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SHAHID LEGAL GROUP

SLD NEWS UPDATES

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CABINET COMMITTEE APPROVES PRAL'S BOARD RECONSTITUTION

- Proposal submitted by the Revenue Division

BR Web Desk Published September 21, 2024

The Cabinet Committee on State-Owned Enterprises (CCoSOEs) on Saturday approved the reconstitution of Pakistan Revenue Automation (PVT.) Ltd's (PRAL) Board of Directors (BoD).

The approval was given during the CCoSOEs meeting, which was virtually chaired by Federal Minister for Finance and Revenue Muhammad Aurangzeb.

As per a statement by the Finance Division, the meeting considered a proposal by the Revenue Division regarding the reconstitution of the BoD of PRAL as per terms specified under the State Owned Enterprises Act 2023.

"The meeting considered the recommendation of five majority independent directors and four ex-officio members by the Board Nominations Committee as per Section (1) of Section 10 of the Enterprises (Governance and Operations) Act, 2023," read the statement.

FBR digitisation: Aurangzeb calls for utilisation of PRAL, REMIT data

It is pertinent to mention that PRAL, established in 1994, is responsible for providing technology-driven solutions to FBR, playing a vital role in automating the country's tax collection system.

Meanwhile, during the meeting, the committee was told that all the five members recommended for positions of independent directors were drawn from the private sector and possessed relevant experience in top management positions.

"The meeting considered the summary and accorded strong endorsement to the proposal," the Finance Division said.

Meanwhile, Finance Minister Aurangzeb lauded the step to have a majority of independent directors on the board and complemented the selection of prominent professionals from the SME sector to run the board professionally, read the statement.

"He hoped the new board would be able to observe strong oversight and good management of PRAL to help achieve revenue generation goals," the Finance Division said.

The meeting was attended by Minister for Maritime Affairs Qaiser Ahmed Shaikh, Chairman FBR Rashid Mahmood Langrial, Chairman Securities and Exchange Commission of Pakistan

(SECP) Akif Saeed, federal secretaries, and senior officers from relevant ministries and departments.

FBR TO LEVERAGE AI FOR EXAMINING TY 2024 INCOME TAX RETURNS

September 22, 2024

Karachi, September 22, 2024 – The Federal Board of Revenue (FBR) has announced its decision to utilize Artificial Intelligence (AI) for an in-depth examination of income tax returns and wealth declarations submitted for the tax year 2024.

This strategic shift is part of FBR's broader initiative to modernize tax compliance processes and enhance the accuracy and efficiency of its auditing mechanisms.

According to insider sources at the FBR, the organization has made comprehensive arrangements to conduct a meticulous AI-based examination of declared incomes and assets. The AI system will evaluate the tax returns based on specific benchmarks, allowing the FBR to identify discrepancies, underreporting, or potential tax evasions with greater precision.

Focus on High-Value Transactions

Individuals conducting substantial banking transactions during the tax year are expected to be a primary focus of the AI examination. The FBR has noted a record increase in banking deposits as of June 30, 2024, and plans to scrutinize these transactions rigorously. In addition to banking activity, AI will monitor high-value property deals, vehicle purchases, and international travel, all of which are typically indicators of taxable income that may not be fully declared.

The application of AI aims to streamline the process of identifying potential tax discrepancies, ensuring that individuals and businesses comply with the tax code and contribute their fair share to the national exchequer. The FBR's reliance on data-driven technology reflects a shift towards a more proactive approach to tax collection, minimizing human error and inefficiencies in the audit process.

FBR Determined to Enforce Deadline

The FBR has made it clear that the deadline for filing income tax returns for the 2024 tax year will not be extended beyond September 30, 2024. In a statement made earlier, FBR spokesperson Bakhtiar Muhammad emphasized the importance of timely submissions, urging citizens to avoid a last-minute rush. He cautioned that no grace period or filing extensions would be granted, reinforcing the urgency of adhering to the deadline.

"Taxpayers must submit their returns promptly," said Bakhtiar Muhammad. "By ensuring timely compliance, we are fostering a culture of tax responsibility, which is critical for the economic stability and growth of the country."

The FBR is adamant that the introduction of AI will expedite its ability to process returns and detect anomalies, which will ultimately boost revenue collection for the government. The spokesperson emphasized that fostering tax compliance would contribute to Pakistan's broader economic goals, including fiscal stability, better infrastructure, and social welfare initiatives.

Leveraging Modern Technology for Tax Compliance

The AI initiative is part of the FBR's ongoing efforts to revolutionize its tax system through the integration of advanced technologies such as data analytics and machine learning. These tools will enable the FBR to identify tax evasion more effectively and refine the auditing process, resulting in faster and more accurate verifications.

In parallel with the AI system, the FBR is focusing on upgrading its tax infrastructure and making the tax filing process more user-friendly. The Iris portal, FBR's digital tax submission system, is designed to simplify the process for taxpayers, reducing errors and improving accessibility. The platform has undergone continuous enhancements to ensure it meets the growing needs of taxpayers, allowing them to file returns efficiently without facing technical hurdles.

The FBR has also prioritized building a highly skilled and professional workforce to support its modernization efforts. Through comprehensive training and development programs, the FBR aims to cultivate a culture of professionalism and integrity among its employees, fostering a motivated and high-performing team capable of addressing the complexities of modern tax administration.

As Pakistan navigates its fiscal challenges, the integration of AI into the tax system represents a significant step toward ensuring accountability, transparency, and improved revenue collection for the country's future economic success.

SRB CONDUCTS SURPRISE VISITS TO KARACHI RESTAURANTS AND CAFES

September 22, 2024

Karachi, September 22, 2024 – The Sindh Revenue Board (SRB) has initiated unannounced inspections of restaurants and cafes across Karachi to scrutinize their compliance with tax regulations, particularly the deduction and collection of Sindh Sales Tax (SST) on services.

The inspections were conducted in response to consumer complaints and rising concerns on social media regarding non-compliance with the Sindh Sales Tax on Services Act, 2011.

The SRB issued a statement on Sunday detailing the operation, which took place on September 21, 2024, in areas such as Sehar Commercial and Khayaban-e-Sehar in Defence Housing Authority (DHA). The purpose of these surprise visits was to ensure that restaurants were adhering to legal requirements, including issuing proper tax invoices and integrating their Point of Sale (POS) systems with SRB's digital infrastructure.

The SRB emphasized that restaurants and cafes must comply with the SST rates specified in its circular dated June 30, 2024. According to the guidelines, a 15% sales tax applies to cash transactions for restaurant services, while a reduced rate of 8% is applicable to digital payments made through debit cards, credit cards, mobile wallets, or QR code scanning. Exceptions to this reduced rate exist in cases where the SRB has permitted a 15% tax even on digital payments.

During these inspections, SRB officials verified whether businesses had properly integrated their POS systems with SRB's online system and were applying the correct SST rates. The board issued a stern warning that any business found underreporting sales, failing to apply the prescribed SST rates, or avoiding proper integration with the SRB system would face strict legal action. The SRB reiterated its commitment to enforcing tax compliance and protecting the government's revenue stream from evasion.

Additionally, the SRB has assured the public that such surprise inspections will continue in the future to ensure widespread compliance. Restaurants and cafes that attempt to evade taxes or fail to adhere to the correct procedures will face significant penalties.

The statement further stressed that the SRB is committed to resolving taxpayer complaints promptly. Any establishment found attempting to circumvent tax obligations will be held accountable, ensuring that no business can exploit loopholes to avoid legitimate tax contributions. The SRB's efforts aim to create a fair and transparent tax environment, strengthening the government's fiscal position and ensuring the smooth functioning of public services.

These proactive measures reflect the SRB's ongoing commitment to maintaining tax integrity across the province, particularly in the restaurant and hospitality sectors.

IRSOA REJECTS FBR'S TRANSFORMATION PLAN, RAISES CONCERNS

September 22, 2024

Islamabad, September 21, 2024 – The Inland Revenue Service Officers Association (IRSOA) has voiced strong opposition to the Federal Board of Revenue's (FBR) new transformation plan, expressing grave concerns over its content and execution.

The IRSOA, which represents over 1,300 officers instrumental in collecting more than Rs. 9 trillion annually, criticized the plan on several fronts, claiming it was not developed in consultation with the officers and raised serious concerns about transparency and fair treatment within the department.

Non-Indigenous Plan Lacking Consultation

A key criticism from the IRSOA is that the transformation plan was not an internally generated initiative by the FBR. Despite media reports suggesting otherwise, the association clarified that a task force of IRS officers was hastily assembled to analyze data and identify tax gaps, without any role in formulating the plan's recommendations or proposals. This lack of internal input has resulted in widespread dissatisfaction among officers.

Adding to this frustration is the alleged absence of dialogue between the IRSOA and the newly appointed FBR Chairman. The association highlighted that repeated requests for meetings, including formal submissions, were ignored. The lack of consultation has exacerbated feelings of alienation among the officers who feel their concerns are being sidelined.

Unfair Treatment of IRS Officers

The IRSOA strongly criticized what it perceives as discriminatory practices within the transformation plan, particularly the implementation of the 60/40 peer rating system for performance assessments. Officers argue that this system is demoralizing and unfair, especially when compared to other civil service groups. Instead of subjective peer evaluations, the IRSOA proposed that performance assessments be based on objective measures such as new taxpayer registrations, recovery performance, and audit outcomes.

The association also expressed concern over limited career advancement opportunities for IRS officers, including exclusion from key positions within the FBR hierarchy, foreign training opportunities, and other privileges. This has left many officers feeling undervalued, adding to the demotivation of an already overstretched workforce.

Resource Deficiencies and Work Culture

Despite their commitment and efficiency, IRS officers face significant challenges in terms of resource constraints and an unproductive work culture. Officers are reportedly burdened with excessive reporting requirements to senior officials, preventing them from focusing on core responsibilities. The transformation plan, according to IRSOA, fails to address basic needs such as adequate salaries, transportation, and accommodation for junior officers. Without providing essential resources, IRSOA argues, the transformation plan is destined to fail.

The association also highlighted concerns over disparities in how integrity issues are addressed within the FBR, noting that IRS officers often face harsher scrutiny compared to their counterparts in the Pakistan Customs Service (PCS). These discrepancies, combined with inadequate logistical support, have further strained field units, leaving officers to cover their operational expenses out of pocket.

Specific Demands and Concerns

The IRSOA has issued a set of specific demands to address these concerns. These include aligning salaries and allowances for IRS officers with those of other service groups, providing logistical support for field enforcement activities, ensuring necessary staff and amenities for field formations, and devolving authority to empower officers in the field. The association also stressed the need for prioritizing career progression and international training opportunities to enhance the skills and experience of IRS officers.

Transformation and Accountability

The plan's approach to accountability has also drawn criticism. The IRSOA strongly opposes the hiring of external auditors from the private sector, citing concerns over accountability and potential data leaks. Instead, the association advocates for recruiting auditors from within the organization to ensure accountability and prevent scandals like those involving Pakistan Revenue Automation Limited (PRAL) in the past.

By outsourcing audits to private firms, IRSOA warns that the FBR risks repeating past mistakes, which could lead to corruption scandals. Should this occur, the IRSOA places the responsibility squarely on the FBR Chairman, who, despite lacking prior experience within the organization, has presided over significant losses in recent months.

Digital Strategy and Unit Empowerment

IRSOA also emphasized the importance of aligning FBR's digital strategy with its objectives, particularly in enhancing taxpayer experience and operational efficiency. Improved data analytics and intelligence sharing, they argue, are critical for increasing tax revenue. However, the transformation plan fails to institutionalize access to vital data and decentralize it to relevant stakeholders.

Furthermore, the lack of empowerment for field units is cited as a major shortcoming of the plan. IRS officers are overburdened with unproductive tasks and are not provided with the necessary support to perform their duties effectively. The association called for a redesign of job descriptions and performance evaluations that focus on clear, relevant metrics.

Conclusion: Missed Opportunity

In closing, the IRSOA expressed disappointment over the presentation of the transformation plan, which included imagery they deemed inappropriate and demoralizing, particularly the depiction of the FBR as a snake. This, they said, reflected poorly on how the organization is viewed and represented by its leadership.

While the IRSOA remains committed to the goal of effective tax collection, they urge the FBR leadership to address these serious concerns. Without the necessary resources, transparency, and empowerment, the transformation plan is unlikely to achieve its desired objectives. The IRSOA warns that at a time of economic crisis, the country is missing a golden opportunity to transform itself into a self-reliant state.

FBR DEFINES RESIDENT, NON-RESIDENT PERSONS FOR TAX TREATMENT

September 22, 2024

Karachi, September 22, 2024 – The Federal Board of Revenue (FBR) has issued clear guidelines categorizing resident and non-resident persons for tax purposes under the Income Tax Ordinance, 2001 for the tax year 2024-25.

This classification is essential for determining the tax liabilities of individuals, companies, and associations of persons.

The FBR explained that under Section 81 of the Income Tax Ordinance, 2001, a person is categorized as either a resident or a non-resident for tax purposes. A person will be considered a resident for a given tax year if they fall into one of the following categories:

1. Resident Person:

– Individual, company, or association of persons: A person residing in Pakistan for the year.

– Federal Government: Automatically considered a resident.

On the other hand, a non-resident person is defined as any individual or entity that does not meet the criteria for being considered a resident during that tax year.

Further clarifications were provided under Section 82 of the Ordinance, which focuses on defining a resident individual. The FBR outlined that an individual will be considered a resident for tax purposes if:

• They are physically present in Pakistan for a cumulative period of 183 days or more during the tax year.

• They are an employee or official of the Federal Government or a Provincial Government posted abroad during the tax year.

• A citizen of Pakistan who is not present in any other country for more than 182 days in the tax year or is not classified as a resident taxpayer of another country.

The FBR also elaborated on the status of a resident company under Section 83. A company is deemed to be a resident company for a tax year if it meets any of the following conditions:

• It is incorporated or formed under any law in Pakistan.

• The control and management of the company's affairs are situated entirely within Pakistan at any point during the year.

• It represents the Provincial Government or a Local Government in Pakistan.

Lastly, the FBR provided clarification regarding resident associations of persons under Section 84. An association of persons (AOP) is considered a resident if the control and management of its affairs are located wholly or partly within Pakistan at any time during the tax year.

These definitions are crucial for understanding tax liabilities and ensuring compliance with Pakistan's tax regulations. Resident persons are subject to tax on their global income, while non-resident persons are only taxed on income sourced within Pakistan. The FBR's categorization helps streamline the tax process and ensures that individuals and entities adhere to the applicable tax framework.

Markets » Cotton & Textile

WEEKLY COTTON REVIEW: SURGE IN PRICES WITNESSED

Naseem Usman Published about an hour ago

KARACHI: Cotton prices continue to rise, with international rates also surging. Trading volume has improved. However, cotton production has dropped by a concerning 64%. Cotton imports are increasing, and cotton yarn imports are also on the rise. Textile exports have grown by 5.37%.

According to All Pakistan Textile Mills Association (APTMA) Chairman Kamran Arshad said providing affordable electricity to the textile sector would eliminate the need for an IMF package. The Punjab government plans to establish a committee to boost cotton production.

The local cotton market witnessed a surge in cotton prices and improved trading volume over the past week. Textile mills showed increased interest in purchasing, primarily due to concerns over the country's cotton production falling significantly short of estimates.

The Pakistan Cotton Ginners Association released cotton production figures up to September 15, revealing that the country's cotton production stood at fourteen lac and thirty four thousand bales during this period. This represents a 63.55% decline compared to the thirty nine lac and thirty four thousand bales produced during the same period last year.

This significant drop in production has prompted textile spinners to increase their purchases of local cotton.

The Pakistan Cotton Ginners Association (PCGA) report cites several reasons for the alarming decline in cotton production. However, the current report is causing concern, and it is anticipated that cotton production in Punjab province will increase in the coming days. If production remains significantly low, imports will rise, potentially reaching 60 lac bales, requiring substantial foreign exchange.

According to received information, import contracts for approximately 18 lac bales have already been signed, with imports continuing unabated. Importers benefit from the Export Facilitation Scheme (EFS) for imported cotton, whereas they have to pay 18% tax on local cotton.

Furthermore, large-scale imports of cotton yarn are also underway, causing distress among spinners.

Textile experts point out that while global demand for Pakistani textile products remains strong, high production costs at home are hindering export growth. Expensive energy is the primary obstacle, yet government is not paying any attention despite repeated industry appeals.

Additionally, spinners are facing significant liquidity constraints due to delayed tax refunds totalling billions of rupees.

The rate of cotton in Sindh is in between Rs 18,300 to Rs 18,500 per maund. The rate of Phutti is in between Rs 7,400 to Rs 8,400 per 40 kg.

The rate of cotton in Punjab is in between Rs 19,300 to Rs 19,500 per maund. The rate of Phutti in Punjab is in between Rs 7,500 to Rs 9,000 per 40 kg.

The rate of cotton in Balochistan is in between Rs 18,300 to Rs 18,500 per maund and the rate of Phutti is in between Rs 7,400 to Rs 8,800 per 40 kg.

The Spot Rate Committee of the Karachi Cotton Association increased the spot rate by Rs 2,00 per maund and closed it at Rs 18,700 per maund.

Chairman of the Karachi Cotton Brokers Forum, Naseem Usman, stated that following a mixed trend in international cotton prices, the New York cotton futures price increased to 73 US cents per pound.

According to the USDA's weekly export and sales report, one lac and six thousand and eight hundred bales were sold for the 2024-25 crop year. Vietnam topped the list with fifty one thousand and six hundred bales, followed by Pakistan with twenty four thousand and five hundred bales, and India is on number third with thirteen thousand and four hundred bales.

For the 2025-26 crop years, ten thousand and six hundred bales were sold to Mexico. Total exports stood at one lac and thirty thousand bales.

Pakistan's textile group exports saw a 5.37% increase in the first two months (July-August) of the current fiscal year 2024-25, reaching $2.915 billion compared to $2.766 billion during the same period last year, according to the Pakistan Bureau of Statistics (PBS).

The PBS's trade statistics reveal that the country's total exports stood at $5.069 billion (provisional) during July-August 2024, up from $4.430 billion in the same period last year.

According to the latest cotton statistics released by the Pakistan Cotton Ginners Association (PCGA) as of September 15, 2024, total cotton arrivals have reached 1,434,028 bales. This represents a significant decrease of 63.55% compared to the 3,933,846 bales recorded by the same date in 2023. In Punjab, cotton production has amounted to 538,686 bales this year, in contrast to 1,544,634 bales produced by this date last year, indicating a 65.13% decline in production. Similarly, in Sindh, 895,342 bales have been produced this year, compared to 2,389,212 bales during the same period last year, reflecting a 62.5% reduction in production. In Balochistan, the total cotton production for the year stands at 34,900 bales.

The significant reduction in cotton production in Pakistan this year can be attributed to several key factors, including climate change, extreme heat and drought, flooding rains, and pest infestations. These challenges have pushed production costs beyond the reach of many farmers, while no climate-resilient cotton variety capable of yielding optimally under such harsh conditions has been developed. We urgently require cotton strains that can withstand temperatures exceeding 43°C while maintaining high productivity.

Furthermore, the sector faces a critical need for advanced breeding programs, particularly in biotechnology and genetic engineering, to enhance per-acre yields. However, institutions like the Pakistan Central Cotton Committee (PCCC) are facing severe financial constraints, limiting research advancements. Ideally, cotton production requires daytime temperatures of 35-40°C and nighttime's temperatures of 26-28°C, but this year's prolonged heat waves in Punjab and Sindh, with temperatures soaring to 48°C, severely impacted crops.

Pest infestations, particularly whiteflies and pink bollworms, have compounded the damage, with an estimated 1.5 million bales lost annually to these pests. Heavy rains have also devastated approximately 293,000 acres of cotton fields in Sindh, while lakhs of acres in Punjab have suffered similar losses. Experts estimate that 25% of the overall cotton crop has been damaged by rains, prompting the textile industry to place import orders for 1.6 million bales to meet domestic demand, which is expected to rise further, burdening the national economy by billions of dollars.

The financial challenges faced by PCCC, exacerbated by the cessation of cotton cess payments by many textile mills under APTMA's influence, and the declining profitability of cotton farming, are also key issues. In 2024, domestic cotton production is projected to reach only 6.5-7.0 million bales, significantly below national requirements.

Agricultural expert Munawar Ali from Sindh noted that reduced cotton arrivals in the region compared to last year are primarily due to frequent rains in recent weeks, labour shortages, and delayed harvesting by farmers discouraged by low prices. However, with the end of the monsoon season and improving weather conditions, cotton fruiting appears promising, with prices currently ranging between 8,000 and 9,500 rupees per maund. Cotton arrivals are expected to increase in the coming weeks.

Meanwhile, progressive farmer Muhammad Bilal Israiel from Punjab reported that the recent rains impacted cotton production in the province's cotton belt, but the current crop condition remains favourable, with ample fruit on the plants. He advises farmers to apply NPK foliar and fungicide sprays post-rain, and to use urea if there are no signs of leaf reddening. Current cotton prices in Punjab range from 5,000 to 7,200 rupees per maund, with a rise in arrivals anticipated soon.

The Government of Punjab has ordered the formation of an expert committee to increase the production of cotton and other major crops. This committee will utilize the latest disease- and pest-resistant seeds to boost the yield of cotton and other vital crops.

Stock & Commodity

WALL STREET WEEK AHEAD: INVESTOR FOCUS TURNS TO DATA, ELECTION, EARNINGS AFTER FED CUT

Reuters Published about an hour ago

NEW YORK: A roaring rally in US stocks will face a gauntlet of economic data, looming political uncertainty and a corporate earnings test in coming weeks as investors navigate one of the most volatile periods of the year for equity markets.

The benchmark S&P 500 this week hit its first closing all-time high in two months after the Federal Reserve unveiled a hefty 50-basis point rate cut, kicking off the first US monetary easing cycle since 2020.

The index is up 0.8% so far in September, historically the weakest month for stocks, and has gained 19% year-to-date. But the rocky period could carry over until the Nov 5 election, strategists said, leaving the S&P 500 vulnerable to market swings.

“We’re entering that period where seasonality has been a bit less favorable,” said Angelo Kourkafas, senior investment strategist at Edward Jones. “Despite the excitement about the start of the new rate-cutting cycle, it could still be a bumpy road ahead.” The second half of September is historically the weakest two-week period of the year for the S&P 500, according to a Ned Davis Research analysis of data since 1950.

The index has also logged an average 0.45% decline in October during presidential years, data from CFRA going back to 1945 showed.

Volatility also tends to pick up in October in election years, with the Cboe Market Volatility index rising to an average level of 25 at the start of the month, as opposed to its long-term average of 19.2, according to an Edward Jones analysis of the past eight presidential election years. The VIX was recently at 16.4.

The market could be particularly sensitive to this year’s close election between Republican Donald Trump and Democrat Kamala Harris. Recent polls show a virtually tied race.

“Unless the data deteriorates considerably, we think U.S?. elections will start to be more at the forefront,” UBS equity derivative strategists said in a note.

Investors are also looking for data to support expectations that the economy is navigating a “soft landing,” during which inflation moderates without badly hurting growth. Stocks fare much better after the start of rate cuts in such a scenario, as opposed to when the Fed cuts during recessions.

The coming week includes reports on manufacturing, consumer confidence and durable goods, as well as the personal consumption expenditures price index, a key inflation measure.

Attention will be squarely on employment after Fed Chair Jerome Powell said the central bank wanted to stay ahead of any weakening in the job market as the Fed announced its cut this week. The closely-watched monthly US jobs report is due on Oct 4.

“We’re going to have hyper-focus on anything that speaks to the strength of the labor force,” said Art Hogan, chief market strategist at B Riley Wealth.

Meanwhile, the rally in stocks has pushed up valuations. The S&P 500 has a price-to-earnings ratio of 21.4 times expected 12-month earnings, well above its long-term average of 15.7, according to LSEG Datastream.

With the scope for valuations to go higher now more limited, investors said that puts a greater burden on corporate earnings to be strong in order to support stock gains.

Third-quarter reporting season kicks off next month. S&P 500 earnings for the period are expected to have climbed 5.4% from the prior year, and then jump nearly 13% in the fourth quarter, according to LSEG IBES.

FedEx shares tumbled on Friday after the delivery giant reported a steep quarterly profit drop and lowered its full-year revenue forecast.

“Extended multiples put pressure on macro data and fundamentals to support S&P 500 prices,” Scott Chronert, head of US equity strategy at Citi, said in a report.

SRI LANKA SHARES END HIGHER

Reuters Published about an hour ago

BENGALURU: Sri Lankan shares closed higher on Friday, aided by gains in utilities and communication services stocks. The CSE All-Share index settled up 0.75% at 10,966.51.

Sri Lanka’s sovereign dollar bonds slipped more than 1 cent on Friday in their last trading session before the country’s tightly fought presidential election.

The island nation will be voting for a new president on Saturday with the outcome expected to determine the fate of fragile economic recovery led by incumbent Ranil Wickremesinghe who is facing off with left-leaning rivals.

Ceylon Beverage Holdings PLC and Pegasus Hotels of Ceylon PLC were the top gainers on the CSE All Share, rising 19.7% and 11.6%, respectively.

Trading volume on the CSE All-Share index fell to 43.8 million shares from 57.5 million shares in the previous session.

The equity market's turnover rose to 1.40 billion Sri Lankan rupees ($4.6 million) from 1.23 billion rupees in the previous session, according to exchange data.

Foreign investors were net sellers, offloading stocks worth 19.9 million rupees, while domestic investors were net buyers, purchasing shares worth 1.39 billion rupees, the data showed.

FTSE 100 DROPS OVER 1PC ON STRONG RETAIL SALES

Reuters Published about an hour ago

LONDON: The UK's benchmark FTSE 100 stock index slipped on Friday, registering weekly declines, after hotter-than-expected retail sales data from the economy, while a rise in the British pound pressured export-oriented companies.

The FTSE 100 fell 1.2%, while the more domestically-focussed midcap index lost 1.6%. Both indexes marked weekly losses and their biggest one-day fall in almost seven weeks.

British retail sales rose by a stronger-than-expected 1% in August, beating forecasts for a monthly rise of 0.4% and growth in July was revised up, data showed.

The data provided an extra boost to the pound's upbeat trend, which has risen to its highest level against the dollar since 2022 this week after the Federal Reserve cut rates by 50 basis points, while the Bank of England kept rates on hold at its meeting on Thursday. Friday's declines were broad based, with all major sector indexes trading in the red, led by a 5% drop in the personal goods index.

Burberry lost 3.5% after brokerage Jefferies cut its rating on the stock to underperform from neutral, citing continued difficulties for the luxury goods sector.

Further dragging the personal goods index, Dr Martens slumped over 19% after a block trade was priced at 57.85 pence per share, lower than its last close of 64.10 pence.

Private investment company Bridgepoint Group lost 11.4% on the news of shareholder share sale at a possible discount.

Precious metal miners were the only outliers, gaining 0.2% after gold prices soared above the $2,600 level for the first time, extending a rally boosted by bets for further US interest rate cuts, and tensions in the Middle East.

UK stocks continue to lag both US and euro zone equities this year, with both the Fed and European Central Bank expected to ease rates faster than the BoE.

GULF BOURSES MIXED ON REGIONAL TENSIONS

Reuters Published about an hour ago

DUBAI: Stock markets in the Gulf put in a mixed performance on Sunday amid rising geopolitical tensions in the region, although the Saudi index extended gains on bets for further US interest rate cuts.

Israel and Hezbollah exchanged heavy fire into Sunday, with Israeli warplanes carrying out the most intense bombardment in almost a year of conflict across Lebanon's south and Hezbollah firing rockets deep into northern Israel.

The escalating attacks come less than 48 hours after an Israeli airstrike targeted Hezbollah commanders in a suburb of the Lebanese capital. The death toll from that strike had risen to 45, the Lebanese health ministry said on Sunday.

GULF BOURSES MIXED ON REGIONAL TENSIONS; SAUDI EXTENDS GAINS

Reuters Published September 22, 2024

Stock markets in the Gulf put in a mixed performance on Sunday amid rising geopolitical tensions in the region, although the Saudi index extended gains on bets for further U.S. interest rate cuts.

Israel and Hezbollah exchanged heavy fire into Sunday, with Israeli warplanes carrying out the most intense bombardment in almost a year of conflict across Lebanon's south and Hezbollah firing rockets deep into northern Israel.

The escalating attacks come less than 48 hours after an Israeli airstrike targeted Hezbollah commanders in a suburb of the Lebanese capital. The death toll from that strike had risen to 45, the Lebanese health ministry said on Sunday.

In Qatar, the share index eased 0.2%, with the Gulf's biggest lender, Qatar National Bank, falling 0.8% and petrochemical maker Industries Qatar down 0.5%.

Gulf markets end mixed ahead of Fed rate decision

Saudi Arabia's benchmark index rose 0.4%, with aluminium products manufacturer Al Taiseer Group up 1%.

The U.S. Federal Reserve cut its benchmark rate by 50 basis points (bps) on Wednesday and projected a further half-point rate cut by year-end, a full point next year and a half-point trim in 2026.

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

Outside the Gulf, Egypt's blue-chip index closed 0.3% higher, led by a 3.4% gain in EFG Holding.

Egypt's Prime Minister Mostafa Madbouly said on Thursday that a planned Saudi Arabian investment of $5 billion in Egypt is independent of funds the Gulf state has deposited in the country's central bank, sending bond prices higher.

SAUDI ARABIA rose 0.4% to 12,130

QATAR lost 0.2% to 10,439

EGYPT up 0.3% to 31,038

BAHRAIN was up 0.2% to 2,032

OMAN lost 0.4% to 4,709

KUWAIT dropped 0.4% to 7,758

Business & Finance » Money & Banking

YUAN JUMPS TO 16-MONTH HIGH

Reuters Published about an hour ago

SHANGHAI: China's yuan rose to its strongest level in nearly 16 months on Friday on bets that Beijing will unveil fresh economic stimulus following a jumbo US rate cut, though gains were capped by dollar buying from Chinese state banks.

The onshore yuan strengthened to as much as 7.0420 per dollar, the firmest level since May 24, 2023, on track for a six-session rising streak.

Although China kept benchmark lending rates steady on Friday, confounding expectations for a cut, market watchers believe more support measures will be rolled out soon to prop up the ailing Chinese economy, with the Federal Reserve's easing path offering Beijing leeway to loosen policy without unduly hurting the yuan.

The Chinese currency has gained about 3% since late July, recouping first-half losses, as the dollar had plunged on US rate-reduction expectations. The Fed cut rates by a larger than usual 50-basis-points on Wednesday.

"I still expect PBOC to cut rates in the coming months, as it is necessary to address the deflationary pressure in the economy," said Zhiwei Zhang, chief economist at Pinpoint Asset Management.

Lower Chinese rates could weigh on the yuan, but many believe Beijing's cuts would be milder than US moves, and the negative impact would be offset by a potentially stronger economy if Beijing unveils bigger stimulus.

STERLING RISES VS DOLLAR

Reuters Published about an hour ago

LONDON: Sterling edged up against the dollar and the euro on Friday, as strong UK retail sale data provided an extra boost to the currency's upbeat trend.

The pound briefly hit $1.33405, touching March 2022 highs for the third consecutive day, but pared earlier gains to $1.32975.

It gained 1.23% on the week.

Nordea Bank chief analyst Niels Christensen pointed to a strong UK retail sales report on Friday, as well as this week's inflation data and Bank of England rate decision, as reasons for the upward trend.

British retail sales rose by a stronger-than-expected 1% in August and growth in July was revised up, official figures showed.

Looking ahead, data for Britain is "not that soft" and rate cut expectation has moved a further out in the future, Christensen added.

"That's also a reason why we see a stronger sterling, not only against the yen, but also against the dollar, and also against the euro," he said.

The euro fell 0.10% to 83.97 pence, recovering slightly from an earlier drop to its lowest level in two years.

Sterling had risen on Wednesday as data showed that British inflation held steady in August but rose in the services sector, which is closely watched by the BoE, to 5.6% from 5.2% in July.

It got a further boost after a cautious BoE kept interest rates at 5.0% on Thursday, with its rate setter Catherine Mann saying earlier on Friday that she took a guarded view on the prospect of multiple rate cuts in the months ahead and stressing the need for policy to remain restrictive.

Money markets priced in a 71% chance of a 25 basis points rate cut from the BoE on its next meeting in November.

The pound rose 0.90% versus the yen at 191.16, as the yen weakened after Bank of Japan's governor steered clear of rate hike talk following the BoJ's decision to hold interest rates.

"A softer yen just makes sterling firmer across the board," Christensen said.

AUSTRALIA, NZ DOLLARS NEAR 2024 HIGHS

Reuters Published about an hour ago

SYDNEY: The Australian and New Zealand dollars nestled near their highs for the year on Friday as the prospect of further aggressive policy easing in most of the developed world boosted risk sentiment and stock markets.

The Aussie held at $0.6807, after hitting a nine-month top of $0.6839 overnight. It was up 1.5% for the week and aiming for a $0.6871 peak from December last year.

It was up 2.5% for the week on the Japanese yen at 96.78 , amid renewed interest in carry trades.

The kiwi dollar stood at $0.6234, having reached as far as $0.6269 overnight. That left it 1.3% higher for the week, but still short of the August top at $0.6298.

The commodity-heavy Antipodeans are heavily leveraged toward global growth and typically do well during easing cycles.

The Aussie got an extra lift from an upbeat jobs report that saw markets scale back the chance of near-term rate cuts from the Reserve Bank of Australia.

RUSSIAN ROUBLE WEAKENS AGAINST DOLLAR

Reuters Published about an hour ago

MOSCOW: The Russian rouble weakened against all major currencies on Friday after regaining some ground against the Chinese yuan in the previous day's session.

By 0800 GMT, the rouble was down 0.4% at 13.03 against the yuan, according to Moscow Stock Exchange data. It had dipped on Thursday to its lowest level since October 2023 on Thursday before rebounding.

The rouble was down 0.5% at 92.65 to the dollar, LSEG data showed.

Trading in major currencies in Russia has shifted to the over-the-counter (OTC) market, obscuring price data, since Western sanctions on the Moscow Exchange and its clearing agent, the National Clearing Centre, were introduced on June 12.

One-day rouble-dollar futures, which trade on the Moscow Exchange and are a guide for OTC market rates, were up 0.2% at 92.26. The central bank's official exchange rate, which it calculates using OTC data, was set at 92.70 to the dollar. The rouble was down 0.6% at 103.49 against the euro , LSEG data showed.

NBP LAUNCHES EASY LOAN FACILITY 'CASH N GOLD'

Press Release Published about an hour ago

KARACHI: National Bank of Pakistan introduces its latest service, "NBP Cash N Gold," offering a seamless way for customers to obtain quick loans against their gold items.

With the promise of easy terms, minimal paperwork and competitive processing, NBP provides a hassle-free experience for those in need of immediate funds. Customers can borrow up to 70% of their gold's value, ensuring they meet their financial obligations without difficulty.

With a commitment to delivering exceptional services, NBP continues to cater to the evolving needs of the Pakistani public.

PAKISTAN'S INFLATION LIKELY TO SLOW DOWN FURTHER IN SEPTEMBER, FUELING FURTHER RATE CUT SPECULATION

BR Web Desk Published September 21, 2024

The slowing inflationary trend in Pakistan is likely to continue in September, and projected to come down to almost a four-year low, said JS Global in a report Saturday.

"Progressing through the 'year of disinflation' on favourable base effect from last year's elevated prices, Pakistan's Sep-2024 CPI [Consumer Price Index] is expected to clock in close to 7.5% - lowest in almost 4 years (since Jan-2021), despite a slight MoM [month-on-month] uptick," said the brokerage house.

Inflation in Pakistan has been a significant and persistent economic challenge, particularly in recent years. In May of last year, the CPI inflation rate hit a record high of 38%. However, it has been on a downward trajectory since then.

Pakistan's CPI reading clocked in at 9.6% on a year-on-year basis in August 2024, lower than the reading in July 2024 when it stood at 11.1%.

As per data released by the Pakistan Bureau of Statistics (PBS), the inflation reading was back into single digits after three years.

Meanwhile, the brokerage house projected CPI inflation to "potentially bottoms at 6% by Mar-2025 (real interest rate: 550bps)".

"After which CPI readings may rebound up to 12% by Jun-2025 (real interest rate: 1150bps), later normalising to approximately 10.5%," read the report, reflecting a MoM pace of 95bps, it added.

JS Global attributed these projections to steady oil prices and gradual PKR depreciation.

"Any favourable trend in either, or both, would further reduce the CPI pace," it said.

Further policy rate cut on the cards

The declining inflation trend continues to support the Monetary Policy Committee's argument for further reduction in interest rates at its upcoming meeting in November, the brokerage house said.

"A fourth consecutive interest rate cut, this time of 150bp, is expected in Nov-2024, bringing the policy rate down to 16%," read the report.

In its last meeting, the MPC of the State Bank of Pakistan (SBP) unleashed its most aggressive cut in the key policy rate since April 2020, reducing it by 200bps to bring it down to 17.5% amid slowing inflation and declining international oil prices.

RUPEE STABILITY TO DOLLAR HINGES ON IMF LOAN APPROVAL

September 22, 2024

Karachi, September 22, 2024 – The stability of the Pakistani rupee against the US dollar in the coming week largely depends on the approval of a $7 billion loan by the International Monetary Fund's (IMF) executive board.

The IMF board is scheduled to meet on September 25 to discuss the new 37-month Extended Fund Facility (EFF) arrangement with Pakistan, which was agreed upon in July 2024. This follows the successful implementation of a nine-month standby arrangement from 2023. Approval of this new facility is critical for Pakistan's economic stability, especially in terms of its currency value against the dollar.

In the interbank market, the rupee has shown some gains against the dollar during the past week. The local currency started at 278.12 per dollar on Monday and closed slightly higher at 277.83 by Friday. Despite this improvement, market activity has been sluggish due to uncertainty surrounding the IMF deal. Traders and exporters have been hesitant to sell dollars forward, which has been compounded by a sharp drop in forward premiums. However, there is optimism that activity will increase as the IMF board meeting approaches.

Market expectations suggest that the rupee will remain within a stable range for now. Several factors are contributing to this relative stability: foreign reserves are on the rise, remittances are performing well, and the real effective exchange rate (REER) has been declining. Additionally, the market is currently comfortable with surplus dollar liquidity, which is expected to improve further with the anticipated approval of the IMF loan.

As of September 13, Pakistan's foreign exchange reserves held by the central bank rose by $43 million to $9.51 billion. Meanwhile, remittances have increased significantly, reaching $2.9 billion in August, a 40% rise compared to the same period last year. In the first two months of the fiscal year (July-August FY25), remittances totaled $5.9 billion, up 44% from the previous year. Despite this strong performance, remittances fell slightly by 2% on a month-to-month basis in August.

Projections from financial analysts suggest that the rupee could trade at around 282 per dollar by the end of 2024. Additionally, there are predictions that interest rates could drop to 14%, and oil prices might fall below $60 per barrel within the next six to twelve months. However, these forecasts carry considerable risks due to evolving global economic and geopolitical factors.

Rising geopolitical tensions, particularly the possibility of conflict between Israel and Hezbollah in Lebanon, could have wide-reaching economic consequences. Furthermore, the ongoing Russia-Ukraine war continues to create uncertainty in global markets, potentially impacting safe-haven assets like gold and oil. On the global economic front, the US Federal Reserve has made a jumbo 50 basis points (bps) rate cut, which led to the US dollar index dropping below the 100 level, its lowest point this year. Global growth is also projected to slow to 2.9% due to weaker performance in major economies.

Pakistan's domestic challenges further complicate the outlook. The country's GDP growth is unlikely to exceed the expected 3.5% this fiscal year due to structural issues, political instability, and poor agricultural output. Long-term interest rates have also decreased, with 10-year bonds trading at 12.87% compared to 12.1% the previous week. A rejected Treasury bill auction and verbal interventions have contributed to expectations of faster declines in interest rates.

The approval of the IMF loan is seen as crucial for stabilizing the rupee and addressing the country's broader economic challenges.

Trade & Industry

7TH PAKISTAN PHARMA SUMMIT: EVENT AIMS TO HIGHLIGHT INNOVATIONS, COLLABORATIVE GROWTH IN PHARMACEUTICAL SECTOR

Bilal Hussain Published about an hour ago

KARACHI: As Pakistan's pharmaceutical industry looks to evolve amidst local and global challenges, the 7th Pakistan Pharma Summit and PESA Awards 2024 are set to take place on September 25 at the Serena Hotel in Islamabad.

This year's theme, 'Digital Pharma Transformation: Enhancing Efficiency in Uncertain Times', aims to explore not only technological advancements but also the critical need for collaboration, regulatory improvements, and innovative practices that will drive the industry forward.

Haroon Qassim, Managing Director of Pharmevo and Chairman of the Summit Organizing Committee, emphasised that the summit will seek to create a platform for dialogue among various stakeholders in the pharmaceutical sector. "The Pakistan Pharma Summit is more than about protecting the interests of our sector; it's about fostering an environment of development, progress, and continuous learning," he stated.

Regulatory environment major issue as foreign pharma cos exit Pakistan

The summit is expected to draw a diverse audience including government officials, pharmaceutical manufacturers, exporters, marketers, and representatives from allied industries. The wide-ranging participation underscores the importance of collaboration in addressing the multifaceted challenges faced by the pharmaceutical sector today.

The event will feature an array of speakers, including Sardar Ayaz Sadiq, Speaker of the National Assembly of Pakistan, and Dr Mehmood Khan, CEO of Hevolution Foundation, who will deliver the inaugural keynote address. Dr Khan's presentation will focus on leveraging global innovation and collaboration to unlock Pakistan's life sciences potential, emphasizing the need for strategic partnerships that can enhance both domestic capabilities and international competitiveness.

The summit will also include sessions led by renowned experts who will discuss a range of topics critical to the industry. A key address by Dr Semih Kumluk, Head of AI and Digital at PwC Academy, will delve into how AI is reshaping various facets of the pharmaceutical landscape.

In addition to these insights, participants can expect sessions on regulatory affairs, quality control, and market strategies.

One of the central themes of the summit is the importance of collaboration among stakeholders. Qassim highlighted that the summit provides an invaluable opportunity for industry leaders to engage with government officials and regulators.

"By engaging with the highest levels of government and regulators, we hope to create actionable strategies that will drive growth and efficiency," he noted.

Former PPMA Chairman Qaiser Waheed echoed this sentiment, emphasising the need for a mindset shift within the industry. "For the past decade, we've worked to change the mindset of pharma entrepreneurs and MDs," he said. "We aim to educate them about best practices that can enhance drug quality and operational efficiency."

Waheed stressed the importance of learning from international best practices and integrating them into Pakistan's pharmaceutical landscape. "Technology is being utilised globally to enhance drug development, documentation, and validation.

"We want Pakistan's pharma industry to embrace automation, robotics, and AI, which we refer to as Digital 4.0 adoption."

Regulatory frameworks are another critical area of focus for the summit. As the industry navigates complex regulatory environments, the summit will feature discussions on how to streamline processes and ensure compliance without stifling innovation. Regulatory Affairs Address by Asim Rauf, CEO of the Drug Regulatory Authority of Pakistan (DRAP), will provide insights into the government's efforts to support the pharmaceutical industry while ensuring patient safety.

In conjunction with the summit, the PESA Awards will recognise outstanding achievements within the pharmaceutical sector. The awards ceremony will be graced by Yousuf Raza Gillani, Chairman of the Senate of Pakistan, who will serve as the chief guest. This year's awards will honor organizations and individuals who have demonstrated excellence in innovation, quality, and service.

Leading up to the summit, a series of capacity-building workshop focusing will also be organized in Karachi.

"The potential of our sector is tremendous," Qassim concluded. "Through collective efforts and a commitment to innovation, we can explore and expand that potential to benefit all stakeholders involved."

SCCI ELECTIONS: CAMPAIGNING HEATS UP

Recorder Report Published about an hour ago

PESHAWAR: The Businessman Forum (BF) of Ilyas Ahmad Bilour and Haji Ghulam Ali led newly-formed Sarhad Business Alliance (SBA) heading towards a neck and neck contest on 20 executive committee seats of the Sarhad Chamber of Commerce and Industry (SCCI) election 2024-24.

The SCCI is under the control of Ilyas Ahmad Bilour, a former senator and president of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) since a period of last over two decades.

However, for the SCCI Election 2024-25, the group is facing challenge from a newly-formed alliance of the industrialists and traders. The newly-formed "Sarhad Business Alliance" is headed by a former KP governor Haji Ghulam Ali.

Both groups have fielded 20 candidates each on executive committee seats of Corporate and Associate Groups and the leadership of both groups are running vigorous canvassing in favour of their candidates. They are carrying a shop-to-shop campaign to garner support of the trading community of the city.

The campaign for BF is run by the Group Leader Ilyas Ahmad Bilour and his son Ghazanfar Bilour, former SCCI presidents Faiz Muhammad Faizi, Zulfikar Ali, Haji Mohammad Afzal, President Anjuman Tajiran KP Shaukat Ali Khan and others.

On the other hand, the election campaign of the candidates of SBA is spearheaded by Haji Ghulam Ali, Syed Zahir Ali Shah and Malik Meher Elahi of the Anjuman-e-Tajiran.

The candidates of the BF on 10 executive committee seats for Corporate Group included Zia-ul-Haq Sarhadi, Fazal Muqeem, Hassan Zahideen, Adnan Nasir, Abbas Fuad Azeem, Junaid Altaf, Sabir Ahmad Bangash, Sajjad Zaheer, Ashfaq Ahmad and Aftab Iqbal.

These candidates will face Dr Yousaf Sarwar, Abidullah Khan Yousafzai, Atif Shehzad, Imtiaz Ahmad, Engineer Manzoor-ul-Haq, Abdul Hameed Gurwara, Deen Akbar, Dr Mohibullah Afridi, Malik Mohsin Sajjad and Mohammad Luqman Shah of the Sarhad Business Alliance.

Some of the SBA candidates have remained associated with BF in past and elected to various offices of the chamber. Dr Yousaf Sarwar is a former president of SCCI and son of Ghulam Sarwar Mohmand, who was also a former president of the chamber. Similarly, Abidullah Khan Yousafzai and Abdul Hameed Gurwara have also been served as office-bearers of the Sarhad Chamber.

On the executive committee seats of the Associate Group, the ruling group has fielded Abdul Jalil Jan, Mujeeb-ur-Rehman, Muhammad Nadeem Rauf, Shams-ur-Rehman, Saddam Hussain, Shehryar Khan, Sultan Muhammad, Gul Zaman Khan, Naeem-ur-Rehman and Saifullah.

The candidates of SBA on Associate Group included Ghulam Bilal Javed, Shehzad Rauf, Mohammad Ikram Mohmand, Ikramullah Khan, Mohammad Shahrukh Khan, Sher Zaman, Ashiq Muhammad, Arshad Mahmood, Riaz Hussain and Bakht Mir Jan Durrani respectively.

KCCI ELECTIONS: ALL 30 CANDIDATES OF BMG DEFEAT THEIR OPPONENTS

N H Zuberi Published about an hour ago

KARACHI: All 30 candidates of the Businessmen Group (BMG), led by BMG Chairman and former KCCI president Zubair Motiwala defeated their opponents from Businessmen Alliance (BMA), in Karachi Chamber's election for the year 2024-26.

BMG 30 candidates succeeded in securing the highest 92,954 votes whereas the candidates from Businessmen Alliance (BMA) fetched 21,613 votes.

As per provisional results announced by Election Commission members Agha Shahab Ahmed Khan, Iftikhar Ahmed Vohra, and Abdul Nasir Rangoonwala, BMG's Jawed Bilwani secured the highest number of 3,148 votes whereas BMA's Saleem Kapadia got 794. Moreover, Zia-ul-Arfeen secured 3,106 votes, Faisal Khalil Ahmed (3,143 votes), Nusair Siraj Teli (3,146 votes), Muhammad Rehan Hanif (3,136 votes), Muhammad Raza (3,104 votes), Mohammad Hanif (3,130 votes), Faiz Ahmed (3,096 votes), Kousar Eijaz (3,143 votes), Mubashir Dagia (3,099 votes), Abu Bakar Siddique Ahmed Shamsi (3,110 votes), Nausherwan Haider (3,106 votes), Yousuf Junaid Makda (3,133 votes), Munir Ahmed Barry (3,115 votes), Ali Tahir Dada (3,121 votes), Muhammad Arif (3,141 votes), Shawwal Ali Malik (3105 votes), Mohammad Ahsan Arshad Shaikh (3,116 votes), Muhammad Shoaib (3,146 votes), Hasan Nasir (3,135 votes), Muhammad Hamza Nisar (3,140 votes), Muhammad Farhan Ashrafi (3,097 votes), Imran Moiz

Khan (3,079 votes), Junaid Mahmood (3,084 votes), Arshad Abdul Majeed Jiwani (3,082 votes), Muhammad Asim Aejaz (3,070 votes), Sheikh Muddasir Rafiq Magoon (3,088 votes), Faisal Anis Bumbia (3,025 votes), Muhammad Asif Gulfam (2,951 votes) and Muhammad Akram Rana (2,859 votes).

On the other hand, BMA candidates Wasiq Hussain Khan attained 762 votes, Arshad Khurshid (755 votes), Mohammad Jawed (713 votes), Saghir Ahmed Qureshi (719 votes), Imran Amin (763 votes), Naveed Iqbal Billoo (747 votes), Muhammad Saleem Khan (732 votes), Mehmood ul Hassan Awan (711 votes), Mohammad Sharjil Goplani (776 votes), Sanwal Mal (740 votes), Syed Mujahid Rasool (732 votes), Ziaul Haq Babar (725 votes), Muhammad Ali Lakhani (734 votes), Ubaid ur Rehman (715 votes), Muhammad Muqeet Khaliq (751 votes), Juma Gul (706 votes), Muhammad Yameen Memon (704 votes), Danish Ahmed (697 votes), Muhammad Ismail Lalpuria (697 votes), Muhammad Ahmed Shamsi (719 votes), Naseem Askar (701 votes), Mansoor Noman Jodiyawala (701 votes), Mohammad Ozair (773 votes), Jawaid Shams (687 votes), Muhammad Rauf (686 votes), Yakoob Bali Pardesi (696 votes), Humayun Qamar Alam (683 votes), Muhammad Qasim (642 votes) and Akhtar Ali (652 votes).

On the occasion, Chairman Businessmen Group (BMG) Zubair Motiwala, Vice Chairmen BMG Tahir Khaliq, Anjum Nisar, Jawed Bilwani and Mian Abrar Ahmed, General Secretary BMG AQ Khalil and President KCCI Iftikhar Ahmed Sheikh, Senior Vice President Altaf A. Ghaffar and Vice President Tanveer Barry, while congratulating the elected Managing Committee Members, expressed gratitude to the business & industrial community of Karachi for reposing confidence and trust on Businessmen Group.

While paying glowing tribute to all BMG supporters from industrial town associations, trade associations, and commercial markets of the city, BMG Leadership hoped that the newly elected BMG representatives would make all-out efforts to espouse the cause of business and industrial community and further enhance the status of public service which is the motto of BMG.

Chairman BMG Zubair Motiwala said, “By the grace of Almighty Allah, BMG has been winning all the elections every year without losing a single seat since 1998. He said that 26 years of success in a row is an acknowledgment of the public service by the Businessmen Group which also testifies that the overwhelming majority of the Business and Industrial Community endorses the policies of BMG because they fully understand and strongly believe that BMGians are serving them selflessly with total sincerity and dedication. He also appreciated the all-out efforts of BMGians who did a marvelous job during the election campaign.

Success of 30 candidates of BMG has paved the way for Javed Balwani, Zia-ul-Arifin, Faisal Khalil Ahmed to be elected unopposed as next president, senior vice president and vice president of Karachi Chamber for the year 2024-26. Election of President, Senior Vice President and Vice President will be held on 28 September 2024.

IMPACT OF POWER TARIFF HIKE ON SMES HIGHLIGHTED

Recorder Report Published September 22, 2024

KARACHI: The capacity building of every business is essential and eminent by facilitation from the government, said Ateeq ur Rehman (economic & financial analyst).

"In the past we have seen SMEs, the engine of the economy being neglected awfully thus creating a poor impact on the growth and development of the country. The ongoing scenario, huge energy tariffs have almost crippled the SMEs of the country.

"Unfortunately, it's not only the difficult access to finance of being facing the big interest rates but also the SME lending with challenging collateral thus damaging the Small Medium Enterprises and Cottage Industry as a whole, said Ateeq.

The access to easy loans to SMEs has to be clean lending with minimum markup without collateral and appropriate return period. To be factual we have seen the success stories of the nations those which are built by the support of SMEs, especially Far East Asian countries like China, Thailand, Philippines, Vietnam and Indonesia are great examples of thumping success only because of SMEs deliverance and ease.

The purpose built SME Sheds, Small Industrial Zones, Economic Zones with one window operation, relaxed energy tariff, gas, water, infrastructure / building / warehouse / storage capacity / silos /cool chains / processing units all are missing for the comfort zone of SMEs. This is very important ignoring this will further damage the SMEs – the back bone of the country's economy.

In order to promote industrialization and agriculture, we have to attract investment in various sectors including mineral, mining, information technology, fishing, maritime, renewable energy and promote SMEs in such sectors, too.

The women of the country play a pivotal role in the national economy, therefore women empowerment, women entrepreneurship and women self-financing has to be included in the decision making related to the SMEs.

He said that unless we raise the standards for Exports Products like Produce of Pakistan and Made in Pakistan at par with International practices we will not be successful to match the competition. This is only possible once we uplift the SME sector and eliminate their existing problems. To me, the Trade bodies like Federation and Chambers needs to give importance to small scale manufacturers, traders, vendors and shop keepers as they are the essential SMEs.

Prime Minister Shehbaz Sharif's direction to authorities for taking measures for the capacity building of SMEs is quite encouraging and his instructions to make SMEs profitable, further their access to easy loans, promotion of SMEs Exports and facilitation of Women in SMEs is a great step boosting profitability of SMEs.

FIRST ROUND OF KCCI POLLS ENDS PEACEFULLY

N H Zuberi Published September 22, 2024

KARACHI: The first round election of Karachi Chamber of Commerce and Industry (KCCI) for 2024-26 has been completed, as polling for managing committee (MC) was conducted here on Saturday. As many 72 candidates were in the field for 30 vacant seats for MC.

Poling started at 9 am and remained continued till 6 pm.

In second round for electing office-bearers and holding annual general meeting will be held on September 28, 2024.

The elections were held in a peaceful and congenial environment; however, some candidate raised objections during the polling process. Lawyers, journalists and representatives of civil society continued to visit the chamber and expressed satisfaction over the polling and congratulated the KCCI Election Commission for conducting the election in a peaceful manner.

Two major groups namely Businessmen Group (BMG) led by Zubair Motiwala and Businessmen Alliance (BMA) led by Asif Sakhi actively participated in the elections.

Total number of voters was 16863, and total number of ticked issued 4181 or 24.79 percent, total votes cast were 4111 or 24.38 percent and voters. The members who didn't use their right of vote were 12682 or 75.21 percent of total voters.

However, counting of votes was in progress till filing of this story

PSMA APPEALS SBP TO EXTEND DATE OF SETTLING OUTSTANDING CREDIT LINES

Zahid Baig Published September 22, 2024

LAHORE: The Pakistan Sugar Mills Association (PSMA) has appealed the State Bank of Pakistan to extend date of settling outstanding credit lines of sugar mills of Commercial and Islamic Banks by 31st December, 2024.

In a statement on Saturday, the PSMA said that the association has written a letter to the Governor of Central Bank in this regard and explained the current precarious condition of the Sugar Industry.

The letter reads that the Sugar Mills manufacture 12 months sugar within a short span of three months while they have to make payments to all growers within 15 days of the delivery of sugarcane. It is not possible for the sugar mills to manage such huge amounts to make payments within 3 months for entire year sugar. Commercial and Islamic Banks support the sugar industry through seasonal credit lines against pledge of stocks by providing working capital to run their business smoothly and to ensure timely payments to the sugarcane growers as well.

Sugar industry had 7.54 MMT of government-verified sugar stocks available after crushing season of 2023-24 against its domestic consumption of 6 MMT. Since then, PSMA has been requesting the government to allow export of available surplus sugar of nearly 1.5 MMT to ensure timely payments to growers and to pay off bank loans. But despite earnest appeals of the sugar industry, only a meagre quantity of 0.15 MMT out of huge surplus has been allowed to be exported.

In the given circumstances, it would be impossible for sugar mills to clear approximately Rs.200 billion of outstanding credit lines of Commercial and Islamic Banks by 30th September, 2024 unless the industry is permitted to export the surplus sugar. Moreover, due to existing stocks, sugar mills would be compelled to delay start of crushing season.

The PSMA has requested the SBP to issue instructions to all banks to extend the date till 31st December, 2024 for sustaining the local sugar industry causing import substitution of nearly US$4 billion.

Furthermore, the PSMA is of considered opinion that the government is under estimating the brewing crisis that would erupt at the start of crushing season due to enormous surplus sugar stocks and it would not be possible for the sugar industry to timely start the crushing season until the present surplus stocks of sugar is sold in the market.

Due to recent developments in Brazil, the international sugar market has increased by about US$60 per ton and reached US$586 per ton. It is a divine-gifted opportunity for the government to rectify its earlier mistake of not allowing export of surplus sugar to avoid losing US$600 million worth of foreign exchange.

Deregulating the industry will ease the problems of the sugar industry ultimately benefiting the growers and domestic sugar consumers, and the industry will also be saved from destruction. Farmers and the country's economy will also benefit enormously and sugarcane growers will get good cane rates, said a spokesman of the PSMA.

MINISTER HIGHLIGHTS ROLE OF SMES IN ECONOMIC GROWTH

Recorder Report Published September 22, 2024

LAHORE: Rana Tanveer Hussain, Federal Minister Industries and Production has initiated a process to enhance coordination with the provincial governments for equitable development of the SMEs across the country as per advice of Prime Minister Shehbaz Sharif.

In this regard, he held a meeting at PCOM Saturday with the Punjab Government's Industries department, which was attended by Ehsan Bhutta, Secretary Industries Punjab and Saira Umar, Managing Director PSIC from the Punjab government.

The minister was accompanied by Saif Anjum, Federal Secretary Industries and Production and Socrat Aman Rana, Chief Executive Officer of SMEDA.

Federal minister said that that Small and Medium Enterprises (SMEs) play a crucial role in the economy of any country, contributing significantly to employment generation, economic growth, innovation, and social stability. SMEs are essential drivers of economic development, job creation, innovation, and social progress. They have momentous role in economic development of the country. Small businesses can play a key role in shaping the national growth strategy, he said adding the development and progress of Small Medium Enterprises are top priority of the current government. The government is determined to maintain equitable development of SMEs in all provinces of the country that is why a coordination process has been initiated with provinces on direction of the PM, he said and assured that the government will facilitate and incentivize SMEs to achieve optimal economic growth in the country. He informed that such coordination meetings would also be held with other province on regular basis to maintain a conducive support mechanism for SMEs across the country.

The minister further said that improving small and medium enterprises (SMEs) in Pakistan requires a comprehensive approach addressing various aspects ranging from regulatory frameworks to access to finance and technology. The Federal Government will immediately take all necessary steps to facilitate SMEs for economic uplift of the people. We shall implement structural reforms such as streamlining regulations and taxes for small and medium-sized enterprises (SMEs) to promote growth and job creation, he said.

QURESHI ELECTED PRESIDENT OF ISLAMABAD CHAMBER OF COMMERCE

September 22, 2024

Islamabad, September 22, 2024 – Nasir Mansoor Qureshi has been elected as the new president of the Islamabad Chamber of Commerce and Industry (ICCI), marking a new chapter for the business community of the capital.

In elections held at the Chamber House, Qureshi was chosen as President alongside Abdul Rahman Siddiqui, who will serve as Senior Vice President, and Nasir Mehmood Chaudhry, who will take on the role of Vice President.

All three office bearers were elected unopposed, reflecting the strong confidence placed in them by the business community. The newly elected leaders will formally assume their duties on October 1, 2024, according to a news release from ICCI.

Speaking after his election, President-elect Nasir Mansoor Qureshi expressed his commitment to promoting the interests of the business community and addressing their concerns. He emphasized the need for stronger collaboration between the Chamber and government departments responsible for trade and industry, noting that improved cooperation is key to solving pressing issues faced by businesses.

“I will make every effort to ensure the prosperity and progress of the business community by focusing on their concerns and making business easier in Islamabad,” Qureshi stated. He further emphasized the importance of creating a conducive environment for trade by providing the government with workable proposals that could boost economic activity.

Qureshi also outlined his vision for attracting international investment to Pakistan. He expressed his intention to explore opportunities to connect local businesses with global markets, thereby expanding the country’s trade footprint. “Now is the time to pave the way for international investments in Pakistan. Our team will work to create new avenues for trade and investment, positioning local businesses on the international stage,” he added.

Outgoing ICCI President Ahsan Zafar Bakhtawari congratulated the newly elected leaders and assured them of his continued support. He acknowledged the achievements made during his tenure and expressed confidence that the new leadership would take ICCI to greater heights. “I am confident that Nasir Mansoor Qureshi and his team will bring further success to ICCI and continue to work for the growth and development of the business community,” he said.

Khalid Iqbal Malik, Chairman of the Founder Group, also extended his congratulations, remarking that the unopposed election of the new office bearers demonstrated the business community’s trust in the leadership of the Founder Group. He encouraged the new leaders to build on the Chamber’s past successes and elevate ICCI’s role in promoting business interests.

Zafar Bakhtawari, former ICCI President and Secretary General of the United Business Group (UBG), expressed similar sentiments. He voiced confidence that the new leadership team would work diligently to strengthen the Chamber’s image and serve the business community effectively.

The newly elected Senior Vice President Abdul Rahman Siddiqui echoed these goals, stating that connecting local businesses to global markets would be a central focus. Vice President Nasir Mehmood Chaudhry added that the leadership team was well aware of the challenges facing the business community and was prepared to address them head-on.

The results of the election were announced by Chief Election Commissioner Zahid Maqbool, along with Commission members Khalid Chaudhry and Zaheer ud Din Babar.

EDF APPROVES RS 20 BILLION PROPOSALS TO BOOST EXPORT GROWTH

September 22, 2024

Islamabad, September 22, 2024 – In a significant push for Pakistan's export sector, the Export Development Fund (EDF) has approved 20 key proposals worth Rs 8.5 billion across industries including textiles, agriculture, gems and jewelry, defense, and global branding initiatives. These initiatives aim to drive export growth and enhance Pakistan's presence on the international stage.

This decision was made during the 85th meeting of the EDF Board, chaired by Minister for Commerce Jam Kamal Khan. Out of 29 proposals, the Board greenlit 20 major projects, including Pakistan's participation in Expo 2025, to be held in Osaka, Japan. The meeting underscored the importance of channeling funds toward value addition, research and development, and infrastructure improvements to boost export competitiveness and international marketability.

Minister Jam Kamal Khan highlighted the significant reforms within the EDF, which have positioned it to support Pakistan's export sector more effectively. "The reformed EDF is poised to enhance Pakistan's exports by targeting key areas such as infrastructure, global compliance, and branding. We are committed to facilitating exporters at the national level and ensuring that Pakistan's products meet international standards," he stated.

The Board was informed of a series of reforms implemented recently, which include the EDF's notification as an autonomous body, amendments to the EDF Act enabling direct transfers of Export Development Surcharge to the EDF Public Account, and the digitalization of revenue collection systems. These reforms have been made possible through collaborations with the State Bank of Pakistan (SBP) and Pakistan Single Window (PSW), streamlining the fund's operations and improving efficiency.

One of the key initiatives includes a project with the FCDO Remit Project, which aims to define the EDF's long-term vision, mission, and strategy. In addition, a Chartered Accountancy firm has been hired to restructure the EDF, ensuring the transparent and effective utilization of resources. The restructuring process is also intended to strengthen impact assessments, enabling the Board to monitor the success of its investments in export development.

Chairman Jam Kamal Khan also directed the formation of various committees, drawn from EDF Board members, to oversee research and development, technology enhancement, and international outreach. These committees will work towards ensuring that the EDF maintains a forward-looking and proactive approach, especially in terms of expanding Pakistan's global market presence.

Among the approved projects were a number of significant marketing interventions, including high-profile exhibitions such as Texpo 2025 organized by the Trade Development Authority of Pakistan (TDAP), IDEAS by the Defense Export Promotion Organization (DEPO), and a Gems and Jewelry Show hosted by the Federation of Pakistan Chambers of Commerce & Industry (FPCCI). Additionally, TDAP will organize the OIC-Conference and WEXNET, a women-empowerment initiative aimed at increasing female participation in exports.

These events will serve as branding opportunities for Pakistan and provide a platform for local exporters to showcase their products to international buyers. Moreover, the EDF has approved funding for facilitating international buyers through hospitality services and B2B matchmaking to foster partnerships and increase sales.

Research and development projects were also a key focus, with the Board approving the opening of UNIDO-assisted International Technology Promotion Offices at the Technology Upgradation and Skill Development Company (TUSDEC). Other initiatives include a Disease Diagnostic Research Centre for mangoes at Sindh Agriculture University, Tando Jam, a Design Centre at Pakistan Institute of Fashion Design in Lahore, and a Solar Tunnel Dryer for exportable dried chilies in Umerkot, Mirpur Khas, and Badin.

The Board also greenlit the completion of Peshawar's first Expo Centre, which will provide a much-needed platform for entrepreneurs in Khyber Pakhtunkhwa to host international exhibitions, expanding the region's export potential.

This meeting marked the first for the newly constituted EDF Board, which includes ex-officio members from the ministries of commerce, finance, industries, the SBP, and TDAP, as well as 15 private-sector representatives from various industries. The new Board offers diverse regional and sectoral representation, with key figures from the textile, agriculture, livestock, chemical, and engineering sectors.

Notable private sector members include Bilal Tata from Tata Best Foods, Aamir AllahWala from Tecno Group, and Ms. Mehreen Obaid from Towellers Limited, who represents women-led export enterprises. Chairman Kamal Khan assured members that future meetings of the EDF Board would be held regularly to ensure swift progress on the approved initiatives and to consider the remaining proposals. He reiterated the Board's commitment to channeling funds into productive projects aimed at strengthening Pakistan's export capabilities.

With the EDF's renewed focus and strategic initiatives, the country's export sector is poised for a significant boost in the coming years.

BMG SWEEPS KCCI ELECTIONS 2024-26

September 22, 2024

Karachi, September 22, 2024 – In a resounding victory, the Businessmen Group (BMG) has once again secured a landmark win in the elections of the Karachi Chamber of Commerce and Industry (KCCI) for the 2024-26 term.

The BMG, under the leadership of Zubair Motiwala, dominated the elections, successfully securing all 30 seats up for grabs.

In a remarkable show of strength and support from the business and industrial community of Karachi, the BMG candidates garnered a total of 92,954 votes. This overwhelming number stands in stark contrast to the 21,613 votes received by the candidates of the opposing Businessmen Alliance (BMA). The stark difference in votes serves as a testament to the BMG's unshakable hold on the Karachi business landscape.

Among the BMG victors, Jawed Bilwani stood out, securing the highest number of individual votes with an impressive tally of 3,148. In comparison, BMA's candidate Saleem Kapadia managed to secure 794 votes. The provisional results announced after the elections solidified the BMG's dominance and underscored their sustained influence within the KCCI.

The leadership of BMG, including Chairman Zubair Motiwala, Vice Chairmen Tahir Khaliq, Anjum Nisar, Jawed Bilwani, and Mian Abrar Ahmed, as well as General Secretary AQ Khalil and KCCI President Iftikhar Ahmed Sheikh, expressed their deep gratitude to the business and industrial community of Karachi for their continued support and confidence. Senior Vice President Altaf A. Ghaffar and Vice President Tanveer Barry joined in the celebrations and acknowledged the widespread trust placed in the Businessmen Group.

In his speech following the election results, Chairman Zubair Motiwala paid glowing tribute to BMG supporters from across various industrial town associations, trade bodies, and commercial markets throughout Karachi. He emphasized the crucial role that these supporters played in ensuring the group's ongoing success. Motiwala also reiterated the group's commitment to furthering the interests of Karachi's business and industrial sectors, promising to make every effort to enhance public service, which has long been the cornerstone of BMG's philosophy.

"By the grace of Almighty Allah, BMG has been winning all the KCCI elections without losing a single seat since 1998," Motiwala said, highlighting the group's consistent track record over the past 26 years. "Our victory this year is a continuation of our legacy of success, and it is a recognition of the public service rendered by the Businessmen Group. This win is not just a victory for BMG, but an endorsement of the policies and actions we have taken on behalf of the business and industrial community."

Motiwala went on to praise the efforts of BMG's team, noting that their dedication and sincerity in serving the community had been recognized and appreciated. He also expressed confidence that the newly elected representatives would continue to uphold BMG's reputation for selfless service and total commitment to the betterment of Karachi's business landscape.

The BMG leadership's unity and determination have long been hallmarks of their success. Their ability to maintain strong connections with trade bodies, industrial associations, and business communities in Karachi has enabled them to remain at the forefront of KCCI elections year after year.

In addition to their electoral success, BMG leaders assured the business community that their focus would remain on addressing the challenges facing Karachi's economy, including issues related to taxation, infrastructure, and industrial development. They pledged to advocate for business-friendly policies and to engage with governmental authorities to resolve the pressing concerns of the city's commercial sectors.

The BMG's victory in the KCCI elections reaffirms their status as a dominant force in Karachi's business landscape. With the 2024-26 term now underway, the group looks poised to continue its legacy of service, dedication, and leadership, working for the betterment of the business community and the city at large.

CCP TAKES ACTION AGAINST MISLEADING RETAILER DISCOUNTS

September 22, 2024

The Competition Commission of Pakistan (CCP) has taken steps to address deceptive discount advertising practices among retailers, issuing notices to 20 brands involved in misleading “up to a percentage” discount offers during their “End of Season Sales.”

These brands have been asked to provide explanations for their potentially misleading promotions, which may violate consumer protection standards.

The CCP highlighted that such ambiguous discount schemes resemble “Bait and Switch Advertising,” a tactic used to deceive buyers by promoting an attractive but largely unattainable offer. Instead of providing the promised discount, retailers direct customers to less desirable alternatives. This practice is prohibited under Section 10 of the Competition Act, which outlines deceptive marketing as a violation of consumer rights.

As part of its investigation, the CCP’s Market Intelligence Unit/Office of Fair Trade conducted a survey across the twin cities of Islamabad and Rawalpindi. The survey found that many brands advertising “up to” discounts applied the maximum percentage to a small selection of less popular items, while high-demand products either had minimal discounts or none at all. This created confusion for consumers, who were often forced to inquire about the actual discounts available on items they wished to purchase.

Despite these concerns, the CCP also noted that some brands were transparent in their discounting practices, offering flat-rate discounts or clear disclosures about which items were eligible for specific deals. The Commission praised these brands for their adherence to ethical marketing practices.

The CCP advises all retailers to avoid misleading customers with vague promotions and to ensure transparency in their advertising. Brands are urged to clearly disclose actual and discounted prices, as well as the specific stock to which these discounts apply. Failure to comply with these guidelines could lead to enforcement actions under the Competition Act, 2010.

Additionally, the CCP encouraged consumers to be vigilant when taking advantage of sales and discount offers, urging them to carefully review the terms of such promotions to avoid falling victim to deceptive marketing practices.

The CCP remains committed to its mandate of promoting fair competition, enhancing economic efficiency, and safeguarding consumers from anti-competitive behaviors under the Competition Act, 2010.

Business & Finance » Companies

BOK PARTICIPATES IN ISLAMABAD EXPO 2024

Press Release Published about an hour ago

ISLAMABAD: Bank of Khyber (BoK) participated in the Islamabad Expo 2024, an event hosted by the Islamabad Women Chamber of Commerce & Industry (IWCCI). The expo, a celebration of innovation, business acumen, and cultural enrichment, focused on empowering female entrepreneurs and advancing women-centric products.

BoK set up an interactive booth under the banner of "Banking on Equality (BOE)" to highlight its dedicated policies for supporting women entrepreneurs. The booth provided insights into the special SME products and financing options available under both Islamic and conventional financing modes, adhering to the directives of the State Bank of Pakistan (SBP).

This initiative was part of BoK's ongoing efforts to enhance access to financial services for women entrepreneurs, facilitating their substantial contributions to the economy.

Participants at the expo, including members of the business community, families, government officials, media representatives, and the general public, engaged actively with BoK staff.

STANCHART PAKISTAN ANNOUNCES LAUNCH OF 'SC WOMEN IN TECH COHORT 6'

Press Release Published about an hour ago

KARACHI: Standard Chartered Pakistan, launched the 6th Cohort of the Standard Chartered Women in Tech Programme (WiT) in partnership with INNOVentures Global (Pvt.) Limited.

This programme was first launched in Pakistan in 2019 and was designed to address gender disparity in the technology sector. This initiative not only supports innovative business ideas but also addresses the financial barriers women often face in launching and scaling their ventures. By offering tailored mentorship and financial backing, Standard Chartered is committed to fostering an ecosystem where women can thrive as successful entrepreneurs, driving economic growth and social change in the country.

Commenting on the launch, Rehan Shaikh, Chief Executive Officer, Standard Chartered Pakistan said, "Standard Chartered's Women in Tech programme is aligned with the government's agenda of supporting small businesses, promoting financial inclusion, and enhancing financial education, with a focus on women and technology. I am proud to announce the launch of Cohort 6 of this programme, designed to break down barriers, create opportunities, and advance financial inclusion for women in Pakistan."

PAKISTAN'S MOBILE PHONE IMPORTS DECLINE BY 20% IN 2MFY25

September 22, 2024

Pakistan's mobile phone imports experienced a significant dip in the first two months (July-August) of the fiscal year 2024-25, marking around 20% decrease compared to the same period in the previous year.

The country imported mobile phones worth $143.889 million during this time, a drop from the $179.453 million recorded in the first two months of FY24, according to data released by the Pakistan Bureau of Statistics (PBS).

In rupee terms, the decline was even steeper. Mobile phone imports for July and August amounted to Rs40.069 billion, down 22.73% from Rs51.853 billion during the corresponding period in FY24.

However, on a month-on-month (MoM) basis, Pakistan saw a 23.14% increase in mobile phone imports in August 2024. Imports rose to $79.406 million, compared to $64.483 million in July 2024. Despite this monthly increase, the year-on-year (YoY) comparison shows a continued decline, with August 2024 imports 28.68% lower than the $111.339 million imported in August 2023.

The overall telecom imports into Pakistan during the July-August period of FY25 also recorded a negative growth of 7.73%, amounting to $221.725 million compared to $240.293 million in the same period of FY24. On a month-to-month basis, telecom imports increased by 16.36% in August 2024, reaching $119.247 million, up from $102.478 million in July. Nevertheless, on a year-to-year basis, telecom imports dropped by 20.34% from $149.704 million in August 2023.

Local mobile phone manufacturing has become an important factor in Pakistan's telecom landscape. In the first seven months of 2024 (January-July), local plants manufactured or assembled 18.95 million mobile handsets, compared to only one million imported commercially. In July alone, 1.61 million mobile handsets were locally produced, far outpacing the 0.16 million units imported commercially.

The locally manufactured handsets include 6.85 million 2G devices and 12.1 million smartphones. Data from the Pakistan Telecommunication Authority (PTA) shows that 62% of mobile devices on Pakistan's network are smartphones, while 38% are still using 2G technology.

These trends highlight Pakistan's shift towards local manufacturing, aiming to reduce dependence on imports and foster the growth of the domestic mobile phone industry. However, the overall decline in imports signals economic challenges and shifts in consumer demand within the country.

Technology

QUALCOMM APPROACHED INTEL ABOUT A TAKEOVER IN RECENT DAYS, SOURCE SAYS

Reuters Published September 21, 2024

SAN FRANCISCO: Qualcomm has in recent days approached Intel to explore a potential acquisition of the troubled chipmaker, a source familiar with the situation said on Friday, in what could be a transformational deal in the sector but faces many hurdles.

Qualcomm CEO Cristiano Amon is personally involved in the negotiations to acquire five-decade-old Intel, according to the source who was briefed on the matter.

Another person familiar with the situation said Amon has been actively examining various options for a deal for the company.

Earlier this month, Reuters reported that Qualcomm explored the possibility of acquiring portions of Intel's design business and that its PC design unit was of particular interest. Qualcomm executives were examining Intel's entire portfolio of businesses.

The conversations with Intel are at an early stage.

The San Diego-based company has not made a formal offer for Intel, according to third person familiar with the matter.

The sources requested anonymity as the discussions are confidential. Intel declined to comment.

Qualcomm did not immediately respond to a Reuters request for comment. Intel's shares closed up 3.3%, while Qualcomm fell 2.9%.

The approach by Qualcomm comes at a moment of weakness for Intel, which was once the most valuable chipmaker in the world, but whose shares have lost nearly 60% of their value since the start of the year.

A deal, should it go ahead, would likely invite scrutiny from antitrust regulators in the United States, China and Europe. Qualcomm may be required to divest parts of Intel in order to gain regulatory approvals.

A bid would mark the biggest takeover attempt in the technology industry since Broadcom sought to buy Qualcomm for $142 billion in 2018, before President Donald Trump nixed the tie-up, citing national security risks.

Reuters could not determine how Qualcomm, which has a market value of $188 billion, would finance a bid for Intel, which is valued at $122 billion, including its debt.

Qualcomm has roughly $13 billion in cash, according to recent company filings.

It is also unclear how Qualcomm would handle the takeover of Intel's contract manufacturing business.

To build chips with an atomic level of precision, Intel has invested hundreds of billions of dollars over decades on its fabrication process and amassed tens of thousands of engineers to do it.

Qualcomm to supply Apple with 5G chips until 2026

Qualcomm has never operated a chip factory, or fab, and currently contracts the likes of Taiwan Semiconductor Manufacturing Co and uses designs and other technology supplied by Arm Holdings.

Intel's woes

Once the dominant force in chipmaking, Intel ceded its manufacturing edge to Taiwanese rival TSMC and failed to produce a widely desired chip for the generative AI boom capitalized on by Nvidia and AMD.

Intel has been attempting to turn its business around by focusing on AI processors and creating a chip contract manufacturing business, known as a foundry.

As part of a memo from CEO Pat Gelsinger, Intel released a series of announcements that stemmed from a board meeting last week.

Gelsinger and other executives presented a plan to shave off businesses and restructure the company, REUTERS has previously reported.

The company plans to pause construction on factories in Poland and Germany, and reduce its real estate holdings.

Intel also said it had reached a deal to make a custom networking chip for Amazon.com's AWS. The WALL STREET JOURNAL reported on Qualcomm's talks with Intel earlier on Friday.

FAR BELOW GLOBAL AVERAGE: PAKISTAN VYING TO KEEP PACE IN GLOBAL INTERNET RACE: SPEEDTEST.NET

Tahir Amin Published September 21, 2024

ISLAMABAD: Pakistan is struggling to keep pace in the global internet race as the country's average broadband speed languishes at around 10-20 Mbps, far below the global average of 78.62 Mbps, as reported by Speedtest.net.

In the modern world, where internet speed and connectivity form the backbone of economies, Pakistan's struggle to keep up with global standards is becoming increasingly evident. While countries like the United States, Europe and multiple Arab countries have set minimum broadband speeds of 100 Mbps or more, Pakistan's average broadband speed languishes at around 10-20 Mbps, far below the global average of 78.62 Mbps, as reported by Speedtest.net.

This considerable digital divide is leaving Pakistan behind in global competitiveness, stifling innovation, and curbing access to the digital economy.

Shahzad Arshad, chairman of the Wireless and Internet Service Providers Association of Pakistan (WISPAP), identified the critical barriers that internet service providers (ISPs) face in their efforts to modernise Pakistan's internet infrastructure.

"Our infrastructure is outdated and fragmented," he explains. "We have failed to make the necessary investments in fibre-optic networks that would bring our connectivity up to par with international standards." The consequences are dire, with unreliable connections and sluggish speeds affecting sectors from education to businesses reliant on fast internet.

He further said that one of the most significant challenges facing ISPs in Pakistan is the Right-of-Way (ROW) issue. "Whenever we attempt to expand our networks, we encounter insurmountable financial barriers," Arshad said.

He further claimed that Pakistan Railways demands a staggering Rs2 million (approximately) for permitting fibre-optic cables to cross railway lines, either overhead or underground. This challenge is compounded by the fees imposed by housing societies, particularly in newly developed areas, that demand various charges for allowing ISPs to lay fibre-optic cables. "We are essentially being taxed to lay the very infrastructure that will drive the country's digital future," Arshad added.

He highlighted the difficulties of deploying fibre-optics in cantonment areas, where the bureaucratic hurdles make it "as difficult as passing through a river of fire."

These domestic obstacles are only part of the problem.

Pakistan's ISPs also face the burden of dealing with "monopolistic international gateways", which provide global internet connectivity at exorbitant rates. These gateways charge ISPs in US dollars, while local ISPs earn in Pakistani rupees. "Every fluctuation in the USD-PKR exchange rate directly increases our costs," said Arshad. "This system is unsustainable. We are forced to pass these increased costs onto consumers, which is why the internet remains expensive and speeds remain low." The lack of competition among international gateways only exacerbates the problem. "The limited number of gateways keeps prices artificially high," explains the chairman WISPAP.

"Without more competition, we have no alternatives, and this strangles the internet sector in Pakistan. Our reliance on these monopolistic gateways leaves little room for improvement or innovation." Adding to these financial and logistical challenges is Pakistan's outdated regulatory framework. Countries like the United States have regulatory bodies, such as the Federal

Communications Commission (FCC), that mandate minimum broadband speeds of 100 Mbps, pushing ISPs to continually upgrade their infrastructure.

In contrast, Pakistan Telecommunication Authority (PTA) has yet to enforce a similar regulatory framework. “There is no pressure and help from the PTA to enforce higher speeds and remove hurdles or modernise infrastructure,” Arshad laments. “If the PTA mandated a 100 Mbps minimum broadband speed and removes hurdles, ISPs would be compelled to upgrade their services.”

A further complication arises from licensing issues. While DATA-CVAS licences issued by the PTA allow ISPs to operate, they don’t permit the laying of fibre-optic cables, leaving ISPs dependent on those holding Local Loop (LL) or Fixed Local Loop (FLL) licences. Moving to an FLL licence, however, brings its own set of hurdles, including a licence fee that has jumped from 1.5 million PKR two years ago to Rs2.8 million today, not to mention the significant investment required in equipment and infrastructure. Worse still, the fee is denominated in US dollars, which makes it harder for local companies to afford it.

“Why should a Pakistani business, earning in rupees, have to pay for its licence in dollars?” Arshad asked. FLL licences also come with the outdated requirement to provide landline voice services, a legacy technology that has little demand in a world where most people already own one or more mobile phones. “The mandate to install landlines is redundant,” argues Arshad. “Why should ISPs be forced to invest in a technology that hardly anyone uses anymore?” Arshad offers several solutions to address these systemic issues. He believes that “government intervention” is critical. “The government needs to step in with policies that incentivize ISPs to invest in fibre-optic networks, whether through subsidies, tax breaks, or reducing the regulatory burden,” he said. Arshad also advocates for “increased competition” in the international gateway market. "If more players are allowed into the market as international gateways, prices for bandwidth will drop, and ISPs will have more room to improve their services."

Addressing the issue of fluctuating exchange rates, Arshad urges the government to “localise costs”.

“Pakistan’s ISPs should not be beholden to foreign currency fluctuations. The PTA should find a way to price international bandwidth in “Pakistani rupees” or create safeguards against currency volatility.”

Arshad believes that raising the minimum broadband speed to “100 Mbps” is essential for Pakistan’s digital future. “If the PTA enforces a “100 Mbps” standard and removes the hurdles ISPs face, we would be more than happy to upgrade our infrastructure. Without immediate action to address these infrastructural and regulatory challenges, the country’s digital economy will continue to stagnate, limiting its potential for growth and innovation.”

“The future of Pakistan’s economy is digital,” said Arshad.

HACKER USES TELEGRAM CHATBOTS TO LEAK DATA OF TOP INDIAN INSURER STAR HEALTH

Reuters Published September 20, 2024

WASHINGTON/BENGALURU: Stolen customer data including medical reports from India's biggest health insurer, Star Health, is publicly accessible via chatbots on TELEGRAM, just weeks after TELEGRAM's founder was accused of allowing the messenger app to facilitate crime.

The purported creator of the chatbots told a security researcher, who alerted REUTERS to the issue, that private details of millions of people were for sale and that samples could be viewed by asking the chatbots to divulge.

Star Health and Allied Insurance, whose market capitalization exceeds $4 billion, in a statement to REUTERS said it has reported alleged unauthorized data access to local authorities. It said an initial assessment showed "no widespread compromise" and that "sensitive customer data remains secure".

Using the chatbots, REUTERS was able to download policy and claims documents featuring names, phone numbers, addresses, tax details, copies of ID cards, test results and medical diagnoses.

The ability for users to create chatbots is widely credited with helping Dubai-based TELEGRAM become one of the world's biggest messenger apps with 900 million active monthly users.

However, the arrest of Russian-born founder Pavel Durov in France last month has increased scrutiny of TELEGRAM's content moderation and features open to abuse for criminal ends. Durov and TELEGRAM denied wrongdoing and are addressing the criticism.

The use of TELEGRAM chatbots to sell stolen data demonstrates the difficulty the app has in preventing nefarious agents taking advantage of its technology and highlights the challenges Indian companies face in keeping their data safe.

Adani Group shares lose up to $13.4bn after Hindenburg accusations against regulator

The Star Health chatbots feature a welcome message stating they are "by xenZen" and have been operational since at least Aug. 6, said UK-based security researcher Jason Parker.

Parker said he posed as a potential buyer on a online hacker forum where a user under the alias xenZen said they made the chatbots and possessed 7.24 terabytes of data related to over 31 million Star Health customers. The data is free via the chatbot on a random, piecemeal basis, but for sale in bulk form.

REUTERS could neither independently verify xenZen's claims nor ascertain how the chatbot creator obtained the data. In an email to REUTERS, xenZen said they were in discussions with buyers without disclosing who or why they were interested.

Taken down

In testing the bots, REUTERS downloaded more than 1,500 files with some documents dated as recently as July 2024.

"If this bot gets taken down watch out and another one will be made available in few hours," the welcome message read.

The chatbots were later marked "SCAM" with a stock warning that users had reported them as suspect. REUTERS shared details of the chatbots with TELEGRAM on Sept. 16 and within 24 hours spokesperson Remi Vaughn said they had been "taken down" and asked to be informed should more appear.

$2.4bn wiped off Adani shares after Hindenburg allegations

"The sharing of private information on TELEGRAM is expressly forbidden and is removed whenever it is found. Moderators use a combination of proactive monitoring, AI tools and user reports to remove millions of pieces of harmful content each day."

New chatbots have since appeared offering Star Health data.

Star Health said an unidentified person contacted it on Aug. 13 claiming to have access to some of its data. The insurer reported the matter to the cybercrime department of its home state of Tamil Nadu and federal cyber security agency CERT-In.

"The unauthorized acquisition and dissemination of customer data is illegal, and we are actively working with law enforcement to address this criminal activity. Star Health assures its customers and partners that their privacy is of paramount importance to us," it said in its statement.

In an Aug. 14 stock exchange filing, Star Health, India's biggest player among standalone health insurance providers, said it was investigating an alleged breach of "a few claims data".

Representatives for CERT-In and the Tamil Nadu cybercrime department did not respond to emailed requests for comment.

Unaware

TELEGRAM allows individuals or organizations to store and share large amounts of data behind anonymous accounts. It also lets them create customizable chatbots which automatically provide content and features based on user requests.

Two chatbots distribute Star Health data. One offers claim documents in PDF format. The other allows users to request up to 20 samples from 31.2 million datasets with a single click giving details including policy number, name and even body mass index.

Among documents disclosed to REUTERS were records related to the treatment of the one-year-old daughter of policyholder Sandeep TS at a hospital in the southern state of Kerala. The records included diagnosis, blood test results, medical history and a bill of nearly 15,000 rupees ($179).

“It sounds concerning. Do you know how this can affect me?” said Sandeep, confirming the documents’ authenticity. He said Star Health had not notified him of any data leak.

The chatbot also leaked a claim last year by policyholder Pankaj Subhash Malhotra which included ultrasound imaging test results, details of illness and copies of federal tax account and national ID cards. He also confirmed the documents were genuine and said he was not made aware of any security breach.

The Star Health chatbots are part of a broader trend of hackers using such methods to sell stolen data. Of five million people whose data was sold via chatbots, India represented the largest number of victims at 12%, showed the latest survey on the epidemic conducted by NordVPN at the end of 2022.

“The fact that sensitive data is available via TELEGRAM is natural, because TELEGRAM is an easy-to-use storefront,” said NordVPN cybersecurity expert Adrianus Warmenhoven. “TELEGRAM has become an easier to use method for criminals to interact.”

Economic distress

ECONOMY HAS BEEN NURSED TO SOME SEMBLANCE OF HEALTH

Ali Khizar Published September 23, 2024 Updated 44 minutes ago

There is some semblance of macroeconomic stability in Pakistan as inflation decreases, interest rates fall, and the currency stabilizes, primarily due to domestic and global high base effects. However, achieving sustainable economic growth remains elusive, and there is little interest in new investments.

Three crucial variables need addressing to revive economic growth and encourage investment: lowering energy prices (particularly power tariffs), reducing taxation, and ensuring political stability. Without these measures, even if inflation drops to the anticipated 5-8 percent and interest rates are further reduced, it will not be enough to spur meaningful growth.

The most immediate and impactful measure is reducing energy prices. Many sectors, particularly export-driven ones, are hesitant to fully utilize their capacity because the marginal cost of production exceeds selling prices. Forcing older Independent Power Producers (IPPs) to revise contracts is counterproductive, as it discourages investment and undermines the potential for privatization and deregulation in the energy sector.

The second major issue is the high tax burden. No one is inclined to invest in such a heavily taxed environment. The government should consider eliminating the super tax, which acts as a penal tax. Many businesspeople are becoming non-resident Pakistanis, choosing to keep their savings abroad. Formal sector individuals are heavily taxed, and talent is leaving the country, leading to a brain drain.

Political stability is the third critical factor. Conversations with numerous business leaders reveal that while economic stability is important, political stability is equally essential for long-term investment. The ongoing tensions between the courts and the government only worsen the situation.

Both the government and key state actors must address these economic issues, which are also socially suffocating the population. The IMF board meeting this week provides some relief, as the Fund has shown considerable leniency in the current programme. According to government sources, the submission to the IMF regarding borrowing at 11 percent from a global bank is part of the $2 billion financing gap, but no such financing has been undertaken. The IMF's spokesperson confirmed that commercial financing at such high rates is unnecessary for the programme's financing assurances.

In another positive development, the review process will now be biannual, with the first review scheduled in six months, reducing the immediate need for a mini-budget. Although the FBR may fall short by Rs200 billion in its first-quarter revenue targets, the State Bank of Pakistan (SBP) has reportedly transferred Rs2,700 billion in last year's profits to the finance ministry—Rs200 billion more than budgeted. This liquidity has allowed the government to reject recent treasury bill auctions, further lowering secondary market yields.

Global commodity prices are also softening, which could provide additional fiscal space without putting further pressure on inflation. Oil prices are falling rapidly, which presents an opportunity for the government to increase the petroleum levy without raising consumer prices. Now is the ideal time to do so, as diesel prices have dropped to a 20-month low. Delaying this move could lead to harsher consequences down the road.

Brent oil has decreased by 45 percent from its 2022 peak, and palm oil prices have halved. The same trend is evident across other commodities.

The commodity super-cycle that followed the COVID-19 pandemic is reversing, helping reduce inflation and stabilizing the external account. This, in turn, allows the SBP to lower interest rates without devaluing the currency. The Federal Reserve's aggressive rate cuts are also contributing to this positive momentum.

In summary, the conditions for growth based on past economic cycles appear favourable. However, growth remains elusive. Power consumption has decreased by 17 percent in the last month, and other high-frequency indicators show a similar decline. Demand has not returned, and supply constraints persist. The base effects of earlier economic conditions can only take the economy so far. To achieve sustainable growth, the three factors—energy prices, taxation, and political stability—must be addressed.

MIDDLE CLASS— TAX TRAPPED

Asim Javed Published September 23, 2024 Updated 33 minutes ago

The middle class is commonly seen as the fundamental support system of society, exerting a pivotal influence on economic progress. This is equally true in Pakistan. These individuals are not only the engine that drives economic growth through consumption and productivity, but they also contribute significantly to the country's development through taxes and investment in education and skills.

Notwithstanding these circumstances, the middle class faces a pressing predicament. They are subject to significant taxation through direct and indirect means yet receive few compensatory benefits. Consequently, they become trapped in a recurring pattern of financial burden, rendering upward social mobility unattainable.

The middle class constitutes a crucial component of the economy. They constitute the most significant consumer segment, driving the demand for products and services that sustain industry operations and generate employment opportunities.

Their expenditure stimulates the economy, and a substantial number of middle-class taxpayers are also entrepreneurs or professionals who make valuable contributions through innovation and the establishment of new businesses.

Moreover, they contribute to political and social stability by endorsing democratic procedures and promoting moderation. However, despite their valuable contributions, they frequently experience a sense of neglect, particularly when confronted with a tax system that restricts their ability to save or invest.

Regarding taxation, the middle-class experiences most of the burden. Higher incomes are subject to higher taxes due to the system's structure. Individuals with an income ranging from PKR 600,000 to PKR 1.2 million are subject to a tax rate of 5%, whereas those with an income beyond PKR 10 million are subject to a charge of 35% in addition to a surcharge of 10% on such tax. Though it may appear equitable on paper, this disproportionately affects the middle class. Despite producing enough income to fall into these higher tax brackets, the middle class struggles to manage the financial strain effectively.

In addition, indirect taxes, like the 18% General Sales Tax (GST) on goods and services, erode their available income. Each time they make food purchases, settle energy bills, or refuel their automobiles, they are subjected to further taxation.

This weight becomes even more unwarranted when one considers that numerous middle-class families were formerly members of the lowest level of society. They made substantial investments in education and professional development to enhance their circumstances. They made personal sacrifices to accumulate funds for private schooling, university tuition, and pursuit of higher education to ensure a more promising future.

Presently, after exerting much effort to advance in their careers, they are confronted with a tax system that deprives them of a substantial portion of their earnings, and they receive inadequate public services in exchange. The outcome? Individuals must bear the cost of public services through taxation and private alternatives via personal funds, as the state fails to provide for their needs.

Many individuals in the middle class may justifiably question the need to provide financial support to the lower class through their tax contributions. Considering their diligent efforts to achieve their current status, it is unjustifiable for them to shoulder the financial responsibility of others. However, the concept of wealth redistribution extends beyond mere philanthropy.

The objective is to construct a society where all individuals have equal access to fundamental services such as education, healthcare, and security. When the lower socioeconomic group is provided with these possibilities, they enhance their productivity as members of society, make valuable contributions to the economy, and decrease their long-term need for welfare programs. This confers advantages to all individuals, including the middle class.

However, the issue at hand extends beyond the mere provision of help for the lower socioeconomic strata. The middle class indirectly sustains the upper class with the current tax system.

Millions of affluent individuals and firms evade their equitable tax obligations by taking advantage of legal loopholes or remaining in informal sectors. What is the outcome? The majority of the tax burden is borne by the middle class.

The issue at hand extends beyond mere feeling overwhelmed; it involves recognising that the most affluent individuals receive public benefits without making equitable contributions. In addition to subsidising the wealthy, the middle class is left to bear the financial burden of supporting the disadvantaged.

The implications of this unjustified tax system are tangible. Many middle-class households experience a sense of being ensnared in a financial cycle that prevents them from saving or investing for the future.

Despite their diligent efforts, the escalating living expenses and exorbitant taxes impede their progress. Their primary challenge is accumulating wealth or affording their children the requisite possibilities to ascend the economic hierarchy. Social mobility, a goal for which they exerted much effort, seems exceedingly difficult to attain.

Taxpayers are a country's most valuable asset. Neglecting them will lead to a decline in their ability to generate revenue. Neglecting them means the government will spend more to keep them afloat without achieving their full potential.

So, what measures can be taken to rectify this? Substantial modifications are required to alleviate the strain on the middle class and establish a more equitable system.

Firstly, the government should expand the tax base by ensuring that the most affluent individuals and major enterprises contribute equally. This objective can be accomplished by eliminating legal gaps and enhancing the implementation of tax regulations.

Furthermore, it is essential to decrease the government's dependence on indirect taxes, which disproportionately impact the middle class. An equitable and well-proportioned tax system would alleviate the financial strain.

Equally important is the enhancement of public services. If middle-class households could rely on public healthcare, education, and infrastructure, they would not be required to personally bear the costs of private alternatives.

The government must allocate resources towards public schools, hospitals, and transit networks to ensure universal access to essential services. The provision of tax incentives for education and healthcare expenditures would alleviate financial strain and promote savings.

Further, there is a need for reforms of state-owned businesses (SOEs). Many organisations, such as the national airline and steel mills, are financially unprofitable and rely heavily on substantial government subsidies. Through the implementation of reforms or privatisation of these firms, the government has the potential to mitigate financial inefficiencies and allocate resources towards critical sectors such as healthcare and education.

To address this issue effectively, adopting a comprehensive strategy that alleviates the strain on the middle class and guarantees that the wealthiest individuals make their equitable contribution is necessary. It is possible to establish a more robust and resilient middle class by implementing a fairer tax system, enhancing public services, and restructuring ineffective government institutions. This concept extends beyond mere equity; it aims to establish a more resilient and affluent society where everyone has an equal opportunity to succeed. Given its role as the economy's foundation, the middle class requires a system that appreciates its contributions and fosters continuous expansion. The genuine progress of the nation can only be achieved at that point.

IMF BOARD MEETING AMID OUR DEBT DILEMMA

Published September 23, 2024 Updated about an hour ago

EDITORIAL: The IMF board's meeting is likely to take place very soon, marking almost two-and-a-half months since the signing of the Staff-Level Agreement (SLA). This delay was primarily due to the need for incremental external financing, totalling $2 billion.

Of this amount, $600 million remained short as friendly bilateral countries did not contribute the requisite funds despite IMF's involvement.

Consequently, the government had to seek loans from private markets, guaranteed by the Asian Development Bank (ADB), at exorbitant rates. This raises critical questions about debt sustainability.

Interestingly, sources have revealed that the IMF's Debt Sustainability Analysis (DSA) excludes repayments to Chinese Independent Power Producers (IPPs). This might explain why China has not provided any additional funding.

Furthermore, the incremental financing of $3 billion (for FY26 and FY27) is expected to come from the Chinese Exim Bank—that being essentially a rollover. This situation suggests considerable leniency from the IMF towards Pakistan.

For countries under debt stress, having the IMF on board is typically a prerequisite for securing support from other financiers. IMF's programmes are designed to ensure debt sustainability so long a recipient or loanee remains on the programme.

However, recent trends indicate a change, evidenced by delays of over six months in countries such as Sri Lanka and Zambia. Therefore, the delay in Pakistan's case is not entirely surprising.

And yet, these trends imply that IMF assurances are no longer sufficient for traditional lenders, especially in bilateral cases like Pakistan's.

Although, Pakistan owes the largest share of its external debt to multilaterals such as the World Bank and ADB, the institutions that are closely aligned with the IMF, bilateral lenders, primarily China and Saudi Arabia, have their own concerns.

Sources suggest that they, particularly China, are underscoring the need for political stability in Pakistan. They may perceive the recently achieved macroeconomic stability—indicated by the strictly disciplined fiscal policy and an increase in central bank's foreign exchange reserves—as fragile because it is not backed by political stability. This concern is shared by the domestic private sector as well, which, therefore, is hesitant to invest under current conditions.

The government recently secured a costly loan at around 11 percent, which is essentially a trade finance fully guaranteed by ADB. This is not a promising sign, to say the least.

While some argue that commercial bank loan rates are tied to the country's debt rating, Pakistan has obtained loans at lower rates even during periods of poor ratings. So, why it can't be done now?

This situation underscores the challenge of acquiring further financing to build foreign exchange reserves to a level that would allow for pro-growth policies. It raises concerns about external debt sustainability, which hinges on securing the IMF programme.

Moreover, IMF leniency appears to be unsettling for bilateral creditors, particularly given the IMF DSA's exclusion of payments against Chinese IPPs, which is also making Saudi Arabia uncomfortable.

The crux of the problem is that any significant growth in the GDP could trigger fears of debt default. Pakistan cannot remain trapped in a cycle of low growth indefinitely, as this would have severe socioeconomic consequences.

In response, the authorities are working on restructuring energy contracts with a fresh round of negotiations underway with all IPPs, excluding those under the CPEC (China Pakistan Economic Corridor) and those that are owned by the government itself.

Payments to Chinese IPPs are being delayed indefinitely, and the government has requested China to reprofile debt in these IPPs.

Additionally, the government is mulling holding talks with Qatar with a view to revisiting its long-term RLNG contract.

Not only is this deal expensive, it also currently exceeds the demand. Interestingly, a portion of a recent commercial loan was used to finance RLNG from Qatar.

The signs are clear: the government has initiated debt restructuring efforts in various forms.

Domestic debt is also unsustainable as hefty servicing costs force the government to raise tax revenue from existing pool of payers. These corporates, firms, and individuals are already taxed at rates comparable to Scandinavian countries without receiving identical or even near-identical benefits.

In sum, while the IMF's involvement is a positive development, it may not be sufficient to place Pakistan on a sustainable growth path.

The country must address political stability, debt sustainability, and economic restructuring to avoid long-term pitfalls.

Fuel & Energy

US NATGAS EASES ON LOWER DEMAND OUTLOOK

Reuters Published September 22, 2024

NEW YORK: US natural gas futures slipped more than 1% on Friday, weighed down by lower demand forecasts for next week and oversupply of fuel left in storage.

Front-month gas futures for October delivery on the New York Mercantile Exchange fell 1.9 cents or 0.8% to $2.33 per million British thermal units (mmBtu) by 09:58 a.m. EDT (1358 GMT), after rising to its highest since Sept. 16 at $2.38 per mmBtu, earlier in the session.

However, the contract gained about 0.8% so far this week, heading for its fourth straight weekly gain.

“Power burns have also been strengthening over the last few days which again is another factor that’s certainly helping demand, but that’s somewhat offsetting slightly weaker LNG and I think that there’s a lot of moving pieces today and the market is pretty much undecided as to where to go in the near term, said Robert DiDona of Energy Ventures Analysis.

Financial firm LSEG estimated 122 cooling degree days (CDDs) over the next two weeks, lower than 124 CDDs forecasted on Thursday. The normal for this time of year is 86 CDDs.

Cooling degree days, used to estimate demand to cool homes and businesses, measure the number of degrees a day’s average temperature is above 65 degrees Fahrenheit (18 degrees Celsius).

LSEG forecast average gas demand in the Lower 48, including exports, at 99.6 billion cubic feet (bcfd) per day this week to 98.7 bcfd next week.

LSEG forecast average gas supply in the Lower 48, including exports, at 101.8 bcfd this week to go up to 101.9 bcfd next week.

LSEG said gas output in the Lower 48 US states slid to an average of 102.0 bcfd so far in September, down from 103.2 bcfd in August.

On Thursday, the US Energy Information Administration (EIA) said utilities added 58 billion cubic feet (bcf) of gas into storage during the week ended Sept. 13, which was still about 8% more gas in storage than normal for this time of year.

Meanwhile natural gas production has begun earlier than planned at Argentina’s Fenix offshore field, French oil major TotalEnergies said on Friday. The $700 million project, initially scheduled to begin operating in November, has a production capacity of 10 million cubic meters of natural gas per day, representing 8% of Argentina’s total production and about 7% of annual consumption.

OGDCL, CHINESE CO SIGN MOU ON SHALE, TIGHT GAS EXPLORATION

APP Published about 2 hours ago

ISLAMABAD: In a significant development, during the ongoing 8th Silk Road International Expo for investment and trade forum in Xian, Shaaxi province China, an MOU is signed between OGDCL the flagship E&P company of Pakistan and CCDC, the major player in drilling and upstream Oil field services of People's Republic of China

The MOU underscores commitment of both the brotherly countries for the development of Shale and tight gas potential of Pakistan with an aim to alleviate energy needs of the country through indigenous resources.

Mumtaz Ali Soomro Executive Director (Production) from OGDCL and Zhang Zhidong Vice President of CNPC Chuanging Drilling Engineering Company LTD signed the MoU for their respective organizations.

Federal Minister of Energy (Petroleum Division) Musadik Malik and Ambassador of Pakistan to China Khalil Hashmi were also present on the occasion.

The Federal minister thanked the Chinese side for hosting Pakistan as the country of Honor and hoped the cooperation and collaboration between the two countries will only strengthen in times to come in all areas of the energy sector for mutual benefit of both nations. The cooperation on shale gas / tight gas between OGDCL & CCDC will open up a whole new chapter of untapped energy potential that our country possesses.

OIL ENDS WEEK HIGHER AS INVESTORS TAKE STOCK OF FED RATE CUTS

Reuters Published September 22, 2024

HOUSTON: Oil prices settled lower on Friday but recorded a second straight week of gains, garnering support from a US interest rate cut and a dip in US supply.

Brent futures settled down 39 cents, or 0.52%, at $74.49 a barrel. US WTI crude futures settled down 3 cents, or 0.4%, to $71.92. Signs of a slowing economy in major commodity consumer China gave prices a ceiling. But for the week, both benchmarks settled up more than 4%. Prices have recovered after Brent fell below $69 for the first time in nearly three years on Sept. 10.

“The market concluded that a sub-$70 level combined with hedge funds holding a record weak belief in higher prices of crude and fuel products would require a recession to be justified, a risk this week's bumper US rate cut helped reduce,” Ole Hansen, head of commodity strategy at Saxo Bank, said.

Prices rose more than 1% on Thursday, a day after the US central bank's decision to cut interest rates by half a percentage point. Interest rate cuts typically boost economic activity and energy demand, but some analysts are worried about weakness in the US labour market. “US interest rate cuts have supported risk sentiment, weakened the dollar and supported crude this week,” said Giovanni Staunovo, an analyst at UBS.

"However, it takes time until rate cuts support economic activity and oil demand growth," he added. The Fed projected a further 50 basis points of rate cuts by the end of this year, a full percentage point of cuts next year and a further half-percentage-point reduction in 2026.

"The Fed's decision to cut interest rates and some hangover from Hurricane Francine are the only two things that are propping up the market up right now," said Tim Snyder, chief economist at Matador Economics. "The thought of another 50 to 75 basis points has markets hopeful for some degree of economic stability," he added.

About 6% of crude production and 10% of natural gas output in the US Gulf of Mexico were offline in the aftermath of Hurricane Francine, the US Bureau of Safety and Environmental Enforcement said on Thursday in its final update on the storm.

Additional support for oil prices came from a decline in US crude inventories to a one-year low last week. Rising tensions in the Middle East, raising the risk of supply disruption, further boosted the oil market. Israel announced on Friday it killed a top Hezbollah commander and other senior figures in the Lebanese movement in an airstrike on Beirut as fears of a wider war rise. Still, US President Joe Biden said reaching a Gaza ceasefire deal remains realistic, telling reporters: "We have to keep at it."

In China, refinery output slowed for a fifth straight month in August and industrial output growth hit a five-month low. China also issued its third and likely final batch of fuel export quotas for the year, keeping volume in line with 2023 levels. "This move indicates that refinery margins are too weak to justify increased activity," StoneX Analyst Alex Hodes said in a note on Friday. Meanwhile, oil refiners in Asia, Europe and the US face a drop in profitability to multi-year lows.

OGDCL and CCDC Sign MoU for Shale and Tight Gas Exploration in PAKISTAN

September 22, 2024

Islamabad, September 22, 2024 – In a significant move to harness Pakistan's indigenous energy resources, the Oil and Gas Development Company Limited (OGDCL) has signed a Memorandum of Understanding (MoU) with China's CCDC to explore shale and tight gas reserves in Pakistan.

The MoU was formalized during the 8th Silk Road International Expo for investment and trade forum, held in Xi'an, Shaanxi province, China.

The signing ceremony was witnessed by Pakistan's Federal Minister for Petroleum, Dr. Musadik Malik, highlighting the importance of the agreement in the context of Pakistan's ongoing efforts to address its growing energy needs. The partnership between OGDCL and CCDC is aimed at tapping into Pakistan's vast but underdeveloped shale and tight gas reserves, which could play a crucial role in alleviating the country's energy crisis.

"This MoU underscores the commitment of both Pakistan and China to further develop Pakistan's shale and tight gas potential, an essential step toward reducing our reliance on imported energy and enhancing our energy security through local resources," stated Minister Musadik Malik at the event.

The exploration of shale and tight gas, unconventional energy sources that require advanced extraction techniques, has the potential to significantly boost Pakistan's domestic energy production. According to industry experts, Pakistan's untapped shale and tight gas reserves hold immense promise, but require the right technical expertise and investment for successful exploration and development.

China's CCDC, with its extensive experience in shale gas exploration and drilling technologies, is well-positioned to assist Pakistan in unlocking these resources. The partnership will focus on leveraging CCDC's expertise in hydraulic fracturing and horizontal drilling to tap into Pakistan's unexplored reserves.

Minister Musadik Malik thanked the Chinese government and CCDC for their continued support and collaboration in the energy sector. "We are grateful to China for hosting Pakistan as the Country of Honor at this prestigious forum. The cooperation between OGDCL and CCDC will undoubtedly open up new opportunities and strengthen ties between our countries in all areas of the energy sector," he added.

The MoU is expected to pave the way for future investments in energy infrastructure and exploration activities. It represents a strategic step forward in Pakistan's pursuit of energy independence and diversification, helping the nation meet its growing demand for gas while reducing its dependence on imported fuels.

The exploration and development of shale and tight gas will not only contribute to Pakistan's energy security but also stimulate economic growth by creating jobs and fostering technological innovation. As this new chapter unfolds, both countries look forward to deepening their collaboration in the energy sector for the mutual benefit of their economies.

Markets – Rates

STOCKS REACH ALL-TIME HIGH

Recorder Review Published about 2 hours ago

KARACHI: Pakistan Stock Exchange witnessed bullish trend and hit historic all time highest ever levels during the outgoing week ended on September 20, 2024 on the back of investor interest on improving macroeconomic indicators and expectations regarding approval of IMF new program this month.

The benchmark KSE-100 index surged by 2,741.39 points on week-on-week basis and closed at highest ever level of 82,074.45 points.

Trading activities however remained low as average daily volumes on the ready counter declined by 22.6 percent to 469.45 million shares during this week as compared to previous week's average of 606.74 million shares however average daily traded value on the ready counter increased by 20.7 percent to Rs 18.40 billion during this week against previous week's Rs 15.24 billion.

BRIndex100 increased by 214.34 points during this week to close at 8,615.32 points with average daily turnover of 347.363 million shares.

BRIndex30 however declined by 289.67 points on week-on-week basis to close at 26,899.87 points with average daily trading volumes of 211.632 million shares.

The foreign investors however remained on the selling side and withdrew $23.196 million from the local equity market during this week. Total market capitalization increased by Rs 181 billion to Rs 10.723 trillion.

An analyst at JS Global Capital said that the KSE-100 index closed at an all-time high level of 82,074 on the last trading day of this week, up 3.5 percent on WoW.

Despite foreign investors being net sellers, with a net outflow of $23million (FIPI) during the week mainly owing to FTSE rebalancing, positive sentiment from domestic players, fuelled by encouraging news on the economic front including the upcoming IMF meeting, offset the impact.

Reports of economic stabilization and expectations of interest rate cuts following the government's rejection of Market Treasury Bill bids for all tenors are being viewed positively by the market.

An analyst at Arif Habib Limited said that the KSE-100 index experienced a bullish week, driven by anticipation of $7.0 billion approval from IMF Executive Board for which meeting is scheduled on September 25, 2024. Moreover, 50bps FED rate cut boosted market participation across Asian markets, including local bourse.

Sector-wise positive contributions came from Commercial Banks (up 1,139points), E&P (up 637points), Fertilizer (up 631points), Cement (up 161points) and OGMCs (up 74points). Meanwhile, the sectors that mainly contributed negatively were Refinery (down 30points), Engineering (down 29points), and Glass & Ceramics (down 24points).

Scrip-wise positive contributors were MARI (up 567points), FFC (up 324points), MEBL (up 304points), EFERT (up 287points) and MCB (up 278points). Meanwhile, scrip-wise negative contributions came from NBP (down 33points), PPL (down 29points), DGKC (down 27 points), FFBL (down 23points) and TGL (down 22points).

Foreigner selling continued during this week, clocking in at $23.196million compared to a net sell of $7.5 million last week. Major selling was witnessed in Fertilizer ($9.8 million), E&P's

($6.1million) and Banks ($2.8 million). On the local front, buying was reported by Mutual Funds ($15.5 million) followed by Individuals ($4.4 million) and Banks ($3.3 million).

FUTURES SPREAD UP 740BPS

Recorder Review Published about 2 hours ago

KARACHI: The futures spread increased by 740bps to 27.14 percent on the last day of the outgoing week. Trading activities on the futures counter remained low as average daily volumes declined by 53.7 percent to 103.38 million shares during this week as compared to previous week's average of 223.10 million shares.

Average daily traded value on the futures counter declined by 31.5 percent to Rs 4.39 billion during this week against previous week's Rs 6.41 billion.

FURTHER IMPROVEMENT

Recorder Review Published about 2 hours ago

KARACHI: The rupee made further improvement against the US dollar during the previous week and closed below 278 level after more than five months.

The local unit closed at 277.84, a gain of Re0.32 or 0.11% against 278.16 it had closed the week earlier against the greenback, according to the State Bank of Pakistan (SBP).

The last time the rupee had closed below 278 level was on April 9, 2024.

The currency market is now factoring in the International Monetary Fund (IMF) Executive Board meeting that is scheduled to take Pakistan's 37-month Extended Fund Facility (EFF) of about $7 billion on its agenda on September 25.

Meanwhile, Pakistan's current account posted a surplus of $75 million in August 2024 compared to a deficit of $152 million in the same month of the previous fiscal year, the central bank data showed.

Foreign exchange reserves held by the SBP increased by $43 million on a weekly basis, clocking in at $9.51 billion as of September 13. Total liquid foreign reserves held by the country stood at $14.83 billion. Net foreign reserves held by commercial banks stood at $5.32 billion.

Pakistan's Real Effective Exchange Rate (REER), a measure of the value of a currency against a weighted average of several foreign currencies, witnessed a decrease as it clocked in at 100.16 in August 2024, down from 101.50 in July 2024.

Open-market rates

In the open market, the PKR gained 10 paise for buying and 5 paise for selling against USD, closing at 279.44 and 280.70, respectively.

Against Euro, the PKR lost 88 paise for buying and 87 paise for selling, closing at 308.87 and 311.87, respectively.

Against UAE Dirham, the PKR gained 17 paise for buying and 15 paise for selling, closing at 75.45 and 76.20, respectively.

Against Saudi Riyal, the PKR gained 16 paise for both buying and selling, closing at 73.75 and 74.46, respectively.

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THE RUPEE

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Weekly inter-bank market rates for dollar

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Bid Close Rs. 277.84

Offer Close Rs. 278.04

Bid Open Rs. 278.16

Offer Open Rs. 278.36

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Weekly open-market rates for dollar

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Bid Close Rs. 279.44

Offer Close Rs. 280.70

Bid Open Rs. 279.54

Offer Open Rs. 280.75

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OPEN MARKET FOREX RATES

Updated at: 23/9/2024 8:05 AM (PST)

Currency	Buying	Selling
Australian Dollar	188.25	190.50
Bahrain Dinar	734.20	742.20
Canadian Dollar	204.70	207.10
China Yuan	38.25	38.65
Danish Krone	40.03	40.43
Euro	308.00	310.75
Hong Kong Dollar	35.68	36.03
Indian Rupee	3.34	3.45
Japanese Yen	1.93	1.99
Kuwaiti Dinar	900.65	910.15
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	75.7	76.30
UK Pound Sterling	367.5	371
US Dollar	279.25	280.75

INTER BANK RATES

Updated at: 23/9/2024 8:05 AM (PST)

Currency	Bank Buying TT Clean	Bank Selling TT & OD
Australian Dollar	189.62	189.96
Canadian Dollar	204.90	205.27
China Yuan	39.83	39.90
Danish Krone	41.59	41.66
Euro	310.86	311.42
Hong Kong Dollar	35.80	35.86
Japanese Yen	1.9535	1.9571
Saudi Riyal	74.03	74.17
Singapore Dollar	215.35	215.74
Swedish Korona	27.51	27.56
Swiss Franc	328.34	328.93
Thai Bhat	8.40	8.42
UK Pound Sterling	369.34	370.01
US Dollar	277.80	278.30

GOLD RATE

Gold Price Today

As on Sun, Sep 22 2024, 21:58 GMT

Metal	Symbol	PKR for 10 Gm	PKR for 1 Tola	PKR for 1 Ounce	
Gold	XAU	234,365	273,074	728,970	
Palladium	XPD	85,802	99,974	266,880	
Platinum	XPT	87,499	101,950	272,156	
Silver	XAG	2,786	3,246	8,667	

Gold Price in Pakistan

As on Sun, Sep 22 2024, 21:58 GMT

Gold Rate	24K Gold	22K Gold	21K Gold	18K Gold
per Tola Gold	Rs. 273100	Rs. 250340	Rs. 238963	Rs. 204825
per 10 Gram	Rs. 234100	Rs. 214590	Rs. 204838	Rs. 175575
per Gram Gold	Rs. 23410	Rs. 21459	Rs. 20484	Rs. 17558
per Ounce	Rs. 663700	Rs. 608387	Rs. 580738	Rs. 497775

Gold Rates in other Major Currencies

Currency	Symbol	10 Gm	1 Tola	1 Ounce	
China Yuan	CNY	5,947	6,929	18,496	
Euro	EUR	755	880	2,348	
Japanese Yen	JPY	121,291	141,323	377,262	
Saudi Riyal	SAR	3,161	3,684	9,833	
U.A.E Dirham	AED	3,096	3,607	9,630	
UK Pound Sterling	GBP	633	738	1,969	
US Dollar	USD	843	982	2,622	