

Friday, June 02, 2017 | 06 Ramzan 1438 Hijri

Market Today (June 01, 2017)

Opening	PSX	Gold Per 10 gm	KCA Spot Rate	Crude Oil USD /bbl.
	48,780.81	42,600.00	6,600.00	48.18

(Source: Business Recorder)

Exchange rates issued by the Treasury Management Division of National Bank of Pakistan. June 01, 2017

Country	Currency	Selling TT & OD	Buying TT Clear
USA	USD	104.7	104.5
UK	GBP	134.78	134.52
Euro	EUR	117.68	117.45
Canada	CAD	77.52	77.38
Switzerland	CHF	108.11	107.9
Australia	AUD	77.37	77.23
Sweden	SEK	12.04	12.02
Japan	JPY	0.9437	0.9419
Norway	NOK	12.41	12.38
Singapore	SGD	75.63	75.48
Denmark	DKK	15.82	15.79
Saudi Arabia	SAR	27.92	27.86
Hong Kong	HKD	13.44	13.41
China	CNY	15.55	15.52
Kuwait	KWD	345.03	344.37
Malaysia	MYR	24.41	24.36
New Zealand	NZD	73.99	73.85
Qatar	QAR	28.75	28.7
UAE	AED	28.51	28.45

(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)

LCCI calls for methodology to reduce fiscal deficit

The Lahore Chamber of Commerce & Industry has called for a new and sustainable methodology to defeat the challenge of budget deficit instead of depending on conventional ways like huge borrowing or burdening the existing taxpayers. In a statement issued here on Thursday, LCCI President Abdul Basit, Senior Vice President Amjad Ali Jawa and Vice President Muhammad Nasir Hameed Khan were of the view that budget deficit was one of the major economic indicators and unfortunately, the country's budget deficit always shown a discouraging image. "Pakistan recorded a budget deficit equal to 4.90 per cent of the country's GDP in 2016. The LCCI office-bearers suggested the government to cut its non-development and administrative expenditures to reduce fiscal deficit. They said administrative expenditure for running the government affairs was a major part of non- development expenditure that must be controlled. They said the government's grants were also another reason of public expenditure. They added the government used to give grants to different provincial governments and welfare organizations. Likewise, they said, debt servicing was also a major non- development expenditure that was hindering the economic growth badly. They said there was a dire need to cut these non-development and non-productive expenditures. (Business Recorder)

Senate panel opposes extending Super Tax for another year

While criticising the backtracking of Finance Minister Ishaq Dar on the promise of levying Super Tax for only one year, a Senate panel opposed the official move to extend it for the third year, a move that weakens the government's moral authority. The Senate Standing Committee on Finance and Revenue unanimously rejected the proposal to extend the Super Tax to fiscal year 2017-18. PML-N senators – Senator Saud Majeed and Senator Ayesha Raza Farooq – also opposed the government's budget proposal to extend the levy to the third year. Dar had made a promise on the floor of the house that the Super Tax would be levied only for one year for the purpose of collecting extra revenues to rehabilitate Internally Displaced Persons, said Senator Saleem Mandviwalla, Chairman of the Senate Standing Committee on Finance. It seems that the government has become used to getting easy money instead of moving into difficult areas, said Senator Saud Majeed. The Senate committee's refusal to give its seal of approval would further weaken the government's moral authority, although the ruling party enjoys clear majority in the National Assembly to still get the tax proposal passed. (Express Tribune)

Government's tax target blown up in smoke

The government has lost around Rs40 billion in taxes from the cigarette industry due to increasing sales of locally-produced, and tax-evaded, cigarettes. According to recent figures available with this scribe and documents handed over by the government at the announcement of Budget 2017-18, Pakistan has been struggling with the rise of tax-evaded cigarettes in the country. "The tax collecting agency- Federal Board of Revenue (FBR) – has felt the drop in revenue as the amount has gone down by Rs40 billion. The original tax target was set at Rs111 billion. According to the proposed budget, the government, while taking note of the decrease, has set a minimum price of Rs48 per cigarette packet. "Coupled with enforcement, this will deter local tax evaders from selling cigarettes for as low as Rs15 per pack. Local tax evaders often write the accurate retail prices on the packs, after calculating excise and sales taxes, but sell the packs well below the minimum cost of Rs43, and even lower than the recently announced minimum price of Rs48 per pack," officials said. For this purpose, officials said that the government has chalked out a plan to create awareness programmes, informing and educating retailers and people that it is against the law to sell any packet for less than Rs48. "The minimum price would create deterrence at the retail level, at the distribution level and hopefully, at the manufacturing level, whereby the players involved in these illegal practices would not be able to sell at a lower price," the official said. "Once awareness is created, enforcement will be, and always has been, key to obtaining the best results in all market dynamics." (Express Tribune)

Economic Indicators

Annual (2015/16)

Foreign Debt	\$62.649bn
Per Capita Income	\$1,512
GDP Growth	4.24%
Average CPI	8.6%

Monthly (Feb. 2017)

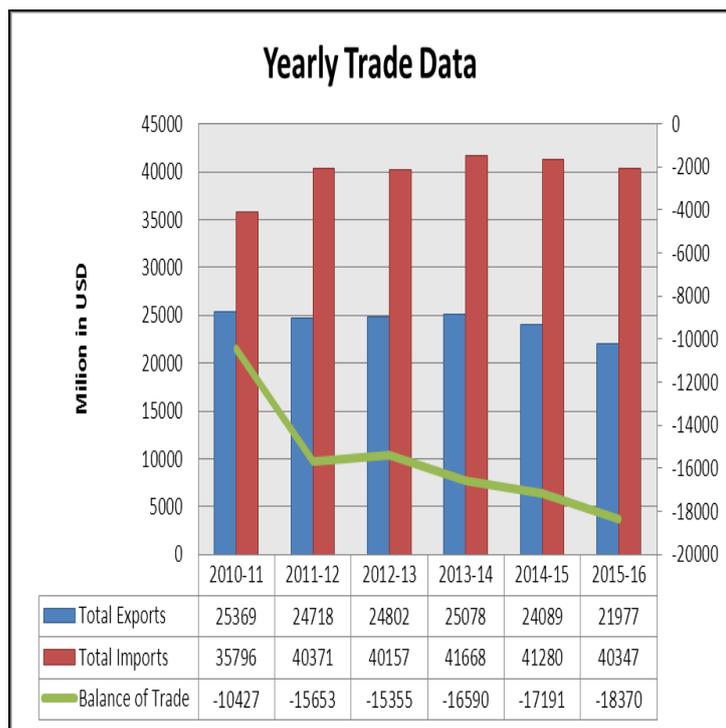
Trade Balance	-\$1,852 mln
Exports	\$1,742mln
Imports	\$3,594mln

Weekly (March 31, 2017)

Reserves	\$21,550.5 mln
----------	----------------

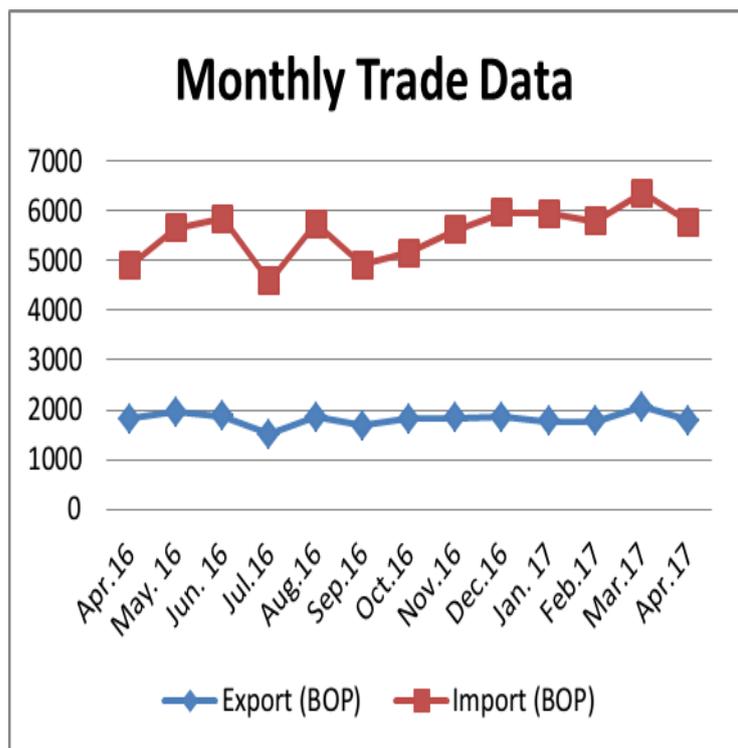
(Source: Business Recorder)

Yearly Trade Data



(Source: SBP)

Monthly Trade Data



(Source: SBP)

Inflation jumps to two-and-a-half-year high at 5.02%

Inflation ticked up in May 2017 crossing 5% for the first time in the last two and a half years on the back of surge in the cost of perishable food items, health care and education, Pakistan Bureau of Statistics (PBS). Annual inflation measured by the Consumer Price Index (CPI), which captures prices of 481 commodities in urban centres, stood at 5.02% in May compared to the same month of last year. It was the highest level since October 2014 when the key index surged 5.8%. Since then, the index had stood below 5%. The May inflation reading exceeded analysts' expectations of a 4.5% spike. Still, the average inflation for the current fiscal year 2016-17 will stay below 5%, lower than the official target of 6%. Average inflation during the first 11 months (July-May) of FY17 remained at 4.18%, according to the PBS. Inflation projections of the International Monetary Fund (IMF) and the State Bank of Pakistan (SBP) are also below the target level. However, a surge in commodity prices is expected to push the inflation up in coming months – a concern the central bank has also expressed in its latest monetary policy announcement. (Express Tribune)

Power consumers to get a refund of Rs1.96 per unit this month

The National Electric Power Regulatory Authority (Nepra) on Thursday directed all distribution companies of the Water and Power Development Authority (Wapda) to refund Rs1.96 per unit to consumers this month, after overcharging them in April. According to a notification, the regulator did not accept a petition by the Central Power Purchasing Agency (CPPA) that had sought a slash of Rs1.75 per unit to adjust for lower fuel prices, than had been estimated, in April. The regulator noted that the actual pool fuel charge for the month of April was Rs5.78 per unit against the reference fuel cost component of Rs7.63 per unit. The refund amount was calculated to be Rs1.96 per unit after adding a couple of other heads. The CPPA had tried to add fuel cost to hydropower generation despite it being a renewable source of energy. However, the Nepra ruled that the law only allowed adjustment to the approved tariff under the head of fuel charges, while the Indus River System Authority charges, the net hydel profit and water use charges, claimed by the CPPA, did "not fall under the definition of fuel charges". Such charges were a part of the regular tariff included in the Wapda annual revenue requirements. The actual fuel charge for April was worked out at Rs5.665 per unit, compared to the pre-approved reference fuel charge component of Rs7.63 per unit, necessitating a refund of Rs1.96 per unit. (Dawn)

People happy at reduction in petrol prices

People here on Thursday expressed their pleasure at reduction in petroleum products prices, saying it would help reduce prices of other products and goods. Sajid Malik, a local while talking to this scribe, said that the government decision to reduce petroleum products prices will reduce prices of other commodities and provide relief to people. Arshad Ali, a shopkeeper at the Hall Road, termed it a good gesture on the part of the Pakistan Muslim League-N (PML-N) government before the passage of the budget bill. He said the news brought great relief to the people in the holy month of Ramadan. He said that petroleum products prices always affect prices of other goods. Shahid Abbas, a senior officer in the Education Department, said that it was a gift from the government before passage of the budget by the parliament. He said that the PML-N government was taking several steps for the welfare of the people and the budget would also provide relief especially to the salaried class in the country. It is pertinent to mention here that the price of petrol has been reduced by Rs 1.20 per litre. (Business Recorder)

Carnage at stock market as benchmark index loses 1,800 points

The Pakistan Stock Exchange has ended Thursday's session on a negative note, with the benchmark KSE-100 index losing 1,810.76 points, or 3.58 per cent, by the close of the trading session to reach 48,780.81. Volumes surged for the second day in a row as trading was led by commercial banking stocks. There were signs of a rebound around 11am, with the index making a high at 34 points above the opening level. However, it failed to sustain this momentum. The benchmark index had slid 4 per cent by noon to the day's low of 48,536, eventually settling at 48,780. Ahsan Mehanti of Arif Habib Corp commented on the day's activities, saying: "Panic selling continued amid concerns over unexpected foreign outflows after MSCI Emerging Markets upgrade and pressure in global crude prices on supply glut risks." Arhum Ghous of JS Global Capital said: "This pressure in the market was on the back of MSCI Emerging Markets rebalancing and likely redemptions in mutual funds." 197.1 million shares changed hands by the end of the session, with a total worth of nearly Rs23.6 billion. (Dawn)