

Thursday, August 24, 2017 / 02 Zul Hijj 1438 Hijri

Market Today (August 23, 2017)

Opening	PSX	Gold Per 10 gm	KCA Spot Rate	Crude Oil USD /bbl.
	42,910.79	39,757.00	6,835.00	48.37

(Source: Express Tribune)

Exchange rates issued by the Treasury Management Division of National Bank of Pakistan. August 23, 2017

Country	Currency	Selling TT & OD	Buying TT Clear
USA	USD	105.5	105.3
UK	GBP	135.29	135.04
Euro	EUR	124.09	123.85
Canada	CAD	83.76	83.6
Switzerland	CHF	108.97	108.76
Australia	AUD	83.26	83.1
Sweden	SEK	13.16	13.13
Japan	JPY	0.9644	0.9625
Norway	NOK	13.34	13.31
Singapore	SGD	77.44	77.29
Denmark	DKK	16.68	16.65
Saudi Arabia	SAR	28.13	28.08
Hong Kong	HKD	13.62	13.59
China	CNY	16.19	16.16
Kuwait	KWD	349.46	348.8
Malaysia	MYR	24.63	24.59
New Zealand	NZD	76.38	76.23
Qatar	QAR	28.75	28.7
UAE	AED	28.72	28.67

(Source: Business Recorder)

Sectoral Share in GDP %

Sectors/Sub-Sectors	2014-15	2015-16 (p)
Commodity Producing Sector (Agriculture + Industrial Sector)	41.4	40.8
Agriculture	20.80	19.82
Crops	8.2	7.4
Livestock	11.7	11.6
Fishing	0.4	0.4
Forestry	0.4	0.4
Industrial Sector	20.6	21.0
Mining & Quarrying	2.9	2.9
Manufacturing	13.6	13.6
Construction	2.4	2.6
Electricity & Gas Distribution	1.7	1.9
Services Sector	58.6	59.2
Transport, Storage & communication	13.4	13.3
Wholesale & Retail Trade	18.3	18.3
Finance & Insurance	3.2	3.3
Ownership of Dwellings	6.7	6.7
General Government Services	7.1	7.6
Other Services	9.9	10.1

(Source: Economic Survey of Pakistan 2015-16)

SECP gets four new commissioners

The government has increased the number of commissioners in the Securities and Exchange Commission of Pakistan (SECP) from five to seven even though there are not enough departments for the new appointees to head. The appointments have been made by the federal cabinet after approving the summary forwarded by the Ministry of Finance. Currently there are four operational divisions in the SECP including Company Law, Securities Market, Insurance Division and Specialised Companies. Each commissioner heads the relevant department while the chairman of the SECP serves as an administrative head of the organisation. The strength of five commissioners is deemed adequate, given that there are no departments for additional commissioners to head. The salary of a commissioner is about Rs2.5 million, besides additional perks and benefits including secretaries, drivers, guards and vehicles. A commissioner at the SECP is a statutory position and one cannot be removed once appointed. It is interesting to note that three existing commissioners are set to retire in less than four months. One of the commissioners, chairman SECP Zafar Hijazi, is currently under suspension. Mr Hijazi is facing a case in FIA over alleged record-tampering issue. The other two commissioners are Akif Saeed, Commissioner Securities Market Division, and Fida Hussain Samoo, Commissioner Insurance. The three-year term of both these commissioners would end in December 2017. However, the tenure of the senior most Commissioner SECP, Mr Tahir Mahmood, will end in November 2019 and that of the incumbent chairman, Mr Zafar Abdullah, is set for late 2018. Meanwhile, the Senate Standing Committee on Finance has taken notice of the move. Committee Chairman Senator Saleem Mandviwalla said the increase in the number of commissioners seems to be a politically motivated move. The appointment of new commissioners at this point of time would allow the PML-N to have its trusted men in the SECP even after the current tenure ends, he alleged. "The incumbent government has moved to increase its influence in the SECP by inducting its chosen persons as commissioners, and restrict the decision making process in the apex regulator as per their benefit," he added. He said that after record tampering has been proven in the SECP and there is no reason to increase the number of commissioners. (Dawn)

FBR retracts money laundering claim against 2,785 people

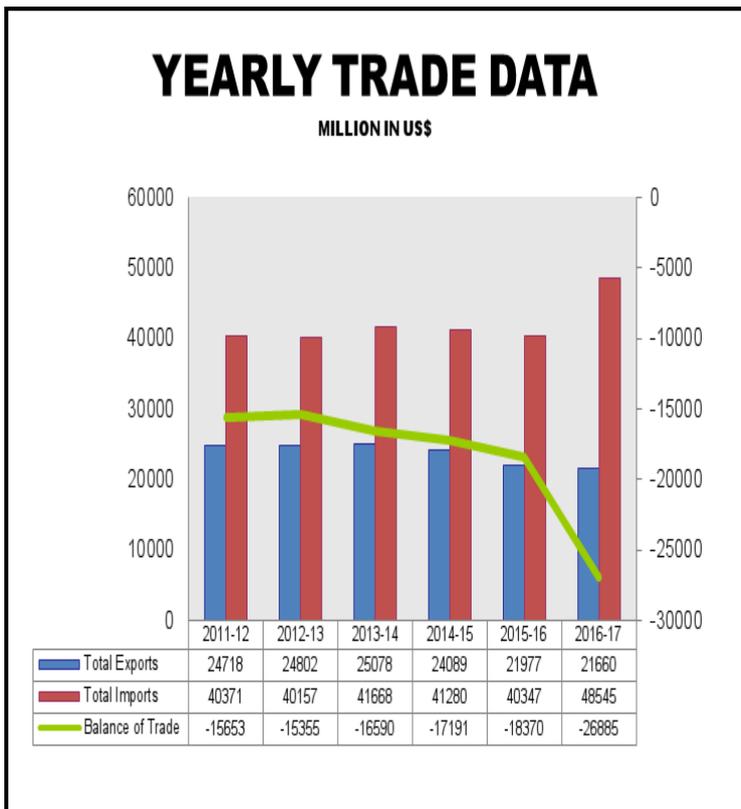
The Federal Board of Revenue (FBR) has backed off from its earlier claim that 2,785 wealthy individuals laundered Rs102 billion by declaring the amount as gifts, saying the taxmen prematurely bluffed to show good performance before the media. Without completing investigations, it was premature on the part of FBR officers to claim that 2,785 people who declared Rs102 billion as gifts in 2016 laundered the money and would be tried under the Anti-Money Laundering Act, said FBR Chairman Tariq Pasha. He gave the testimony before the Senate Standing Committee on Finance and Revenue. The civil servants are increasingly becoming captivated by media fame and exaggerate their performance, said the FBR chairman. He said that the reality was that when it came to work, there was hardly any progress. Pasha said that the same had happened in the case of reporting specious transactions when the FBR had claimed to unearth 256 cases but actually there were only three such cases. The standing committee had sought a follow-up action report from the FBR on the issue of Rs102 billion gifts that according to the FBR's earlier statement 2,785 individuals declared to evade taxes. (Express Tribune)

\$1b investment by new auto firms challenged in court

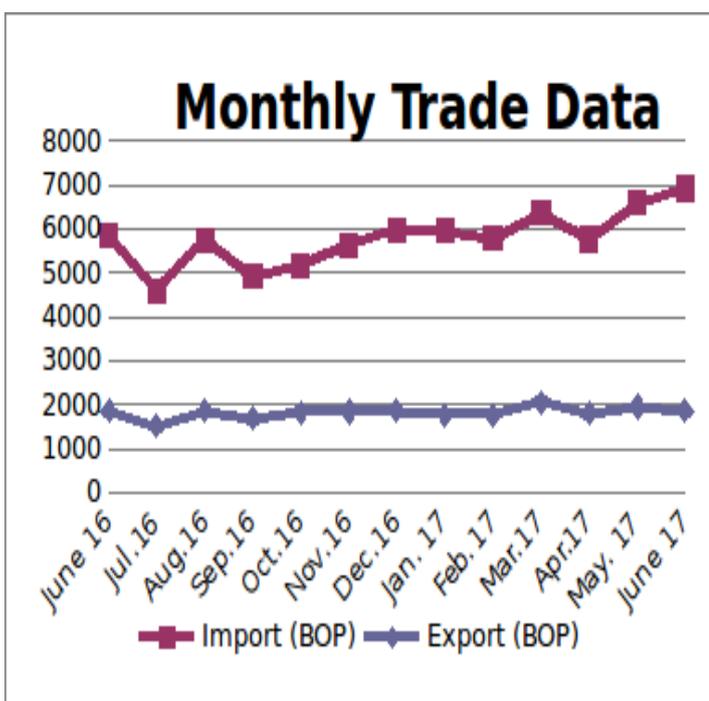
A planned investment of \$1 billion by two new auto industry players is in jeopardy as their Greenfield status have been challenged in the Sindh High Court. Two existing auto companies – Tayba Motors and Master Motors – have filed cases against the Engineering Development Board (EDB) for processing applications of two new players interested in setting up manufacturing plants in Pakistan under the new auto policy. The government has awarded Greenfield investment status to Regal Motors for establishing its plant in Pakistan whereas the case of Foton JW Auto Park is being processed. Tayba Motors has challenged the Greenfield status of Regal Motors in the court, claiming it was already manufacturing variants

Economic Indicators	
Annual (2015/16)	
Foreign Debt	\$62.649bn
Per Capita Income	\$1,512
GDP Growth	4.24%
Average CPI	8.6%
Monthly (June, 2017)	
Trade Balance	\$-3,189 mln
Exports	\$1,865 mln
Imports	\$5,054 mln
Weekly (July 14, 2017)	
Reserves	\$20.830 mln

(Source: SBP)



(Source: SBP)



(Source: SBP)

of trucks and mini-passenger buses in Pakistan. It pointed out that Regal Motor manufacturing certificate had expired in 2016, but the EDB did not renew it. It pleaded the court to direct the EDB to renew the certificate. Master Motors, on the other hand, has challenged the process initiated by the EDB to grant Greenfield status to Foton JW Auto Park under the new policy, which provides attractive tax and duty concessions for new industry players. It argued that Foton JW was already manufacturing trucks and it could not be treated for Greenfield investment under the new policy. It further said there was no joint venture with the Chinese company according to records of the Securities and Exchange Commission of Pakistan. The government has granted Greenfield status to Regal Automobile Industries Limited, United Motors Private Limited, Kia-Lucky Motors Pakistan Limited and Nishat Group, which is collaborating with Hyundai. Sources said work on projects being developed by Regal Automobile and Foton JW had come to a halt following the court cases. However, work on the remaining three new entrants is progressing. Other new players who have applied for setting up plants in Pakistan include Habib Rafiq Private Limited, Khalid Mushtaq Motors, Pak-China Motors and Cavalier Automotive Corporation. Their documents are currently going through the verification process. *(Express Tribune)*

Price adjustment: NEPRA cuts power tariff by Rs1.7 per unit

The top power regulatory body has decided to cut electricity tariffs by Rs1.70 per unit for July 2017 in order to adjust for cheaper fuel prices in the international market. However, K-Electric and agricultural consumers and those domestic users who consume less than 300 units per month will not be enjoying this relief. Following the tariff cuts by the National Electric Power Regulatory Authority (Nepra), consumers will see the fuel adjustment charges reflected in their September power bills. The cut is expected to provide customers relief worth around Rs20 billion. *(Express Tribune)*

SME financing rises 27pc

Outstanding financing for small and medium enterprises (SMEs) increased 27 per cent to Rs380bn in 2016-17, said a report by the State Bank of Pakistan (SBP). The government has been trying to boost the SME sector for many years. But the size of SME financing is still significantly lower than private-sector financing, which increased by Rs699.4bn during the same period. However, the ratio of non-performing loans (NPLs) for the SME sector dropped from 27.3pc to 20.7pc during the same period. SME financing as a percentage of private-sector financing dropped to 7.99pc from 8.23pc at the end of March. However, it stood at 7.34pc in June 2016. Successive governments as well as the SBP have emphasised the need for higher growth in the SME sector. But commercial banks avoid lending to SMEs because of their high default ratio. SMEs have the highest default ratio among all segments despite a noted reduction over the last fiscal year. The SBP reported the share of SME financing in total financing was just 6.06pc at the end of June. Over 50pc of SME financing was for working capital. This has been a problem for the entire economy as working capital consumes a large chunk of financing every year. This means smaller amounts are being used for fixed investment. SMEs received Rs44bn for working capital and Rs21.1bn for fixed investment during the period under review. Domestic private banks played a key role in increasing SME financing, which increased by Rs60bn to Rs257bn. Islamic banks also enhanced SME financing from Rs11bn to Rs25bn. *(Dawn)*

Market watch: With attractive prices, stocks bounce back

The four-day losing streak finally came to an end on Wednesday as the KSE-100 index encountered resistance at 41,900 points and shot up to close comfortably in the positive territory. Stocks bounced back from lows and staged a massive recovery, climbing almost 1,000 points after hitting an intra-day low at 41,927.22. Before the market close, the index gave up some gains, but still ended the session with a significant advance. The rally was led by the oversold cement, automobile and oil stocks with attractive valuations. At the end of trading, the benchmark KSE 100-share Index recorded an increase of 927.63 points or 2.21% at 42,910.79. Elixir Securities, in its report, stated that Pakistan equities snapped a four-day losing streak and closed higher with the benchmark index settling over 42,800 points, up 2.2%. "The market opened positive and quickly edged up in early trade as index names fetched interest from local institutions on attractive valuations and relative calm on the political front," stated Elixir. *(Express Tribune)*