

Monday, May 15, 2017 | 18 Shahban 1438 Hijri

### Market Today (May 12, 2017)

Opening	PSX	Gold Per 10 gm	KCA Spot Rate	Crude Oil USD /bbl.
	51,426.00	42,695.00	6,835.00	49.09

(Source: Business Recorder)

### Exchange rates issued by the Treasury Management Division of National Bank of Pakistan. May 12, 2017

Country	Currency	Selling TT & OD	Buying TT Clear
USA	USD	104.6	104.4
UK	GBP	134.8	134.54
Euro	EUR	113.69	113.48
Canada	CAD	76.38	76.23
Switzerland	CHF	103.82	103.62
Australia	AUD	77.17	77.02
Sweden	SEK	11.78	11.76
Japan	JPY	0.92	0.9182
Norway	NOK	12.17	12.14
Singapore	SGD	74.23	74.09
Denmark	DKK	15.28	15.25
Saudi Arabia	SAR	27.89	27.84
Hong Kong	HKD	13.58	13.55
China	CNY	15.52	15.49
Kuwait	KWD	343.74	343.08
Malaysia	MYR	24.06	24.01
New Zealand	NZD	71.54	71.4
Qatar	QAR	28.73	28.67
UAE	AED	28.48	28.42

(Source: Business Recorder)

### Sectoral Share in GDP %

Sectors/Sub-Sectors	2014-15	2015-16 (p)
<b>Commodity Producing Sector (Agriculture + Industrial Sector)</b>	<b>41.4</b>	<b>40.8</b>
<b>Agriculture</b>	<b>20.80</b>	<b>19.82</b>
Crops	8.2	7.4
Livestock	11.7	11.6
Fishing	0.4	0.4
Forestry	0.4	0.4
<b>Industrial Sector</b>	<b>20.6</b>	<b>21.0</b>
Mining & Quarrying	2.9	2.9
Manufacturing	13.6	13.6
Construction	2.4	2.6
Electricity & Gas Distribution	1.7	1.9
<b>Services Sector</b>	<b>58.6</b>	<b>59.2</b>
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)

### SBP grants banking licence to Bank of China

The State Bank of Pakistan (SBP) has issued a banking licence to Bank of China, which will commence its business in branch mode after meeting other regulatory requirements. The bank will initially bring \$50 million to fulfil the minimum capital requirements of the SBP. The long-term objective of Bank of China is to increase its market penetration by opening branches in major cities of Pakistan, aiming to be one of the largest foreign banks in Pakistan. Analysts say the interest of Bank of China in Pakistan shows it wants to play an important role in financing large infrastructure projects that are expected to be completed under the \$57 billion China-Pakistan Economic Corridor (CPEC) in the next decade or so. "Bank of China is coming here to gain benefit from CPEC-related projects," Invest and Finance Securities CEO Muzammil Aslam commented. He, however, said that the initial \$50 million amount is not enough, which means that it will gradually increase investment in Pakistan.

(Express Tribune)

### Horticulture exports can grow to \$7b with R&D support

the most populated province of Pakistan – is often called the food basket of the country. It is not just because of its sheer size in agriculture production, but also because of a variety and quality of grains, fruits and vegetables that it produces. Agriculture is the mainstay of Pakistan's economy. It accounts for about 20% of gross domestic product (GDP), but since 50% of the labour force depends on this sector, its importance is much more than just its size in the economy. Punjab contributes a major share in the agricultural economy of the country. It has about 57% of the total cultivated and 69% of the total crop area of Pakistan. It provides about 83% of cotton, 80% of wheat, 97% of fine aromatic rice, 63% of sugarcane and 51% of maize to the national food production. Among fruits, mango accounts for 66%, citrus more than 95%, guava 82% and dates 34% of the total national production of these fruits. Over the years, Punjab's economy has been diversified considerably, but the agriculture sector is still the largest and driving force for growth and development. It still provides employment to 45% of people in the province and over 65% in rural areas. (Express Tribune)

### Mango exports at risk of disruption as season closes in

Pakistan's mango exports, which will start next week this season, are at increasing risk from the ongoing strike by goods transporters in Karachi. Fruit exporters fear a disruption to mango shipments, beginning May 20, as talks between the Sindh government and associations of transporters have reached a deadlock. The goods carriers' strike entered the fifth day on Saturday. They were protesting against the 24-hour a day restriction imposed by the Sindh High Court (SHC) on the movement of heavy vehicles within Karachi's jurisdiction. "Perishable fruit and vegetable exports are taking a severe hit due to this strike. Now mango exports are also under threat," commented Ahmad Jawad, Regional Chairman of the Federation of Pakistan Chambers of Commerce and Industry's (FPCCI) Standing Committee on Horticulture Exports. Annually, Pakistan exports mangoes worth about \$70 million, but a lot depends on the quality of fruit and the price it fetches in international markets. About 70% of Pakistani mangoes are exported to Dubai from where the fruit is shipped to other destinations in Gulf countries. Afghanistan's border was closed that had already created problems for the fruit and vegetable exporters. If the transporters' strike continued for a few more days, it would

## 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)

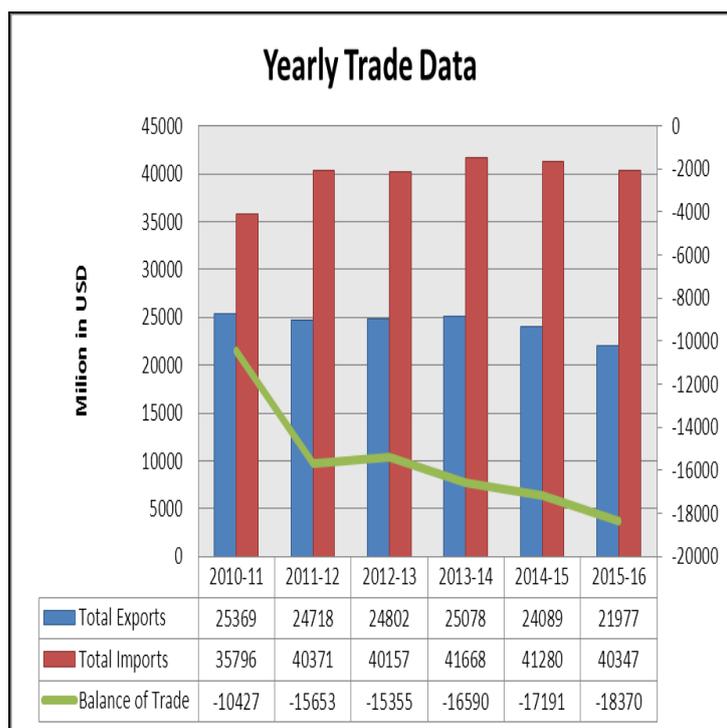
Trade Balance	-\$1,852 mln
Exports	\$1,742mln
Imports	\$3,594mln

### Weekly (March 31, 2017)

Reserves	\$21,550.5 mln
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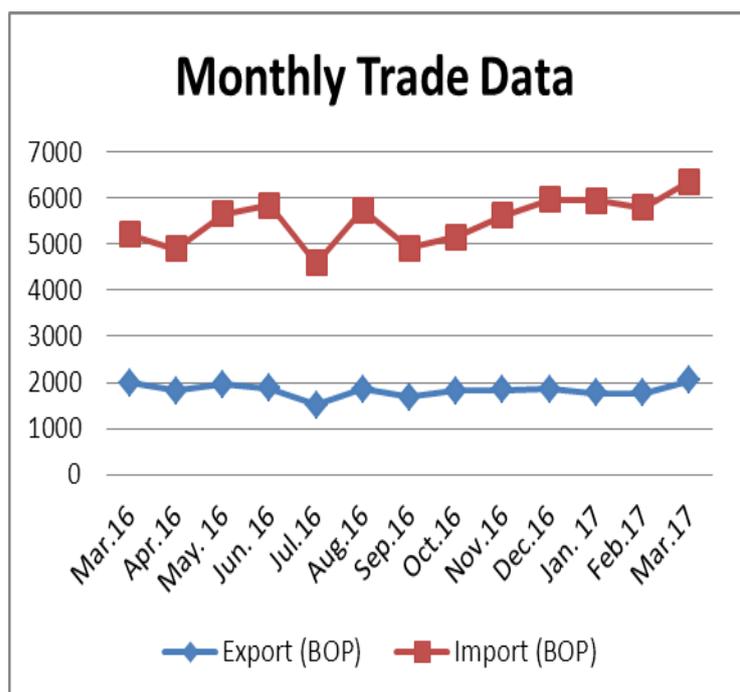
(Source: Business Recorder)

## Yearly Trade Data



(Source: SBP)

## Monthly Trade Data



(Source: SBP)

spark serious trouble for mango growers, exporters and the whole supply chain, he added. *(Express Tribune)*

### Cigarette manufacturers fight against tax evasion

An alarming trend is coming into view as budget-makers invite the taxpayers' proposals for incorporation into the upcoming budget. The trend referred to here is of evading duties and taxes with the help of policymakers and the bureaucracy which supervises production at factories. This trend, which discourages tax-compliant industries, has been a source of immitigable contention between honest taxpayers and the government machinery that acts neither to correct the policy nor its execution in the affected sectors. The most vocal sector in this context has been the cigarette manufacturers who seek emergency correctives in policy and execution to promote the overall culture of tax compliance. Their plea against the evasion of the Federal Excise Duty by local producers who manufacture and market illicit cigarettes is over three-decades old. In the meantime, other sectors with similar complaints have been fighting their respective cases with vigour but not as creatively as the cigarette manufacturers. In the upcoming budget-making exercise, they reportedly begged for measures that should discourage tax and duty evasion by some significant degree.

*(Express Tribune)*

### To tackle audit cases, FBR seeks changes in tax law

Faced with judicial and weak capacity challenges, the government may bring much-needed changes in the income tax law in the new budget to reduce the backlog of tens of thousands of audit cases and plug lacunas that have restricted meaningful implementation of the audit policy. The Federal Board of Revenue (FBR) has proposed changes in two sections of the Income Tax Ordinance 2001 that deal with selection criteria for the audit of taxpayers, said sources in the tax body. They said the FBR wanted to do away with the requirement of keeping the audit selection parameters secret. The FBR shall keep the parameters defined to select audit cases confidential, says Section 214C (1A) of the Income Tax Ordinance. The amendment had been introduced through Finance Act 2013. Sources said the FBR proposed that the section may be deleted so that taxpayers could know the base for selection of their case for audit. In February this year, the Lahore High Court had suspended the 2015 Audit Policy of the FBR, ordering tax authorities to set new principles for the selection of taxpayer audit cases. According to another proposal, the FBR seeks the removal of Section 214D of the Income Tax Ordinance. According to the section, a person shall be automatically selected for audit, if he does not file income tax return within due date or the tax is not paid. This had become a major issue as over 200,000 taxpayers had so far been picked for audit. The FBR wants to pick cases only on the basis of parametric audit as it does not have the capacity to deal with hundreds of thousands of cases. *(Express Tribune)*

### Rupee rises against euro

In the local currency market, the rupee closed the week slightly depressed against the dollar on improved demand by importers and private sector's buyers in the open market. In the interbank market, where dollar demand and supply was almost in balance, the rupee managed to remain firm because of a forex influx and moderate demand. In order to maintain sufficient market liquidity, the State Bank of Pakistan reportedly kept providing funds to cater to importers and corporate sector demand which kept the rupee slightly firm against the dollar in interbank dealings. Experts foresee the dollar coming under pressure in the coming weeks in the open market due to influx of remittances ahead Ramadan. *(Dawn)*