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SHAHID LEGAL GROUP

SLD NEWS UPDATES

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FBR UNVEILS TAX GUIDELINES FOR SALARY INCOME IN 2024-25

August 26, 2024

Karachi, August 26, 2024 – The Federal Board of Revenue (FBR) has issued a detailed explanation regarding the taxable salary income for the tax year 2024-25, according to the Income Tax Ordinance, 2001, updated until June 30, 2024.

This clarification by the FBR provides important guidance for employees and employers about the components of salary that are subject to tax under the head "Salary."

Defining Salary Under Section 12

the FBR said that according to Section 12 of the Income Tax Ordinance, 2001, any salary received by an employee in a tax year, excluding salary exempt from tax under this Ordinance, shall be chargeable to tax under the head "Salary." The definition of salary includes various forms of remuneration, allowances, and other payments made by an employer to an employee.

The FBR specifies that salary encompasses:

1. Basic Pay and Wages: This includes basic salary, wages, and other remuneration such as leave pay, payment in lieu of leave, overtime payments, bonuses, commissions, fees, gratuities, and work condition supplements (e.g., for unpleasant or hazardous working conditions).

2. Perquisites: These are benefits provided by an employer that may or may not be convertible to money.

3. Allowances: Any allowances provided by an employer, including cost of living, subsistence, rent, utilities, education, entertainment, or travel allowances, fall under the taxable category. However, allowances solely expended in the performance of the employee's duties are exempt. Notably, allowances paid as a fixed amount or as a percentage of salary or those not entirely spent on behalf of the employer are not considered exempt.

4. Reimbursements: Any expenses incurred by an employee but reimbursed by the employer, other than those on behalf of the employer in performing duties, are taxable.

5. Profits in Lieu of Salary: This includes any payments received as consideration for entering or changing an employment agreement, termination payments, compensation for redundancy or loss of employment, payments from provident or other funds not as repayments of employee contributions, and amounts received for restrictive covenants regarding past, present, or future employment.

6. Pensions and Annuities: These, along with any supplements to them, are considered part of the salary.

7. Other Taxable Items: Any amount chargeable under the head "Salary" as per section 14 is included.

Additional Provisions and Employer Contributions

The FBR also clarified that if an employer agrees to pay the tax chargeable on an employee's salary, the employee's income under the head "Salary" shall be grossed up by the amount of tax payable by the employer. Furthermore, no deductions are allowed for any expenditure incurred by an employee in deriving amounts chargeable to tax under the head "Salary."

For tax purposes, any amount or perquisite received by an employee is treated as income from employment, regardless of whether it is provided by the current employer, a past or prospective employer, or a third party under an agreement with the employer or the employee.

Election for Tax Rates and Arrear Payments

Employees receiving payments related to termination, such as redundancy compensation or golden handshake payments, may elect for these amounts to be taxed at a specific rate calculated based on the total tax paid over the previous three years. Similarly, employees receiving salary in arrears that results in higher tax rates than if the salary had been paid in the year services were rendered can opt to have the amount taxed at the rates applicable for the relevant service year.

Such elections must be made by the due date for filing the employee's return of income or employer certificate for the tax year in which the amount was received, or by a later date as allowed by the Commissioner.

Conclusion

This comprehensive explanation by the FBR is aimed at ensuring clarity and compliance among taxpayers, particularly employees and employers, concerning taxable salary components for the tax year 2024-25. Taxpayers are encouraged to review these guidelines carefully to understand their obligations and to seek professional advice if needed to comply with the updated tax laws.

'SEEKING RECORD AFTER SELECTING GROUP OF TAXPAYERS FOR AUDIT UNLAWFUL'

Hamid Waleed Published about 19 hours ago

LAHORE: Seeking record after selecting a group of taxpayers for audit is unlawful, said tax practitioners. They said the practice of doing so was rampant during the time of former Chairman FBR Dr Mohammed Ashfaq Ahmed when tax authorities were involved in selecting taxpayers for audit for various tax periods and calling upon them to produce record and documents for the purpose of audit.

According to them, not only the assessing officers but the competent authorities were also found issuing follow up notices, listing the record and documents required for the audit.

They said most of the notices were issued under sales tax and federal excise act without mentioning any scrutiny of tax returns. Rather, taxpayers were simply informed that they have been selected for audit in exercise of powers under the relevant laws. However, none of the notices has ever assigned reasons for selecting the taxpayers for audit.

According to these circles, most of such notices were challenged in the courts of law on the ground that issuance of notices calling upon to produce record and selecting them for audit at the same time was against the spirit of the law, as no reason was ever assigned to the action by the department.

They further pointed out that issuing notices without giving reasons for audit was arbitrary and amounts to mala fide as well as roving and fishing inquiry into their tax affairs. They said the department was issuing notices mechanically on or about the same time, which meant they were under pressure to do so.

According to the tax experts, the tax laws provide a safeguard to them when it stipulates that the tax authorities would have to give reasons for audit selection. Especially, when this selection was not through computer ballot but carried out manually by the competent authorities.

It may be noted that the authorities of the Inland Revenue Service were found sharing with media the kind of pressure they were facing at the hands of the FBR high-ups. They were also found suggesting the ill-fated taxpayers to approach the courts of law for a remedy against the audit notices.

FBR ISSUES SRO 1290/2024 TO STREAMLINE TAX DISPUTE FOR SOES

August 25, 2024

Islamabad, August 25, 2024 – The Federal Board of Revenue (FBR) has issued a draft Statutory Regulatory Order (SRO) 1290(I)/2024 on August 24, 2024, aimed at resolving tax disputes involving state-owned enterprises (SEOs) through Alternate Dispute Resolution Committees (ADRCs).

According to the new directive, all SEOs must address their tax-related disputes with the FBR using ADRCs, regardless of the tax liability involved. This move is part of the FBR's efforts to streamline the resolution process and reduce the backlog of pending cases. The issuance of SRO 1290(I)/2024 amends the existing Income Tax Rules, 2002, to accommodate the revised guidelines.

The SRO defines a "state-owned enterprise" in line with the State-Owned Enterprises (Governance and Operations) Act, 2023. Under the new rules, any SEO, irrespective of the amount of tax liability, can apply for a resolution of its disputes through the ADRC mechanism.

The FBR mandates that any SEO that feels aggrieved must submit a formal application to the Board for the appointment of an ADRC. This provision applies to all taxpayers, including individual entities and classes of persons seeking dispute resolution.

To facilitate this process, the FBR will establish a panel comprising retired officers of the Inland Revenue Service (IRS) in BS-21 and above, chartered accountants, cost and management accountants, advocates with at least ten years of experience in taxation, and reputable business professionals. These panel members will be selected based on criteria specified in Part II of the Schedule to the rule, and they will provide secretariat support to the ADRC.

Once appointed, the ADRC has the authority to review the case, gather additional information, request expert opinions, or conduct inquiries as necessary. The committee is required to reach a decision within 45 days of its formation, which can be extended by an additional 15 days if necessary, with reasons documented in writing.

The decision made by the ADRC is binding on the Commissioner, provided the applicant is satisfied with the outcome and withdraws any pending appeals before a court or appellate authority. This withdrawal must be communicated to the Commissioner in the prescribed form within 60 days of receiving the ADRC's decision. If this communication is not made within the stipulated time frame, the ADRC's decision will not be binding on the Commissioner.

Following the ADRC's decision, the applicant must pay the taxes determined by the committee. All prior decisions and orders will be modified to reflect the committee's ruling. Additionally, each member of the ADRC will receive a one-time remuneration of Rs 100,000 for their services. The FBR has committed to disbursing this payment within 15 days of receiving the committee's decision from its budget allocation.

This initiative by the FBR aims to provide a more efficient and structured approach to resolving tax disputes, thereby enhancing compliance and fostering a more cooperative relationship between the tax authority and state-owned enterprises.

PAKISTANI SALARY CLASS PAYS RS 322 BILLION IN INCOME TAX FOR FY24

August 25, 2024

Islamabad, August 25, 2024 – The salary class in Pakistan has made a substantial contribution to the country's tax revenues, paying Rs 322 billion in income tax during the fiscal year 2023-24. This remarkable figure was disclosed by official sources in the Federal Board of Revenue (FBR), highlighting the significant role of salaried individuals in the national tax collection framework.

According to the FBR, the income tax collected from the salary class grew by 22% compared to the previous fiscal year. In the fiscal year 2022-23, the salaried class had paid Rs 264 billion, indicating a substantial increase of Rs 58 billion in just one year. This rise underscores the growing importance of income tax from salaried individuals as a crucial source of revenue for the government.

Breakdown of Contributions by Different Segments

The FBR collects income tax from the salaried class by applying Section 149 of the Income Tax Ordinance, 2001. The breakdown of the tax paid by different segments of the salaried class during the fiscal year 2023-24 reveals interesting trends:

1. General Salary Class (Others): Individuals categorized under ‘others’ contributed the most, with a total of Rs 159.32 billion paid in income tax. This figure represents a 21.6% increase from the Rs 131 billion collected in the previous fiscal year. The ‘others’ category typically includes private-sector employees and non-corporate entities, reflecting a diverse group of taxpayers who have shown strong compliance and increased earnings.

2. Corporate Salary Class: The corporate salaried class, which includes employees of corporate entities, contributed Rs 106.52 billion in income tax for the fiscal year 2023-24. This segment saw the highest growth rate among all categories, with a 37% increase from the Rs 77.80 billion collected in the fiscal year 2022-23. This significant rise can be attributed to higher salaries in the corporate sector, possibly due to economic recovery and inflation adjustments.

3. Federal Government Employees: The income tax collected from federal government employees amounted to Rs 22.56 billion, showing a notable increase of 54% compared to the previous fiscal year’s collection of Rs 14.66 billion. This sharp rise could reflect salary increments, promotions, and increased compliance within the federal government sector.

4. Provincial Government Employees: In contrast to other segments, the tax contribution from provincial government employees declined by 18%, falling from Rs 32.22 billion in the fiscal year 2022-23 to Rs 26.34 billion in 2023-24. The decrease in tax collection from this segment may be due to factors such as budgetary constraints or changes in provincial salary structures.

Implications and Future Outlook

The substantial tax contributions from the salaried class are crucial for Pakistan’s fiscal stability and development. The increase in income tax collection aligns with the government’s broader strategy to enhance revenue collection and reduce dependency on indirect taxes. By focusing on direct taxes such as income tax, the government aims to create a more equitable tax system that ensures higher-income earners pay their fair share.

Moreover, the significant growth in tax contributions from the corporate salary class suggests a robust economic recovery and a potentially expanding job market. However, the decline in contributions from provincial government employees indicates a need for targeted measures to enhance compliance and revenue generation in that sector.

The FBR's emphasis on enforcing tax laws and improving collection mechanisms has evidently yielded positive results. Moving forward, continued efforts to broaden the tax base, enhance compliance, and streamline collection processes will be essential in sustaining and increasing the revenue generated from the salaried class.

As the fiscal year 2024-25 progresses, the FBR will likely continue to refine its strategies to maximize tax compliance and revenue collection, ensuring a more stable and prosperous economic future for Pakistan.

COMPUTATION OF TAXABLE INCOME IN PAKISTAN FOR TY 2024-25

August 25, 2024

Karachi, August 25, 2024 – The Federal Board of Revenue (FBR) has provided a detailed explanation regarding the computation of taxable income in Pakistan for the tax year 2024-25.

The FBR's guidelines, outlined in the Income Tax Ordinance, 2001 (updated until June 30, 2024), provide clarity on how individuals and entities should calculate their taxable income, which forms the basis for tax liabilities.

The computation process is detailed in Sections 9, 10, and 11 of the Ordinance, each defining a critical aspect of the taxable income calculation.

Section 9: Taxable Income

According to Section 9, taxable income is defined as the total income of a person for a tax year, as specified under clause (a) of Section 10. This total income is then reduced (but not below zero) by any deductible allowances under Part IX of the Ordinance. Essentially, this section establishes that a taxpayer's taxable income is the sum of all income heads minus any eligible deductions or allowances, ensuring that the taxable income cannot fall below zero.

Section 10: Total Income

Section 10 explains that the total income of a person for a tax year is the aggregate of:

• Income under all heads for the year: This includes earnings from various sources such as salary, business, property, and investments.

• Income exempt from tax: This encompasses income that is exempt under specific provisions of the Ordinance, reflecting earnings that are not subject to tax.

This section provides a comprehensive definition of total income by accounting for all possible income sources and tax exemptions. It is crucial for taxpayers to accurately report their total income, including exempt income, to avoid discrepancies and ensure compliance.

Section 11: Heads of Income

Section 11 categorizes income under five distinct heads:

1. Salary: Earnings derived from employment, including wages, bonuses, and other compensation.

2. Income from Property: Income generated from the ownership of property, such as rental income.

3. Income from Business: Profits earned from business operations, including self-employment.

4. Capital Gains: Profits from the sale or transfer of capital assets like stocks, bonds, or real estate.

5. Income from Other Sources: Any other income not classified under the above heads, such as dividends, interest, and lottery winnings.

Each head of income is subject to specific rules for calculation. The income under each head is computed by adding up all amounts that are taxable under that head for the year and subtracting any allowable deductions. If the deductions under a particular head exceed the income, it results in a loss for that head, which is then addressed according to Part VIII of the Ordinance.

Furthermore, the computation differs based on residency status:

• Resident Individuals: The income is calculated by including both Pakistan-source income and foreign-source income.

• Non-Resident Individuals: Only Pakistan-source income is considered for tax purposes.

Implications for Taxpayers

The updated ordinance provides a clear framework for taxpayers to calculate their taxable income for the tax year 2024-25. Understanding these sections is essential for taxpayers to ensure accurate filings and avoid potential penalties. The inclusion of all income types and proper deduction application is vital for an accurate tax assessment.

Taxpayers are encouraged to consult with tax professionals or refer to the FBR's guidelines to ensure compliance and optimize their tax liabilities. The FBR's detailed breakdown allows for a more transparent and systematic approach to income tax computation, fostering greater compliance and understanding among taxpayers in Pakistan.

As the tax landscape continues to evolve, staying informed of such updates is crucial for all taxpayers, ensuring that they meet their obligations while effectively managing their finances.

Markets » Cotton & Textile

WEEKLY COTTON REVIEW: PRICES STABLE AMID LOW TRADING VOLUME

Naseem Usman Published about an hour ago

KARACHI: Cotton prices remained stable during previous week though trading volume was low. Ginning factories are operating at a reduced capacity due to limited cotton supply. Prices are varying according to quality. Mills are showing increased interest in exportable cotton. All Pakistan Textile Mills Association (APTMA) and industrialists are strongly protesting against huge capacity payments to Independent Power Producers (IPPs).

APTMA has demanded restoration of sales tax exemption on supplies. Industrialists have sent an SOS to the government regarding the closure of mills due to very high electricity costs. Moreover, a nationwide strike has been called by business and industrial circles on August 28.

Federal Minister of State for Finance and Revenue Ali Pervaiz Malik has said that measures have been initiated to resolve the issues of the textile industry.

The local cotton market experienced overall stability in cotton prices during the past week. Textile mills made cautious purchases, while the supply of rainy cotton or cotton affected by rainfall remained limited. Ginning factories are also operating partially. Quality issues in cotton have led to fluctuations in prices, with a difference in prices between quality cotton and rainy cotton. Two types of prices are prevailing in the market.

On the other hand, conflicting data is being presented regarding cotton production, with estimates ranging from 5.5 million to 7 million bales. However, it is premature to say anything in this regard till the end of rainy season.

The situation of textile sector is continuously deteriorating due to energy issues, IPPs' capacity charges, and high interest rates, making it difficult, if not impossible, to run industries in the country.

Federation of Pakistan Chambers of Commerce and Industry (FPCCI) and trade bodies, including chambers of commerce consider it challenging to operate industries in such circumstances. Continuous appeals are being made to the government to resolve energy issues; otherwise, industries in the country will shut down, leading to further increases in unemployment, which is already on the rise. This could lead to anarchy in the country, and according to them, the situation is heading towards creating civil war like conditions.

On the other hand, Pakistan Cotton Ginners Association (PCGA) has released data on cotton production in the country up to August 15th, which shows a 50% decrease in cotton production compared to the same period last year, which is alarming. Importers of cotton say that there is increase in import contracts, attributed to better quality, relatively lower prices, benefits of the

Export Facilitation Scheme (EFS), and ease of payments. According to importers, contracts for approximately 15 lac bales have already been made, with more contracts being signed.

In Sindh province, the prices of cotton per maund are in between Rs 17,800 to Rs 18,200, while the price of phutti per 40 kg is in between Rs 6,000 to Rs 7,400.

In Punjab province, cotton prices are in between Rs 18,000 to 18,500 per maund and phutti prices in between Rs 6,700 to Rs 8,200 per 40 kg. In Balochistan province, cotton prices are in between Rs 17,700 to Rs 18,000 rupees, and phutti prices were in between Rs 6,500 to Rs 7,500 per 40 kg. The Spot Rate Committee of the Karachi Cotton Association increased the spot rate by 500 rupees per maund, closing it at Rs 18,000 per maund.

According to Naseem Usman, Chairman of the Karachi Cotton Brokers Forum, there has been a relative improvement in international cotton prices. The price of New York cotton futures ranged from 69 to 71 American cents per pound.

According to the USDA’s weekly export and sales report, 93,000 bales were sold for the year 2024-25. Pakistan ranked first after purchasing 24,900 bales, followed by India with 18,300 bales, and Bangladesh is on number third with 16,800 bales. For the year 2025-26, 4,900 bales were sold. Mexico ranked first, purchasing 3,300 bales, followed by El Salvador with 1,200 bales, and Japan ranked third with 400 bales.

However, the industry sector says it cannot run on expensive electricity. Over 100 units have already closed down. Millions of workers are unemployed. Industry is the country’s asset and it should be saved at any cost.

After consultations with the PIAF Group of the Lahore Chamber of Commerce, the Patron-in-Chief of the Federation of Chambers of Commerce and Industry, former Minister S M Tanveer, sent an SOS to the government on behalf of the country’s industrialists and industry during a press conference.

Former Minister of Industry Dr Gohar Ejaz, along with S M Tanveer during a news conference urged the government to put aside political differences and work for the country’s benefit. Later, a press conference was also held in Faisalabad regarding the same issue addressed by prominent industrialists, including Misbahur Rehman, Zafar Iqbal, Shehzad Malik and S M Tanveer.

Tanveer stated that over 100 industrial units in Faisalabad have already been shut down due to the excessive increase in electricity prices. He demanded that the government must reduce electricity costs.

Mian Misbahur Rehman said that the high cost of electricity is a significant obstacle to the industry’s operation. The closure of industries is leading to increased unemployment. They expressed hope that the government would address the issues of the business community with seriousness.

Meanwhile, APTMA has urged the government to immediately withdraw the "regressive tax policies" severely impacting the textile sector. The association warned that these policies are leading to permanent closures of factories and widespread unemployment.

APTMA expressed deep concern over the harmful effects of SRO 350(1)/ 2024 and the recent abolition of sales tax exemptions for local supplies for export manufacturing. The association believes these policy changes are crippling the industry, with far-reaching consequences for employment, economic stability, and the broader economy.

APTMA criticised the Federal Board of Revenue (FBR) for implementing the policy despite repeated appeals from industry stakeholders and assurances from high authorities. The association noted that operational difficulties created by SRO350 (1) 2024 have exacerbated the challenges faced by the sector.

APTMA urged the government to fulfil its commitments and make swift amendments to SRO 350(1)/ 2024 in consultation with affected industry stakeholders. The textile sector cannot afford further delays in resolving this issue, which has already caused significant and lasting damage.

Additionally, the association demanded the restoration of zero-rating for local supplies used in export manufacturing, which was withdrawn under the Finance Act 2024. It argues that removing zero-rating is not a revenue-generating measure but a reaction to the misuse identified in FBR audits involving a small number of firms out of approximately 1,900 beneficiaries.

APTMA urges the government to restore zero-rating for local supplies used in export manufacturing under the Export Facilitation Scheme (EFS). Instead of punishing the entire industry, the government should implement strict checks and balances to prevent misuse," the statement concluded. APTMA warned that the survival of Pakistan's textile industry, the livelihoods of millions and the country's economic stability depend on an immediate response to these harmful policies.

Meanwhile, the government has taken notice of the issues faced by the textile industry and has initiated measures, including assurance of payment of pending sales tax within a week. In this regard, a high-level meeting was held under the chairmanship of State Minister of State for Finance, Revenue, and Energy, Ali Pervez Malik, where Khurram Mukhtar, Patron-in-Chief of the Pakistan Textile Exporters Association, represented the textile exporters.

He said that the government has assured to address the issue of capital shortage on a priority basis due to increased production costs caused by the energy tariff hike and delays in refund payments. He emphasised the need for immediate comprehensive reforms to address the significant challenges faced by Pakistan's export sector. He stated that the immediate release of pending refunds, rationalization of energy tariffs, access to capital, reduction in interest rates, and swift restoration of the export facilitation scheme are essential.

Exporters are under severe financial pressure due to pending refunds related to deferred sales tax, duty drawback, DLTL (local taxes and levies drawback), TUFT (Technology Upgradation Fund), mark-up subsidies, and income tax. The government should ensure payment of refunds within the stipulated 72-hour timeframe to reduce the financial burden on exporters and improve liquidity.

SPOT RATE PICKS UP RS200 PER MAUND

Recorder Report Published about 19 hours ago

LAHORE: The Spot Rate Committee of the Karachi Cotton Association on Saturday increased the spot rate by Rs 2,00 per maund and closed it at Rs 18,000 per maund.

Cotton Analyst Naseem Usman told Business Recorder that the local cotton market on remained firm and the trading volume remained a little bit low.

Cotton Analyst Naseem Usman told BUSINESS RECORDER that the rate of cotton in Sindh is in between Rs 17,800 to Rs 18,200 per maund. The rate of Phutti in Sindh is in between Rs 6,500 to Rs 7,600 per 40 kg.

The rate of cotton in Punjab is in between Rs 18,000 to Rs 18,500 per maund. The rate of Phutti in Punjab is in between Rs 6,800 to Rs 8,300 per 40 kg.

The rate of cotton in Balochistan is in between Rs 17,700 to Rs 18,000 per maund. The rate of Phutti in Balochistan is in between Rs 6,800 to Rs 7,600 per 40 kg.

Around, 200 bales of Ghotki, 200 bales of Maqsooda Rind, 200 bales of Nawab Shah, 200 bales of Daur, 200 bales of Halani, 200 bales of Tando Adam were sold at Rs 18,000 per maund and 200 bales of Tounsa Shareef were sold at Rs 18,500 per maund.

The Spot Rate Committee of the Karachi Cotton Association increaed the spot rate by Rs 2,00 per maund and closed it at Rs 18,000 per maund. Polyester Fiber was available at Rs 360 per kg.

Stock & Commodity

WALL STREET WEEK AHEAD: ‘SUPER BOWL’ NVIDIA EARNINGS STAND TO TEST SEARING AI TRADE

Reuters Published about an hour ago

NEW YORK: The rally in US stocks faces an important test next week with earnings from chipmaking giant Nvidia, whose blistering run has powered markets throughout 2024.

The S&P 500 has pared a sharp drop it suffered after US economic worries contributed to a sell-off at the beginning of the month and again stands near a fresh all-time high.

Nvidia, whose chips are widely seen as the gold standard in artificial intelligence, has been at the forefront of that rally, jumping by more than 30% since its recent lows. The stock is up some 150% year-to-date, accounting for around a quarter of the S&P 500's 17% year-to-date gain.

The company's Aug. 28 earnings report, coupled with guidance on whether it expects corporate investments in AI to continue, could be a key inflection point for market sentiment heading into what is historically a volatile time of the year. The S&P 500 has fallen in September by an average of 0.78% since World War Two, the worst performance of any month, according to CFRA data.

"Nvidia is the zeitgeist stock today," said Mike Smith, a portfolio manager at Allspring Global Investments, which holds the company's shares in its portfolios. "You can think of their earnings four times a year as the Super Bowl." Some investors are getting ready for fireworks. Traders are pricing in a swing of around 10.3% in Nvidia's shares the day after the company reports earnings, according to data from options analytic firm ORATS. That's larger than the expected move ahead of any Nvidia report over the last three years and well above the stock's average post-earnings move of 8.1% over that same period, ORATS data showed.

The results come at the end of an earnings season during which investors have taken a less forgiving view of big tech companies whose earnings failed to justify rich valuations or prodigious spending on AI. Examples include Microsoft, Tesla and Alphabet, whose shares are all down since their July reports.

Nvidia's valuations have also climbed, as the stock soared about 750% since the start of 2023, making it the world's third-most valuable company as of Thursday, while also drawing comparisons to the dotcom bubble of more than two decades ago. The company's shares trade at about 37 times forward 12-month earnings estimates, compared with a 20-year average of 29 times, according to LSEG Datastream.

Market sentiment could depend as much on Nvidia's guidance as its results. Evidence that it sees robust demand will be a bullish sign that companies are continuing to invest rather than pull back in anticipation of an economic slowdown, said Matt Stucky, chief portfolio manager, equities, at Northwestern Mutual Wealth Management.

Nvidia's "connection to the largest companies in the US stock market makes this a must-watch event," he said. "The biggest piece that investors want to know is whether there is sustainability and what demand will look like in '25 and '26," he said.

The trajectory of monetary policy and the US economy also looms large for investors. In a Friday morning speech in Jackson Hole, Wyoming, Federal Reserve Chair Jerome Powell offered an explicit endorsement of interest rate cuts, saying further cooling in the job market would be unwelcome.

Investors will be watching US labor market data on Sept. 6 for evidence of whether last month's unexpected downshift in employment carried over to August. Signs that employment is continuing to weaken could bring back the recession fears that rocked markets earlier this month.

A tight presidential race between Vice President Kamala Harris, a Democrat, and Republican former President Donald Trump may also whip up market uncertainty in the weeks ahead.

The August surge in stocks may make it difficult for markets to make much more headway in the near term even if Nvidia's earnings impress Wall Street, said John Belton, a portfolio manager at Gabelli Funds, which holds shares of the chipmaker.

The S&P 500 trades at 21 times expected earnings, far above its long-term average of 15.7.

"The stock market as a whole is still trading at stretched valuations so the bar remains high," Belton said.

FTSE 100 GAINS AS POWELL SIGNALS RATE CUTS

Reuters Published about an hour ago

LONDON: The UK's benchmark FTSE 100 edged higher on Friday as markets globally cheered US Federal Reserve Chair Jerome Powell's nod to initiate rate cuts at the Jackson Hole economic symposium.

The blue-chip FTSE 100 index was up 0.5%, but logged in weekly declines. The mid-cap FTSE 250 added 0.4%, touching highest levels in two weeks and marked its second week of gains.

In a highly anticipated speech at Jackson Hole, Wyoming, Powell said "the time has come" for the US central bank to cut interest rates as rising risks to the job market left no room for further weakness and inflation was in reach of the Fed's 2% target, offering an explicit endorsement of an imminent policy easing.

"Powell was clear about the first rate cut, but not so much about the next ones. I think slow and steady is how the Fed wants to pace this early part of the easing," said Sam Stovall, Chief Investment Strategist, CFRA Research.

Traders now anticipate 100% chance of a September rate cut in the US, with one-in-three pricing in a half-point cut.

INDUSTRIALIST ANIL AMBANI CONSIDERS RESPONSE TO BAN FROM INDIAN MARKETS WATCHDOG

Reuters Published 32 minutes ago

NEW DELHI: Industrialist Anil Ambani is reviewing the Indian markets regulator's order banning him and 24 others from the securities market for five years on charges of diversion of funds, his spokesperson said on Sunday.

Mukesh, Isha Ambani strengthen Reliance Retail with INR1bn Kiko Milano acquisition

Ambani, one of India's best known industrialists, will take appropriate next steps as legally advised, the spokesperson added.

SAUDI BOURSE GAINS AFTER FED SIGNALS LOWER RATES; QATAR FALLS

Reuters Published about 3 hours ago

Saudi Arabia's stock market rose on Sunday after Friday's speech by US Federal Reserve Chair Jerome Powell confirmed the United States would soon begin interest rate cuts.

Federal Reserve Chair Jerome Powell on Friday endorsed an imminent start to interest rate cuts, saying further cooling in the job market would be unwelcome and expressing confidence that inflation is within reach of the US central bank's 2% target.

Traders increased bets for a bigger rate cut in September following Powell's speech, with the fed funds futures now pricing in a 37% chance of a 50 basis point cut next month, up from about 25% late on Thursday.

Traders are also pricing in about 106 bps of cuts by the end of the year.

Most stock markets in Gulf gain ahead of US job data, Fed minutes

Monetary policy in the six-member Gulf Cooperation Council (GCC), including the UAE, is usually guided by the Fed's decisions, as most regional currencies are pegged to the US dollar.

Saudi Arabia's benchmark index advanced 0.6%, with Saudi Telecom Company jumping 9.9%, after the telecoms company announced a 0.55 riyal per share quarterly dividend for the next three years starting from fourth-quarter.

Elsewhere, oil giant Saudi Aramco gained 0.7%.

Oil prices on Friday jumped more than 2%, rebounding after losses earlier in the week on swelling US crude stocks and a weakening demand outlook in China.

The Qatari benchmark eased 0.2%, hit by a 0.7% fall in Qatar Islamic Bank.

Outside the Gulf, Egypt's blue-chip index lost 0.2%, with Commercial International Bank Egypt down 1.1%.

SAUDI ARABIA rose 0.5% to 12,263

QATAR eased 0.2% to 10,105

EGYPT lost 0.2% to 30,074

BAHRAIN dropped 0.5% to 1,930

OMAN gained 0.3% to 4,688

KUWAIT lost 0.5% to 7,764

Business & Finance » Money & Banking

H1'24: SONERI BANK ANNOUNCES PAT GROWTH OF 26.79PC YOY

Press Release Published about an hour ago

KARACHI: The Board of Directors of Soneri Bank Limited, in their 206th meeting held in Karachi on 23th August 2024, approved the Bank's condensed interim financial statements for the half year ended 30June 2024.The Board of Directors has also declared an interim cash dividend for the half year ended 30 June 2024 @ 12.50 percent, i.e., Rs. 1.25per share.

The results reflect consistent and sustained growth in all areas as the Bank posted profit before tax (PBT) of Rs. 6,492 million and profit after tax (PAT) of Rs. 3,204 million for the half year ended 30 June 2024, as compared to Rs. 5,207 million and Rs. 2,527 million respectively in the same period of last year. This indicates an impressive growth of 24.68 percent and 26.79 percent respectively.

The Bank's EPS was recorded at Rs. 2.9058 per share for the current reporting period, as compared to Rs. 2.2918 for the comparative prior period. The Bank's net interest income for the half year ended 30June 2024 improved to Rs. 11,598 million from Rs. 10,124 million for the comparative prior period, indicating growth of 14.56 percent, on the back of improved volumes and spreads.

Non-interest income for the period was reported at Rs. 3,606 million as against Rs. 2,888 million for the comparative prior period, improving by 24.87 percent, at the back of significantly improved trade volumes which grew by 76.19 percent period on period.

Non-markup expenses were reported at Rs. 9,034 million for the current year as against Rs. 7,057 million reported for the comparative prior period. Despite unprecedented inflation levels and the ongoing branch expansion drive, growth in expenses, was restricted at 28.01 percent as compared to the previous year; mainly due to prudent cost control policies and discipline.

Having targeted the milestone of opening 100 new branches this year, the Bank is now operating with a network of 508 branches (December 2023: 443 branches) and has added 65 more branches nationwide.

The Bank's deposits registered an increase of 15.34 percent when compared to 31 December 2023, ending at Rs. 597,336 million at 30 June 2024. Period end CASA mix improved to 82.62 percent as against 79.22 percent at 31 December 2023.

The Bank's net advances portfolio stood at Rs. 215,053 million as at 30June 2024, 4.52 percent higher than the year end 2023 level. Net investments increased by Rs. 110,152 million or 35.49 percent from the year-end balance of Rs. 310,341 million, ending at Rs. 420,493 million as at 30June 2024.

As at 30 June 2024, the Bank's non-performing loans to total advances ratio has come down significantly to 4.13 percent (December 2023: 4.90 percent) due to efficient results on the recovery front. Moreover, specific coverage stands at 95.09 percent (December 2023: 80.01 percent) and overall coverage including the Expected Credit Loss provision under IFRS 9, Financial Instruments, clocking at a remarkable 113.37 percent.

The Bank remains adequately capitalized, with a Capital Adequacy Ratio of 17.36percent at 30June 2024. The Bank's Liquidity Coverage Ratio and Net Stable Funding Ratios currently stand at 180.21 percent and 174.56 percent respectively, comfortably above the regulatory requirements.

The Bank remains focused on maximizing shareholder value through our customer focused business strategy aimed at serving the needs of our customers across all business segments.

AUSTRALIA, NZ DLRS AIM FOR ANOTHER WEEKLY RISE

Reuters Published about an hour ago

SYDNEY: The Australian and New Zealand dollars were looking to seal another week of gains on Friday as upbeat surveys of global service sectors supported risk sentiment, though both had stalled at key chart barriers.

The Aussie steadied at $0.6712, having drifted away from its recent $0.6760 top. That left it 0.7% firmer for the week, which would be its third straight week of increases. A break of $0.6783 would open the way to $0.6871.

The kiwi dollar stood at $0.6145, having climbed 1.5% for the week to as high as $0.6178. This would be its fourth week of gains, with the next target at $0.6222.

The US dollar had bounced overnight as investors squared some short positions ahead of Federal Reserve Chair Jerome Powell’s Jackson Hole speech.

Markets assume he will confirm that an easing cycle is likely to start in September, which is already priced in, but might suggest a cut of 25 basis points is more likely than an outsized 50 basis points.

STERLING CLIMBS TO HIGHEST SINCE MARCH 2022 AGAINST DOLLAR

Reuters Published about an hour ago

LONDON: Sterling climbed to a more than two-year high on the dollar on Friday, on recent signs of strength in the UK economy and dovish comments from Federal Reserve Chair Jerome Powell that sent the dollar sliding against several global currencies.

Britain’s pound jumped 0.7% to $1.3185, touching its highest since late March 2022. It surpassed a previous 13-month high of $1.3144.

The dollar index, that tracks the greenback’s performance against six major currencies, dropped 0.5% after Powell said “the time has come” to adjust policy and promised to do all he can to avoid further weakening of labour markets.

“I think initially the market is really going to be dovish, taking interest rates down and taking the dollar down,” said Marc Chandler, chief market strategist at Bannockburn Global Forex.

Following Powell’s remarks, traders priced in a bigger chance of a super-sized 50 basis point rate cut at the US central bank’s September meeting.

Sterling has been among the top performing major currencies this year, picking up steam in the last two months after a slew of stronger-than-expected economic data suggested the BoE need not be in a rush to cut interest rates.

Latest numbers showed British consumer confidence held at an almost three-year high in August. A survey on Thursday showed UK business activity accelerated in August and cost pressures eased to their weakest in over three years.

The latest milestone for sterling marks a turnaround since late 2022 when worries about soaring inflation and sluggish growth were compounded by then Prime Minister Liz Truss’ economic plan that put Britain’s fiscal health at risk.

The currency touched a record low of $1.0327 in September 2022, and has recovered about 27% since then. However, it remains down about 38% from a record high touched in 2007 before the global financial crisis.

After Powell's remarks, the focus for the pound shifts to Bank of England (BoE) Governor Andrew Bailey, who is set to speak at the symposium at 1900 GMT.

CHINA'S YUAN HIGHER AGAINST DOLLAR

Reuters Published about an hour ago

SHANGHAI: China's yuan inched higher against a softer dollar on Friday and looked set for the fifth straight weekly gain, its longest winning streak in more than three years.

The yuan was supported by stronger corporate interest in converting their foreign exchange receipts on the back of recent dollar weakness, but gains were capped by market caution ahead of Federal Reserve Chair Jerome Powell's speech in Jackson Hole, Wyoming, later on Friday. Powell' remarks are expected to offer more clues on the monetary policy trajectory in the world's largest economy and affect global financial markets, traders said.

By 0300 GMT, the yuan was trading 0.07% higher at 7.1428 to the dollar. If it retains all the gains into the late night close, it would have strengthened 0.23% against the dollar for the week, booking its longest weekly winning streak since May 2021.

"Yuan depreciation pressure has been alleviated as we have seen a general weakening of the dollar over the last month or two," said Lynn Song, chief economist for Greater China at ING.

INDIAN RUPEE CLOSES HIGHER

Reuters Published about an hour ago

MUMBAI: The Indian rupee closed stronger on Friday, tracking gains in most Asian currencies, as investors awaited remarks from Federal Reserve Chair Jerome Powell, expected to shape market expectations for rate cuts in the world's largest economy.

The rupee closed at 83.89 against the US dollar, higher than its close at 83.9525 in the previous session. The currency strengthened marginally week-on-week.

Most Asian currencies were higher by 0.1% to 0.7% while the dollar index held steady at 101.4.

With an interest rate cut already priced in for the Fed's September meeting, Powell's remarks will help investors determine whether the central bank will reduce rates by 25 or 50 basis points.

He is expected to "indicate more confidence that the Fed will begin lowering rates from the next policy meeting in September, although a larger 50 basis points cut will likely require further evidence of labour market deterioration," MUFG Bank said in a note.

BANK OF CHINA PRESIDENT LIU JIN RESIGNS

Reuters Published about an hour ago

BEIJING: Bank of China Vice Chairman and President Liu Jin resigned for personal reasons effective on Sunday, the bank said.

The state-owned lender said its board had approved Chairman Ge Haijiao to serve as acting president, according to a filing released by the bank on Sunday.

Bank of China (BOC) did not immediately reply to a request for comment. Liu could not be immediately reached for comment.

Liu, born in 1967, was named as president of the bank in April 2021. He previously served as president of China Everbright Bank from January 2020 to March 2021 and vice president of policy lender China Development Bank from September 2018 to November 2019.

Liu's departure follows that of former BOC Chairman Liu Liange, who stepped down in March 2023 and was placed under investigation by the anti-graft watchdog before pleading guilty to taking bribes worth more than 121 million yuan, as China intensified its anti-corruption campaign in the $66 trillion financial industry.

Liu Jin has also worked for state-owned Industrial and Commercial Bank of China, the world's largest lender by assets, as head of investment banking department and head of Jiangsu provincial branch.

RUPEE EXPECTED TO REMAIN STABLE NEXT WEEK STARTING AUG 26

August 25, 2024

Karachi, August 25, 2024 – The Pakistani rupee is likely to remain stable against the US dollar in the coming week starting August 26, 2024, due to balanced demand and supply conditions in the foreign exchange market.

Throughout the outgoing week, the rupee-dollar parity remained relatively stable. The rupee saw a minor appreciation, closing at Rs278.5 on Friday, compared to the previous week's closing rate of Rs278.54.

Currency experts have attributed this stability to the normal demand for dollars from importers and a steady supply in the market. "The stability in dollar-rupee parity is mainly due to the consistent demand and supply situation," noted a currency dealer.

Furthermore, the country's foreign exchange reserves have remained steady, bolstering confidence in the local currency. According to the State Bank of Pakistan (SBP), the reserves held by the central bank rose by $19 million to $9.292 billion for the week ending August 16, 2024. Additionally, the overall foreign exchange reserves increased by $22 million, reaching $14.667 billion, with reserves of commercial banks also experiencing a slight rise of $3 million, bringing them to $5.376 billion.

The improvement in Pakistan's foreign exchange reserves is primarily due to the declining current account deficit and an uptick in remittances and exports. The current account deficit saw a significant reduction of 78 percent, falling to $162 million in July. Meanwhile, remittances surged by 48 percent to $3 billion in July, supporting the balance of payments. Exports also witnessed a growth of 13 percent, totaling $2.391 billion, while imports rose by 16 percent to $4.819 billion.

Currency market participants are also closely monitoring the anticipated approval of the International Monetary Fund's (IMF) executive board regarding a staff-level agreement (SLA). This approval, expected next month, could further strengthen the rupee. "The IMF's endorsement of the SLA is crucial as it would facilitate foreign financing from various multilateral and bilateral creditors, thereby bolstering the local currency," said a currency dealer.

Overall, the stable foreign exchange reserves, improved external accounts, and the upcoming IMF decision provide a positive outlook for the rupee, with market experts predicting steady performance against the dollar in the near term.

Trade & Industry

APTMA POLLS: GOHAR EJAZ GROUP WINS FOR 16TH CONSECUTIVE YEAR

Recorder Report Published August 26, 2024 Updated 3 minutes ago

LAHORE: Dr Gohar Ejaz Group swept APTMA elections for the 16th consecutive year. A total of 24 members, including Dr Gohar Ejaz, have been elected unopposed to the APTMA Committee. Fourteen members from the North Zone are among the elected members.

The APTMA announcement confirmed that the annual election process has been completed, with all 24 members elected unopposed.

Dr Gohar Ejaz Group had defeated the Mian Mansha Group 16 years ago and has remained successful ever since. The Mian Mansha Group has faced continuous defeat since then. The new members will elect the chairman and other office-bearers. APTMA Patron-in-Chief Dr Gohar Ejaz expressed gratitude to all members for this success and trust. This success is a testament to the group's continued support.

Dr Gohar Ejaz further stated that they will continue to strive for the development of the textile sector. However, the government should bring the electricity tariff for the textile sector at par with other countries in the region. The textile sector is facing difficulties due to expensive electricity.

EDB, SI&MDR ARRANGE WEBINAR TO STRENGTHEN ENGINEERING INDUSTRY

Press Release Published about 19 hours ago

ISLAMABAD: The Engineering Development Board (EDB) has arranged webinar collaborating Surgical Instruments & Medical Devices Industry (MDR) compliance for further strengthening the engineering industry.

According to Hira Munawar Saleemi of EDB, surgical instruments exports into the EU have been facing a new challenge in the form of requirements for compliance with Medical Devices Regulation (MDR) since beginning of 2024. All instruments entering the EU will have to be compliant with new European Regulations on the basis of biocompatibility, market surveillance, safety and efficiency of Medical Devices.

The new regulations are expected to hinder exports of Surgical Instruments and Medical Devices by 2027 in Pakistan to the EU with the new MDR (Medical Devices Regulation) imposed by EU for exports of Surgical Instruments and Medical Devices. Pakistani exporters of Surgical Instruments were previously compliant to Medical Device Directive (MDD); MDR will be imposed by 2027.

Currently, there is just one Certifying Body that has its sole monopoly being operating in Pakistan. There have been long queues and extravagant cost being involved; the company alone cannot cater to huge demand of certifying Surgical Instruments being manufactured by companies in Pakistan. Hence, Pakistan has a dire need for having additional notifying bodies for EU-MDR compliance for Surgical Industry, as non-compliance to MDR shall mean 97% loss of Surgical Instrument exports to European countries from Pakistan.

The global deadline for Medical Device Regulation (MDR) compliances is fast approaching, urging manufacturers worldwide to meet stringent new standards to ensure the safety, quality, and transparency of medical devices. For Pakistan, achieving MDR compliance is essential for expanding its footprint in the global medical device market.—PR

GOVT’S EXPENDITURE REDUCTION DECISION LAUDED

Recorder Report Published about 19 hours ago

KARACHI: Chairman of the FPCCI Advisory Board and National Business Group Pakistan, President Pakistan Businessmen and Intellectuals Forum, Mian Zahid Hussain said that the government’s decision to reduce expenditure is worthy of appreciation. A reduction in government expenditure is important to revive the country’s economy; without it, economic development is impossible, he said.

Mian Zahid Hussain stated that the people’s condition is deteriorating due to the continuous increase in taxes, but the government’s income is not improving because its expenses are continuously increasing.

He said that the continuous increase in expenditure is not only happening in the current government, but it has been going on for the last several decades, and no government has tried to reduce the expense. Instead, all governments have increased their dependence on loans, causing the country to reach the bankruptcy threshold.

Mian Zahid Hussain said that it is possible to reduce people's problems only by reducing expenses, as it will produce other positive results.

He said that the PM had announced the elimination of one and a half lakh posts, the impending closure of several institutions or their mergers, and the imposition of a ban on new recruitments.

On the one hand, it has been decided to close the National Information Technology Board; on the other hand, it has been decided to speed up the process of privatisation of institutions, which is welcome because the failed institutions are causing a loss of trillions of rupees to the country every year.

According to Mian Zahid Hussain, the Prime Minister has decided to increase the Gwadar port's activity and suggested that the port should handle half of the cargo, thereby alleviating the pressure on the Karachi port.

The PM has also announced necessary steps, setting a target of fifty billion dollars for IT exports.

He stated that due to a shortage of employees and institutions, there is a pressing need to reduce the size of the cabinet, which is significantly larger than that of developed countries, thereby wasting billions of rupees.

He advocated for the withdrawal of free electricity, gas, and telephone facilities for government officials, the reduction of other privileges, and a reminder to the ministers that they are the representatives and servants of the people, not the rulers.

He further stated that if the government is slow to reduce its expenses and if the provinces do not cooperate, the economy and people's condition will continue to deteriorate.

Commoners, experts, and companies will continue to leave the country, and under no circumstances will the flow of capital cease. As a result of the increase in inflation and poverty, unrest will increase, and no foreign company will be ready to invest in Pakistan, so the central and provincial governments should try their best to reduce their expenses to improve the overall situation, he demanded.

KARACHI TRADERS FIRM ON AUGUST 28 SHUTTER DOWN

August 25, 2024

Karachi, August 25, 2024 – In a heated press conference held on Sunday, prominent traders associations from Karachi announced their firm stance to proceed with a shutter-down strike on August 28, 2024.

This decision is in protest against the recent hike in taxes and inflated electricity bills, which they claim are crippling businesses and households alike.

Press Conference Highlights

The press conference, attended by key figures such as Kashif Chaudhry, Atiq Mir, and Hakeem Shah, was marked by a sense of urgency and determination. Other notable attendees included Asif Gulfam, Minhaj Gulfam, Rashid Khan, Sheikh Habib, and several others who stood in solidarity with the cause.

However, before the official proceedings began, there was noticeable commotion among the traders. A debate ensued over the venue of the press conference, with one faction insisting on holding it inside the club while another demanded it be held outside. Despite these disagreements, the traders remained united in their cause, albeit divided in their approach to the press conference.

Statements from the Traders' Leaders

Kashif Chaudhry, President of Anjuman-e-Tajiran Pakistan, took the podium to express his gratitude to all the trader organizations in Karachi. "We have decided to strike to save our businesses," he declared. "This is not a strike for trader leadership; it is a strike to save our shops and our livelihoods." He emphasized that the entire city of Karachi and Sindh would observe a complete shutdown on August 28, making it clear that the strike is inevitable and non-negotiable at this point.

Chaudhry outlined several grievances that led to the decision to strike, highlighting the oppressive taxes in electricity bills, capacity payments, and issues related to Independent Power Producers (IPPs). "Our mothers and sisters are selling their jewelry to pay electricity bills. Industries are shutting down, and millions have become unemployed. The struggle will continue until electricity prices are reduced," he stated, expressing the dire economic situation faced by many in the city.

The traders have already started protesting outside K-Electric offices, with Chaudhry asserting, "Now, traders will not bear the burden of electricity theft." He also mentioned the recent imposition of fixed charges on gas bills, which he called unfair and unsustainable.

A Unified Front

Hakeem Shah, Chairman of the All Karachi Traders Alliance, voiced strong support for the strike. "Karachi traders are united in announcing their support for the strike. We cannot bear the burden of taxes any longer. Through this shutter-down strike, we will send a clear message that we cannot tolerate oppression," Shah affirmed.

The leaders criticized the current tax system, calling it discriminatory and unfair. "There is even a tax on burial shrouds in this country," said Chaudhry. "Every Pakistani pays tax from birth to death. We need a fair tax system, without which the country cannot run."

Growing Frustration and Future Actions

The frustration among the traders is palpable, as they accuse the government of being on a destructive path. They have been vocal about the alleged corruption within the Federal Board of Revenue (FBR), with Chaudhry alleging, “Thirteen billion rupees in annual corruption occur in the FBR.”

As the press conference concluded, Shah hinted at the possibility of escalating the protests if their demands are not met. “We will advance the resistance movement. In the next phase, we could call for an indefinite strike,” he warned, indicating that the traders are prepared for a prolonged struggle if necessary.

In conclusion, Karachi’s traders are resolute in their decision to shut down their businesses on August 28, sending a powerful message to the government. As the day approaches, all eyes will be on Karachi to see how this strike unfolds and what impact it may have on the broader economic and political landscape of Pakistan.

Business & Finance » Companies

SYSTEMS LIMITED WINS ‘FORBES ASIA’S BEST UNDER A BILLION 2024’

Recorder Report Published about an hour ago

LAHORE: Systems Limited, a global digitally native company focused on reinventing businesses through innovative technology solutions, has been honoured with the ‘Forbes Asia’s Best Under a Billion 2024’ award for the fifth consecutive year.

Leading among the three companies from Pakistan, with a market value of $485 million, $188 million in sales, and $31 million in net income, Systems Limited, the fastest company in Asia, has yet again solidified its status as a leader in the industry.

Systems Limited’s five-year streak on the Forbes Asia’s list creates an outstanding spirit of victory that goes beyond conventional success. Systems Limited excels by navigating the fast-changing tech landscape with a unique blend of innovation, client understanding, and deep empathy.

Asif Peer, Group CEO and MD of Systems Limited said, “Our resilience, consistency, and perseverance have enabled us to build a thriving ecosystem that not only meets but consistently exceeds performance benchmarks.

Our consistent pursuit of innovation excellence has positioned us as the only IT company from Pakistan to be honored by Forbes Asia over these last five years, in addition to being recognized as the fastest-growing company in Asia last year.” He further commented, “Our commitment to nurturing creativity, human-centric solutions, and a forward-thinking mindset forms the foundation of our success.

This approach has enabled us to forge enduring global partnerships and establish a legacy of leadership in the digital age. This honor from Forbes reflects the passion, collaborative spirit, and resilience that our employees bring to the forefront of the digital revolution every day.

We pledge to continue this momentum of business excellence, delivering innovative, customer-focused solutions across the globe, and maintaining our record of outperforming in all metrics."

CELLULAR MOBILE SUBSCRIBERS IN PAKISTAN NEAR 193 MILLION MARK

August 25, 2024

Islamabad, August 25, 2024 – The number of cellular mobile subscribers in Pakistan continues to grow steadily, reaching nearly 193 million by the end of July 2024. According to the latest data from the Pakistan Telecommunication Authority (PTA), the total number of cellular mobile subscribers increased from 192.53 million at the end of June to 192.924 million by the end of July.

The rise in cellular mobile subscriptions is paralleled by a significant increase in the number of 3G and 4G users across the country. The PTA data revealed that the number of 3G and 4G users grew from 134.78 million in June to 136.312 million by the end of July 2024. This growth underscores the expanding reach and adoption of next-generation mobile services (NGMS) in Pakistan.

The penetration rate of NGMS in the country also saw a positive shift, increasing from 55.61 percent at the end of June to 56.15 percent by the end of July. However, the cellular teledensity, which measures the number of mobile connections per 100 individuals, remained constant at 79 percent during this period.

In terms of individual operators, Jazz, Pakistan's largest mobile network by subscriber base, reported a decline in its 3G user base from 3.041 million in June to 2.897 million by the end of July. Conversely, its 4G user base experienced growth, rising from 47.295 million to 47.993 million during the same period.

Zong, another major operator, also saw a decrease in its 3G subscribers, dropping from 1.983 million in June to 1.955 million by the end of July. However, Zong's 4G subscribers increased from 36.665 million to 37.153 million, indicating a continued shift towards faster data services.

Telenor's 3G subscriber base decreased slightly from 1.588 million in June to 1.551 million by the end of July. Nevertheless, the operator experienced an increase in its 4G users, growing from 24.680 million to 24.929 million over the same timeframe.

Ufone, on the other hand, had 2.197 million 3G users by the end of July, down from 2.238 million at the end of June. Meanwhile, its 4G subscribers increased from 15.652 million in June to 15.975 million by the end of July, further highlighting the overall trend towards 4G adoption in the country.

In addition to subscriber growth, the PTA received a total of 19,188 complaints from telecom consumers in July 2024. Of these, 18,994 complaints (99 percent) were resolved, reflecting the efficiency of the telecom operators in addressing consumer grievances. The complaints were primarily against cellular mobile operators (CMOs), Pakistan Telecommunication Company Limited (PTCL), long-distance international (LDI) operators, wireless local loop (WLL) operators, and internet service providers (ISPs).

Among the CMOs, Jazz received 6,783 complaints, of which 6,771 (99.8 percent) were resolved. Telenor had 3,198 complaints, with 3,169 (99.1 percent) addressed. Zong received 6,362 complaints, resolving 6,323 (99.4 percent), while Ufone had 2,211 complaints, with a resolution rate of 95.8 percent.

Complaints against basic telephony services totaled 162, with a resolution rate of 96.9 percent. Meanwhile, 426 complaints were filed against ISPs, with 413 (96.9 percent) addressed satisfactorily.

Overall, the latest figures from the PTA highlight the dynamic growth of the telecom sector in Pakistan, with increasing subscriber numbers and expanding 4G penetration. The sector also demonstrates robust consumer service capabilities, with a high rate of complaint resolution, indicating a responsive and evolving market environment.

Economic distress

MUST ACT NOW

Published August 26, 2024 Updated 36 minutes ago

EDITORIAL: The persistently high gross financing needs present a significant risk to the economy, challenging the government's objective of consolidating the recently attained stability. This year, the government needs to raise Rs32 trillion to roll over maturing loans and finance the fiscal deficit.

The critical issue lies in meeting external debt repayments, where gaps have delayed the IMF board meeting, even though the Staff-Level Agreement (SLA) has already been achieved.

The finance minister initially expressed confidence that the IMF board would approve Pakistan's programme in August 2024. However, there is nothing on the IMF's board schedule for the remainder of the month. Now, exhibiting the same confidence, the minister claims it will happen in September.

A few weeks ago, the finance minister requested China, Saudi Arabia, and the UAE to roll over some debt (including safe deposits) for four years. The goal was to move away from annual rollovers, improve debt maturity, and enhance credit ratings. He was confident of success. However, sources indicate and the ensuing situation confirms that China has yet to respond to the request.

The delay in the IMF meeting is due to the requirement for assurances on the gaps in the gross financing requirement, which stands at around $2 billion for FY25 ($1.1 billion-1.2 billion already arranged through a deferred oil facility from Saudi Arabia). The remaining $3 billion in soft commitments for FY26 and FY27 is still awaited.

Government sources are downplaying the gap, casually stating that they have all the financing and are merely negotiating the terms. The question is how long will these negotiations take, and what is the real benefit of slightly lower costs when growing uncertainties due to delays are eroding confidence?

There’s a sense that the authorities are not being entirely transparent, possibly even hiding the facts, which fuels the rumour mills. The stark reality is that last year’s expectations of securing around $100 billion in investment have been replaced by the current struggle to fill a gap of over one billion dollars, which is stalling the much-needed IMF programme.

It also raises questions about the assumptions made by the IMF for debt sustainability. If the government is struggling to raise $2 billion financial assurance in FY25, how realistic is assumption of $7-8 billion of private credit inflows in the same year? Critics are questioning the government’s performance, particularly of the finance minister, who was generally expected to improve foreign funding by leveraging his illustrious banking career and relationships.

The bottom line is that delays in the IMF programme and the absence of foreign investment and loans are weakening the government. Commentators are becoming increasingly harsh while the government is growing desperate. Rumours of a technocratic government are gaining traction.

In response, the government is resorting to short-term measures and adjustments in the budget. First, the federal government announced a three-month subsidy for households consuming below 200 units of electricity. Later, the Punjab government announced a similar subsidy for households consuming 200-500 units for two months, which the federal government is being called upon to match for rest of the country.

On the taxation front, silent changes to the measures and methods for retailers are causing concern within the business community.

The perception of a weakening government seems to be pushing it toward populist measures such as unnecessary subsidies, which could have fiscal implications and negatively impact macroeconomic stability. More importantly, it implies slippage from agreed-upon reforms in the MEFP for the power sector with the IMF.

Pakistan’s political history is littered with unwise decisions made by outgoing, woefully weak governments. The country simply cannot afford more of the same.

The government must be open and transparent, fill the financing gaps, and assertively implement fiscal measures. Otherwise, the growing uncertainty in the coming months could cause irreparable damage. As they say, "A stitch in time saves nine" but only if you are willing to use the needle.

Fuel & Energy

CHINA'S SINOPEC POSTS 2.7% RISE IN FIRST-HALF PROFIT

Reuters Published about 7 hours ago

BEIJING: China's Sinopec posted a 2.7% rise in net profit for the first half of the year, it said on Sunday, as rising oil prices boosted income.

China Petroleum & Chemical Corp as Sinopec is officially known, reported on Sunday a net income of 37.1 billion yuan ($5.21 billion) for January to June, according to a filing with the Shanghai stock exchange, based on Chinese accounting standards.

Sinopec, the world's largest oil refiner by capacity, saw its sales fall 1.1% to 1.58 trillion yuan.

Meanwhile, production of ethylene, a key building block for petrochemicals, fell 5.5% during the first half. Capital expenditure was 55.9 billion yuan for the period.

Sinopec not interested in refinery project

Crude oil output rose 0.6% on the year to 140.53 million barrels, Sinopec previously reported, while natural gas production rose 6% to 700.57 billion cubic feet.

The company processed 126.69 million metric tons of crude oil, about 5.08 million barrels per day (bpd), up 0.1% from the same period last year, it said in a stock market filing in July.

That compared with 1.7% growth in the first quarter.

The slowdown was driven by higher crude prices and tepid domestic fuel demand.

US NATGAS PRICES SLIDE ON LOWER DEMAND

Reuters Published about 19 hours ago

NEW YORK: US natural gas futures slid about 2% to a two-week low on Friday on forecasts for lower demand this week than previously expected.

Energy analysts also noted that the oversupply of gas in storage has kept a lid on gas prices all year.

There was still about 12% more gas in storage than normal for this time of year even though weekly builds, including a rare decline during one week in August, have been smaller than normal in 13 of the past 14 weeks.

That price decline came despite forecasts for hotter-than-normal weather over the next two weeks that should prompt power generators to burn more gas to keep air conditioners humming into early September.

Front-month gas futures for September delivery on the New York Mercantile Exchange fell 3.1 cents, or 1.5%, to settle at $2.022 per million British thermal units (mmBtu), their lowest close since Aug. 6 for a second day in a row.

With the contract down for four days in a row, the front-month dropped about 5% this week after easing about 1% last week.

In Canada, next-day gas prices at the AECO hub in Alberta fell to 20 cents per mmBtu, their lowest since hitting a record low of around 2 cents in August 2022, according to pricing data from financial firm LSEG going back to 1993.

Producers increase and decrease output in reaction to prices, but it usually takes a few months for changes in drilling activity to show up in the production data.

Average monthly spot prices at the US Henry Hub benchmark in Louisiana hit a 12-month high of $3.18 per mmBtu in January before dropping to a 44-month low of $1.72 in February and a 32-year low of $1.49 in March, according to Reuters and federal energy data.

In reaction to that price plunge, producers cut average monthly output from 106.0 billion cubic feet per day (bcfd) in February to 102.7 bcfd in March, 101.5 bcfd in April and a 17-month low of 101.3 bcfd in May, according to federal energy data.

Winter storms at the start of the year caused output to fall from a record 106.3 bcfd in December to 103.6 bcfd in January.

As monthly spot Henry Hub prices increased to $1.60 per mmBtu in April, $2.12 in May and $2.54 in June, some producers, including EQT and Chesapeake Energy, started to increase drilling activities, boosting output to 101.0 bcfd in June and 103.4 bcfd in July.

But with average spot Henry Hub prices back down to $2.08 per mmBtu in July and $2.02 so far in August, analysts said output would likely decline as some producers reduce drilling activities again.

Financial firm LSEG said gas output in the US Lower 48 US states slid to an average of 102.3 bcfd so far in August, down from 103.4 bcfd in July.

Meteorologists forecast weather across the country would remain mostly hotter than normal through Sept. 7.

LSEG forecast average gas demand in the Lower 48, including exports, will rise from 101.2 bcfd this week to 103.9 bcfd next week before sliding to 103.3 bcfd in two weeks. The forecast for this week was lower than LSEG's outlook on Thursday.

CHINA'S PLUNGING COAL PLANT APPROVALS SIGNAL ENERGY POLICY PIVOT, REPORT SAYS

Reuters Published about 19 hours ago

BEIJING: A sharp drop in new coal plant permits in China suggests the world's largest builder of the polluting power plants is pivoting its energy policy towards more renewable development, although coal will keep playing a major role, a report said on Thursday.

China approved just 10 new coal plants with 9 gigawatts of capacity in the first half of 2024 - an 83% drop on the year, according to a report by the Helsinki-based Centre for Research on Energy and Clean Air (CREA) and US-based Global Energy Monitor.

The report found China has added over 400 GW of wind and solar since 2023, which led to a 7% drop in coal power output between June 2023 and June 2024. "With new renewable energy build-outs now capable of meeting all incremental power demand in China, the need for new coal is waning, and there are signs the central government may be embracing this change," the report said.

"This economic powerhouse has transformed clean energy from a climate policy component into a cornerstone of China's broader energy and economic strategies," it said. China's economic planning body, the National Development and Reform Commission declined to comment on the report.

Other examples of the policy shift include China's decision not to approve any coal-based steel plants in the first half of 2024, and Beijing's move to prioritise carbon emissions reductions, where progress was previously measured by energy efficiency improvements. The permit findings are in line with a Greenpeace analysis also released this week based on a different data set.

Still, China started building 41 GW of previously permitted coal plants during the first half of the year - nearly as much as was built in all of 2022, and over 90% of the global total. In 2022 and 2023, a power crunch and the resulting focus on energy security drove a surge in coal permit approvals.

New project proposals are slowing down, the Thursday report said, but not at the same rate as permits, with 37.4 GW of new and revised proposals were submitted in January-June, down from

60.2 GW a year earlier. With the government aiming for commissioning of 80 GW of coal-fired power this year, project completions could still surge in the second half of the year.

Experts polled by CREA late last year saw China on track to reach a peak in its carbon emissions before its stated goal of 2030. The new report argues China could accelerate its climate action by cancelling new coal plants, noting that China's existing baseload power capacity of 1,890 GW was already more than sufficient to meet estimated peak energy needs of 1,450 GW.

Markets – Rates

PSX WITNESSES BULLISH TREND

Recorder Review Published about an hour ago

KARACHI: Pakistan Stock Exchange witnessed bullish trend during the outgoing week ended on August 23, 2024 on the back of aggressive buying mainly by local investors coupled with institutional support.

The benchmark KSE-100 index surged by 756.12 points on week-on-week basis and closed at 78,801.43 points.

Trading activities also slightly improved as average daily volumes on ready counter increased by 4.6 percent to 578.34 million shares during this week as compared to previous week's average of 552.77 million shares however average daily traded value on the ready counter declined by 25.3 percent to Rs 15.58 billion during this week against previous week's Rs 20.85 billion.

BRIndex100 added 173.89 points during this week to close at 8,360.45 points with average daily turnover of 484.282 million shares.

BRIndex30 increased by 660.30 points on week-on-week basis to close at 26,291.90 points with average daily trading volumes of 294.843 million shares.

The foreign investors however remained net sellers of shares worth $616,845 during this week. Total market capitalization increased by Rs 114 billion during this week to Rs 10.512 trillion.

An analyst at AKD Securities said the market maintained a largely positive momentum throughout the week, driven primarily by declining T-bill yields and favourable corporate results. In Wednesday's T-bill auction, cut-off yields witnessed a significant decline, dropping by 74-148bps, which brought the 3-month yield down to 17.49 percent, indicating market expectations of a rate cut exceeding 100bps in the upcoming MPC meeting on 12th September 2024.

Consequently, these expectations of rate cut led to the rerating of high dividend-yielding stocks, notably FFC and UBL, which contributed 236/189points, respectively, to the weekly index gains. Additionally, NBP stood third in terms of index points contribution, driven by expectations of lower-than-expected provisioning related to pension case in its upcoming financial results.

Similarly, pharmaceutical sector also performed well, buoyed by better-than-anticipated financial results from companies within the sector, supported by the deregulation of non-essential drugs.

Sector-wise, Woollen, Jute, and Leather & Tanneries were amongst the top performers, up 11.8 percent/11.2 percent/11.1 percent, respectively. On the other hand, tobacco, automobile assembler, and textile weaving were amongst the worst performers with a decline of 2.9 percent/2.1 percent/1.6 percent.

Flow wise, major net selling was recorded by Insurance Companies with a net sell of $6.3million. On the other hand, mutual funds, banks and companies absorbed most of the selling with a net buy of $3.5 million, $3.5 million and $3.3million, respectively.

Company-wise, top performers during the week were NBP (up 19.2 percent), PGLC (up 17.1 percent), SRVI (up 14.3 percent), HINOON (up 12.6 percent) and BNWM (up 11.8 percent), while top laggards were YOUW (down 14.3 percent), CEPB (down 14.0 percent), SML (down 8.9 percent), ISL (down 8.6 percent), KTML (down 6.3 percent).

An analyst at JS Global Capital said that the KSE-100 index displayed positive momentum this week, driven by gains in the last three sessions, resulting in a WoW increase of 0.9 percent, closing at 78,801 levels.

As per PBS data, Large Scale Manufacturing (LSM) Sector showed a YoY growth of 0.92 percent during FY24. According to the latest data, Pakistan's current account balance recorded a deficit of $162million in July 2024, a significant 78 percent YoY decline owing to a high base. Current account also contracted by 48 percent MoM, largely due to a softening primary income deficit and lower trade balance, which hit a 22-month low. With the current account in deficit and reduced support from a lower financial account surplus, Balance of Payment returned to a deficit, totalling $152 million.

In the T-Bills auction held during the week, significant declines were observed in cut-off yields across tenors, with reductions ranging from 74bps - 148bps. This was viewed positively by market participants.

On the IMF front, Finance Minister Muhammad Aurangzeb shared the government's optimism about securing approval for the new $7.0 billion loan program in September, noting that discussions with the Fund are progressing well. This optimism also contributed to the bullish momentum at the PSX.

FUTURES SPREAD DOWN 367BPS

Trading...

Recorder Review Published about an hour ago

KARACHI: The futures spread declined by 367bps to 17.66 percent on the last day of the outgoing week. Trading activities on the futures counter improved as average daily volumes increased by 12.6 percent to 169.26 million shares during this week as compared to previous week's average of 150.37 million shares.

Average daily traded value on the futures counter however declined by 28.4 percent to Rs 4.78 billion during this week against previous week's Rs 6.68 billion.

MARGINAL APPRECIATION

Recorder Review Published about an hour ago

KARACHI: The rupee appreciated marginally during the previous week as it gained Re0.04 or 0.01% against the US dollar.

The local unit closed at 278.50, against 278.54 it had closed the week earlier against the greenback, according to the State Bank of Pakistan (SBP).

In recent months, the domestic currency has largely been around 277-279 against the dollar as traders keep an eye on some positive indicators and approval from the International Monetary Fund's (IMF) Executive Board over a new $7-billion Extended Fund Facility.

During the previous week, Pakistan Finance Minister Muhammad Aurangzeb said the Executive Board meeting on Pakistan would take place in September as "good progress" was being made with the IMF.

His statement came after it was reported that Pakistan's name was not included in the board's agenda for the month of August, raising concerns about the timeline for the disbursement of the loan.

Meanwhile, Pakistan's current account posted a deficit of $162 million in July 2024, massive 78% lower than the deficit of $741 million in the same month of the previous fiscal year, revealed data released by the SBP.

Foreign exchange reserves held by the central bank increased by $19 million on a weekly basis, clocking in at $9.3 billion as of August 16. Total liquid foreign reserves held by the country stood at $14.67 billion. Net foreign reserves held by commercial banks stood at $5.37 billion.

In the open market, the PKR gained 25 paise for buying and 40 paise for selling against USD, closing at 279.15 and 280.00, respectively. Against Euro, the PKR lost 3.41 rupees for buying and 3.53 rupees for selling, closing at 309.17 and 310.74, respectively.

Against UAE Dirham, the PKR gained 8 paise for buying and 13 paise for selling, closing at 75.79 and 76.22, respectively.

Against Saudi Riyal, the PKR gained 6 paise for buying and 13 paise for selling, closing at 74.02 and 74.42, 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. 278.50

Offer Close Rs. 278.70

Bid Open Rs. 278.55

Offer Open Rs. 278.75

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Weekly open-market rates for dollar

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Bid Close Rs. 279.15

Offer Close Rs. 280.00

Bid Open Rs. 279.28

Offer Open Rs. 280.40

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OPEN MARKET FOREX RATES

Currency	Buying	Selling
Australian Dollar	185.25	189.83
Bahrain Dinar	737.2	742.29
Canadian Dollar	202.65	207.00
China Yuan	38.25	38.65
Danish Krone	40.03	40.43
Euro	309.40	311.89
Hong Kong Dollar	35.68	36.03

Indian Rupee	3.34	3.45
Japanese Yen	1.98	1.99
Kuwaiti Dinar	903.45	908.53
Malaysian Ringgit	59.25	60.25
NewZealand $	169.34	171.34
Norwegians Krone	26.14	26.44
Omani Riyal	723.13	727.21
Qatari Riyal	76.44	77.14
Saudi Riyal	73.73	74.43
Singapore Dollar	201.75	203.75
Swedish Korona	26.15	26.45
Swiss Franc	324	328.94
Thai Bhat	7.57	7.72
U.A.E Dirham	75.78	76.23
UK Pound Sterling	363.41	367.71
US Dollar	279.10	280

INTER BANK RATES

Updated at: 26/8/2024 7:45 AM (PST)

Currency	Bank Buying TT Clean	Bank Selling TT & OD
Australian Dollar	187.23	187.57
Canadian Dollar	204.95	205.32
China Yuan	39.44	39.51
Danish Krone	41.57	41.64
Euro	310.57	311.13
Hong Kong Dollar	35.87	35.93
Japanese Yen	1.9152	1.9186
Saudi Riyal	74.26	74.39
Singapore Dollar	213.06	213.44
Swedish Korona	27.38	27.43
Swiss Franc	326.95	327.53
Thai Bhat	8.11	8.13
UK Pound Sterling	365.21	365.87
US Dollar	278.60	279.10

GOLD RATE

Bullion / Gold Price Today

As on Mon, Aug 26 2024, 02:58 GMT

Metal	Symbol	PKR for 10 Gm	PKR for 1 Tola	PKR for 1 Ounce	
Gold	XAU	224,894	262,038	699,509	
Palladium	XPD	85,947	100,142	267,328	
Platinum	XPT	80,332	93,600	249,866	
Silver	XAG	2,670	3,111	8,305	

Gold Price in Pakistan

As on Mon, Aug 26 2024, 02:58 GMT

Gold Rate	24K Gold	22K Gold	21K Gold	18K Gold
per Tola Gold	Rs. 262000	Rs. 240165	Rs. 229250	Rs. 196500
per 10 Gram	Rs. 224700	Rs. 205974	Rs. 196613	Rs. 168525
per Gram Gold	Rs. 22470	Rs. 20597	Rs. 19661	Rs. 16853
per Ounce	Rs. 637000	Rs. 583912	Rs. 557375	Rs. 477750

Gold Rates in other Major Currencies

Currency	Symbol	10 Gm	1 Tola	1 Ounce	
China Yuan	CNY	5,754	6,704	17,897	
Euro	EUR	724	844	2,253	
Japanese Yen	JPY	116,616	135,876	362,721	
Saudi Riyal	SAR	3,029	3,529	9,420	
U.A.E Dirham	AED	2,966	3,456	9,225	
UK Pound Sterling	GBP	611	712	1,901	
US Dollar	USD	808	941	2,512	