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SHAHID LEGAL GROUP

SLD NEWS UPDATES

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FBR UNVEILS NEW STRATEGY TO BREAK SALES TAX FRAUD NETWORKS

October 16, 2024

Karachi, October 16, 2024 – In a decisive move to dismantle the entrenched practice of sales tax fraud, the Federal Board of Revenue (FBR) has unveiled a robust strategy aimed at curbing the use of fake and flying invoices.

These fraudulent invoices have long enabled tax evasion and illegal refunds, creating significant losses to the national exchequer.

According to official sources, the FBR has issued stringent directives to its regional tax offices (RTOs) across the country, mandating them to aggressively target not only the perpetrators behind these fraudulent schemes but also the beneficiaries—legitimate firms complicit in such activities. The new measures represent a departure from past efforts, which focused primarily on suspending or blocking dubious firms. The FBR has recognized that these methods have proven insufficient, as fraudsters easily create new registrations to perpetuate their schemes.

The FBR stated that while suspending non-existent or fraudulent firms is a necessary step, it has not been effective in addressing the root of the problem. “Bogus firms can vanish overnight, leaving no trail for recovery,” the FBR explained. The inability to recover taxes from these non-existent entities has led to mounting tax demands without resolving the underlying issue of fraudulent invoicing.

To combat this, the FBR has instructed RTOs to concentrate on tracing and prosecuting the actual buyers and suppliers involved with these fake firms. “It is imperative that we target the real culprits, who are knowingly purchasing or selling invoices without the physical transfer of goods, with the sole purpose of evading taxes or claiming illegal refunds,” the FBR directive emphasized.

The FBR’s orders call for immediate enforcement actions under the relevant assessment and penal provisions of the tax code, ensuring that those who have benefited from these fraudulent schemes are held accountable. Moreover, the agency stressed the importance of precision in drafting show-cause notices and legal orders. Weak or vaguely worded notices often lead to the collapse of cases during appeals, providing undue relief to the accused.

“Too many cases have failed at the appellate stage simply because the orders stated that purchases were made from a suspended or blocked entity. This is insufficient. It must be explicitly shown that the beneficiary acted with full knowledge of the fraudulent nature of the transactions,” the FBR instructed, adding that it is crucial to demonstrate intent to evade taxes or claim illicit refunds.

By directly targeting beneficiaries and improving the legal robustness of its actions, the FBR is signaling its commitment to eradicating this pervasive form of tax fraud and strengthening the integrity of Pakistan's tax system.

PEOPLE TURN FLYING INVOICES INTO A BUSINESS: FBR CHAIRMAN

October 16, 2024

Karachi, October 16, 2024 – Federal Board of Revenue (FBR) Chairman, Rashid Mahmood Langrial, has expressed grave concern over the widespread sales tax fraud in Pakistan, particularly highlighting how "flying invoices" have morphed into a full-fledged business.

Speaking at the Federation of Pakistan Chambers of Commerce & Industry (FPCCI) on Wednesday, the FBR chairman shared a startling anecdote about a recent encounter where an individual openly admitted that his business revolved around issuing fraudulent invoices.

"They even call illegal activities a business," Langrial remarked, underscoring the brazenness with which such activities are carried out.

In a further shocking revelation, Langrial disclosed that corruption within the FBR itself is fueling the problem. He shared that retired FBR officers have admitted to taking bribes for processing refunds. According to the officers, smaller sums are accepted for legitimate cases, while significantly larger amounts are demanded for fraudulent refunds. This revelation highlights the systemic issues plaguing the country's tax collection infrastructure.

Struggling Economy on the Mend

Turning to Pakistan's economic situation, Langrial acknowledged that the past few years had been incredibly challenging. However, he expressed optimism that the situation is now improving. With inflation on the decline, the policy rate has also begun to decrease, a key indicator of economic recovery. He noted that economists are predicting further cuts in the policy rate in the coming months, signaling a more stable financial environment on the horizon.

Langrial emphasized that despite the pervasive tax evasion, there are still many upright individuals and businesses contributing their fair share to the economy. "There are traders and industrialists who do not evade even a single rupee of tax," he said. "These people do not feed their children anything illicit." He also acknowledged the existence of dedicated officers within the FBR who are working diligently for the betterment of the country, though he lamented that their numbers are far too few.

Tax Collection Woes

Langrial painted a bleak picture of the nation's tax collection system, highlighting that despite efforts over the years, the system remains deeply flawed. "Where it stood in 2008, it still stands today," he said. "It is not right to use the entire year's tax collection to pay off just the interest on debt." He added that under the current circumstances, the economy is essentially running on borrowed time, with no clear path to solvency.

Perhaps the most startling statistic shared by the chairman was that 90% of Pakistan's population does not pay taxes. Out of 43 million households in the country, only 4 million are registered taxpayers. This stark disparity, combined with a high GST rate—recently increased from 16% to 18%—poses a significant burden on those who do pay taxes. Langrial argued that the tax rate is too high and must be reduced, especially for corporate taxpayers. "The corporate tax rate should not exceed 25 percent," he asserted, adding that further increasing taxes would only worsen the situation.

Reforms and Accountability

Regarding the Tajir Dost Scheme, which aims to create a more business-friendly environment, Langrial acknowledged that there might be design flaws but maintained that the FBR should not abandon its efforts. He also defended the recent requirement for Chief Financial Officers (CFOs) of companies to file affidavits verifying the accuracy of invoices. "This is all present in the sales tax law," he said, reminding critics that penalties and arrests for fraudulent activities have long been part of the legislation. "Those who commit fraud and evade sales tax need to be caught," Langrial concluded, reinforcing the FBR's commitment to reform and accountability.

With the FBR stepping up efforts to combat fraud and promote transparency, the country faces a crucial turning point in its economic recovery journey.

FBR UNVEILS PLAN FOR DETECTION OF FAKE AND FLYING INVOICES

October 16, 2024

Karachi, October 16, 2024 – The Federal Board of Revenue (FBR) has taken a significant step towards combatting tax evasion and enhancing fiscal integrity by directing tax offices to assign senior officers with the crucial responsibility of identifying fake and flying invoices.

In response to the rampant issue of fraudulent billing practices, the FBR has mandated that each Chief Commissioner of Income Tax (CCIR) appoint at least two senior officials of impeccable integrity to tackle this pressing challenge within their respective jurisdictions.

Recognizing the sensitive nature of this task, the FBR has emphasized the importance of a dedicated and methodical approach. The responsibility for this function is primarily designated to the Assessment & Processing Cell (A&P Cell), where it exists. The designated officers will be granted unrestricted access to an array of sales tax and Federal Excise Duty (FED) data available on platforms such as IRIS, ITMS, CREST, and FASTER, which are essential for effective data analysis and examination of the entire supply chain.

To ensure optimal performance, CCIRs are instructed to coordinate with the Member of IT to facilitate access for their appointed staff. The FBR underscored the need for these officers and the A&P Cell to gather comprehensive data and conduct thorough scrutiny to ascertain the authenticity of sales tax declarations. This rigorous examination will focus on various characteristics indicative of fraudulent activities, enabling the detection of fake and flying invoices.

Among the critical factors to be analyzed are:

1. High Transaction Volume with Minimal Tax Payment: A notable disparity between the volume of transactions and the net sales tax remitted raises red flags.

2. Equal Purchase and Input Tax Values: Instances where the value of purchases and the corresponding input tax are equal to or exceed the value of outputs and output tax warrant investigation.

3. Unrealistic Carry Forwards and Stock Levels: Consistent carry forwards that appear disproportionately high, alongside unrealistic stock levels, signal potential malpractice.

4. Discrepancies in Wealth Statements: A glaring contrast between a registered entity's declared capital and its substantial stock holdings is another warning sign.

5. Excessive Use of Credit Notes: Frequent issuance of significant credit notes to evade sales tax obligations necessitates scrutiny.

6. Recent Registrations with High Transactions: Newly registered firms, particularly those with a history of dormant activity, displaying sudden spikes in transactions within two years, require further examination.

7. Registered Addresses in Low-Income Areas: Businesses registered at addresses in economically disadvantaged regions may be scrutinized for legitimacy.

8. Non-Filing or Low-Filing of Income Tax Returns: Entities that either fail to file income tax returns or submit returns reflecting low income despite declaring large transactions should be thoroughly investigated.

9. Inconsistent Nature of Supplies: Instances where the nature of purchases does not align with the nature of supplies indicate fraudulent activities.

10. Focus on Commercial Importers: Special attention will be paid to commercial importers and dealers associated with large corporations, especially those involved in petroleum products, as they are often engaged in issuing flying invoices. Diligently comparing imported goods with the nature of the buyers' business is expected to reveal discrepancies.

The FBR noted that fraudulent actors typically operate in networks. Identifying the issuer of fake or flying invoices necessitates a meticulous examination of both forward and backward transactions, as outlined in Annex A and Annex C of their sales tax returns. Such scrutiny will unveil other wrongdoers within the supply chain.

Once the data on fake and flying invoices, along with the details of the registered entities involved in these fraudulent activities, has been captured, the staff will also verify the physical existence of these registered persons. Reports generated from these findings will be documented as part of the FBR's official records.

Through this comprehensive initiative, the FBR aims to fortify Pakistan's tax framework, enhance compliance, and safeguard the national revenue system from fraudulent practices.

Markets » Cotton & Textile

COTTON SPOT RATES

Recorder Report Published 22 minutes ago

KARACHI: official KCA spot rates for local dealings in Pakistan rupees on Wednesday, (October 16, 2024)

The kca official spot rate for local dealings in Pakistan rupees

For base grade 3 staple length 1-1/16"
Micronaire value between 3.8 to 4.9 ncl

Rate	Ex-gin for	Upcountry price	Spot rate Ex-Karachi	Spot rate ex. Khi. as on 15-10-2024	Difference Ex-karachi
37.324 KG	17,800	285	18,085	18,285	-200/-
Equivalent 40 KGS	19,076	305	19,381	19,596	-215/-

SPOT RATE DRIFTS LOWER BY RS 2,00 PER MAUND

Recorder Report Published 23 minutes ago

LAHORE: The Spot rate Committee of the Karachi Cotton Association (Wednesday) on Wednesday decreased the spot rate by Rs 2,00 per maund and closed it at Rs 17,800 per maund.

The local cotton market remained bearish and the trading volume remained satisfactory.

Cotton Analyst Naseem Usman told Business Recorder that the rate of cotton in Sindh is in between Rs 17,300 to Rs 17,700 per maund. The rate of Phutti in Sindh is in between Rs 7,500 to Rs 8,400 per 40 kg.

The rate of cotton in Punjab is in between Rs 17,500 to Rs 18,000 per maund. The rate of Phutti in Punjab is in between Rs 7,500 to Rs 8,400 per 40 kg.

The rate of cotton in Balochistan is in between Rs 17,200 to Rs 17,500 per maund. The rate of Phutti in Balochistan is in between Rs 7,800 to Rs 9,000 per 40 kg. The rate of Balochi Cotton is in between Rs 18,800 to Rs 19,000 per maund.

Around, 400 bales of Ghotki were sold at Rs 17,800 per maund, 1400 bales of Saleh Pat were sold at Rs 17,500 to Rs 17,700 per maund, 600 bales of Rohri were sold at Rs 17,550 per maund, 3000 bales of Tando Adam, 800 bales of Shahdad Pur were sold in between Rs 17,300 to Rs 17,600 per maund, 1200 bales of Sanghar were sold in between Rs 17,300 to Rs 17,500 per maund, 400 bales of Hyderabad were sold in between Rs 17,400 to Rs 17,500 per maund, 1200 bales of Mir Pur Khas were sold in between Rs 17,400 to Rs 17,800 per maund, 2000 bales of Khair Pur were sold in between Rs 17,500 to Rs 17,700 per maund, 1600 bales of Mian Wali, 600 bales of Fort Abbas, 600 bales of Marrot were sold in between Rs 17,800 to Rs 18,000 per maund, 2200 bales of Yazman Mandi were sold in between Rs 17,800 to Rs 17,900 per maund, 1600 bales of Shujaabad, 2200 bales of Haroonabad, 600 bales of Bahwalpur, 400 bales of Ahmed Pur East, 800 bales of Rahim Yar Khan, 800 bales of Chishtian, were sold in between Rs 17,700 to Rs 17,900 per maund, 1200 bales of Faqeer Wali and 800 bales of Bahwalnagar were sold in between Rs 17,700 to RS 17,800 per maund.

The Spot rate Committee of the Karachi Cotton Association decreased the spot rate by Rs 2,00 per maund and closed it at Rs 17,800 per maund. Polyester Fiber was available at Rs 357 per kg.

Stock & Commodity

WALL ST STEADY AS INVESTORS FAVOR SMALL CAPS OVER BIG TECH

Reuters Published 24 minutes ago

NEW YORK: The S&P 500 and the Nasdaq were little changed on Wednesday, with declines in heavily weighted technology megacaps limiting gains as investors turned to small-cap and financial stocks after a slew of upbeat bank earnings.

Morgan Stanley leapt 7.8% to a record high after it joined peers such as JPMorgan Chase JPM.N in reporting strong profits following a sharp increase in investment banking revenue.

The Dow regained some lost ground after a selloff in the previous session, lifted by a 3% rebound in the shares of UnitedHealth and a 1.9% gain in Goldman Sachs.

The small-cap Russell 2000 index .RUT leapt 1.5% to a more than two-month high as investors rotated from expensive tech megacaps to less expensive sectors.

“There has been a broadening out in terms of participation... in the small caps versus the large caps,” said Zachary Hill, head of portfolio management at Horizon Investments.

“That’s a positive sign, some of it having to do with interest rates coming down and some relief on the balance sheet side for more highly levered smaller-cap companies.”

Among lenders, First Horizon FHN.N gained 4% and US Bancorp USB.N rose 5% after reporting third-quarter results. The broader Banks .SPXBK index was up 1% and an index tracking regional banks .KRX rose 1.9%.

Apple AAPL.O lost 1.6% after hitting a record high in the previous session, Microsoft MSFT.O was off 1% and Meta Platforms META.O fell 1.9%.

Chip heavyweight Nvidia, however, bucked the megacap slide, rising 1.7% after slumping nearly 5% in the previous session.

Gains in the so-called Magnificent Seven group of tech stocks have been the primary drivers of Wall Street’s record-breaking run this year. However, with valuations increasingly stretched and a brighter economic outlook, investors have been seeking opportunities elsewhere.

“Valuations for (the largest tech stocks) are somewhat lofty. When you see the daily gyrations in the market, it’s based primarily on how the earnings situation looks for those firms,” said Scott Welch, chief investment officer at Certuity.

Utilities led sectoral gains and was up 1.2%. The economically sensitive Transport index jumped 2%, lifted by an 11% leap in United Airlines after it forecast better-than-expected fourth-quarter profit and announced a $1.5-billion share buyback program on Tuesday.

The Dow Jones Industrial Average rose 203.46 points, or 0.48%, to 42,936.19, the S&P 500 gained 7.32 points, or 0.13%, to 5,822.58 and the Nasdaq Composite lost 16.73 points, or 0.09%, to 18,298.86.

More corporate earnings are due through the week, along with key economic data including the retail sales and industrial production figures for September on Thursday.

Bets on a 25-basis-point rate cut at the central bank’s November meeting have risen to 92.8%, according to CME’s FedWatch.

US-listed shares of chip equipment-maker ASML Holding lost 5.7% after the company cut its 2025 financial forecast, while Intel fell 2% after the Cybersecurity Association of China recommended initiating a review of the chipmaker’s products sold in the country.

Advancing issues outnumbered decliners by a 3.53-to-1 ratio on the NYSE, and by a 2.71-to-1 ratio on the Nasdaq.

The S&P 500 posted 41 new 52-week highs and no new lows, while the Nasdaq Composite recorded 134 new highs and 39 new lows.

EUROPEAN TECH, LUXURY STOCKS TUMBLE AS RESULTS DISAPPOINT

Reuters Published 25 minutes ago

PARIS: Europe's STOXX 600 settled lower on Wednesday, with tech and luxury stocks hurt by disappointing results from industry heavyweights ASML and LVMH, while caution prevailed ahead of the European Central Bank's policy decision.

The continent-wide STOXX 600 index fell 0.2%, retreating further from the over two-week high hit early on Tuesday. The euro zone blue chip index closed at more than a three-week low.

ASML, the world's biggest chipmaking equipment manufacturer, shed another 5.1% to hit a 10-month low, dragging the tech index down 1.5% to a one-month low. Its weak 2025 sales forecast on Tuesday sparked its steepest one-day decline in nearly three decades.

Jochen Stanzl, chief market analyst at CMC Markets, said ASML's disappointing results might be due to cost cuts by its customers such as Intel and that in a few months, fresh orders could lift the stock.

The luxury sector also faltered as France's LVMH dropped 3.7%, the stock's biggest one-day drop in over one month, after the company reported weaker third-quarter sales.

The French CAC 40 index underperformed most major European bourses with a 0.4% decline. Peers Gucci-owner Kering, Hermes and Richemont fell between 0.8% and 1.3%. The broader luxury and personal and household goods indexes each shed over 1.3%.

Both indexes have underperformed STOXX 600 so far this year. China-exposed firms have grappled with dwindling sales in the world's second-biggest economy, with sentiment getting a brief boost from the latest stimulus measures.

Shoemaker Adidas fell 6.3% despite raising its full-year sales and profit guidance.

Spain's benchmark closed at its highest since January 2010, but Germany's DAX index retreated further by 0.1% from Tuesday's record high.

"The probability for (the DAX) to continue going up is higher because given the fact that there are a lot of export oriented companies in the DAX comparable to global US companies," Stanzl said.

Market participants expect the ECB to cut rates by another 25 basis points on Thursday, which could boost stocks.

Travel and leisure stocks rose 1.6% to top sectoral charts, boosted by Whitbread's 6% gain after the Premier Inn owner said bookings were picking up for the holiday season.

CHINA STOCKS WOBBLE AS INVESTORS AWAIT FURTHER STIMULUS

Reuters Published 25 minutes ago

HONG KONG: China stocks logged a choppy session, while Hong Kong shares pared early gains to finish lower on Wednesday, as investors awaited fiscal stimulus details and looked forward to a government briefing focused on the struggling property sector.

China's blue-chip CSI300 Index dropped 0.6%, while the Shanghai Composite Index was up a mild 0.05%.

In Hong Kong, theChina stocks wobble as investors await further stimulus

benchmark Hang Seng edged down 0.2%. and the Hang Seng China Enterprises Index slid 0.1%.

While policy has pivoted, the sharp run-up in China equities in recent weeks has largely sapped the short-term upside potential, a fund manager survey conducted by BofA Securities showed.

"People are still waiting for more unexpected positive news to the market," said Steven Leung, executive director at UOB Kay Hian, referring to the cautious market sentiment.

China said it will hold a press conference on Thursday to discuss promoting a "steady and healthy" development of the property sector, rekindling hopes of further policy easing to underpin a recovery in the housing market and a broad economic revival.

Property stocks gained, with the CSI real estate index and Hong Kong-listed mainland property stocks adding 5.1% and 3.4%, respectively.

Homebuilder Sunac China surged 40%, while China Vanke's mainland and Hong Kong shares jumped 9% and 19%.

Elsewhere, 5G Communications and photovoltaic stocks were down 3% and 2.6%.

Swiss private bank UBP believes the policy announcements so far showed China is seeking to place a floor under asset prices and the economy as a whole.

"Should renewed pressure on asset prices or consumption emerge, policy in fact stand ready to once again act to shore up both segments of the economy, a positive for investors," said Norman Villamin, UBP Group's chief strategist.

SPANISH BLUE CHIPS CLOSE AT HIGHEST SINCE 2010

Reuters Published October 16, 2024

Spain's benchmark closed on Wednesday at its highest since January 2010, following a rally of over 18% so far this year, outperforming other European indexes.

Equities have hit multi-year and even record highs this year, as central banks cut interest rates and inflation subsides, while growth in the United States has remained robust.

"Investors remain confident about a soft landing for the economy and are currently looking at the third-quarter corporate earnings which are likely set to return to growth", market analyst Joaquin Robles said.

Some European indexes, such as the benchmark STOXX and Germany's DAX have been recently trading near all-time highs.

Madrid's IBEX index has been the best performer among the European indexes this year, followed by Germany's DAX and Italian's FTSE MIB, which have gained 16% and 14%, respectively.

It closed at 11,996.7 after briefly touching 12,005.1 shortly before the close.

France's CAC has fallen 0.6% year-to-date, as political turmoil has prompted investors to sell the country's bonds and stocks.

Tech stocks hurt STOXX 600, ASML logs biggest one-day drop

However, Spain's IBEX is far below its all-time record of almost 16,000 points, set in November 2007.

Madrid equities have benefited from a heavy weighting towards bank stocks, which tend to lag when interest rates fall, but which have seen bumper returns from investment banking.

On the IBEX, lenders such as Sabadell and Caixabank are among top gainers in 2024, rising 67% and 47%, respectively.

Robles also pointed out that Spain has been growing faster than the euro zone average in the last two years and therefore it was raising more optimism among investors.

The Spanish government last month raised its economic growth forecasts for 2024 to 2.7% from 2.4%, while the euro zone is expected to grow a scant 0.8%, according to European Commission data.

MOST GULF MARKETS IN BLACK AHEAD OF EARNINGS; OIL GEOPOLITICS CAP GAINS

Reuters Published October 16, 2024

Most stock markets in the Gulf ended higher on Wednesday as investors prepare for the third-quarter earnings season to accelerate, although regional conflict and softening oil prices limited gains.

Saudi Arabia's benchmark index gained 0.3%, with aluminium products manufacturer Al Taiseer Group rising 0.4% and ACWA Power Company closing 1.6% higher.

Among other gainers, Arabian Internet and Communications Services advanced 1.2% after the firm signed a 309.7 million riyals ($82.50 million) contract with Saudi Telecom Company (STC). STC shares finished flat.

On the other hand, oil behemoth Saudi Aramco eased 0.2%.

Oil - a catalyst for the Gulf's financial markets – steadied supported by OPEC+ cuts and uncertainty over what may happen next in the Middle East conflict, although an outlook for ample supply next year added downward pressure.

Dubai's main share index gained 0.4%, with blue-chip developer Emaar Properties climbing 1.5%.

The United States has told Israel it must take steps in the next month to improve the humanitarian situation in Gaza or face potential restrictions on U.S. military aid, U.S. officials said, in the strongest such warning since Israel's war with Hamas began a year ago.

In Abu Dhabi, the index inched 0.2% higher, supported by a 3.7% rise in Fertiglobe.

Major Gulf markets mixed on weak oil, ahead of earnings

Fertiglobe - the largest producer of nitrogen fertilisers in the Middle East and North Africa - expects to more than double its net ammonia production capacity as it integrates ADNOC's portfolio of low carbon ammonia projects following the energy giant's purchase of a majority stake in the fertiliser maker on Tuesday.

The Qatari index advanced 0.9%, with Qatar Islamic Bank rising 2.1%.

Post trading hours, the sharia-compliant lender reported a nine-month net profit of 3.27 billion riyals ($897.12 million), up from 3.06 billion riyals a year earlier.

Outside the Gulf, Egypt's blue-chip index eased 0.1%, hit by a 2.4% fall in Talaat Mostafa Holding.

SAUDI ARABIA	added 0.3% to 12,039
ABU DHABI	rose 0.2% to 9,306
DUBAI	gained 0.4% to 4,485
QATAR	advanced 0.9% to 10,735
EGYPT	lost 0.1% to 30,545

BAHRAIN	was flat at 2,001
OMAN	rose 0.2% to 4,813
KUWAIT	finished flat at 7,621

WALL ST STEADY AS INVESTORS FAVOR SMALL CAPS OVER BIG TECH; BANKS RALLY

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“That’s a positive sign, some of it having to do with interest rates coming down and some relief on the balance sheet side for more highly levered smaller-cap companies.”

Wall Street loses ground as chip, oil stocks plummet

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US STOCKS TREAD WATER WITH EARNINGS SEASON UNDERWAY

AFP Published October 16, 2024

NEW YORK: Wall Street stocks were slightly down on Wednesday morning, as investors digested the latest slate of financial results from companies.

The Dow Jones Industrial Average was up 0.1 percent at 42,773.12 around 10 minutes into trading.

The broad-based S&P 500 Index was 0.1 percent lower at 5,811.22, while the tech-focused Nasdaq Composite Index retreated 0.2 percent to 18,280.04.

Wall Street loses ground as chip, oil stocks plummet

Following quarterly results from Goldman Sachs showing a jump in profits Tuesday, investment bank Morgan Stanley too beat estimates with its third-quarter report a day later.

Morgan Stanley saw a “strong third quarter in a constructive environment,” according to Chief Executive Ted Pick in a statement.

The bank reported a 32-percent jump in profit to $3.2 billion, sending its shares 6.5 percent higher.

There’s not a lot of direction either way right now,“ said Steve Sosnick at Interactive Brokers.

The market) is going to be very dependent upon earnings as we keep going,“ he added, noting that Morgan Stanley’s results were positive early Wednesday.

But Dutch tech giant ASML, whose shares plunged after it unveiled a cut to its 2025 guidance and slump in sales bookings, was enough of a trigger to send share prices falling Tuesday.

The supplier of chip-making machines to the semiconductor industry saw its shares slip 4.9 percent on Wednesday.

INDIAN SHARES SLIP AGAIN AS FOREIGN FUND EXODUS HURTS

Reuters Published October 16, 2024

Indian shares fell for a second straight session on Wednesday, as foreign funds shifted money to China and marquee companies’ results disappointed investors.

The Nifty 50 index closed down 0.34% to 24,971.3 points, while the S&P BSE Sensex fell 0.39% to 81,501.36.

The Nifty 50 has declined about 5% from a record high hit in the last week of September - when China unveiled its most aggressive measures since the pandemic.

Beijing’s stimulus has shifted the focus of global fund managers to China and foreign investors have pulled out $7.9 billion from Indian stocks so far in October, the highest since March 2020.

That, coupled with a “not-so-encouraging” start to the September-quarter earnings is weighing on sentiment, Ajit Mishra, senior vice president of research at Religare Broking said.

The more domestically-focussed small-caps closed the session flat, while mid-caps shed 0.2%.

Indian shares drop as prospect of delayed domestic rate cuts dulls sentiment

Hyundai Motor India’s record $3.3 billion IPO was subscribed 37% as of 3:30 p.m. IST on its second day of share sale.

Heavyweight Reliance Industries' disappointing results weighed in the previous session, but the oil-focussed conglomerate rebounded 0.8% on the day.

Oil and gas stocks rose 0.23% as crude prices stabilised from a recent slump.

IT major Tata Consultancy Services slipped 0.5%, taking its losses since its weak second-quarter earnings last Thursday to more than 3%.

Two-wheeler maker Bajaj Auto ended 0.8% higher ahead of its quarterly results.

Top Nifty firms like Nestle India, Infosys, Wipro and Axis Bank are due to report their results later this week.

Cochin Shipyard dropped 5% after it said the Indian government will sell a 5% stake at a discount.

SRI LANKAN SHARES END HIGHER BOOSTED BY IT STOCKS

- CSE All-Share index closed 0.27% higher at 12,290.48 points

Reuters Published October 16, 2024

Sri Lankan shares settled higher on Wednesday, powered by gains in information technology stocks.

The CSE All-Share index closed 0.27% higher at 12,290.48 points.

Blue Diamonds Jewellery and UB Finance were the biggest percentage gainers on the CSE All-Share index, rising 33.3% and 16.7%, respectively.

Trading volume on the index fell to 91.9 million shares from 141.1 million in the previous session.

The equity market's turnover slumped to 1.76 billion Sri Lankan rupees ($6 million) from 1.85 billion rupees in the previous session, according to exchange data.

Sri Lankan shares end lower as energy stocks slip

Foreign investors turned net sellers, offloading stocks worth 385.9 million rupees, while domestic investors were net buyers, purchasing shares worth 1.69 billion rupees, the data showed.

Sri Lankan markets will remain closed on Thursday, October 17, for a local holiday. Trading will resume on October 18.

EUROPEAN TECH, LUXURY STOCKS TUMBLE AS ASML, LVMH RESULTS DISAPPOINT

Reuters Published October 16, 2024

Europe's tech and luxury stocks slumped on Wednesday after disappointing results from industry heavyweights ASML and LVMH, while caution loomed ahead of the European Central Bank's policy decision.

The continent-wide STOXX 600 index was down 0.3%, retreating further from the over two-week high hit early on Tuesday.

"It could be the start of a minor reversal, but we still see investors' appetite hold at current levels, if not go further," said Daniela Hathorn, senior market analyst at Capital.com.

ASML, the world's biggest chipmaking equipment manufacturer, shed another 5% and dragged the tech index down 1.3% to a one-month low.

Its weak 2025 sales forecast on Tuesday sparked its steepest one-day decline in four years and triggered a sell-off in chip stocks globally.

The luxury sector did not offer any solace either, as France's LVMH dropped 4.5% after reporting a fall in third-quarter sales, prompting the French CAC 40 index to underperform most major European bourses.

LVMH's earnings justify the concerns over Chinese spending and are likely to weigh on global equities, Hathorn said. Peers Gucci-owner Kering, Birkin bag-maker Hermes and Cartier-owner Richemont fell around 2% each.

The broader luxury and personal and household goods indexes shed about 2% each.

Both the indexes have underperformed STOXX 600 so far this year.

European stocks flat as China stimulus update underwhelms

China-exposed firms have grappled with dwindling sales in the world's second-biggest economy, with sentiment getting a boost briefly from the latest stimulus measures. Shoemaker Adidas fell 4% despite raising its full-year sales and profit guidance.

However, London's FTSE bucked the trend to rise 0.6% after data showed British inflation fell more than expected in September, paving the way for a rate cut next month.

Market participants expect the ECB to cut rates by another 25 basis points on Thursday, which could boost stocks.

The index tracking European energy companies rose 0.9%, topping sectoral gainers, as oil prices stabilised after tumbling to a near two-week low on Tuesday.

Among single stocks, Stellantis fell 2% after warning of a 20% drop in third-quarter consolidated shipments.

Just Eat Takeaway lost over 2% after the food delivery company missed expectations for third-quarter gross transaction value. Tecan dropped 12% after the Swiss life science equipment maker cut its annual outlook.

Teleperformance rose 6% after Kepler Cheuvreux upgraded the office services and call centre company's stock to "buy" from "hold".

LONDON STOCKS HIT MORE THAN 1-WEEK HIGHS AFTER SOFTER-THAN-EXPECTED INFLATION DATA

Reuters Published October 16, 2024

The UK's main stock indexes jumped on Wednesday after a key inflation reading showed British inflation fell more than expected, boosting the case for a rate cut by the Bank of England.

blue-chip FTSE 100 rose 0.7% by 0719 GMT, while the mid-cap FTSE 250 index gained 0.3%. Both indexes hit more than one-week highs.

Precious metal miners led sectoral gains, rising 2.1% in tandem with gold prices that ticked up 0.2%.

The rate-sensitive real estate sector ticked up 1.3%.

Consumer price index data showed British inflation fell more-than-expected to an annual rate of 1.7% in September from 2.2% in August.

A Reuters poll had expected CPI to drop to 1.9%.

The pound fell 0.6% to the dollar, also acting as a tailwind for British equities.

Investors currently see about an 81% chance the Bank of England will cut rates at its next meeting on Nov. 7.

"Today's inflation print will reassure members of the Monetary Policy Committee that the tide is turning in the battle against inflation," Aaron Hussein, global market strategist at J.P. Morgan Asset Management, said.

London stocks regain ground after worst session in two months

"A quarterly cadence of cuts appears most likely. Investors expecting the Bank to keep pace with its peers around the world are therefore likely to be disappointed."

Non-life insurers lost 1.7% after the Financial Conduct Authority began a review of the premium finance market, amid fears that consumers who borrow to pay for motor and home insurance may not be receiving fair or competitive deals.

Quilter gained 5.7% after the British wealth manager reported higher third-quarter assets under management. Burberry lost 4.1%, dragging the personal goods sector to the bottom, after the luxury brand's peer LVMH reported a 3% fall in third-quarter sales.

MAJOR GULF MARKETS GAIN AHEAD OF EARNINGS; REGIONAL CONFLICT, OIL LIMIT GAINS

Reuters Published October 16, 2024

Major stock markets in the Gulf rose in early trade on Wednesday as investors braced for third-quarter earnings, although regional conflict and softening oil prices limited gains.

Saudi Arabia's benchmark index gained 0.3%, with aluminium products manufacturer Al Taiseer Group rising 0.6% and Al Rajhi Bank adding 0.7%.

Among other gainers, Arabian Internet And Communications Services advanced 1.6% after the firm signed a 309.7 million riyals ($82.49 million) contract with Saudi Telecom Company (STC).

Most Gulf markets gain ahead of earnings

STC shares eased 0.2%.

Oil prices were steady after steep declines in the previous session as investors contend with uncertainty around war in the Middle East and what it means for global supply.

Dubai's main share index added 0.3%, with blue-chip developer Emaar Properties and toll operator Salik each gaining 0.7%.

In Abu Dhabi, the index added 0.1%, helped by a 5.1% jump in Fertiglobe.

Fertiglobe - the largest producer of nitrogen fertilisers in the Middle East and North Africa - expects to more than double its net ammonia production capacity as it integrates ADNOC's portfolio of low carbon ammonia projects following the energy giant's purchase of a majority stake in the fertiliser maker on Tuesday.

The Qatari benchmark index rose 0.3%, with Qatar Islamic Bank increasing 0.9%.

Qatar will hold a rare referendum for citizens to vote on a set of constitutional amendments, including a proposal that would abandon an effort to introduce elections, its emir said on Tuesday.

KSE-100 SURGES TO RECORD 86,205 POINTS AFTER SCO SUMMIT SUCCESS

October 16, 2024

Karachi, October 16, 2024 – The Pakistan Stock Exchange (PSX) experienced a landmark day on Wednesday, as the benchmark KSE-100 index surged to an all-time high of 86,205 points.

This 365-point gain from the previous day's closing of 85,840 points was fueled by investor optimism following the successful conclusion of the Shanghai Cooperation Organization (SCO) summit.

The SCO summit bolstered hopes for regional political and economic stability, significantly lifting market sentiment. Analysts at Topline Securities Limited noted that the record-breaking performance of the KSE-100 index reflected heightened investor confidence, with the potential for improved diplomatic and trade relations across the region driving increased buying activity.

This upbeat sentiment, coupled with strong corporate earnings across various sectors, triggered a broad-based rally. The energy sector saw particularly notable gains, as LPL, NPL, and NCPL reached their upper circuit limits. These gains came in the wake of news that the government plans to settle outstanding payments and has proposed four "take and pay" options for 18 Independent Power Producers (IPPs) established under the Power Generation Policies of 1994 and 2002. The announcement sparked optimism among investors in the power sector, adding further momentum to the market's overall performance.

Major contributors to the KSE-100 index's rise included key stocks such as Pakistan Petroleum Limited (PPL), Hub Power Company (HUBC), Pakistan State Oil (PSO), Oil and Gas Development Company (OGDC), and The Searle Company Limited (SEARL), which collectively added 368 points to the KSE-100 index.

Trading volumes remained robust, with 473 million shares exchanged during the session, generating a total value of Rs 26.9 billion. SEARL emerged as the most actively traded stock of the day, with 26 million shares changing hands, highlighting the strength of the pharmaceutical sector alongside other major industries.

The record-breaking performance of the KSE-100 index underscores the resilience of Pakistan's stock market in the face of both domestic and global challenges. The positive outlook following the SCO summit and the anticipation of improved corporate earnings in the coming quarters have created an environment of optimism among investors.

While market analysts remain upbeat about future growth, they also caution that external factors, including global market conditions and geopolitical risks, could impact market stability in the long term. For now, however, the PSX continues to ride a wave of investor confidence.

US DOLLAR HITS FRESH 10-WEEK HIGH

Reuters Published 31 minutes ago

NEW YORK: The US dollar firmed on Wednesday, hitting a new 10-week high, as investors priced out a hefty interest rate cut from the Federal Reserve at the next policy meeting and included a potential election victory by former President Donald Trump.

Sterling, meanwhile, tumbled to its lowest in two months after softer than expected British inflation data offered scope for the Bank of England to cut rates more forcefully, while the euro was at a 10-week low ahead of a European Central Bank meeting.

But with US presidential elections a few weeks away, investors' focus has shifted to the contest along with the Fed's interest rate path.

Trump's plan to implement tax cuts, looser financial regulations, and higher tariffs is viewed as positive for the dollar.

Higher tariffs, for instance, would have negative implications for Asian currencies, notably the Chinese yuan, and would also mean increased volatility in financial markets, ultimately benefiting the dollar.

Vassili Serebriakov, FX strategist at UBS in New York, said a combination of Fed policy expectations and US election prospects have provided a lift for the dollar.

In late morning trading, the dollar rose 0.2% to 103.44, after hitting yet another 10-week high of 103.47.

The euro, the dollar index's biggest component, fell 0.2% as well to $1.0876, after earlier sliding to an 11-week low of $1.0871.

Investors will be closely watching the ECB meeting on Thursday, though if policy makers deliver the currently priced 25-bp rate cut and President Christine Lagarde refrains from giving too many clues about the further rate outlook, the market impact could be muted.

The pound, meanwhile, was one of the biggest movers among major currencies, dropping 0.5% to $1.3008. It dipped under the $1.30 level for the first time since Aug. 20, after data showing the rate of annual consumer price inflation dropped to 1.7% in September from 2.2% in August.

That was the lowest reading since April 2021, and under the 1.9% forecast by a Reuters poll of economists. It reinforced bets on a BoE interest rate cut next month and made a further cut in December more likely.

The euro was last 0.4% higher against the pound at 83.63 pence.

Across the Atlantic, traders have priced in a 97% chance of a 25-bp cut when the Fed next decides policy on Nov. 7, with an 3% probability of a pause, according to LSEG's estimates. A month ago, traders saw 50-50 odds of a super-sized 50-basis-point reduction.

The dollar added 0.3% against the yen to 149.605 yen, not far from Monday's high of 149.98 yen, the strongest since Aug. 1.

BOJ board member Seiji Adachi said on Wednesday the central bank must raise rates at a "very moderate" pace and avoid hiking prematurely, given uncertainties over the global economic outlook and domestic wage developments.

In other currencies, the Australian and New Zealand dollars sagged as scepticism widened over stimulus from top trading partner China.

The Aussie dropped to US$0.6663, the lowest since Sept. 12, and last traded at US$0.6664, down 0.6%. The New Zealand unit sank to UD$0.6041, a level last seen on Aug. 19, and was last down 0.3% at US$0.6062.

ASIAN FX STEADY AHEAD OF KEY CENBANK DECISIONS

Reuters Published 31 minutes ago

BENGALURU: Asian currencies recovered some ground on Wednesday, led by the Indonesian rupiah and Thailand's baht, as investors braced for pivotal monetary policy decisions from Indonesia, Thailand, and the Philippines later in the day.

The rupiah advanced as much as 0.4% to 15,515 per dollar by 0311 GMT and the baht gained 0.3%, hitting their highest levels since Oct. 4. The Philippine peso was largely flat.

The dollar index, which measures the currency against six major rivals, was steady at 103.25, sticking close to Monday's high of 103.61, a level unseen since Aug. 8. This kept a lid on gains for emerging market currencies.

Investors expect central banks in the region to ease monetary policies gradually. Last week, as widely anticipated, the Monetary Authority of Singapore maintained its stance for the sixth consecutive time since April 2023, while the Bank of Korea (BoK) reduced its policy rate by 25 basis points to 3.25%.

"In term of FX market reactions, I think market players are expecting gradual rate cuts from Asian central banks. So, rate cuts from BSP (Bangko Sentral ng Pilipinas) and BI (Bank Indonesia) might not hurt PHP and IDR that much," said Poon Panichpibool, a markets strategist at Krung Thai Bank.

Despite inflation falling to 1.84% in Indonesia, its lowest level since 2021 and within the central bank's target range of 1.5% to 3.5%, BI is expected to maintain current interest rates due to concerns over the rupiah's more than 3% decline from the September peak.

The Bank of Thailand (BOT) is also expected to stay on hold and leave its one-day repo rate at 2.50% for the rest of the year.

"A 'surprise' rate cut at the October meeting with more dovish tone from the BOT could drive THB lower (USDTHB could easily break out 33.60-33.70 resistance zone)," Panichpibool said.

With inflation now below the target range of 2%-4%, the Philippine central bank is anticipated to continue its easing cycle that began in August, likely reducing the overnight borrowing rate by 25 basis points to 6.00% and potentially implementing another cut in December.

Stock markets in the region tracked a fall in US semiconductor names after chip equipment maker ASML cut its annual sales forecast.

The tech-heavy stock indexes of Taiwan and South Korea both fell 0.5%, with industry giants Taiwan Semiconductor Manufacturing Co and Samsung Electronics spearheading the declines in their respective markets.

HBL REPORTS 13% YOY DECLINE IN Q3 2024 EARNINGS

October 16, 2024

Karachi, October 16, 2024 – Habib Bank Limited (HBL) announced a 13% year-on-year (YoY) decline in earnings for the third quarter of calendar year 2024 (3QCY24), with profits totaling PKR 14.5 billion (Earnings Per Share: PKR 9.85).

Despite the YoY decrease, the earnings of HBL were up 1% quarter-on-quarter (QoQ). For the nine months ending September 2024 (9MCY24), HBL reported total earnings of PKR 44.0 billion, reflecting a 3% YoY increase, driven primarily by growth in total income.

Along with its financial results, HBL declared a cash dividend of PKR 4 per share for 3QCY24, bringing the total dividend payout for 9MCY24 to PKR 12.0 per share.

Key Financial Highlights:

Interest Income and Net Interest Margin

HBL's interest earned in 3QCY24 reached PKR 218 billion, representing a 14% YoY and 4% QoQ increase. However, interest expenses surged by 23% YoY and 4% QoQ, amounting to PKR 154 billion. As a result, the bank's Net Interest Income (NII) came in at PKR 64 billion, marking a 2% YoY decline but a 4% increase QoQ. For 9MCY24, NII totaled PKR 185.3 billion, a 4% YoY rise.

Non-Funded Income (NFI)

HBL's NFI witnessed a remarkable 63% YoY increase during 3QCY24, reaching PKR 60.7 billion for 9MCY24, a 59% YoY growth. This was driven by a 20% YoY increase in fee income, which rose to PKR 36.6 billion, and a significant boost in foreign exchange income, which jumped from PKR 1.6 billion to PKR 5.6 billion. Other income also saw an impressive 110% YoY surge, reaching PKR 9.3 billion in 9MCY24. Additionally, HBL posted a gain of PKR 6.6 billion from the sale of securities, a notable recovery from a PKR 307 million loss in the same period last year.

Provisioning and Operating Expenses

HBL recorded a provisioning charge of PKR 8.9 billion in 3QCY24, bringing the total provisioning charge for 9MCY24 to PKR 19.0 billion, compared to PKR 7.4 billion in 9MCY23.

Operating expenses (OPEX) increased by 8% YoY and 4% QoQ in 3QCY24, amounting to PKR 47.9 billion. Consequently, the bank's cost-to-income ratio slightly improved to 56.5% in 3QCY24 from 57.1% in the same period last year.

Taxation

The bank's effective tax rate for 3QCY24 stood at 49.3%, slightly higher than the 48.1% recorded in the same period last year.

With steady income growth but higher expenses and provisions, HBL faces a challenging but resilient financial landscape in the coming quarters.

RUPEE FACES THIRD STRAIGHT FALL, REACHES PKR 277.84 TO DOLLAR

October 16, 2024

Karachi, October 16, 2024 – The Pakistani rupee faced its third consecutive decline on Wednesday, closing at PKR 277.84 against the US dollar in the interbank foreign exchange market. This marked a 10-paisa fall from the previous day's closing rate of PKR 277.74.

Currency market analysts attribute the ongoing weakening of the rupee to rising demand for the dollar, primarily driven by increased import activity and corporate obligations. Importers and businesses have been actively seeking foreign currency to settle payments, intensifying pressure on the local currency. The rupee's struggle reflects the delicate balance in the face of global economic uncertainties.

Despite the rupee's gradual decline, financial experts remain cautiously optimistic about its near-term prospects. A key factor underpinning this optimism is the recent improvement in Pakistan's foreign exchange reserves. The State Bank of Pakistan (SBP) reported an increase in reserves, which rose to $16.05 billion as of the week ending October 4, 2024, marking a $64 million gain from the previous week's figure of $15.983 billion. This improvement in reserves is seen as a positive sign, potentially helping to stabilize the rupee in the coming weeks.

Additionally, Pakistan's trade balance and current account deficits have shown significant improvement in recent months, easing the pressure on foreign exchange reserves. The narrowing of these deficits has been welcomed by economists, as it reduces the country's need for foreign currency to meet external payment obligations. "The shrinking trade and current account deficits are promising developments for the rupee's future stability," said a leading currency expert.

Export growth and strong inflows from workers' remittances are also expected to provide support for the rupee. Remittances, which constitute a major portion of Pakistan's foreign exchange inflows, have been resilient, and their steady growth is anticipated to back the local currency further. Export receipts are similarly projected to remain strong, contributing positively to the currency's stability.

However, market experts have cautioned that potential risks could still disrupt the rupee's stability. Shifts in global economic conditions, fluctuations in commodity prices, or unexpected domestic challenges could undermine the rupee's position. Despite these concerns, the overall outlook remains positive due to improving economic indicators, including the strengthening of reserves and reduced deficits.

As Pakistan continues to take strides toward improving its economic fundamentals, the rupee may see greater stability, though careful monitoring of both domestic and international factors remains crucial.

Trade & Industry

GOVT TO ACTIVATE SSIC TRAINING CENTRES

Recorder Report Published 33 minutes ago

KARACHI Provincial Minister for Industries and Commerce Jam Ikramullah Dharejo has said that the training centres managed by Sindh Small Industries Corporation (SSIC) will be made functional to provide training to the youth in vocational and other trades to make them an active and useful part of the society.

Addressing a meeting chaired by him, he said that the training centres of Sindh Small Industries Corporation would be activated.

On this occasion, he was given a briefing regarding SSIC. He was informed that there are 22 industrial estates/ and seven artisan colonies across the province under the management of Sindh Small Industries Corporation.

He assured that financial problems of SSIC would also be solved on priority basis.

He said that the officers should work hard to get the SSIC out of the financial crisis and timely payment of the employees' salaries should also be ensured.

Dharejo said that recovery of arrears of industrial plots should also be ensured so that the financial affairs of the institution could improve.

CALL FOR ECONOMIC EMPOWERMENT OF WOMEN

Recorder Report Published 33 minutes ago

LAHORE: An inspiring interactive session by 'Women on Board' featured Aasia Saail Khan, a member of the Prime Minister's Steering Committee for the SMEs Authority, as the keynote speaker calling for economic empowerment of women.

Aasia shared her remarkable journey as a single mother, entrepreneur, and businesswoman, emphasizing the critical role of women in driving the national economy. She highlighted the importance of financial independence and breaking the corporate 'glass ceiling' encouraging women to assert their presence in both professional and personal spaces.

Aasia passionately addressed the need for mindful upbringing of sons to reshape gender dynamics and called on women to create their own safe spaces, assert boundaries, and demand their right to safety.

She further stressed the power of women's networks and support groups to foster growth, celebrate achievements, and create opportunities for one another.

The session deeply resonated with the attendees, who sought her guidance on overcoming challenges in the workplace and within families. They discussed issues of empowerment and the significance of creating a collaborative environment. Aasia's words left a lasting impact, inspiring the women to embrace leadership roles and aim for autonomy in their careers.

'Women on Board' plans to continue these empowering initiatives, offering regular meetings, workshops, and networking events to help women achieve their full potential and create safe, inclusive workplaces.

ECONOMIC GROWTH, REGIONAL INTEGRATION: SCO SUMMIT PROVIDES A DISTINCTIVE PLATFORM: ICCI

Abdul Rasheed Azad Published 33 minutes ago

ISLAMABAD: The Islamabad Chamber of Commerce and Industry (ICCI) on Wednesday while hailing the successful hosting of Shanghai Cooperation Organisation (SCO) summit in Pakistan said that it provided the country a distinctive platform to strengthen journey of economic growth and regional integration.

ICCI President Nasir Mansoor Qureshi said it served as a platform for advancing cooperation in technology, especially in areas like digital transformation, cyber security, and e-commerce.

He also commended Prime Minister Shehbaz Sharif for highlighting the significance of peace and stability in Afghanistan for the growth of trade and development among all the stakeholders as well as exercising the collective wisdom for fostering progress and prosperity for the shared community.

Qureshi congratulated the prime minister and his entire team for the hard work for the Summit which manifested the collective voice and wishes of over 40 percent of world population. He said that SCO remained the beacon of stability and development for the mutual benefit of the people in the region.

He appreciated that the participants acknowledged the importance of developing ports, logistics and railway infrastructure, scientific and technological innovations, the development of multi- and inter modal transport, modern logistics centres and human resources, digitalization, ensuring safety, including environmental initiatives, in railway transport, as well as the development of interconnectivity and creation of efficient transport corridors, development of micro, small and medium-sized enterprises is important to stimulate economic growth and create jobs, which will serve as impetus for the economic development of the member states as well as the other countries.

He expressed the hope that all the member states will whole heatedly collaborate to address the shared challenges and work hand-in-hand for promoting cross-border infrastructure projects, expanding transport networks, and streamlining customs procedures to enhance connectivity which in turn will ultimately prove a driving force for the growth of worst affected businesses and trade. Pakistan, with its burgeoning IT sector and thriving startup ecosystem, can play a pivotal role in driving this collaboration, he added.

The region's vast energy resources, including Central Asia's and Russia's oil and gas reserves, present valuable opportunities for energy cooperation, he further said.

The ICCI president went on to say that now Pakistan has to focus on creating an integrated regional economic zone, which would not only boost trade but also strengthen people-to-people links, cultural exchanges, and tourism among SCO member states, adding that Pakistan's agricultural sector holds tremendous potential for collaboration with Central Asian countries, which have a growing demand for agricultural products and could benefit from Pakistan's expertise in farming technology.

He also congratulated the Russian leadership on assuming the chairmanship of the Council and holding the next CHG meeting in Russia next year.

BELARUS DELEGATION VISITS ZTBL, SHOWS INTEREST IN MULTIPLE PROJECTS

Recorder Report Published 34 minutes ago

ISLAMABAD: A high-level delegation from the Republic of Belarus called on the President/CEO of Zarai Taraqiati Bank Limited (ZTBL) at ZTBL, Head Office Wednesday, expressing keen interest to invest in multiple projects in Pakistan.

The meeting was held during Shanghai Cooperation Organization (SCO) summit 2024 in Islamabad, where delegations from various member and observer countries have gathered.

Belarus delegation included Sergei Stolyarchuk, Chairman of the Bank of Development of Belarus, Vadim Shagoiko, Deputy Minister of Agriculture and Food of Belarus and Ilya Kanapliou, Trade Counsellor of the Embassy of Belarus in Pakistan. The President/CEO of ZTBL, Tahir Yaqoob Bhatti, warmly welcomed and received the distinguished Belarusian delegation.

During the meeting, the Belarusian delegation provided detailed insights into Belarus' agriculture sector, which plays a pivotal role in the country's economy. Agriculture and livestock exports are major contributors to Belarus' foreign exchange earnings. They highlighted Belarus' strength in agricultural mechanization, heavy machinery production, and livestock development. Their agricultural exports, including dairy and meat products, contribute to their global trade footprint, and Belarus is recognized for its advanced farming practices and cutting-edge machinery such as tractors and agricultural equipment.

The Belarusian side proposed a potential collaboration between ZTBL and Belarus in areas of mutual interest. They suggested that ZTBL's farmers benefit from Belarusian agricultural machinery to promote mechanization and productivity in Pakistan's agriculture sector.

The President/CEO of ZTBL delivered a presentation on Pakistan's agriculture sector and the pivotal role ZTBL plays in supporting small and subsistence farmers. He shared ZTBL's recent disbursement of Rs 33 billion agri loans to small & subsistence farmers under the Prime Minister Kissan Package with over Rs10 billion financed for farm mechanization. The President/CEO ZTBL highlighted the strategic position of ZTBL in terms of country wide outreach in underserved & rural areas through more than 500 branches backed by dedicated team of Mobile Credit Officers and Branch Managers to extend financial and Advisory services to farmers at their doorsteps. He emphasized that partnerships & collaborations amongst countries are crucial for mutual benefits and well-being of people.

Both sides emphasized the importance of further cooperation, particularly in introducing Belarusian agricultural machinery to Pakistani farmers. The president/CEO reaffirmed ZTBL's eagerness to explore joint ventures under the guidance of the Ministry of Finance, Ministry of National Food Security & Research and the State Bank of Pakistan to uplift small farmers and drive the rural economy forward.

The meeting concluded with a commitment from both sides to continue working together, leveraging ZTBL's reach and Belarus' expertise in agricultural technology, mechanization and investment in varied nature of projects in Pakistan.

KCCI ADVISES FBR TO DELAY AFFIDAVIT CONDITION FOR SALES TAX FILINGS

October 16, 2024

Karachi, October 16, 2024 – The Karachi Chamber of Commerce and Industry (KCCI) has strongly urged the Federal Board of Revenue (FBR) to reconsider the recently imposed requirement for taxpayers to submit an affidavit alongside their sales tax return filings. This advisory comes in light of growing concerns about the potential implications of this regulation on the business community.

In a statement issued on Wednesday, KCCI President Muhammad Jawed Bilwani articulated the chamber's apprehensions regarding the affidavit requirement. He emphasized that this mandate compels taxpayers to assert that the information they provide is entirely accurate and truthful. However, he pointed out that while taxpayers strive to ensure accuracy, they may unwittingly be penalized for the transgressions of vendors in the supply chain.

"It creates a perplexing scenario," KCCI President Bilwani stated. "The FBR must clarify which vendors we should engage with or establish standard operating procedures (SOPs) for purchases. Currently, our due diligence only extends to verifying whether a vendor is blocked. If they appear compliant, we proceed with the transaction, unaware of any underlying issues."

KCCI President Bilwani recalled that FBR officials had previously advised the business community to verify vendor credentials through the FBR website, a practice that had been commonplace for years. Yet, the new requirement for an affidavit introduces an additional layer of liability, particularly if a vendor is later found to be involved in tax evasion.

Moreover, he expressed concerns regarding the FBR's transformation plan, which hints at an increase in audits. This development stands in stark contrast to the assurances provided by the Finance Minister during the budget speech, where it was promised that maximum utilization of IT and AI-enabled services would minimize human interaction in the audit process. "An uptick in audits necessitates more auditors, complicating procedures and potentially fostering corruption," Bilwani remarked. He asserted that embracing technology would reduce the manpower needed at the FBR, ultimately lowering the exorbitant costs associated with tax collection.

While acknowledging that some aspects of the FBR's transformation plan are commendable, Bilwani stressed that numerous issues require immediate attention. He urged for collaborative dialogue with the business community and relevant stakeholders to refine the transformation strategy and ensure its effectiveness.

Reflecting on a recent meeting with the FBR Chairman at Customs House in Karachi, Bilwani expressed optimism that the FBR would consider the concerns raised by the KCCI. He reiterated the pressing need for a taxation-friendly environment to foster business growth and bolster the overall economy. As the KCCI advocates for necessary reforms, the call for a reconsideration of the affidavit requirement is viewed as a critical step toward achieving a more equitable and efficient tax system in Pakistan

Business & Finance » Companies

FAUJI FERTILIZER ACQUIRES ADDITIONAL STAKE IN AGRITECH LIMITED FOR RS3.9BN

BR Web Desk Published October 16, 2024

Fauji Fertilizer Company (FFC), one of Pakistan's largest fertilizer producers, has acquired 106,014,632 shares of Agritech Limited worth Rs3.97 billion.

The listed company shared the development in a notice to the Pakistan Stock Exchange (PSX) on Wednesday.

"Fauji Fertilizer Company Limited (FFC), has acquired on 15 October 2024, 106,014,632 voting shares of Agritech Limited at the rate of Rs37.42 per share," read the notice.

"On account of this acquisition our total shareholding in Agritech Limited is 117,934,632 shares which represents 27.77% of the total issued voting shares of Agritech Limited, as the FFC's previous holding in the company was 11,920,000 shares i.e. 2.81%," it added.

Last month, Fauji Fertilizer expressed its intention to acquire shares and control of Agritech Limited.

FFC, engaged in manufacturing, purchasing and marketing of fertilizers and chemicals, posted a consolidated profit-after-tax of Rs25.01 billion in the quarter ended June 30, 2024, more than double when compared with Rs12.44 billion in the same period of the previous year.

Meanwhile, based on interim financial report for the half year ended 30 June 2024, the total number of ordinary shares of Agritech Limited are 424,645,119 having a face value of Rs10.

"AGL has a urea production capacity of 433k tons and an SSP capacity of 81k tons/annum," said JS Global Securities in a note. "The potential acquisition is expected to result in synergies which are likely to add value to the combined enterprise," it added.

AIRBUS TO CUT UP TO 2,500 JOBS IN SPACE, DEFENCE UNIT

AFP Published October 16, 2024

PARIS: European aviation giant Airbus plans to cut up to 2,500 jobs in its struggling defence and space division, a source close to talks between management and unions said Wednesday.

The specifics of the job reductions were not immediately known, the source said on condition of anonymity. The division employs 35,000 people.

Airbus declined to comment.

Dutch rail operator NS to cut 500 jobs to curb losses

The European company is the world leader for telecommunications satellites but it has faced a drop in demand.

The group's net profit fell by 46 percent to 825 million euros ($900 million) in the first half of the year, dragged down by a massive writedown in its space business.

LUFTHANSA FINED 'RECORD' $4MN FOR BARRING JEWISH PASSENGERS

AFP Published October 16, 2024

WASHINGTON: US authorities have hit Lufthansa with a record $4 million penalty after finding the airline discriminated against over 100 Jewish travelers by blocking them from boarding a flight in 2022, officials said Tuesday.

The 128 passengers were denied boarding to a connecting flight after a few did not follow instructions, including anti-Covid mask requirements, on a flight from the United States to Germany, US transport authorities said.

The airline did not immediately reply to an AFP request for comment.

The US Department of Transportation said the penalty over the boarding refusal on May 3, 2022 in Frankfurt was the largest it had issued for a civil rights violation.

The travelers – who wore distinctive garments like black hats and jackets – told investigators they were treated as if they were one group even though many weren't flying together and didn't know each other.

Lufthansa denied boarding "to everyone for the apparent misbehavior of a few, because they were openly and visibly Jewish," DOT authorities said in a filing.

The problem began when the captain of the first flight reported to Lufthansa security that some passengers were not following rules, including wearing of face masks during the trip and not standing in groups in aisles or near emergency exits.

Lufthansa group suspends flights to Lebanese capital Beirut

DOT authorities received over 40 discrimination complaints from Jewish passengers in this case.

Lufthansa told DOT that it has publicly apologized on numerous occasions for barring the passengers from continuing their trips, but denied any suggestion that any of its employees engaged in any form of discrimination.

PTCL GROUP REPORTS 15.3PC YOY REVENUE GROWTH

Recorder Report Published October 16, 2024

KARACHI: Pakistan Telecommunication Company Limited (PTCL), the leading telecom and ICT services provider in the country, has announced its financial results for the quarter ending Sep 30, 2024. The announcement was made during a Board of Directors meeting held in Islamabad.

In 2024, PTCL Group upheld its momentum and strengthened its position as a major telecom service provider in Pakistan.

PTCL Group’s revenue has increased by 15.3% YoY to Rs 160.6 billion, mainly driven by strong performance in the consumer segment led by fixed broadband, mobile data, and wholesale & business solutions.

The Group has reported an operating profit of Rs 1.6 billion and a net loss of Rs 15.3 billion.

PTCL continued its strong performance throughout 2024. PTCL achieved revenue of Rs 79.5 billion during the first nine months of 2024, which is 11.1% higher than same period of last year, mainly driven by growth in fixed line, wholesale & business solutions segments. The company has posted an operating profit of Rs 8.2 billion during the first nine months of 2024, which is 27.6% higher as compared to the same period of 2023. The company has posted net profit of Rs 1 billion during the period.

PTCL’s aggressive deployment of Fiber-To-The-Home (FTTH) are the cornerstones for the topline growth. Continuing from the past quarters, PTCL’s strategic focus remained on enhancing customer experience by providing the fastest and most reliable internet services under its flagship “Flash Fiber” FTTH brand, which boosts PTCL as one of the leading FTTH operator in the industry with majority share of the market’s net adds. PTCL’s fixed broadband business has shown 20.4% YoY growth, whereas PTCL Flash Fiber showed unprecedented growth of 111.5% YoY. PTCL’s focus on FTTH deployment has yielded impressive results, cementing our position as the leading FTTH operator with over 600K FTTH subscribers, we are committed to delivering exceptional customer experiences.

The business services segment maintained its growth, cementing leadership in IP bandwidth, Cloud, Data Center and ICT services in addition to showing promising results in carrier & wholesale and international business. PTCL enterprise business grew by 38.3% vs the same period of previous year. During the reported period, PTCL business services fortified its commitment as the innovation partner for businesses and provided state of the art hosting and digitalization solutions to multiple enterprise and government bodies. Bank Al Habib, Punjab Safe City, Ministry of Hajj and Controller General of accounts are some of the noteworthy milestone engagements.

PTCL Group continued its successful foray into digital content offerings with the live streaming of Wimbledon on Shoq. This milestone marks a significant step in PTCL Group’s strategy to expand its digital footprint and cater to the growing demand for online content.

Ufone 4G posted a YoY growth of 25.6% in topline during first nine months of 2024 supported by solid network expansion and strategic initiatives. This growth has been possible due to better customer experience and digital engagement through multiple data-centric products and strategic partnerships with leading digital platforms enhances digital engagement. Ufone 4G’s impressive growth is a testament to our commitment to customer experience and digital innovation. Ufone has been successful in growing the base at an accelerated pace, surpasses 26 million overall base and 16 million 4G base mark in the month of August.

Ufone 4G is making significant strides in enhancing comprehensive digital ecosystem through the integration of various value-added services (VAS) within its key digital products. By incorporating Golootlo, Waada, Shoq and UCloud services into its leading digital products, Ufone is providing a more comprehensive and enriched experience for its customers. PTML’s digital brand onic is making steady strides in the industry by providing customers with a complete digital ecosystem for an enhanced experience.

Ufone introduces “Roam Like Home” - Seamless International Roaming in 27 destinations. An innovative international roaming service, offering hassle-free data and voice buckets in 27 popular destinations. This convenient and affordable solution enables Ufone subscribers to stay connected while traveling abroad, without worrying about excessive roaming charges.

In Q3’24, PTCL Group signed Pakistani javelin star Arshad Nadeem as brand ambassador, who went on to win Gold in Paris Olympics 2024.

The initiative aligns with PTCL Group’s long-term commitment to support and celebrate national heroes by highlighting their stories of struggle and triumph to inspire the youth.

PTCL Group proudly partners with Pakistan Hockey Team. As the national telecom carrier, PTCL Group is dedicated to celebrating and enhancing the vibrant legacy of Pakistan hockey. This partnership aims to elevate the sport, bolster national pride, and showcase Pakistan’s continued excellence on the global stage.

YOUTUBE INTRODUCES NEW FEATURES BASED ON USER FEEDBACK

October 16, 2024

YouTube is rolling out several new improvements aimed at enhancing the user experience, many of which are based on user feedback.

One of the most significant updates is the introduction of fine-tunable playback speed controls. Users will soon be able to adjust video playback speed in 0.05 increments, compared to the current 0.25 increments.

The maximum playback speed will remain capped at 2x, but the finer control will provide more flexibility.

Another major feature expansion is the sleep timer, which will now be available to all users, not just YouTube Premium subscribers.

The sleep timer allows users to set a specific time for stopping playback, with options ranging from 10 minutes to one hour, or to stop when the current video ends.

For iOS users, browsing in landscape mode will be enhanced later this year. Additionally, YouTube's in-app miniplayer will become resizable and movable, giving users greater control over how they watch videos.

Collaborative playlists are also coming, allowing users to work together on playlist creation. Custom thumbnails can now be designed using either personal photos or generative AI tools. By the end of the year, YouTube will introduce a voting system for videos within playlists.

YouTube is also adding badges to its mobile apps, including YouTube Music. Initially, only a few badges will be available, such as rewards for being among the first paid members of a channel or for correctly completing quizzes.

Finally, YouTube on TV will receive a more "cinematic" upgrade. The service promises a refreshed look with splashes of pink and other visual enhancements to make the viewing experience more dynamic. Additionally, when visiting a channel's page on your TV, a video will automatically play to preview the creator's content.

These updates aim to improve usability and interaction on YouTube, enhancing the experience across platforms.

Technology

PAKISTAN'S ABHI SECURES $15MN IN CREDIT FINANCING TO EXPAND FINANCIAL INCLUSION IN UAE

Bilal Memon Published October 16, 2024

DUBAI: Pakistan's fintech Abhi has secured $15 million in credit financing led by Shorooq Partners and Amplify Growth Partnership, it was announced on Wednesday.

As per a statement, the latest funding will allow Abhi to scale its operations and expand its earned wage access (EWA) to serve the blue- and white-collar working populations in the UAE.

"To date, Abhi has provided circa $55 million in EWA to workers in the UAE across 545,000 transactions. With this strategic investment, Abhi is set to play a key role in further advancing financial inclusion across the UAE," the statement added.

"It is our hope that this facility further drives financial inclusion of underserved communities in the UAE through Abhi's proprietary technology," Nathan Kwon, Head of Private Credit at Shorooq Partners, was quoted as saying.

"With the support of Shorooq and Amplify, Abhi is poised to accelerate its growth and become a leading innovator in the region."

After expanding to Bangladesh and UAE, Pakistani startup Abhi has plans for 'further growth'

Sharaf Sharaf, Fund Head at Amplify Growth Partnership, added: "We are excited to co-lead this investment in Abhi, a company that is transforming financial services by providing underbanked individuals advanced access to their earned wages."

Omair Ansari, CEO and co-founder of Abhi, said the investment represents "a strong vote of confidence from a prominent regional investor in the fintech space".

"With this funding, we are poised to scale our impact, ensuring that every employee, regardless of their role, has access to the financial flexibility they need to thrive," he said.

The MENAP region – comprising the Middle East, North Africa, and Pakistan – is undergoing rapid digitalisation, with increased regulatory support for fintech innovation and a growing demand for financial inclusion, read the statement.

Abhi's valuation grew to $90m in two years

Abhi, a Pakistani financial startup, looks to provide a number of solutions including earned wage access, payroll processing, payroll financing, and SME financing.

The fintech has established partnerships with over 550 companies and gained recognition from Hub71 and Endeavor and was the first in the region to be awarded the Technology Pioneer 2023 Award by the World Economic Forum.

In an interview with Business Recorder last year, Abhi CEO Omair Ansari had stated that its topline revenue figure was close to almost $8 million. He had stated that the company has been "very profitable" in 2023, but did not disclose actual figures.

One of its biggest markets, along with Pakistan and Bangladesh, is the UAE.

An August 2023 report also stated that its valuation had grown to $90 million during the last two years as it became one of the 16 startups that got into Abu Dhabi's global tech ecosystem-Hub71 family. It was also recently selected as one of the Future 100 companies of the UAE, an initiative aimed at highlighting the top startups contributing to the emirate's readiness for the future and competitiveness of the economic sector.

TIKTOK REMOVES 20M VIDEOS IN PAKISTAN IN Q1 FOR VIOLATING GUIDELINES

Recorder Report Published October 16, 2024

KARACHI: TikTok took action against 20 million videos, in Pakistan, and removed for breaching its Community Guidelines during the first quarter (Jan-March) of this year (CY24), underscoring its resolve to combat violations effectively.

Moreover, TikTok has aggressively pursued spam accounts and related content, implementing robust measures to prevent the proliferation of automated spam accounts.

In its continuous effort to foster a secure and positive online environment, TikTok has unveiled its latest Community Guidelines Enforcement Report for the first quarter of 2024. This release highlights TikTok's unwavering commitment to transparency, safety, and inclusivity, reflecting its dedication to building trust and ensuring a safe platform for its global community.

During the January-March period of 2024, TikTok's proactive measures led to the removal of 166,997,307 videos worldwide, representing about 0.9% of all videos uploaded on the platform. A substantial portion of these, 129,335,793 videos, were identified and removed through automated detection technologies, while 6,042,287 videos were reinstated upon further review.

In a bid to enhance transparency, TikTok has now disclosed the number of comments removed and filtered by our comment safety tools for the first time. TikTok has removed and filtered 976,479,946 comments using comment safety tools during this three-month period.

Notably, approximately 93.9 percent of videos that violated the guidelines were removed within 24 hours of posting, and the proactive removal rate for the quarter stood impressively at 99.8 percent globally. In a global effort to safeguard younger users, TikTok also deleted 21,639,414 accounts suspected of belonging to individuals under the age of 13.

TikTok's Community Guidelines are meticulously crafted to cultivate an environment that is safe, inclusive, and authentic for all users, without exceptions. The guidelines are enforced uniformly across all content and users, with TikTok striving for consistency and fairness in its enforcement actions.

Leveraging advanced technology and human oversight, TikTok efficiently identifies, reviews, and addresses content that contravenes its guidelines. The periodic publication of the Community Guidelines Enforcement Report offers insights into the scale and nature of content and account actions, underscoring TikTok's commitment to full transparency.

Economic distress

ELECTRICITY MARKET STUCK IN LIMBO

Sajid Mehmood Qazi Published 41 minutes ago

Pakistan's electricity sector reform has been a topic of discussion for over three decades, with the ambition to transition from a monopoly-based single-buyer model to a competitive multi-buyer, multi-seller market.

The initial vision of introducing market-driven reforms was articulated as early as 1992 in the Strategic Plan, which outlined the unbundling, corporatization, and eventual privatization of the power sector.

This reform was supposed to shift the sector from a government-controlled system to one driven by competition, efficiency, and transparent pricing. Despite this early promise, however, Pakistan finds itself, in 2024, still grappling with inefficiencies in the power sector, with reforms stalled and the electricity market stuck in limbo.

One of the first major steps towards reform was the establishment of the National Electric Power Regulatory Authority (Nepra) in 1997. Nepra's mission statement emphasized the creation of a "safe, reliable, affordable, modern, efficient and market-driven environment for the provision of electric power."

However, the lofty goals set out in Nepra's mandate have been difficult to realize in practice. While the regulatory body has made significant strides in overseeing the sector and laying down the groundwork for market reforms, the competitive market it was meant to regulate is still a distant reality.

The concept of a Competitive Trading Bilateral Contract Market (CTBCM) emerged in the early 2000s as a means to introduce competition in the electricity market.

The CTBCM was designed to allow power generation companies to sell electricity directly to distribution companies or bulk consumers through bilateral contracts, with pricing determined by market forces rather than by government mandates. The National Transmission and Dispatch Company (NTDC) was tasked with developing and implementing this model by 2012, but more than a decade later, the market remains largely underdeveloped.

In 2022, there seemed to be renewed hope when NEPRA granted the Central Power Purchasing Agency-Guaranteed (CPPA-G) the Market Operator License and approved the Market Commercial Code (MCC), mandating CPPA-G to test and implement it over a six-month period.

Nepra also granted the System Operator License to NTDC and began to entertain applications from the Private Power and Infrastructure Board (PPIB) and the Alternative Energy Development Board (AEDB) to serve as Independent Auction Administrators to facilitate the CTBCM. These steps signalled a long-awaited movement towards the establishment of a competitive wholesale electricity market.

However, the execution of these reforms has been fraught with challenges, the most critical being a conflict of interest among the key players involved. NEPRA has been overly reliant on government-owned entities like CPPA-G and NTDC to introduce and manage the CTBCM.

These companies were designed and operated under the single-buyer model, and their institutional makeup has left them ill-prepared for the market transformation required to implement competitive trading.

Their entrenched positions and interests in the existing system have slowed down the progress towards reform, as these entities are neither equipped nor incentivized to create an environment where competition threatens their survival.

The reform efforts took a significant turn last week, when the Cabinet Committee on Energy approved the formation of a new company, the Independent System and Market Operator (ISMO). This new entity is supposed to act as an independent platform for electricity sale and procurement in Pakistan.

The roles of the Market Operator, previously held by CPPA-G, and the System Operator, previously managed by NTDC, will now be transferred to ISMO. The creation of ISMO has the potential to finally break the deadlock, as it is expected to operate free from the conflicts of interest that have plagued the sector thus far.

However, while the formation of ISMO might seem like a step forward, it also represents a major reversal of the progress made over the last three decades. The introduction of yet another state-owned enterprise (SOE) to manage the electricity market raises concerns about the government's ability to implement true market-based reforms.

The reliance on SOEs has often led to inefficiencies, and there is skepticism about whether ISMO can deliver on its mandate without becoming mired in the same bureaucratic and political constraints that have hindered previous reform efforts.

The stakes could not be higher. Pakistan's electricity sector remains burdened by inefficiencies, with high costs, frequent outages, and an unreliable supply.

The absence of a competitive market has left consumers paying inflated prices for electricity, while power generation, transmission and distribution companies continue to operate inefficiently, shielded from the pressures of market competition. The government's inability to push through the necessary reforms has not only cost the economy billions but has also delayed the benefits that a well-functioning competitive market could bring: lower prices, improved efficiency, and greater innovation.

Pakistan's electricity demand is projected to continue growing in the coming years, and the country cannot afford to remain stuck in the status quo. Without meaningful reform, the electricity sector will continue to weigh heavily on the national economy, stifling growth and development.

The creation of ISMO, while a significant step, must be accompanied by a genuine commitment to market principles. This means allowing private sector participation, encouraging competition among power generators, and ensuring that consumers have access to affordable electricity through transparent pricing mechanisms.

In conclusion, the long-overdue transition from a single-buyer model to a competitive electricity market in Pakistan has been a tortuous journey. Despite early ambitions and decades of effort, the country finds itself back at square one, with the promise of reform yet to be realized.

The introduction of ISMO offers a glimmer of hope, but only time will tell whether this new entity can finally break the cycle of inefficiency and deliver a competitive, market-driven electricity sector. The government must act decisively to ensure that this new chapter in the reform process does not become another missed opportunity.

THE SPECTRE OF VERY HIGH POWER TARIFFS

Published 41 minutes ago

While the federal government must be appreciated for cancelling contracts with 5 IPPs (Independent Power Producers), a lot more needs to be done.

Unfortunately, every government, which has been at the helm during past two decades, has failed to regulate guaranteed capacity payment charges to IPP units without carrying out an authentic audit of the capacity and capability of the units installed to produce electricity, for which trillions of rupees have been paid to their owners.

The PPAs (Power Purchase Agreements) of those IPPs that fail to meet to their obligations can be cancelled for breach of contract. What stopped successive governments from doing so can either be their complicity, or conflict of interest. It is about time the government carried out a technical audit across the board of all IPP units, which have PPA agreements for capacity payments. There is no justification for any further delay.

It is not just ordinary citizens who are suffering, but also our exports have been hurt because of exorbitant rise in energy charges, which are highest in the region.

Competitive pricing of goods is essential if Pakistan intends to boost exports and improve revenues. It will provide the government some fiscal space to invest in education, health, provision of basic necessities, and research in science and technology, without which no country can develop and be capable to be self-sufficient. Rise in literacy rate, will curtail extremism, which poses a threat to our national security.

Malik Tariq Ali (Lahore)

GOVT DEBT HITS 'ALL TIME HIGH'

Published 42 minutes ago

EDITORIAL: The economy clearly seems on the mend. The IMF programme is under way, inflation has dropped significantly, reserves have improved, the rupee has stabilised, and the government has also taken the significant step of initiating a buyback of short-term T-bills.

Yet headlines still speak of the federal government's debt stock crossing the Rs70 trillion mark at the end of August, an all-time high, primarily due to borrowing to finance the fiscal deficit.

That means a total borrowing surge of 2.1 percent, or Rs1.448 trillion, during the first two months of the ongoing fiscal year.

Although both domestic and external debt increased, the major growth was in the former –- up Rs1.179 trillion in just two months. Surely, this cannot go on indefinitely because if the government continues to borrow at this rate to finance the deficit, the hard-won gains of the last year or so will ultimately go waste.

It's also pretty clear that despite recent successes, the government is unable to sort out the current account. And, as so often lamented in this space, it is primarily because it is not focusing on trimming expenditures by as much as it should. Even the IMF programme, which has finally forced authorities to initiate long overdue reforms in a number of sectors, does not go into details about expenses, but just focuses on the final figure.

Yet as much as the government has tried to expand its revenue base, it is still forced to borrow extraordinary amounts to keep the budget balanced; and that is by no means sustainable in the long term. It must focus attention on plugging leakages and cutting expenditure on the government side.

The way the finance ministry is approaching cost-cutting, by shutting down redundant departments, etc., will fetch fancy headlines but it will do nothing for the current account. Especially since authorities continue to lavish themselves with perks and privileges, which are a continuous drag on the exchequer.

And, in times when people are still reeling from years of historic inflation and unemployment, and their real incomes have not yet recovered, it makes for bad economics, politics and optics to favour one class, with government jobs, over another, the majority that survives in the private sector.

One would have hoped that the close shave with nothing less than sovereign default just last fiscal would have jolted the government into exercising fiscal prudence. But that does not seem the case. Sure, it has engineered an impressive turnaround in the economy even though, truth be told, the bulk of the work was done by the independent state bank's hawkish squeeze on money supply and the ordinary people who paid for the incompetence and blunders of the ruling class.

Yet, however, a semblance of stability has been achieved, it is important to consolidate at this point. And unless the government cuts its own weight, it will be forced to borrow to keep the deficit in check. That'll bloat the long-term debt all over again, and since much of the borrowing is done in the local market it will also crowd out private sector investment when interest rates have finally started dropping.

This is another pattern that keeps repeating itself primarily because the government does not get out of the way, for which it will have to control its own running costs.

It cannot really be stressed enough that the one sure way to keep the current account in some sort of check is to rationalise the expenses column.

A finance minister that spent his life in international banking was expected to lead with such policies. That, sadly, hasn't happened so far. But unless it does, there's always the risk of squandering the precious gains of the last few quarters.

WHEN TRUST GOES DOWN…

Andleeb Abbas Published October 16, 2024

Business goes down. Stock market goes down. Growth goes down. These are the hot news ingredients that become headlines. These are also topics in conferences. These are the agendas in Global forums. The world, post-Covid, has gone into a downward spiral that seems to have no finishing line.

The best heads in the top institutions have not been able to come up with a solution for reversing this slide. Is it a case for looking at the surface and not deep enough? Is it a case of trying to manage the symptoms and not the virus? Is it a case of trying to hold rather than lead? Is it a case of filling the cracks without stabilizing the foundations? These are questions that are unaddressed, undebated and undiscussed.

Key indicators of how the economy/industry will grow are mostly termed as business confidence level and consumer confidence level. If these are going up, the economy is sure to improve and vice versa. However, the term "confidence" is the key to finding out why the organizations and economy are performing and not performing.

The more confident the public sentiment is the more they will buy and the more the businesses will invest. What is confidence made of? It is made of the perceived level of trust in the ability of something to happen.

The most important factor that determines a household, a business, or a country's success is its credibility and trust. The fact of the matter is that no long term success is possible if the work is focused on putting out fires, creating a temporary lull in the market, establishing a veneer of recovery.

The real change comes when work is done to recover the confidence and trust of the people. Let us see the Credibility builders at different levels and how they make or break each sector:

1- The impact on social relationships- There is a depression pandemic in the world. Post Covid traumas are continuing. High costs, unemployment, a Gen Zee generation fighting its generational hormones, domestic conflicts, divorces, single parenting are all causing an imbalance in the emotional health of people.

Uncertainty bred on a non-conducive environment has taken a toll on the mental health. Interpersonal trust levels are all time low. Even rich households, who do not have economic problems, are going through grave family issues.

The recent murder of a very famous doctor and hospital owner turned out to be a tragedy. He was purportedly shot by his own son over lack of trust with money issues. These incidents highlight that even in the closest of blood relationship lack of trust can bring down the whole family unit.

Family values constituted the back bone of our culture. Social media emergence and the social distancing strategy during Covid has also created family distances. The new generation spends more time on their Smartphones than in family dialogues and conversations leading to social imbalance.

2- Business confidence dilemma-While Trust is recognized as an important factor in businesses it is hardly considered a measurable factor like ROI. But companies must and can calculate the ROT, i.e., Return on Trust.

A Harvard Business School Article on "The neuroscience of Trust" written by Paul J Zak outlined the returns. His study shows that compared with people at low-trust companies, people at high-trust companies report: 74% less stress, 106% more energy at work, 50% higher productivity, 13% fewer sick days, 76% more engagement, 29% more satisfaction with their lives, 40% less burnout." A recent Gallup survey in Pakistan showed that 86% business community is unhappy over the budget and business conditions in Pakistan. Companies this year are struggling with the twin problems of high costs and low revenue.

Trust has a viral and spiral impact on businesses. When the business community loses trust on the government policies, it stops investing in growth. If 86% businesses are low in trust on the country conditions, they cut down on growth and go on financial diets. This dietary plan reduces the salaries and jobs causing a panic in the companies. This panic then makes the organization employee trust levels go down. Employees under stress cannot work at their optimum creating grounds for low performance and further job and salary cuts.

The Global HR report says that only 23% of people working in businesses are engaged. That means a shocking 67% of the employees are just going through the motions of the job and feeling disconnected and dejected. The translation into loss in productivity will be in trillions.

3- Country credibility dilemma-A country's credibility is the biggest indicator of its viability. The country trust literature usually distinguishes between different types of trust: political, institutional, and social. Political trust refers to citizens' trust in various dimensions of a country's political system and its leaders.

A distinction can be made between trust in political leadership and trust in institutions (for example, justice, police, hospitals, public officials, etc.). Finally, social trust, and the notion of the radius of trust represent trust between individuals within society across a range of social ties. High trust societies get a high return on trust in the form of people paying taxes because they trust the government.

The credibility index makes foreign investors want to invest in such countries. The tourism industry flourishes as people feel safe in such countries due to sound public services. Lending agencies give special treatment and low interest loans as the risk is low.

On the other hand, low trust countries have to pay high costs for insurance, safety and corruption. In Morocco, according to a World Bank publication, it is estimated that the decline in trust constrained the country's growth by $2.21 billion between 2005 and 2014 (based on an initial nominal GDP of $59.52 billion).

Pakistan has been struggling with not just having low or no foreign investment but if you factor in the number of multinationals leaving the country, negative investment figures in recent times. Most of the time the reasons quoted are the instability and uncertainty prevailing in the country.

These two factors eat away trust leaving people unsure and suspicious of the opportunities that are being presented by the government in the form of incentives, etc. In the absence of trust on main public institutions the cost of providing safety, combating a service resistant bureaucracy, convincing consumers to spend becomes too cumbersome to invest.

The biggest shortage is not of foreign investment and foreign exchange but of trust. The biggest deficit is not of budget and trade deficit but of trust deficit. The biggest decline is not in stock values but of trust values. Unfortunately, Trust will not come back through the IMF finally extending their loan, but when the public finally extends its trust.

'TAKE AND PAY' MODE: GOVT TAILORS FOUR CUSTOMISED OPTIONS FOR 18 IPPS

Mushtaq Ghumman Published October 16, 2024

ISLAMABAD: The government experts are said to have tailored four options of 'take and pay' mode to be offered to 18 Independent Power Producers (IPPs) established under Power Generation Policies of 1994 and 2002, well-informed sources told BUSINESS RECORDER.

"We will give final touches to available options for 18 IPPs to shift from 'take or pay' mode to 'take and pay' at the end of this week and most probably, calling notices will be issued to them next week, starting Monday," the sources added.

However, it is yet to be decided whether turn of baggasse-fired power comes first or the 18 IPPs, as working on fuel component of baggasse power plants has also been completed, the sources maintained.

Govt stops payments to 18 IPPs ahead of negotiations?

The Central Power Purchasing Agency-Guaranteed (CPPA-G) has already stopped payments to 18 IPPs of 4,267 MW with whom negotiations will start for conversion of their pacts from take or pay to take and pay mode.

Chief Executive Officer (CEO), of an IPP told this scribe that there was no apparent reason to stop payments to 18 IPPs suddenly, except to pay some dues of Chinese IPPs as this issue will be centre of bilateral discussions between the Prime Ministers of both countries.

The Prime Minister Office (PMO) invariably directs the concerned Ministries to clear payments of Chinese companies. Previously, payments were made in the same fashion prior to the visit of Prime Minister Shehbaz Sharif to China.

According to the PPIB's website, the individual capacity of each IPP, with whom negotiation is to start is as follows Uch-I Power Limited of 586 MWs(COD, October 18, 2000) Pakgen Power Limited of 365 MWs(COD, February 1, 1998), Liberty Power Daharki Ltd 235 MWs (COD September 10, 2001), Kohinoor Energy 131 MWs (COD, June 20, 1997), Fauji Kabirwala Power Company Limited 157 MWs (COD October 21, 1999), Attock Gen Limited (165 MWs)(COD, March 17, 2009), Engro Power Gen Qadirpur Limited 227 MWs(March 27, 2010), Foundation Power (Daharki) of 185 MWs(COD May 16, 2011), Halmore Power Generation Company 225 MWs (COD June 25, 2011), Liberty Power Tech Limited 200 MWs (COD, January 13, 2011, Hubco Narowal Energy Tech Limited 220 MWs(COD April 22, 2011), Nishat Chunian Power Limited 200 MWs (COD, July 21,2010, Nishat Power Limited 200 MWs (COD, June 9, 2010), Orient Power Company 229 MWs (COD May 24, 2010, Saif Power Limited 229 MWs(COD, April 27, 2010), Saphire Power Limited 225 MW(COD October 5, 2010) the first hydropower project i.e. New Bong Hydel IPP 84 MW of Laraib Energy Limited, (COD, March 03, 2013 and Uch-II Power Project of 404 MWs(COD April 4, 2014).

The sources said some of the IPPs have already given their consent for revision of their contracts mutually.

"We cannot remain oblivious to the crisis in power sector and have agreed in the national interest to negotiate to arrive at mutually agreed agreement in a fair and transparent manner," said one of the Chief Executives of identified 18 IPPs.

The CEO of Liberty Daharki Power Company was amongst those owners of power plants who held initial meeting with the powerful circles and announced his consent on revision of agreement at a press conference.

Clarifying position of recent debate in the media that owners of five IPPs were pressurized for early termination of their contracts, the sources said that initially, they (IPPs) were conveyed that their contracts are being terminated without paying a single penny as they have already made huge profits.

However those who had this approach were convinced that scrapping of pacts in this way will have negative impact on future investments; and resultantly an atmosphere was created to sit with the IPPs and discuss their deviations from contracts and find out a mutually agreed formula to reach an amicable solution.

The sources said, due capacity payments of all five IPPs has been agreed, sans Late Payment Surcharge (LPS) despite the fact that at least four did not generate a single unit during the last one year. The five IPPs will get Rs 72 billion from the government as final settlement.

According to sources, Hub Power Company (Hubco) will get Rs 36.5 billion, Rousch Power, Rs 15.5 billion, Lalpir Power Company, Rs 12.8 billion, Rs 15.5 billion, Atlas Power Limited, Rs 6 billion and Saba Power, Rs 1 billion as final settlement. The applicability of termination of contracts was scheduled to commence from October 1, 2024.

One of the IPPs was assured that the government will facilitate their new project at the site of existing power plant.

The owners of five IPPs have refused to attend the signing ceremony of settlement agreements at the Prime Minister House.

IMF'S REPUTATIONAL RISKS

Published October 16, 2024

EDITORIAL: In documents uploaded on the International Monetary Fund (IMF) website in the early hours of this Friday past titled "Article IV Consultation and Request for an Extended Fund Facility – press release; Staff report; and Statement by the Executive Director for Pakistan", the cause of considerable angst within the general public is the following observation: "reputational risks would arise if the Fund were perceived as treating Pakistan differently from other members that ostensibly enjoy less support.

Alternatively, not proceeding with a new programme also raises reputational risks as the new authorities, or other members, may accuse the Fund of not being evenhanded especially following the successful SBA (Stand-by Arrangement).

Although near-term financial risks have declined since SBA approval, they remain very elevated and are to be mitigated through phased access, burden sharing, and adequate financing assurances." The question is whether this angst ought to be directed at Fund prescriptions that are at present the reason behind unaffordable utility tariffs as well as high petroleum prices (petroleum levy taxed at 60 rupees per litre) or the government for failing to convince the Fund staff to tailor its standard conditions to those prevailing in the country.

Criticism of standard IMF prescriptions by internationally well regarded economists has been ongoing for decades – criticism based on the fact that there have been few, if any, success stories after completion of an IMF programme.

An article dated 16 September 2024 authored by Nobel laureate Joseph Stiglitz, Kevin P. Gallagher, Martin Guzman and Marilou Uy for Project Syndicate argues that "a group of 22 financially distressed countries, including Pakistan and Ukraine, has become the largest source of net revenue to the International Monetary Fund in recent years, with payments exceeding the Fund's operating costs.

The institution entrusted with providing the global public good of a well-functioning international financial system is, in effect, asking countries that are hardly able to pay their own bills to pick up the tab for the rest of the world. This unseemly state of affairs is the result of the IMF's surcharge policy, which levies additional fees on countries that exceed thresholds for the amount or length of their borrowing from the Fund.

Imposing fines on countries like war-torn Ukraine or Pakistan, a lower-middle-income country, where flooding two years ago submerged one-third of its territory, seems antithetical to the IMF's mission: maintaining stability in the global financial system". The article proceeds to note that the effect of these surcharges implies that the IMF's basic rate of, under one percent, is close to 5 percent raising the total lending rate for those paying surcharges to as much as 7.8 percent.

Criticism of the IMF policies is strengthened in terms of Pakistan's twenty-fourth programme conditions that have clearly shackled the government into a vicious cycle: (i) rise in utility tariffs to meet full cost recovery, an economically viable plan, has raised input costs to an economically unviable level leading to factory closures – a trend that has been strengthened by a very high discount rate which has all but shriveled private sector credit with a negative fallout on growth; (ii) a consequent decline in growth is having a negative impact on revenue collections, to the tune of around 300 billion rupees this year, already compromised due to failure to begin implementing the tax on retailers and income from agriculture; thereby activating the contingency taxation plan, which envisages higher indirect taxes whose incidence on the poor is greater than on the rich; (iii) the IMF focus on primary deficit instead of fiscal deficit has kept the country in the realm of ever rising debt servicing payments, from what was budgeted, a highly inflationary policy; and (iv) failing to insist on time-bound curtailment of specific allocations to the elite sectors (current expenditure) and instead putting the onus for curtailment of expenditure (lower subsidies) and revenue generation (from indirect taxes) on the general public (read non-elite).

True; that successive Pakistani administrations have consistently supported policies of elite capture, to high end industry, including exporters, as well as the farm sector, and tried to mitigate the possibility of socio-economic unrest by subsidies and post-2008, through cash disbursements directly to the beneficiaries of the Benazir Income Support Programme, yet with their cessation, as per the ongoing EFF, the associated socio-economic and political risks highlighted in the report become all the more relevant.

So the question is what prompted the Fund to refer to its reputational risks with respect to the ongoing EFF? The answer perhaps is in Western governments/multilateral institutions sustained criticism of the deals under the ongoing China Pakistan Economic Corridor projects, and repeated concerns on the Sovereign Wealth Fund as well as the Special Investment Facilitation Council.

It is discomforting to note the Fund's observation that "the programme duration allows sufficient time for implementing policies to correct the structural imbalances underlying Pakistan's inherently weak BoP (balance of payments) position, and build policy credibility over four budget cycles" clearly does not take account of imminent pitfalls associated with a further rise in poverty levels that are currently at an unsustainable 40 percent in Pakistan.

Fuel & Energy

CRACKDOWN INTENSIFIED AGAINST CORRUPT ELEMENTS WITHIN LESCO

Recorder Report Published 45 minutes ago

LAHORE: The Lahore Electricity Supply Company (LESCO) has launched a crackdown on corrupt elements within its ranks. Under the directives of Chief Executive Officer Engineer Shahid Haider, Customer Services Director Sarwar Mughal has taken swift action against corrupt officials.

As per details, SDO Ichra Sub-Division Salahuddin was terminated for mistreating consumers and over billing, and XEN rural Kasur Mian Muhammad Amin was downgraded to SDO for three years due to poor performance. Chief Executive Engineer Shahid Haider has vowed to take strict action against corrupt officials, ensuring no leniency.

Haider emphasized that corrupt and negligent officials harm the organization's reputation and cause financial losses to the national exchequer. He said the move is a significant step towards accountability.

OIL PRICES HOLD NEAR 2-WEEK

Reuters Published 45 minutes ago

NEW YORK: Oil prices held near a two-week low on Wednesday after dropping about 7% over the prior three days on forecasts for less oil demand growth and an easing in worries that Middle East conflicts will result in supply disruptions.

Brent futures fell 13 cents, or 0.2%, to $74.12 a barrel by 11:58 a.m. EDT (1558 GMT), while US West Texas Intermediate (WTI) crude fell 24 cents, or 0.3%, to $70.34.

"On the top of every ardent bear's wish list are a stuttering Chinese economy, relative calm in the Near East and downward revisions in global oil demand growth.

These wishes were granted at the beginning of the week," Tamas Varga, an analyst at TP ICAP's PVM brokerage unit said in a report. Earlier this week, crude prices fell in response to a weaker demand outlook and a media report that Israel would not strike Iranian nuclear and oil sites, easing fears of supply disruptions.

Iran is a member of the Organization of the Petroleum Exporting Countries (OPEC) and produced about 4.0 million barrels per day (bpd) of oil in 2023, according to data from the US Energy Information Administration (EIA).

Iran was on track to export around 1.5 million bpd in 2024, up from an estimated 1.4 million bpd in 2023, according to analysts and US government reports. Iran is backing several groups fighting Israel, including Hezbollah in Lebanon, Hamas in Gaza and the Houthis in Yemen.

Concern about an escalation in the conflict between Israel and Iran-backed militant group Hezbollah still persists. Supply curbs by OPEC and its allies including Russia, a group known as OPEC+, remain in place until December when some members are scheduled to start unwinding one layer of cuts.

On the demand side, OPEC and the International Energy Agency this week cut their 2024 global oil demand growth forecasts, with China accounting for the bulk of the downgrades.

The IEA forecast global oil demand would peak before 2030 at less than 102 million bpd and then fall to 99 million bpd by 2035. Economic stimulus in China, meanwhile, has failed to give oil prices much support. China may raise an additional 6 trillion yuan ($850 billion) from special treasury bonds over three years to stimulate a sagging economy, local media reported.

SINOPEC SAYS EAST CHINA SHALE OIL FIELD PUMPING AT 1,600 TONS A DAY

Reuters Published October 16, 2024

SINGAPORE: Sinopec is advancing development of shale oil at its pilot project Jiyang in east China, pumping 1,600 metric tons per day now, up from 100 tons in 2021, the state oil and gas group said on Wednesday.

At this rate, Sinopec is on track to deliver a target set in 2022 to produce 500,000 tons a year in 2025 at Jiyang, which is situated mostly in Shandong province and covers 7,300 sq km (1.8 million acres).

Following a call from the central government to boost domestic energy security, China's national oil companies are making greater efforts to tap hard-to-extract shale deposits to help compensate for older, fast-depleting conventional oilfields.

Currently Jiyang has 36 wells that each pump more than 100 tons a day, with the Fengye 1-1HF well having the highest daily output of 262.8 tons, Sinopec said.

China's Sinopec posts 2.7% rise in first-half profit

The Jiyang shale oil zone, part of the ageing conventional Shengli oilfield, has an estimated shale oil resource of 10.5 billion tons, of which 1.73 billion tons have been identified as prospective reserves, Sinopec said.

Despite the huge resource size, shale oil remains among the geologically most challenging and costly types of oil to explore and produce, with output making up only 1% of China's total crude oil production.

OIL PRICES HOLD NEAR 2-WEEK LOW ON LOWER OIL DEMAND GROWTH FORECASTS

Reuters Published October 16, 2024

Markets - Rates **NEW YORK: Oil prices held near a two-week low on Wednesday after dropping about 7% over the prior three days on forecasts for less oil demand growth and an easing in worries that Middle East conflicts will result in supply disruptions.**

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Oil prices plunge 4pc

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US oil storage data

Weekly U.S. oil storage data is due from the American Petroleum Institute (API) trade group later on Wednesday and the U.S. Energy Information Administration (EIA) on Thursday. The reports were delayed by one day for the U.S. Indigenous Peoples' Day holiday on Monday.

Analysts projected U.S. energy firms added about 1.8 million barrels of crude into storage during the week ended Oct. 11.

If correct, that would be the first time energy firms boosted stockpiles for three weeks in a row since April and compares with a withdrawal of 4.5 million barrels during the same week last year and an average increase of 1.1 million barrels over the past five years (2019-2023).

Markets – Rates

PSX HITS NEW RECORD HIGH

Recorder Report Published about an hour ago

KARACHI: Pakistan Stock Exchange on Wednesday witnessed a bullish trend and hit historic highest-ever levels on the back of healthy buying, mainly by local investors coupled with institutional support. The benchmark KSE-100 Index crossed 86,000 psychological level and closed at new highest-ever level of 86,205.66 points with net gains of 365.32 points or 0.43 percent. The index hit 86,513.46 points intraday high during the session.

Trading activity also improved as daily volumes on ready counter increased to 474.333 million shares as compared to 422.107 million shares traded on Tuesday. The daily traded value on the ready counter increased to Rs 26.942 billion against previous session's Rs 24.467 billion.

BRIndex100 added 53.16 points or 0.58 percent to close at 9,204.75 points with total daily turnover of 399.542 million shares.

BRIndex30 increased by 483.47 points or 1.78 percent to close at 27,717.32 points with total daily trading volumes of 253.782 million shares.

Foreign investors however remained net sellers of shares worth $315,306. The market capitalization increased by Rs 41 billion to Rs 11.269 trillion. Out of total 445 active scrips, 227 closed in positive and 150 in negative while the value of 68 stocks remained unchanged.

The Searle Company was the volume leader with 26.011 million shares and surged by Rs 5.29 to close at Rs 63.32 followed by Hub Power Company that increased by Rs 2.90 to close at Rs 101.73 with 24.345 million shares. Hum Network gained Rs 0.14 to close at Rs 14.24 with 22.574 million shares.

Unilever Pakistan Foods and Rafhan Maize Products Company were the top gainers increasing by Rs 156.55 and Rs 138.57 respectively to close at Rs 17,634.00 and Rs 7,259.71 while Hallmark Company and Sapphire Textile Mills were the top losers declining by Rs 88.51 and Rs 62.07 respectively to close at Rs 796.55 and Rs 1,146.41.

An analyst at Topline Securities said that the KSE-100 Index soared to a record-breaking 86,205 points, fuelled by investor optimism following the successful Shanghai Cooperation Organisation (SCO) summit.

The summit heightened expectations of regional political and economic stability, strengthening market confidence. This positive sentiment, combined with robust corporate earnings, ignited a broad-based rally across multiple sectors.

LPL, NPL, and NCPL hit their upper circuit limits after news broke that the government will release outstanding amount and also proposed four "take and pay" options for 18 Independent Power Producers (IPPs) established under the Power Generation Policies of 1994 and 2002. This development further uplifted sentiment in the power sector, adding momentum to the market's rally.

Major contributors to the index's rise included PPL, HUBC, PSO, OGDC, and SEARL, which collectively added 368 points.

BR Automobile Assembler Index added 119.96 points or 0.69 percent to close at 17,452.81 points with total turnover of 12.919 million shares.

BR Cement Index gained 36.98 points or 0.45 percent to close at 8,273.06 points with 41.779 million shares.

BR Commercial Banks Index declined by 245.32 points or 0.99 percent to close at 24,602.35 points with 20.416 million shares.

BR Power Generation and Distribution Index surged by 405.46 points or 2.88 percent to close at 14,466.67 points with 62.882 million shares.

BR Oil and Gas Index increased by 144.07 points or 1.71 percent to close at 8,546.67 points with 41.978 million shares.

BR Tech. & Comm. Index closed at 3,992.06 points, down 1.35 points or 0.03 percent with 64.216 million shares.

Ahsan Mehanti at Arif Habib Corporation said stocks closed record high in the earnings season rally at PSX as investors weigh easing political noise and speculations over economic commitments in the SCO summit.

He said slump in bond yields, and Government deliberation on privatisation of SOEs played a catalyst role in bullish activity in PSX.

LME OFFICIAL PRICES

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

Recorder Report Published about an hour ago

LONDON: The following were Tuesday official prices.

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=========================================
ALUMINIUM
=========================================
CONTRACT               BID          OFFER
-----------------------------------------
Cash               2521.50        2522.00
3-month            2558.00        2558.50
=========================================
COPPER
```

CONTRACT	BID	OFFER
Cash	9401.00	9401.50
3-month	9540.00	9545.00

ZINC

CONTRACT	BID	OFFER
Cash	2997.00	2998.00
3-month	3015.00	3015.50

NICKEL

CONTRACT	BID	OFFER
Cash	17150.00	17175.00
3-month	17385.00	17395.00

LEAD

CONTRACT	BID	OFFER
Cash	1993.00	1994.00
3-month	2040.00	2041.00

Source: London Metals Exchange.

KIBOR INTERBANK OFFERED RATES

KARACHI: Kibor interbank offered rates on Wednesday (October 16, 2024).
========================= KIBOR...

Published about an hour ago

KARACHI: Kibor interbank offered rates on Wednesday (October 16, 2024).

KIBOR

Tenor	BID	OFFER
1-Week	17.33	17.83
2-Week	17.29	17.79
1-Month	17.08	17.58
3-Month	15.67	15.92
6-Month	14.40	14.65
9-Month	14.07	14.57
1-Year	13.57	14.07

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Data source: SBP

BRINDEX100 AND BR SECTORAL INDICES

KARACHI: BRIndex100 and BR Sectoral Indices on Wednesday (October 16, 2024).
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Recorder Report Published about an hour ago

KARACHI: BRIndex100 and BR Sectoral Indices on Wednesday (October 16, 2024).

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====================================
BR INDICASE AT A GLANCE
====================================
             BRINDEX100
====================================
Day Close:                 86,205.66
High:                      86,513.46
Low:                       85,948.05
Net Change:                   365.32
Volume (000):                259,491
Value (000):              20,329,968
Makt Cap (000)         2,676,472,000
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BR AUTOMOBILE ASSEMBLER
------------------------------------
Day Close:                 17,452.81
NET CH                  (+) 119.96
------------------------------------
BR CEMENT
------------------------------------
Day Close:                  8,273.06
NET CH                   (+) 36.98
------------------------------------
BR COMMERCIAL BANKS
------------------------------------
Day Close:                 24,602.35
NET CH                  (-) 245.32
------------------------------------
BR POWER GENERATION AND DISTRIBUTION
------------------------------------
Day Close:                 14,466.67
NET CH                  (+) 405.46
------------------------------------
BR OIL AND GAS
------------------------------------
Day Close:                  8,546.67
NET CH                  (+) 144.07
------------------------------------
```

```
BR TECH & COMM
------------------------------------
Day Close:                  3,992.06
NET CH                      (-) 1.35
------------------------------------
As on:               16-October-2024
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These indices are available Live on Aaj TV, www.brecorder.com and www.khistocks.com.

For further information please visit www.khistocks.com

OPEN MARKET FOREX RATES

Updated at: 17/10/2024 7:10 AM (PST)

Currency	Buying	Selling
Australian Dollar	185.75	188.00
Bahrain Dinar	731.30	739.30
Canadian Dollar	201.60	204.00
China Yuan	38.88	39.28
Danish Krone	40.29	40.69
Euro	300.95	303.70
Hong Kong Dollar	35.37	35.72
Indian Rupee	3.34	3.45
Japanese Yen	1.92	1.98
Kuwaiti Dinar	897.50	907.00
Malaysian Ringgit	64.13	64.73
NewZealand $	170.21	178.21
Norwegians Krone	25.65	25.95
Omani Riyal	715.80	724.30
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	320.70	323.50
Thai Bhat	8.18	8.33
U.A.E Dirham	75.35	76.00
UK Pound Sterling	361.30	364.8
US Dollar	277.90	279.40

INTER BANK RATES

Updated at: 17/10/2024 7:09 AM (PST)

Currency	**Bank Buying TT Clean**	**Bank Selling TT & OD**
Australian Dollar	185.89	186.23
Canadian Dollar	201.56	201.92
China Yuan	38.97	39.04
Danish Krone	40.54	40.61
Euro	302.47	303.02
Hong Kong Dollar	35.74	35.81
Japanese Yen	1.8614	1.8647
Saudi Riyal	73.96	74.09
Singapore Dollar	212.27	212.65
Swedish Korona	26.68	26.72
Swiss Franc	322.17	322.75
Thai Bhat	8.35	8.36
UK Pound Sterling	362.94	363.60
US Dollar	277.65	278.15

GOLD RATE

Gold Price Today

As on Thu, Oct 17 2024, 01:58 GMT

Metal	Symbol	PKR for 10 Gm	PKR for 1 Tola	PKR for 1 Ounce	
Gold	XAU	237,670	276,924	739,249	
Palladium	XPD	90,747	105,735	282,260	
Platinum	XPT	88,114	102,667	274,070	
Silver	XAG	2,807	3,270	8,729	

Gold Price in Pakistan

As on Thu, Oct 17 2024, 01:58 GMT

Gold Rate	24K Gold	22K Gold	21K Gold	18K Gold
per Tola Gold	Rs. 276900	Rs. 253823	Rs. 242288	Rs. 207675
per 10 Gram	Rs. 237400	Rs. 217615	Rs. 207725	Rs. 178050
per Gram Gold	Rs. 23740	Rs. 21762	Rs. 20773	Rs. 17805
per Ounce	Rs. 673000	Rs. 616912	Rs. 588875	Rs. 504750

Gold Rates in other Major Currencies

Currency	Symbol	10 Gm	1 Tola	1 Ounce	
China Yuan	CNY	6,099	7,106	18,969	
Euro	EUR	786	916	2,444	
Japanese Yen	JPY	127,837	148,950	397,623	
Saudi Riyal	SAR	3,212	3,743	9,991	
U.A.E Dirham	AED	3,146	3,665	9,785	
UK Pound Sterling	GBP	655	763	2,037	
US Dollar	USD	857	998	2,664	