation.

Key contributors to the index included HUBC, EFERT, OGDC, BAHL, and ENGRO, which collectively subtracted 532 points. Conversely, positive movements from FFC, NBP, ATRL, and ISL added 326 points to the index.

BR Automobile Assembler Index gained 10.48 points or 0.06 percent to close at 17,111.66 points with total turnover of 6.549 million shares.

BR Cement Index lost 27.03 points or 0.33 percent to close at 8,237.35 points with 34.412 million shares.

BR Commercial Banks Index added 71.61 points or 0.29 percent to close at 24,734.33 points with 29.002 million shares.

BR Power Generation and Distribution Index plunged by 923.49 points or 6.19 percent to close at 14,000.95 points with 73.694 million shares.

BR Oil and Gas Index decreased by 27.3 points or 0.33 percent to close at 8,261.59 points with 19.644 million shares.

BR Tech. & Comm. Index inched up by 6.46 points or 0.16 percent to close at 3,965.30 points with 93.474 million shares.

Ahsan Mehanti at Arif Habib Corporation said stocks closed under pressure on political noise and foreign outflows.

He said the government action on IPPs payments on tariff issues, concerns for outcome of the IMF pressure of reforms over Agri, Textile sector tax breaks and delays over privatisation of SOEs played a catalytic role in bearish close.

LME OFFICIAL PRICES

LONDON: The following were Friday official prices. ==
ALUMINIUM...

Recorder Report Published about an hour ago

LONDON: The following were Friday official prices.

```
=========================================
ALUMINIUM
=========================================
CONTRACT                BID         OFFER
-----------------------------------------
Cash                2643.00       2645.00
3-month             2653.00       2653.50
=========================================
COPPER
=========================================
CONTRACT                BID         OFFER
-----------------------------------------
Cash                9596.00       9596.50
3-month             9730.00       9735.00
=========================================
ZINC
=========================================
CONTRACT                BID         OFFER
-----------------------------------------
Cash                3107.00       3108.00
3-month             3115.00       3117.00
=========================================
NICKEL
=========================================
CONTRACT                BID         OFFER
-----------------------------------------
Cash               17610.00      17615.00
3-month            17895.00      17900.00
=========================================
LEAD
=========================================
CONTRACT                BID         OFFER
-----------------------------------------
Cash                2045.00       2047.00
3-month             2085.00       2087.00
=========================================
```

Source: London Metals Exchange.

KIBOR INTERBANK OFFERED RATES

KARACHI: Kibor interbank offered rates on Monday (October 14, 2024). ========================
KIBOR...

Published about an hour ago

KARACHI: Kibor interbank offered rates on Monday (October 14, 2024).

```
==========================
          KIBOR
==========================
Tenor         BID     OFFER
==========================
1-Week      17.35    17.85
2-Week      17.31    17.81
1-Month     17.11    17.61
3-Month     15.72    15.97
6-Month     14.45    14.70
9-Month     14.09    14.59
1-Year      13.60    14.10
==========================
```

Data source: SBP

BRINDEX100 AND BR SECTORAL INDICES

KARACHI: BRIndex100 and BR Sectoral Indices on Monday (October 14, 2024).
==================================== BR...

Recorder Report Published about an hour ago

KARACHI: BRIndex100 and BR Sectoral Indices on Monday (October 14, 2024).

```
====================================
BR INDICASE AT A GLANCE
====================================
             BRINDEX100
====================================
Day Close:                 85,261.39
High:                      86,105.03
Low:                       85,156.11
Net Change:                   222.01
Volume (000):                263,518
Value (000):              18,568,833
Makt Cap (000)         2,657,708,000
------------------------------------
BR AUTOMOBILE ASSEMBLER
------------------------------------
Day Close:                 17,111.66
NET CH                     (+) 10.48
------------------------------------
BR CEMENT
------------------------------------
Day Close:                  8,237.35
```

```
NET CH                     (-) 27.03
------------------------------------
BR COMMERCIAL BANKS
------------------------------------
Day Close:                 24,734.33
NET CH                     (+) 71.61
------------------------------------
BR POWER GENERATION AND DISTRIBUTION
------------------------------------
Day Close:                 14,000.95
NET CH                    (-) 923.49
------------------------------------
BR OIL AND GAS
------------------------------------
Day Close:                  8,261.59
NET CH                     (-) 27.30
------------------------------------
BR TECH & COMM
------------------------------------
Day Close:                  3,965.30
NET CH                      (+) 6.46
------------------------------------
As on:                14-October-2024
====================================
```

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: 15/10/2024 7:19 AM (PST)

Currency	Buying	Selling
Australian Dollar	186.89	189.14
Bahrain Dinar	731.21	739.21
Canadian Dollar	202.80	205.20
China Yuan	38.88	39.28
Danish Krone	40.29	40.69
Euro	301.75	304.50
Hong Kong Dollar	35.37	35.72
Indian Rupee	3.34	3.45
Japanese Yen	1.92	1.98
Kuwaiti Dinar	897.37	906.87
Malaysian Ringgit	64.13	64.73
NewZealand $	170.21	178.21
Norwegians Krone	25.65	25.95
Omani Riyal	715.71	724.21
Qatari Riyal	76.24	76.94
Saudi Riyal	73.60	74.15
Singapore Dollar	210.75	212.75
Swedish Korona	26.46	26.76
Swiss Franc	322.20	324.88
Thai Bhat	8.18	8.33
U.A.E Dirham	75.35	76.00
UK Pound Sterling	360.70	364.2
US Dollar	278.00	279.50

INTER BANK RATES

Updated at: 15/10/2024 7:19 AM (PST)

Currency	**Bank Buying TT Clean**	**Bank Selling TT & OD**
Australian Dollar	187.07	187.41
Canadian Dollar	201.49	201.85
China Yuan	39.58	39.65
Danish Krone	40.64	40.72
Euro	303.25	303.79
Hong Kong Dollar	35.86	35.92
Japanese Yen	1.8587	1.8620
Saudi Riyal	73.92	74.06
Singapore Dollar	212.54	212.92
Swedish Korona	26.87	26.92
Swiss Franc	323.41	323.99
Thai Bhat	8.37	8.38
UK Pound Sterling	362.47	363.12
US Dollar	277.55	278.05

GOLD RATE

Bullion / Gold Price Today

As on Tue, Oct 15 2024, 02:58 GMT

Metal	Symbol	PKR for 10 Gm	PKR for 1 Tola	PKR for 1 Ounce	
Gold	XAU	237,127	276,291	737,559	
Palladium	XPD	85,682	99,834	266,506	
Platinum	XPT	88,177	102,740	274,265	
Silver	XAG	2,815	3,280	8,756	

Gold Price in Pakistan

As on Tue, Oct 15 2024, 02:58 GMT

Gold Rate	24K Gold	22K Gold	21K Gold	18K Gold
per Tola Gold	Rs. 276300	Rs. 253273	Rs. 241763	Rs. 207225
per 10 Gram	Rs. 236900	Rs. 217157	Rs. 207288	Rs. 177675
per Gram Gold	Rs. 23690	Rs. 21716	Rs. 20729	Rs. 17768
per Ounce	Rs. 671600	Rs. 615629	Rs. 587650	Rs. 503700

Gold Rates in other Major Currencies

Currency	Symbol	10 Gm	1 Tola	1 Ounce	
China Yuan	CNY	6,037	7,034	18,776	
Euro	EUR	781	910	2,430	
Japanese Yen	JPY	127,405	148,447	396,280	
Saudi Riyal	SAR	3,203	3,732	9,963	
U.A.E Dirham	AED	3,137	3,655	9,757	
UK Pound Sterling	GBP	654	762	2,033	
US Dollar	USD	854	995	2,657	