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SHAHID LEGAL GROUP

SLD NEWS UPDATES

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Address: Office # 403, 4th Executive floor, Sadiq Plaza, The Mall Road Lahore

Cell: 0321-4726801 || Cell: 0300-8198529

Email: Shahid193@ymail.com | reachus.247@hotmail.com

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Business & Finance » Taxes

TAX DEPT FAILS TO CREATE ADDITIONAL DEMAND ON CAPITAL GAINS

Hamid Waleed Published September 17, 2024

LAHORE: The income tax department failed to create additional demand on account of capital gains in the wake of amalgamation of subsidiary company with its parent company.

According to details, a public limited company deriving income from manufacturing and sale of juices, pickles, jams, ketchups etc., had filed income tax return, which the department found to be erroneous insofar as prejudicial to the interest of revenue.

Consequently, the assessment was amended by putting in additions on account of capital gains and disallowing the expenses on repair and maintenance of vehicles.

The Commissioner Appeals also confirmed the additional demand. While dealing with the issue, the Commissioner Appeals observed that the value of assets received in lieu of shares is the consideration received against the cancellation of shares and the parent company became the owner of assets of the subsidiary company after scheme of amalgamation was affected.

However, the taxpayer maintained that it is well-settled that merger of two or more companies is essentially a process of corporate reconstruction whereby assets of merging companies are either clubbed or brought together in the surviving or new company.

No financial transaction could be said to have taken place between the merging companies, as no sale, disposition, exchange or relinquishment or extinguishment of any right on the part of amalgamating companies takes place that gives rise to any income or gain resulting in a taxable event. He stressed that the net assets of the merging companies remain unaltered like the proprietary interest of the shareholders and no cash payment is involved in any manner.

The taxpayer was further of the view that the liability of capital gains tax can only be on the transferor company, i.e., the subsidiary company, which in the instant case has lost its identity and ceased to exist.

In case, the amalgamating company receives nothing but the shareholders receive shares if the amalgamated company, there is no question of capital gains in the hands of the amalgamating company since it is the shareholders who receive consideration, if any.

The relevant forums sided with the taxpayer and set aside the additional demand raised by the department.

FBR ISSUES SOP FOR DISPOSAL OF CONDONATION OF TIME LIMIT CASES

September 16, 2024

Karachi, September 16, 2024 – The Federal Board of Revenue (FBR) has officially issued a Standard Operating Procedure (SOP) for the disposal of condonation of time limit cases, aiming to streamline and clarify the process for taxpayers and tax officials alike.

The SOP, which falls under Section 74 of the Sales Tax Act, 1990, is outlined in Sales Tax Circular No. 05 of 2024 / IR Operations, and provides a comprehensive framework to address the condonation of time in cases where taxpayers fail to meet statutory deadlines.

This procedural update marks a significant step forward in tax administration and is expected to improve the handling of condonation requests in a transparent and efficient manner. The FBR's latest move emphasizes its ongoing commitment to facilitating compliance while ensuring that taxpayers have a fair process to follow.

Key Details of the SOP

The new procedure is applicable to all registered persons who seek an extension of the time period due to delays in fulfilling their tax obligations. According to the FBR, taxpayers must now apply directly to the Commissioner Inland Revenue (IR) who holds jurisdiction over their cases. The application must be submitted with the grounds for the delay, in accordance with SRO.1444(1)/2024 dated September 12, 2024.

The application process involves a structured format for the Commissioner-IR to assess the case thoroughly. The Commissioner-IR must consider the provided grounds for condonation and, where necessary, call for additional information. In cases where condonation exceeds three years, the Commissioner-IR is required to submit a categorical recommendation to the FBR in the following format:

1. Brief Facts of the Case: A comprehensive overview of the case, including the section for which condonation is sought and the date on which the application was received.

2. Previous Applications: Whether the taxpayer has previously submitted a condonation request and the decision taken by the field formation.

3. Genuineness of Reasons: Evaluation of the authenticity of the reasons provided by the taxpayer for the delay.

4. Revenue Impact: A detailed breakdown of the revenue impact, including the amount involved, especially in cases of registered and unregistered persons.

5. System or Technical Glitches: Any involvement of system errors or glitches, with supporting documents.

6. Transaction Involvement: Whether the condonation involves a transaction of a de-registered or blocked taxpayer.

7. Adjustment or Refund: Whether the taxpayer has already claimed a refund or adjustment, and detailed information regarding it.

8. Supplier Information: Verification of whether the supplier discharged the due sales tax on supply, especially in cases involving the power sector, and whether both the buyer and supplier are listed on the Active Taxpayers List (ATL).

9. Banking Transactions: Verification of payment to suppliers through the banking channel as required under Section 73 of the Sales Tax Act, particularly in cases related to the power sector and provincial revenue authorities.

10. Period to be Condoned: The exact number of days for which the registered person seeks condonation.

11. Commissioner's Recommendation: A final recommendation with supporting reasons provided by the Commissioner-IR.

12. Supporting Documents: The application must be accompanied by all relevant documents such as the original return, annexures, and any other supporting evidence.

Timelines and Communication

Once the Commissioner-IR has evaluated the case, the recommendation must be forwarded to the FBR within 15 working days. This timeline is applicable unless further information is requested from the applicant, in which case the 15-day period begins from the date of receiving the requested information.

After the FBR receives the Commissioner-IR's recommendation, it will review the case and issue a final decision—either an approval or a rejection. Both the Commissioner-IR and the taxpayer will be notified of the outcome.

Impact of the SOP on Taxpayers

This SOP provides a clear and standardized framework for both taxpayers and tax officials, which is expected to reduce ambiguity in handling condonation cases. The FBR's approach emphasizes transparency, with specific documentation requirements and defined timelines, ensuring that taxpayers have clarity about the status of their applications.

Moreover, the focus on critical areas such as revenue impact, authenticity of reasons, and adherence to procedural details reinforces the FBR's commitment to maintaining accountability within the tax system. By offering taxpayers the opportunity to provide a justified explanation for their delay, the SOP reflects a balanced approach to enforcement and compliance.

This step towards procedural clarity and administrative efficiency highlights the FBR's continued efforts to foster a more compliant and taxpayer-friendly environment.

Conclusion

The issuance of the Sales Tax Circular No. 05 of 2024 / IR Operations signifies a crucial advancement in Pakistan's tax administration. The FBR's new SOP for the disposal of condonation of time limit cases is a significant measure in creating a more structured, fair, and transparent system. Taxpayers now have a clear path to follow, ensuring that their condonation applications are processed efficiently and in accordance with the law.

FBR REACHES 5.6 MILLION ACTIVE TAXPAYERS ON ATL 2023

September 16, 2024

Karachi, September 16, 2024 – The Federal Board of Revenue (FBR) announced on Monday that the number of active taxpayers in Pakistan has increased to 5.6 million by the week ending September 15, 2024. This marks a notable rise from the 5.54 million active taxpayers recorded in the previous week, reflecting an addition of 60,000 new taxpayers to the Active Taxpayers List (ATL).

The FBR publishes the ATL on a weekly basis to reflect the current number of individuals and businesses who have filed their tax returns. The most recent ATL, issued on March 1, 2024, was based on tax returns filed for the tax year 2023. At the time, the list comprised 3.35 million active taxpayers. The significant increase over the past months demonstrates the success of various measures taken to enhance tax compliance.

Impact of Finance Act 2024 on Tax Base Expansion

The expansion in the tax base is largely attributed to higher tax rates and stricter measures introduced in the Finance Act 2024. According to FBR officials, these reforms have pushed many previously non-compliant individuals and businesses to file their tax returns. The higher penalties for non-filers, combined with incentives for timely submission, have played a key role in boosting the number of active taxpayers.

"The rise in active filers reflects our ongoing efforts to widen the tax net and promote compliance," said a senior official at the FBR. "We aim to create a culture where tax filing is the norm, not the exception."

Government's Ambitious Target: 10 Million Taxpayers

The government has set an ambitious goal of increasing the number of active taxpayers to 10 million as part of its broader strategy to improve Pakistan's tax-to-GDP ratio. Expanding the tax base is viewed as crucial for enhancing fiscal transparency, promoting economic stability, and reducing the nation's dependency on external borrowing. By encouraging more individuals and businesses to meet their tax obligations, the FBR is playing a vital role in securing Pakistan's financial future.

ATL Updates and Upcoming Filing Deadlines

Since the initial publication of the ATL, the FBR has consistently provided weekly updates, showing a steady rise in the number of taxpayers. The latest increase is seen as a positive indicator of the reforms that have been implemented to strengthen tax collection.

Looking forward, the FBR expects the number of active taxpayers to grow further as the September 30, 2024, deadline for filing income tax returns for the current year approaches. With the introduction of tougher penalties for late filers, officials anticipate that more individuals and businesses will file their returns before the deadline.

A Promising Development for Pakistan's Fiscal Future

The recent surge in active taxpayers is a promising development for Pakistan's fiscal management, signaling the success of the FBR's efforts to enforce tax compliance. As the country moves towards a more transparent and robust tax system, the FBR remains committed to expanding the tax base and ensuring adherence to tax laws across the board.

This achievement highlights the government's strategy to strengthen fiscal responsibility and promote sustainable economic growth, with a focus on self-reliance and reducing the fiscal deficit.

FBR ISSUES WITHHOLDING TAX CARD FOR PROPERTY SALE IN TY 2024-25

September 17, 2024

KARACHI, September 17, 2024 – The Federal Board of Revenue (FBR) has released the updated withholding tax card for property sales for the tax year 2024-25, bringing clarity to tax obligations associated with the sale of immovable properties.

The updated tax card outlines the rates applicable to individuals based on their tax status, under Section 236C of the Income Tax Ordinance, 2001.

This step by the FBR is part of a broader effort to strengthen tax compliance, enhance transparency in real estate transactions, and ensure that individuals contributing to the national tax system receive favorable rates, while non-compliant individuals face higher tax burdens.

Applicable Tax Rates

According to the FBR's withholding tax card, the rates for property sales differ based on whether the taxpayer is listed on the Active Taxpayers List (ATL), a late filer but still on the ATL, or not listed on the ATL. The distinction is designed to incentivize timely and accurate tax filing while imposing penalties on non-compliant individuals.

The tax rates are as follows:

1. For transactions where the gross amount of consideration does not exceed Rs 50 million:

o Persons listed on the ATL are required to pay 3% withholding tax.

o Late filers who have managed to be listed on the ATL will face a higher rate of 6%.

o Non-ATL persons are subjected to a significant 10% tax rate.

2. For transactions where the gross amount of consideration exceeds Rs 50 million but does not exceed Rs 100 million:

o ATL-listed individuals will pay a 3.5% withholding tax.

o Late filers who are on the ATL will be subject to a 7% rate.

o Non-ATL individuals will still face the maximum rate of 10%.

3. For transactions where the gross amount of consideration exceeds Rs 100 million:

o ATL-listed persons will pay 4% in withholding tax.

o Late filers on the ATL will be taxed at 8%.

o The rate for non-ATL individuals remains steady at 10%.

Withholding Tax and Compliance

The FBR collects withholding tax on the transfer of immovable properties under Section 236C of the Income Tax Ordinance, making this a crucial part of property transactions across Pakistan. These withholding tax rates, updated annually, reflect the government's efforts to improve revenue collection, particularly from the booming real estate sector.

For taxpayers, this tax card serves as a guide to ensure compliance with the latest regulations and avoid the steep penalties imposed on non-ATL individuals. By maintaining their status on the ATL, taxpayers can benefit from significantly lower withholding tax rates, encouraging timely filing and participation in the national tax system.

This updated tax framework for property sales emphasizes the government's focus on fostering compliance and transparency in Pakistan's real estate market, ensuring that the sector contributes fairly to the national treasury.

FBR DETERMINES FAIR MARKET VALUE FOR TAX YEAR 2024-25

September 17, 2024

KARACHI, September 17, 2024 – The Federal Board of Revenue (FBR) has officially announced the determination of fair market values for assets and properties under the Income Tax Ordinance, 2001, applicable for the tax year 2024-25.

This move is aimed at ensuring accurate tax assessments and curbing under-declaration of assets, especially in real estate and other high-value sectors.

The FBR's update, released up to June 30, 2024, introduces several key guidelines regarding the valuation of assets, including immovable property, as outlined under Section 68 of the Income Tax Ordinance. These valuations form the foundation for tax liabilities, ensuring that assets are taxed based on their actual market worth, irrespective of artificial restrictions or manipulation.

Defining Fair Market Value

As per the FBR's explanation, the fair market value of any asset, service, or benefit at a given time refers to the price that the asset would normally fetch in an open market transaction at that time. This includes property, rent, or any other taxable perquisite.

The valuation must be determined without consideration of any transfer restrictions or whether the asset is easily convertible into cash, reinforcing the principle that the market price reflects the genuine worth of an asset, free from artificial constraints.

Role of the Commissioner

In cases where the fair market value of an asset, excluding immovable property, is not readily ascertainable, the Commissioner is empowered to determine its value. This gives the FBR flexibility in addressing complex valuations for assets that may not have a transparent market rate.

Special Focus on Immovable Property

For immovable property, the FBR has retained the authority to periodically determine and notify fair market values through official gazette notifications. These notifications specify the value of immovable properties across designated areas, ensuring consistency and transparency in property tax assessments.

If no such notification has been issued for a specific area, the fair market value is deemed to be the value assigned by the District Officer (Revenue) or any other provincial authority responsible for stamp duty purposes. This dual approach allows for a comprehensive valuation mechanism that can adapt to different regional contexts.

Ensuring Compliance with Higher Market Prices

The ordinance further clarifies that the fair market value, as determined by the FBR or relevant local authorities, must not be less than the valuation used for stamp duty purposes or any auction price. If a discrepancy arises between these values, the higher of the two will be applicable for tax purposes.

This provision aims to eliminate undervaluation, a common issue in real estate transactions, and ensure that assets are taxed according to their real worth, not artificially deflated prices.

The FBR's latest guidelines mark a significant step toward enhancing transparency and ensuring equity in the taxation of assets across Pakistan.

Stock & Commodity

US STOCKS RISE AS RETAIL SALES SHOW SURPRISE GAIN

AFP Published September 17, 2024

NEW YORK: Wall Street stocks opened higher Tuesday following better than expected US retail sales as markets looked ahead to a likely Federal Reserve interest rate cut later in the week.

Overall retail sales were up 0.1 percent from July to August at $710.8 billion, better than the decline expected by analysts.

Adam Sarhan of 50 Park Investments said he would be "surprised" if the Federal Reserve on Wednesday opts for a 50 basis point interest rate cut, instead of the smaller 25 basis point cut.

US stocks open week in mixed fashion

But he said the market could still rally on Wednesday after the announcement depending on what the Fed signals about its outlook on monetary policy.

About 15 minutes into trading, the Dow Jones Industrial Average was up 0.4 percent at 41,766.46, adding to Monday's all-time record.

The broad-based S&P 500 advanced 0.5 percent to 5,658.42, while the tech-rich Nasdaq Composite Index jumped 0.8 percent to 17,725.46.

Among individual companies, Microsoft climbed 2.2 percent after announcing a 10 percent dividend increase and an authorization of up to $60 billion in share repurchases.

Intel gained 2.3 percent after unveiling a plan with Amazon to produce AI fabric chip for Amazon Web Services, describing the initiative as an expansion of a long-term strategic collaboration.

Amazon rose two percent.

MAJOR GULF MARKETS INCH UP AHEAD OF EXPECTED FED RATE CUT

Reuters Published September 17, 2024

Most major stock markets in the Gulf edged higher in early trade on Tuesday, ahead of the U.S. Federal Reserve's widely expected interest rate cut on Wednesday, with bets tilted towards an outsized move.

Markets currently see a 69% chance of a 50-basis-point rate cut. Monetary policy in the Gulf Cooperation Council (GCC), which includes the UAE, often aligns with the Fed's decisions as most regional currencies are pegged to the U.S. dollar.

Dubai's main share index inched 0.1% higher, helped by a 0.6% gain in property developer Emaar Properties.

In Abu Dhabi, the index added 0.1%.

Saudi Arabia's benchmark index eased 0.1%, hit by a 0.2% fall in aluminium products manufacturer Al Taiseer Group.

Gulf markets end mixed ahead of Fed rate decision

However, Saudi Arabian Mining Company (Ma'aden) jumped 4.8%, a day after it signed a non-binding agreement with Aluminium Bahrain (Alba) to pursue a potential business combination that would create a global powerhouse.

On Sunday, U.S.-based aluminium maker Alcoa said it would sell its 25.1% stake in its joint venture with Ma'aden to the company for about $1.1 billion in cash and stock.

The Qatari benchmark gained 0.2%, with the Gulf's biggest lender Qatar National Bank rising 0.6%.

Oil prices - a catalyst for the Gulf's financial markets - extended gains as the market eyed U.S. output concerns in the aftermath of Hurricane Francine and expectations of lower crude stockpiles.

HONG KONG STOCKS RISE ON PROPERTY GAINS AHEAD OF FED RATE DECISION

Reuters Published September 17, 2024

HONG KONG: Hong Kong stocks rose in holiday-thinned trade on Tuesday, led by local property giants on hopes of an oversized interest rate cut by the Federal Reserve, while the upbeat listing of Chinese home appliances maker Midea Group also boosted sentiment.

At the close of trade, the Hang Seng index was up 237.90 points, or 1.37%, at 17,660.02. The Hang Seng China Enterprises index rose 1.41% to 6,176.03.

Midea Group jumped by up to 9.5% and closed 7.8% higher in its Hong Kong trading debut on Tuesday after raising nearly $4 billion in the city's biggest share offering in almost four years.

Hong Kong property firms climbed broadly as investors bet the sector will be the biggest beneficiary among local stocks from a likely U.S. rate cut - the first in four years - on Wednesday. Hong Kong rates closely track their U.S. counterparts under the currency peg.

"Lower interest rates are positive for both developers and REITs," said Dickie Wong, executive director of research at Kingston Securities, adding that if the pace of rate cuts accelerates, the Hong Kong property market could see some recovery.

Hong Kong stocks edge higher in thin trade

New World Development, CK Asset and Wharf Real Estate Investment Company, advanced 5.5%, 4.4% and 3.9% respectively.

The Hang Seng Tech Index rose 1.1%.

The sub-index of the Hang Seng tracking energy shares rose 1.5%, while the IT sector gained 0.72%, the financial sector ended 1.55% higher and the property sector was up 2.22%.

Mainland stock markets were closed for the mid-autumn festival break and will resume trading on Wednesday. Hong Kong markets traded on Tuesday but will be closed on Sept. 18.

The Stock Connect trading between the Mainland and Hong Kong is also closed between Sept. 16 and Sept. 18.

Around the region, MSCI's Asia ex-Japan stock index was firmer by 0.56%, while Japan's Nikkei index closed down 1.03%.

EUROPEAN SHARES ADVANCE IN LEAD-UP TO FED RATE DECISION

Reuters Published September 17, 2024

European stocks rose on Tuesday, supported by financials, as markets drew closer to an expected start to the U.S. Federal Reserve's monetary easing cycle that could see policymakers deliver an outsized rate reduction.

The continent-wide STOXX 600 index was up 0.6% at 518.16 points, as of 0713 GMT, while Britain's FTSE 100 outperformed its European peers with a 0.7% jump.

All sectors were trading higher, led by a nearly 1% gain in financials and a 0.8% jump in banking shares.

Investors will be squarely focused on Fed's decision on Wednesday, with markets now pricing in a 67% chance that the U.S. central bank could ease rates by 50 basis points.

In economic data, markets will closely monitor German sentiment survey at 0900 GMT that is expected to show a slight deterioration in September and U.S. retail sales, due at 1230 GMT, are forecast to have contracted in August on a monthly basis.

European shares end marginally lower on tech drag

European Central Bank's supervisor Claudia Buch and board members Elizabeth McCaul and Frank Elderson will be speaking later in the day.

Among stocks, Kingfisher was the top gainer, rising 6.6% after the European home improvement retailer raised the bottom-end of its profit outlook for the full year.

Shares of Barry Callebaut climbed 6.2% after Barclays raised the stock's rating to "overweight" from "underweight".

LONDON STOCKS RISE ON US RATE CUT OPTIMISM, KINGFISHER BOOST

Reuters Published September 17, 2024

The FTSE 100 rose to a two-week high on Tuesday, lifted by increasing bets of a larger U.S. interest rate cut and strength in domestic retail shares after an improved forecast from Kingfisher.

The blue-chip index FTSE 100 rose 0.7% to its highest since Sept. 3. The pound eased slightly, relieving some pressure on the index's export-oriented companies.

All major sectoral indexes were in the green, with automobile and retail rising 1.7% and 1.6%, respectively.

The mid-cap index was up 0.2%.

European home improvement retailer Kingfisher led FTSE 100 gains after raising the bottom-end of its profit outlook for the full year, citing improving seasonal category sales trends.

FTSE 100 gains on precious metals surge

With all eyes on the Federal Reserve's expected first interest rate cut on Wednesday, traders lifted the chances of a larger-than-usual 50-basis-point reduction to 67% from 50% on Monday, as per the CME's FedWatch tool.

The Bank of England also meets this week. Analysts largely expect policymakers to leave rates on hold, so investors will primarily watch for clues on the BoE's path for the rest of the year and updates on the pace of its bond sales.

UK inflation data, due on Wednesday, will also be closely watched for more indications on the BoE's rate path.

Among individual movers, shares of gambling technology firm Playtech rose 0.5% after the company said it will sell its Italian unit Snaitech for 2.3 billion euros ($2.56 billion) to Flutter Entertainment. Flutter shares were up 1%.

Shares of Essentra slumped 24% after the plastic and metal components supplier warned that annual operating profit could miss market expectations due to weaker conditions in Europe and slower recovery in the Americas.

Shares of e-commerce firm THG slipped 2.3% after the company said it was actively looking to facilitate the demerger of its technology services arm.

ASIA SHARES RISE; DOLLAR, YIELDS HURT BY OUTSIZED FED RATE CUT BETS

Reuters Published September 17, 2024

SINGAPORE: Asian stocks gained on Tuesday while the dollar and U.S. Treasury yields came under pressure, with just a day to go before the expected start of the Federal Reserve's easing cycle that could see policymakers deliver an outsized rate cut.

Extended holidays in China and South Korea made for thin trading conditions, with investors focused on Wednesday's Fed decision as odds have crept up in the past week in favour of a 50-basis-point rate cut.

That kept the dollar languishing near its lowest level in over a year against the yen at 140.64, having fallen below the 140-yen level in the previous session.

The stronger yen stoked concerns about Japanese exporters' earnings and pulled down Tokyo's Nikkei by 2% as the market returned from a national holiday on Monday.

Outside Japan, MSCI's broadest index of Asia-Pacific shares rose 0.47%. Hong Kong's Hang Seng Index advanced 1.44%.

S&P 500 futures and Nasdaq futures both eased marginally, though EUROSTOXX 50 futures tacked on 0.33% and FTSE futures gained 0.57%.

Markets are now pricing in a 67% chance that the Fed could ease rates by half a percentage point at the conclusion of its monetary policy meeting on Wednesday, after a slew of media reports revived the prospect of more aggressive easing.

"The case for a 50bps rate cut this week hinges in part on the idea that rates are well above most estimates of neutral - if officials judge that keeping policy in restrictive territory for too long creates unnecessary risk for the economy then there is no sense in dragging their feet," said Neil Shearing, group chief economist at Capital Economics.

Asia stocks on tenterhooks as Fed faces crunch time

"The problem is this is a high bar for a large rate cut, particularly at the start of the easing cycle. If nothing else, it creates the impression that central bankers have made a mistake and fallen behind the curve."

For the year, markets have priced in roughly 120bps worth of easing by December.

The two-year U.S. Treasury yield, which typically reflects near-term rate expectations, was last at 3.5547%, having fallen to a two-year low of 3.5280% in the previous session.

The benchmark 10-year yield was little changed at 3.6232%.

Rate decisions

The Bank of England (BoE) and the Bank of Japan (BOJ) also meet this week to discuss monetary policy, where both central banks are seen keeping rates on hold.

Expectations of less aggressive easing by the BoE in contrast to the Fed have in turn kept sterling supported. It was last 0.1% lower at $1.3202, but strayed not too far from August's peak of $1.3269, its strongest level since March 2022.

"We forecast the BoE will keep the bank rate unchanged, at 5.0%, at its September policy meeting," said economists at ANZ. "We expect it will adopt a gradualist approach in the early part of its easing cycle."

Elsewhere in Asia, China's stuttering economic recovery continued to weigh on sentiment, after data over the weekend showed the country's industrial output growth slowed to a five-month low in August, while retail sales and new home prices weakened further.

Still, concerns over faltering Chinese demand for oil were overshadowed by the ongoing impact of Hurricane Francine on output in the U.S. Gulf of Mexico, sending oil prices rising on Tuesday.

Brent crude futures rose 0.44% to $73.07 a barrel, while U.S. crude futures gained 0.67% to $70.56 per barrel.

Spot gold eased 0.22% to $2,576.84 an ounce.

AUSTRALIAN SHARES END NEAR RECORD HIGH AHEAD OF FED POLICY MEETING

Reuters Published September 17, 2024

Australian stocks flirted with an all-time high on Tuesday, a day ahead of the U.S. Federal Reserve's policy decision and as investors waited for local jobs data due later in the week.

The S&P/ASX 200 ended 0.2% higher at 8140.9 points, marking its fourth straight session of gains. The benchmark touched a record 8150.5 points during the session.

The U.S. Federal Reserve is widely expected to cut rates for the first time since 2020 at the close of its two-day meeting on Wednesday.

Markets are pricing in a 67% likelihood of a 50 basis points (bps) cut, with a 33% chance of a 25 bps reduction, the CME FedWatch Tool showed.

The Reserve Bank of Australia, on the other hand, has stuck to a hawkish stance by ruling out the possibility of a rate cut this year as inflation remains too high, even though the economy struggles to motor on.

That might change after local jobs data is out on Thursday, throwing light on how well the labour market is handling the extended period of high interest rates.

Australian shares rise towards fresh high as gold stocks shine; Fed in focus

“The market is holding on to the risk that the domestic labour market weakens quickly, as it has in other countries,” Westpac said in a note, adding “price action will be skewed to more bullish moves on weaker-than-expected outcomes than the opposite.”

Rate-sensitive financials rose 0.2% in their second consecutive session of gains. Shares of National Australia Bank and Westpac added 0.2% and 0.7% respectively.

Energy stocks rose by 0.2%, driven by rising oil prices as the market focused on U.S. output disruptions from Hurricane Francine and anticipated lower U.S. crude stockpiles.

Sector heavyweights Woodside and Santos were up 0.1% and 0.3%, respectively.

The New Zealand benchmark S&P/NZX 50 index lost 0.3% to 12,671.95 points.

JAPAN’S NIKKEI SLIDES ON STRONG YEN WORRIES BEFORE FED DECISION

Reuters Published September 17, 2024

TOKYO: Japan’s Nikkei share average fell on Tuesday, weighed down by worries of a stronger yen, as investors braced for a super-sized interest rate cut from the U.S. Federal Reserve this week.

The Nikkei closed 1% lower at 36,203.22, after earlier dipping more than 2%. The broader Topix index lost 0.6%.

Japanese markets were closed on Monday for a national holiday, when the yen spiked to a more than one-year high against the dollar.

Technology giants were the biggest drags on the Nikkei on Tuesday, amid broader losses in export-dependent companies.

Banks also underperformed as sliding bond yields at home and abroad slashed the outlook for income from investment and lending.

Market odds of a 50 basis-point (bp) Fed rate cut on Wednesday have soared to 67%, versus 33% probability for a quarter-point reduction.

In total, 120 bps of cuts are priced for the remaining three Fed meetings this year, which means traders expect a second outsized reduction either in November or December.

The Bank of Japan will announce its policy decision on Friday. While no rate increase is expected this time, officials have struck hawkish postures in recent communications, fuelling bets for a faster pace of policy normalisation.

“People are concerned about the potential for the yen to continue to rise,” with “both the Fed and BOJ playing their parts in that,” said Masayuki Kichikawa, chief macro strategist at Sumitomo Mitsui DS Asset Management.

“People, including myself, are starting to get the impression the BOJ is in a rush to raise interest rates, irrespective of developments in the economy.”

Chip-making equipment giant Tokyo Electron dived 5.24%, becoming the biggest drag on the index. Chip-testing machinery maker Advantest sagged 5.63% and artificial intelligence-focused startup investor SoftBank Group slid 3.1%.

Automakers lost ground, with Toyota Motor dropping 2% and Nissan off 2.07%.

Among lenders, Resona Holdings led declines on the Nikkei, dropping 6.38%. Nomura Holdings retreated 2.61%.

AUCTION FOR IJARAH SUKUK: PSX RAISES RS202BN AGAINST RS250BN TARGET

Recorder Report Published September 17, 2024

KARACHI: Pakistan Stock Exchange (PSX) has raised Rs 202 billion against a target of Rs 250 billion for the Ministry of Finance in the 13th auction for GOP Ijarah Sukuk (GIS) on Monday.

The GIS cut-off rates for the Fixed Rate Discounted - 1Y Discounted stood at 15.0000 percent down 99.00bps) and for Fixed Rental Rate for 3Y FRR stood at 13.8900 percent (down 111.17bps), for 5Y FRR at 13.8450 percent, down 53.50 bps and for 10Y FRR at 13.0422 percent (New Issue). Pakistan Stock Exchange received total bids worth Rs 691.25 billion.

Business & Finance » Money & Banking

US FED BEGINS TWO-DAY MEETING SET TO END WITH RATE CUT

AFP Published September 17, 2024

WASHINGTON: The US Federal Reserve began a two-day interest rate discussion on Tuesday that is all-but-certain to end with its first cut since March 2020, as inflation continues to ease.

The meeting began at 10:30am in Washington (1430 GMT), the US central bank announced in a statement. The Fed's rate decision will be announced on Wednesday afternoon local time.

Policymakers are widely expected to debate whether to choose a small cut of a quarter of a percentage point, or to make an aggressive half point reduction to the Fed's benchmark lending rate.

Fed seen cutting policy rate by 25 bps next week

The Fed goes into the meeting in an enviable position, with US inflation easing towards its long-term target of two percent, and a resilient-yet-cooling labor market.

Economic growth also remains positive, despite the squeeze in borrowing costs for consumers and businesses because of the Fed's decision to hold its key lending rate at a two-decade high since July last year.

The data raises hopes that the Fed can achieve the rare feat of bringing inflation back down to target without triggering a recession – known as a "soft landing."

A rate cut of any size would support US consumers, who are feeling the effect of interest rates at a 23-year high of between 5.25 and 5.50 percent, impacting the cost of borrowing on everything from mortgages to car loans.

While a larger cut would do more to push down the cost of borrowing, it also runs the risk of reigniting inflation – and Fed policymakers are unlikely to support it, according to KPMG chief economist Diane Swonk.

"A larger, one-half percent cut will no doubt be discussed during the meeting, but Fed Chairman Jay Powell is unlikely to have the votes to get a half percent cut in September over the finish line," she wrote in a recent note to clients.

"Either way, we still expect to see a full one percent of cuts prior to year-end, which means at least one outsized cut in September, November or December," she added.

The futures markets price in a probability of around 65 percent that the Fed will announce a half point cut on Wednesday, according to data from CME Group.

BOK ANNOUNCES PARTNERSHIP WITH ABL FUNDS

Press Release Published September 17, 2024

PESHAWAR: Bank of Khyber (BoK) announced a partnership with ABL Funds for distribution of ABL Asset Management Mutual Fund Units through BoK's branch network.

The MoU was signed by Zarak Khan, Head Liability & Business Development Division, BoK, and Naveed Nasim, CEO, ABL Funds. The signing ceremony was held in the presence of Irfan Saleem Awan, MD/CEO (A) & CFO, BoK; Sher Muhammad, Group Head Conventional Banking, BoK; Muhammad Asif, Group Head HRDG, BoK; Abdullah Ghaffar, Group Head Islamic Banking, BoK; and Sara Shah, Company Secretary, BoK. Representing ABL Funds were Syed Khalid Husain, Country Head; Azmat Baig, Head Retail; Rehan Ansari, Head Operations; and Sulaim Nensey, Regional Head Institutional Sales and ADC.

Under this agreement, BoK will serve as a distribution agent for the sale of ABL Asset Management Mutual Fund Units, allowing customers, especially organizations, to benefit greatly from this partnership. This collaboration grants them access to an expanded product range, including voluntary pension schemes offered by ABL Funds.

ADVANS BANK RENAMED HALAN

Recorder Report Published September 17, 2024

KARACHI: ADVANS Pakistan Microfinance Bank Limited renamed to "Halan Microfinance Bank Limited" with effect from September 16, 2024.

In exercise of the powers conferred on the State Bank of Pakistan (SBP) under the Microfinance Institutions Ordinance No. LV of 2001, the SBP has notified that the name of "ADVANS Pakistan Microfinance Bank Limited" has been changed to "Halan Microfinance Bank Limited" with immediate effect.

Halan Microfinance Bank Limited (formerly, ADVANS Pakistan Microfinance Bank Limited), is operating with 19 branches since 2012.

Trade & Industry

PBF FOR FORENSIC AUDIT OF ALL POWER FACILITIES

Recorder Report Published September 17, 2024

KARACHI: President Pakistan Business Forum (PBF) Khawaja Mehboobur Rahman questioned the rationale for paying capacity charges to government power plants and called for a forensic audit of all power facilities.

He pointed out that the government's debt to local banks has reached Rs50 trillion, with Rs30 trillion deposited in current accounts. Banks pay 10% interest on deposits but charge 22% interest when lending to the government, creating an unsustainable financial burden.

The PBF has urged the federal government to include revising power contracts with IPPs in the draft of 26th constitutional amendment before table to parliament in order to save the country's sinking industry as the capacity of IPPs Electricity rates are unaffordable due to charges.

President PBF Khawaja Mehboobur Rahman said that compared to the capacity of 45,000 MW, only 22,000 MW of electricity is coming in the main transmission line, but consumers also have to pay for unused electricity. "We have to pay 56% of the cost in capacity charges due to unfair contracts with IPPs."

"Government should decide whether it wants to save 40 people or 240 million Pakistanis," he asked. He said the industry was unable to keep factories running at this rate of electricity and shut down had started.

President PBF added that revision of electricity rates is an urgent matter and the government should take immediate steps to resolve the issue, otherwise the industry cannot be revived once shut down.

The business community is committed to helping the country and the government achieve long-term growth and bring in $100 billion by the end of 2030, but it needs to address issues like electricity tariffs to reduce production costs so that our industry can compete. As we, Pakistan Business Forum urged the government to set electricity prices at Rs25 per unit.

Khawaja Mehboob also highlighted that Pakistan's defence budget stands at Rs2,500 billion, with substantial amounts going towards interest payments. He argued that lower interest rates and cheaper electricity would boost industries and drive national development.

MALIK FAISAL ELECTED REAP CHAIRMAN UNOPPOSED

Zahid Baig Published September 17, 2024

LAHORE: Malik Faisal Jahangir has been elected unopposed as Chairman, and Irfan Noor as Treasurer of the Rice Exporters Association of Pakistan (REAP) for the 2024-2026 term.

An eleven-member Managing Committee has also been elected unopposed. The committee includes Malik Faisal Jahangir, Ch Muhammad Shafique, Shahjahan Malik, Maman Mandahar, Muhammad Adnan Sheikh, Muhammad Tayyab Bashir, Irfan Noor, Ishfaq Ali, Waqar Ahmad, and Shehnaz Zafar.

Shahzad Ali Malik, the founder Chairman of REAP and head of the Founders Group (South), announced these results at a press conference on Monday. He was joined by Peer Nazim Hussain Shah, Senior Vice Chairman Haseeb Ali Khan, Shahjahan Malik, Momin Malik, Secretary General REAP Kashif ur Rehman, and other notable members.

In his address, Chairman-elect Malik Faisal Jahangir expressed his commitment to boosting Pakistans rice trade volume. He reiterated the goal outlined in the 2020 roadmap to increase rice exports to $5 billion. This year, exporters achieved $3.9 billion in exports, and Jahangir pledged to reach the $5 billion target within the next two years. He also aims to advance seed research for higher yields and ensure adherence to Good Agricultural Practices (GAP).

LCCI ORGANISES SEMINAR

Recorder Report Published September 17, 2024

LAHORE: The Director General of Punjab Food Authority Muhammad Asim Javed has reaffirmed the Authority's commitment to ensure food quality and eliminating adulteration.

He praised the cooperation and positive response from LCCI President Kashif Anwar during a seminar on "Guidelines for Food Business Licensing and Registration with Punjab Food Authority" held at the LCCI.

The seminar was chaired by LCCI President Kashif Anwar and Additional Director General of Punjab Food Authority, Rao Pervez Akhtar, along with other prominent figures such as Haseeb Ullah Khan, Convener of the Standing Committee on Legal Education and Executive Committee member Shamshad Akhtar, were also present.

The DG Punjab Food Authority highlighted the challenges posed by adulteration mafias and emphasized their responsibility to ensure food quality.

He shared statistics from January 1st, 2024, to August 31st, 2024, showing a 100% increase in food inspections, a rise in FIRs and a threefold reduction in the supply of adulterated milk.

He also informed President Kashif Anwar about the launch of the "School Nutrition Programme" for children, which includes the development of a dedicated portal that will categorize children into four groups for better monitoring. As the programme matures, consultations with LCCI will also be incorporated.

LCCI President Kashif Anwar commended the Punjab Food Department's efforts in ensuring quality and combating adulteration, stressing the importance of improving food quality to positively impact the environment and public health.

He reiterated that "Environmental and health issues will not improve until food quality is enhanced" and assured full cooperation from LCCI in these efforts.

Kashif Anwar further informed the DG Food Authority that LCCI has signed multiple MOUs with hospitals, diagnostic labs, universities, colleges and other institutions to provide discounted services for its members. He reiterated LCCI's commitment to the welfare of its members.

Additionally, President Anwar mentioned that LCCI regularly organizes Tax Clinics and SECP Clinics where experts provide solutions to members' problems. He emphasized the need for awareness and education, stating that while there are no grievances against federal or provincial bodies, overcoming the lack of awareness is essential.

He proposed the establishment of a help desk at LCCI by the Punjab Food Authority, where an official from the Authority would assist members at least once a week.

He also suggested that the Food Authority should regularly hold awareness sessions at the LCCI and extend these efforts to colleges and universities. President Kashif Anwar lauded the efforts of the Standing Committee Convener Haseeb Ullah Khan for his exemplary work.

During his presentation, DG Asim Javed detailed that Section 15 and Section 7(k) of the Punjab Food Authority Act, 2011, empower the Authority to register Food Business Operators (FBOs).

Under Section 15, no person is allowed to operate a food business without proper registration or licensing and Section 7(k) enables the Food Authority to levy fees for registration, licensing and other services. He added that in 2017, the Punjab Food Authority introduced e-Licensing to promote the government's paperless vision, with the total number of registered FBOs now reaching 712,359.

The 2017 regulations of the Food Authority aim to ensure product safety and quality. After thorough sampling and analysis, products are registered and a Certificate of Product Registration is issued. The digitization of the registration process has reduced processing time and improved traceability, making the process more efficient.

In his closing remarks, DG Asim Javed encouraged young graduates to explore entrepreneurship, e-commerce and digital marketing rather than relying solely on traditional employment. He also urged Food Authority officers to support industries by contributing to the ease of doing business.

PAKISTAN'S FOOD EXPORTS SURGE BY 42% IN JULY – AUGUST FY25

September 17, 2024

KARACHI, September 17, 2024 – Pakistan's food exports witnessed an extraordinary 42% growth during the first two months of fiscal year 2024-25, according to data released by the Pakistan Bureau of Statistics (PBS). Food group exports reached a remarkable $1.01 billion from July to August 2024, compared to $711 million in the same period last year.

The surge was driven largely by a sharp rise in rice exports, which skyrocketed by 98.58%. Pakistan exported $465 million worth of rice in the first two months of FY25, compared to $234 million in the corresponding period of FY24, making rice the leading contributor to the food export sector.

Basmati Rice Takes the Lead

Within the rice category, Basmati rice, a premium variety, posted a substantial increase in exports, growing by 104%. Basmati rice exports reached $193 million during July – August 2024, up from $95 million in the same period of the previous fiscal year. This reflects both the increasing global demand for Pakistani rice and favorable export conditions.

Strong Growth in Other Food Exports

Other key contributors to the overall growth in food exports were vegetables, sugar, and tobacco products.

• Vegetables: Exports saw a 56.73% rise, reaching $51 million in the first two months of FY25, compared to $33 million in the same period last year. The surge can be attributed to increased demand from regional markets.

• Sugar: Pakistan's sugar exports surged by a staggering 149%, rising to $52.48 million, up from $21 million during the same months of the previous fiscal year. Improved production levels and favorable export policies have played a significant role in this increase.

• Tobacco Products: Surprisingly, tobacco product exports registered an astounding 291% growth, reaching $20 million, compared to $5.11 million in the previous fiscal year. This unexpected growth has been linked to increasing demand from international markets, particularly in the Middle East.

Decline in Fish Exports

While most food categories experienced significant growth, fish exports recorded an 11% decline. Fish and seafood exports dropped to $35 million during July – August FY25, compared to $39.4 million in the same period last year. Industry experts have attributed this decline to a temporary drop in fishing yields and shifting market preferences.

Outlook for FY25

Pakistan's food exports have started FY25 on a high note, reflecting the country's strong agricultural base and competitive pricing in global markets. With continued government support, particularly for rice and sugar sectors, and expanding export markets, the trend is expected to sustain in the coming months.

Business & Finance » Companies

NOMAN AZHAR, CHIEF OFFICER ZINDIGI, NAMED 'DIGITAL LEADER OF THE YEAR'

Sponsored Content Published September 16, 2024

Noman Azhar, Chief Officer of Zindigi, powered by JS Bank, has been honored with the title of "Digital Leader of the Year" at the Pakistan Digital Awards. This accolade recognises Noman's pivotal role in transforming Pakistan's digital banking and fintech sectors.

Zindigi, the digital banking arm powered by JS Bank, has emerged as a cornerstone in Pakistan's financial and digital infrastructure. With its entire tech stack developed in-house, Zindigi has positioned itself as a key player in the country's fintech revolution, demonstrating the potential of homegrown innovation in a market traditionally dominated by foreign solutions. Another major achievement was transforming Pakistan's religious travel sector by enabling a cashless Hajj and Umrah experience, addressing long-standing challenges faced by Pakistani pilgrims. By simplifying currency conversion and transactions, the platform has reduced financial stress for millions of travelers each year.

Under his visionary leadership, Zindigi has also turned its focus to Pakistan's burgeoning freelance economy. In an era where remote work is becoming increasingly prevalent, Zindigi has launched a USD-based Freelancer account tailored to the specific financial needs of this growing workforce. Zindigi's footprint extends beyond financial services. Partnering with the Capital Development Authority in Islamabad, the platform has spearheaded the city's digital transformation, and is partnering with Punjab's waste management ecosystem, to digitize public services.

With more than 16 years of experience in banking, technology, and financial services, Noman Azhar helped position Zindigi at the forefront of Pakistan's digital transformation. The trajectory of Pakistan's digital evolution has been increasingly shaped by the growing role of public-private partnerships. These collaborations have proven essential in reshaping national infrastructure, especially in sectors where the government has sought to modernize while leveraging private sector expertise. Across various industries, from banking to transportation, partnerships between the public and private sectors are emerging as key drivers of progress. Driven by a vision to enact transformative change globally, Azhar's unwavering dedication to digitizing the public sector has played a pivotal role in reshaping Pakistan's digital landscape, touching the lives of individuals across communities.

SUI SOUTHERN GAS COMPANY APPOINTS AMIN RAJPUT AS ACTING CEO, MD

BR Web Desk Published September 16, 2024

The Board of Directors (BoD) of Sui Southern Gas Company Limited (SSGCL) has appointed Muhammad Amin Rajput as the acting Managing Director (MD) and Chief Executive Officer (CEO).

SSGC shared the development in a notice to the Pakistan Stock Exchange (PSX) on Monday.

"The board, in its meeting held on 12 September 2024, decided that with Maniar's tenure ending on 13 September 2024, Muhammad Amin Rajput has been appointed as the acting Managing Director (MD) / Chief Executive Officer (CEO) for an interim period," read the notice.

Imran Maniar resigned from his position as MD/CEO of SSGC to "pursue other opportunities", the company informed its stakeholders earlier this month.

"The board, with the utmost respect for Maniar's decision to pursue other opportunities, accepted his resignation," SSGC said in a statement to the PSX at that time.

Meanwhile, as per information available on SSGC's website, Rajput, the newly appointed acting CEO, has domestic and international experience in operations, finance and internal audit.

Rajput joined SSGC as its Chief Internal Auditor (CIA) in March 2012. As the CIA or the Head of Internal Audit, Rajput took the lead in implementing the Code of Corporate Governance and Code of Ethics in SSGC.

Rajput remained the company's Chief Financial Officer (CFO) from February 2015 to June 2016. As SSGC's CFO, Rajput finalized back-to-back, three financial statements which were pending due to various OGRA issues.

He also closed the deal of financing Rs60 billion RLNG Transmission Pipeline Project for SSGC.

Technology

BRAIN IMPLANT LETS MAN CONTROL AMAZON'S ALEXA WITH THOUGHT

AFP Published September 17, 2024

SAN FRANCISCO: A patient with a degenerative disease was able to command Amazon's Alexa digital assistant with his mind, the company behind the technological innovation announced Monday, letting him stream shows and control devices with only his thoughts.

An implant in a blood vessel on the surface of the 64-year-old man's brain let him mentally "tap" icons on an Amazon Fire tablet, brain-computer interface company Synchron said.

The patient, who is living with amyotrophic lateral sclerosis (ALS), was able to make video calls, play music, stream shows, control smart home devices such as lights, shop online, and read books by using his mind to direct Alexa, according to the New York-based company.

ALS is a degenerative nerve disease that leads to muscle weakness and paralysis.

"To be able to manage important aspects of my environment and control access to entertainment gives me back the independence that I'm losing," the patient, named only as Mark, said in a release.

The test was intended to show how customers could use just their minds to control smart homes with Alexa-compatible devices such as door cameras, plugs, and thermostats, according to the company.

"While many smart home systems rely on voice or touch, we are sending control signals directly from the brain," Synchron founder and chief executive Tom Oxley said in the release.

"Patients can interact with devices in their home hands and voice-free, using only their thoughts."

Several companies, including Elon Musk's Neuralink, are working on connecting brains with computers.

Neuralink in January installed a brain implant in a man paralyzed after a diving accident. Musk, who also owns Tesla and X, touted the implant as a success.

In July he said his startup is "moving on" to a second test patient as its tech improves.

Economic distress

EXECUTIVE BOARD MEETING NOTIFIED: IMF TO TAKE $7BN EFF ON ITS AGENDA ON 25TH

Tahir Amin Published September 17, 2024

ISLAMABAD: The International Monetary Fund (IMF) has formally notified that the Executive Board would consider "Pakistan - 2024 Article IV Consultation and Request for an Extended Arrangement under the Extended Fund Facility" on September 25.

According to the Fund's website, the IMF updated the schedule of the executive board meeting set to be held on September 25 to take Pakistan's 37-month Extended Fund Facility Arrangement (EFF) of about $7 billion on agenda.

The Pakistani authorities and the IMF team reached a staff-level agreement on a 37-month EFF in the amount equivalent to SDR 5,320 million (or about USD 7 billion) on July 12. This agreement was subject to approval by the IMF's Executive Board and the timely confirmation of necessary financing assurances from Pakistan's development and bilateral partners.

IMF executive board to discuss Pakistan programme on September 25: spokesperson

Julie Kozack, Director of the Communications Department at IMF on September 12 while addressing a press briefing stated, "We are very happy that we can say now that the board meeting is scheduled for September 25".She said that Pakistan had obtained the required financing assurances from development partners.

Kozack said consistent policy measures have helped stabilise Pakistan's economy, leading to resumed growth, disinflation, and an increase in international reserves. When asked if Pakistan had secured the necessary financing, she confirmed, "Yes."

Fuel & Energy

OIL PRICES RISE ON SUPPLY SHOCKS, PROSPECT OF US INTEREST RATE CUTS

Reuters Published September 17, 2024

NEW YORK: Oil prices rose by a dollar a barrel on Tuesday as supply disruptions mounted and traders bet demand will grow if the U.S. Federal Reserve lowers borrowing costs this week, as is widely expected.

U.S. crude oil futures gained $1.31, or 1.9%, to $71.40 by 12:03 p.m. ET (1603 GMT). Brent crude futures rose by $1, or 1.4%, to $73.75 per barrel.

More than 12% of crude output from the U.S. Gulf of Mexico was offline after Hurricane Francine last week, lifting oil prices in three of the past four sessions, a rebound after Brent last Tuesday hit the lowest in nearly three years.

"Oil prices have been in recovery mode since Wednesday, perhaps on supply concerns after Hurricane Francine in the U.S. Gulf of Mexico, as well as expectations of lower U.S. crude stockpiles," said Charalampos Pissouros, senior investment analyst at brokerage XM.

Oil prices edge higher ahead of Fed interest rate decision

U.S. crude oil stockpiles likely fell by about 200,000 barrels in the week ended Sept. 13, according to a REUTERS poll of analyst estimates. The American Petroleum Association will publish its estimates after 4:30 p.m. ET on Tuesday, followed by the U.S. Energy Information Administration's official report on Wednesday at 10:30 a.m. ET.

Prices are drew support from supply disruption in Libya, where a rift between rival factions over control of the central bank has led to lower oil output and exports, Rystad analysts said on Tuesday.

Talks led by the United Nations to solve the crisis failed to reach an agreement this week.

Libyan crude exports rose three-fold last week to about 550,000 barrels per day, a REUTERS review of Kpler shipping data showed. That was still half the OPEC producer's exports last month of over 1 million bpd, the data showed.

Investors also hoped the Fed's widely anticipated rate cut could revitalize demand in the top oil consuming nation.

Fed funds futures showed markets pricing in a 69% chance that the central bank will cut rates by 50 basis points.

Market participants will keep watching China, where a turbulent economy has heavily dented demand from the top oil importer. Money managers were net short on Brent crude oil for the first time on record last week, reflecting those concerns.

China's oil refinery output fell for a fifth month in August amid declining fuel demand and weak export margins, government data showed on Saturday.

GOVT REMOVING ALL BARRIERS TO FOREIGN INVESTMENT: PM

Recorder Report Published September 17, 2024

ISLAMABAD: Prime Minister Shehbaz Sharif has said the government is removing all obstacles in the way of foreign investment in the country.

He was talking to Chairman of the globally renowned petroleum company Gunvor Group Torbjorn Tornqvist and Regional Vice President of Total Energies Mehmet Celepoglu, who called on him here at his office, said a statement of the PM Office.

During the meeting, the prime minister said that Pakistan's economy is stabilising and moving towards development.

He highlighted that swift reforms are being made to increase investment and business activities in the country and emphasized the continuation of the positive outcomes of prudent economic and business policies.

"The Chairman of Gunvor Group expressed a strong interest in investing in Pakistan's petroleum sector," according to the statement.

The prime minister was briefed that Gunvor Group has already signed an agreement to acquire 50 percent of Total Parco's shares in Pakistan.

The prime minister instructed the relevant authorities to provide every possible facility to Gunvor Group for its investment in Pakistan.

JUL-AUG PETROLEUM GROUP'S IMPORTS WITNESS 22.73PC GROWTH

Tahir Amin Published September 17, 2024

ISLAMABAD: Petroleum group imports witnessed 22.73 percent growth during the first two months (July-August) of the current fiscal year 2024-25 and remained $2.664 billion compared to $2.171 billion during the same period of last fiscal year, says Pakistan Bureau of Statistics (PBS).

The exports and imports released by the PBS revealed that imports during July-August, 2024 (fiscal year 2024-25) totaled $8.750 billion (provisional) as against $8.165 billion during the corresponding period of last year showing an increase of 7.16 percent.

On year-on-year (YoY) basis, petroleum group imports witnessed 1.35 percent growth in August 2024 and remained $1.398 billion compared to $1.379 billion in August 2023. On month-on-month (MoM) basis, petroleum group imports witnessed 10.43 percent growth when compared to $1.266 billion in July 2024.

Petroleum products import witnessed 13.41 percent negative growth during the first two months (July-August) of current fiscal year 2024-25 and remained $841.113 million compared to $971.371 million during the same period of last fiscal year.

On YoY basis, petroleum products imports witnessed 44.35 percent negative growth in August 2024 and remained $342.096 million compared to $614.781 million in August 2023. On MoM basis, petroleum products imports witnessed 31.45 percent negative growth when compared to $499.017 million in July 2024.

Main commodities of imports during August, 2024 were petroleum crude (Rs162,679 million), natural gas, liquified (Rs106,422 million), petroleum products (Rs95,288 million), palm oil (Rs71,293 million), electric machinery and apparatus (Rs70,488 million), plastic materials (Rs53,463 million), iron and steel (Rs 34,191 million), fertilizer manufactured (Rs28,836 million), medicinal products (Rs28,558 million) and motor cars (CKD/SKD) (Rs27,580 million).

BP TO SELL ITS US ONSHORE WIND BUSINESS

Reuters Published September 17, 2024

WASHINGTON: BP plans to sell its US onshore wind energy business, it announced on Monday, saying the assets were not aligned with its growth plans.

BP said it will launch the sale process shortly for the wind assets, bp Wind Energy, which has interests in 10 operating onshore wind energy assets across seven US states.

GUNVOR GROUP KEEN TO INVEST IN PETROLEUM SECTOR, SAYS PAKISTAN GOVT

- PM Shehbaz directs concerned authorities to provide all kinds of facilities for investment of Gunvor Group in Pakistan

BR Web Desk Published September 16, 2024

Gunvor Group, a leading global commodities trading company, has expressed a keen interest in the country's petroleum sector, said an official Pakistan government statement.

The statement came after a meeting of Torbjorn Tornqvist, Chairman of Gunvor Group, and Mehmet Celepoglu, Regional Vice President of TotalEnergies, a French energy giant, with Prime Minister Muhammad Shehbaz Sharif on Monday.

As per a statement by the Pakistan government, Prime Minister Shahbaz welcomed the Chairman of Gunvor Group on his arrival in the country.

OIL PRICES EDGE HIGHER AHEAD OF FED INTEREST RATE DECISION

Reuters Published September 16, 2024

LONDON: Oil prices edged higher on Monday as ongoing disruption to U.S. Gulf oil infrastructure balanced persistent demand concerns after a fresh round of Chinese data while investors await a likely cut to U.S. interest rates this week.

Brent crude futures for November were up 46 cents, or 0.64%, at $72.07 a barrel by 1207 GMT. U.S. crude futures for October rose 52 cents, or 0.76%, to $69.17.

The market is likely to remain cautious until the Federal Reserve makes its interest rate decision on Wednesday, said Phillip Nova analyst Priyanka Sachdeva, adding that prices are still supported by some supply worries given that some capacity remains offline in the Gulf of Mexico.

Traders are increasingly betting on rate cut of 50 basis points (bps) rather than 25 bps, as shown by the CME FedWatch tool that tracks fed fund futures.

Lower interest rates typically reduce the cost of borrowing, which can boost economic activity and lift demand for oil.

However, a cut of 50 bps could also signal weakness in the U.S. economy, which could raise concerns over oil demand, said OANDA analyst Kelvin Wong.

Oil eases on resuming US output after storm

Saxo Bank analyst Ole Hansen, meanwhile, said activity is likely to remain light ahead of the Fed meeting, adding that the outcome “looks like a coin toss between 25 and 50 bps”.

Nearly a fifth of crude oil production and 28% of natural gas output in the Gulf of Mexico remains offline in the aftermath of Hurricane Francine.

Weaker Chinese economic data released over the weekend dampened market sentiment, with the low-for-longer growth outlook in the world’s second-largest economy reinforcing doubts over oil demand, IG market strategist Yeap Jun Rong said in an email.

Industrial output growth in China, the world’s top oil importer, slowed to a five-month low in August while retail sales and new home prices weakened further.

Oil refinery output also fell for a fifth month as weak fuel demand and export margins curbed production.

Brent and WTI each gained about 1% last week but remain comfortably below their August averages of $78.88 and $75.43 a barrel respectively after a price slide around the start of this month driven in part by demand concerns.

GOVERNMENT ADJUSTS EXCHANGE RATES FOR PETROLEUM PRICES

September 17, 2024

ISLAMABAD – The Pakistani government has adjusted the exchange rate used for calculating petroleum product prices, effective from September 16, 2024. This move led to a slight reduction in the cost of petrol, with minimal impact on high-speed diesel (HSD) prices.

According to official sources, the Pakistan State Oil (PSO) implemented an exchange rate adjustment of Rs 3.13 per litre for petrol, while HSD saw a marginal reduction of 66 paisa per litre for the fortnight ending September 15, 2024. This adjustment is part of the government's regular price review mechanism to align local fuel costs with international market trends.

The exchange rate adjustment for PSO added Rs 1.46 per litre to the cost of petrol, down from the previous adjustment of Rs 1.67 per litre in the last fortnight. On the other hand, the HSD adjustment ended with a 66-paisa reduction per litre.

Despite the exchange rate adjustment, prices for both petrol and HSD decreased due to lower international prices. The average cost of petrol based on the Platts benchmark, including duties and incidentals, dropped by Rs 11.46 per litre over the past two weeks, reducing the price from Rs 173.13 to Rs 161.67 per litre. Similarly, the price of HSD saw a significant decrease of Rs 12.18 per litre, from Rs 180.92 to Rs 168.74 per litre.

As a result, ex-refinery prices for petrol dropped by Rs 10 per litre, from Rs 174.80 to Rs 164.80 per litre, while HSD prices fell by Rs 12.84 per litre, from Rs 181.58 to Rs 168.74 per litre. These reductions have provided some relief to consumers amid rising inflation.

The Inland Freight Equalisation Margin (IFEM) remained unchanged at Rs 7.79 per litre for petrol and Rs 4.44 per litre for HSD.

In light of these adjustments, the price of petrol has been reduced by Rs 10, bringing it down from Rs 259.10 to Rs 249.10 per litre. The rate of HSD has also decreased by Rs 13.06, from Rs 262.75 to Rs 249.69 per litre. Similarly, kerosene prices have been cut by Rs 11.15, from Rs 169.62 to Rs 158.47 per litre, and the price of light diesel oil dropped by Rs 12.12 per litre, now standing at Rs 149.13 compared to the previous Rs 154.05.

Markets – Rates

OPEN MARKET FOREX RATES

Updated at: 18/9/2024 7:39 AM (PST)

Currency	Buying	Selling
Australian Dollar	187.75	190.00
Bahrain Dinar	734.20	742.20
Canadian Dollar	206.60	209.00
China Yuan	38.25	38.65
Danish Krone	40.03	40.43

Euro	308.55	311.30
Hong Kong Dollar	35.68	36.03
Indian Rupee	3.34	3.45
Japanese Yen	1.93	1.99
Kuwaiti Dinar	901.85	911.35
Malaysian Ringgit	59.3	60.3
NewZealand $	169.34	171.34
Norwegians Krone	26.14	26.44
Omani Riyal	718.50	727.00
Qatari Riyal	76.44	77.14
Saudi Riyal	74.08	74.63
Singapore Dollar	201.85	203.85
Swedish Korona	26.15	26.45
Swiss Franc	328.70	331.50
Thai Bhat	7.55	7.7
U.A.E Dirham	75.70	76.35
UK Pound Sterling	364.60	368.10
US Dollar	278.90	280.75

INTER BANK RATES

Updated at: 18/9/2024 7:39 AM (PST)

Currency	**Bank Buying TT Clean**	**Bank Selling TT & OD**
Australian Dollar	186.95	187.29
Canadian Dollar	204.76	205.13
China Yuan	39.53	39.61
Danish Krone	41.34	41.42
Euro	309.03	309.59
Hong Kong Dollar	35.77	35.84
Japanese Yen	1.9727	1.9762
Saudi Riyal	74.03	74.16
Singapore Dollar	214.53	214.92
Swedish Korona	27.41	27.46
Swiss Franc	328.64	329.23
Thai Bhat	8.38	8.39
UK Pound Sterling	365.57	366.23
US Dollar	278.05	278.55

GOLD RATE

Gold Price Today

As on Wed, Sep 18 2024, 02:58 GMT

Metal	Symbol	PKR for 10 Gm	PKR for 1 Tola	PKR for 1 Ounce	
Gold	XAU	231,098	269,266	718,807	
Palladium	XPD	96,478	112,412	300,084	
Platinum	XPT	88,176	102,740	274,264	
Silver	XAG	2,752	3,207	8,561	

Gold Price in Pakistan

As on Wed, Sep 18 2024, 02:58 GMT

Gold Rate	24K Gold	22K Gold	21K Gold	18K Gold
per Tola Gold	Rs. 269300	Rs. 246857	Rs. 235638	Rs. 201975
per 10 Gram	Rs. 230900	Rs. 211657	Rs. 202038	Rs. 173175
per Gram Gold	Rs. 23090	Rs. 21166	Rs. 20204	Rs. 17318
per Ounce	Rs. 654600	Rs. 600046	Rs. 572775	Rs. 490950

Gold Rates in other Major Currencies

Currency	Symbol	10 Gm	1 Tola	1 Ounce	
China Yuan	CNY	5,883	6,855	18,300	
Euro	EUR	746	869	2,320	
Japanese Yen	JPY	116,796	136,086	363,282	
Saudi Riyal	SAR	3,110	3,624	9,674	
U.A.E Dirham	AED	3,046	3,549	9,474	
UK Pound Sterling	GBP	628	732	1,954	
US Dollar	USD	829	966	2,580	