Monday, May 29, 2017 | 02 Ramzan 1438 Hijri

Market Today (May 26, 2017)				
Opening	PSX	Gold Per 10 gm	KCA Spot Rate	Crude Oil USD /bbl.
	52,869.01	42,985.00	6,835.00	48.90

(Source: Business Recorder)

Exchange rates issued by the Treasury Management Division of National Bank of Pakistan. May 26, 2017			
Country	**Currency**	**Selling TT & OD**	**Buying TT Clear**
USA	USD	104.7	104.5
UK	GBP	134.94	134.68
Euro	EUR	117.26	117.03
Canada	CAD	77.6	77.45
Switzerland	CHF	107.48	107.28
Australia	AUD	77.72	77.57
Sweden	SEK	12.04	12.02
Japan	JPY	0.9382	0.9364
Norway	NOK	12.44	12.42
Singapore	SGD	75.54	75.4
Denmark	DKK	15.76	15.73
Saudi Arabia	SAR	27.92	27.86
Hong Kong	HKD	13.43	13.41
China	CNY	15.5	15.47
Kuwait	KWD	345.03	344.37
Malaysia	MYR	24.48	24.43
New Zealand	NZD	73.38	73.24
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 office's Ramazan timings

The Lahore Chamber of Commerce and Industry (LCCI) office timings have been rescheduled for the holy month of Ramazan. During the month of Ramazan, the LCCI will remain open from 9:00 am to 3:00 pm without any break while on Fridays the Chamber will work from 9:00 am to 12:00 pm. ***(Business Recorder)***

Ministries, trade agencies in dire need to work together

Pakistan's federal government has ten core economic ministries, other than the Ministry of Finance. There are special agencies under some of these ministries while some such as the Board of Investment (BoI) reports directly to the Prime Minister's Secretariat. As the government moves towards the end of its tenure, there should be independent performance audit of each of these ministries based on the promises made in the PML-N economic manifesto. One of the biggest challenges for Prime Minister Nawaz Sharif and his economic team was to reverse the historic decline in the country's exports, which has registered a decline of 17% since 2014. The diagnosis was that exports declined primarily because of a shrinking manufacturing base underpinned by a major electricity crisis. This diagnosis, right or wrong, shifted the government's focus away from core institutional issues faced by the trade and investment climate of the country towards one goal – production of surplus electricity. ***(Express Tribune)***

Pakistan Economic Survey – ups and downs

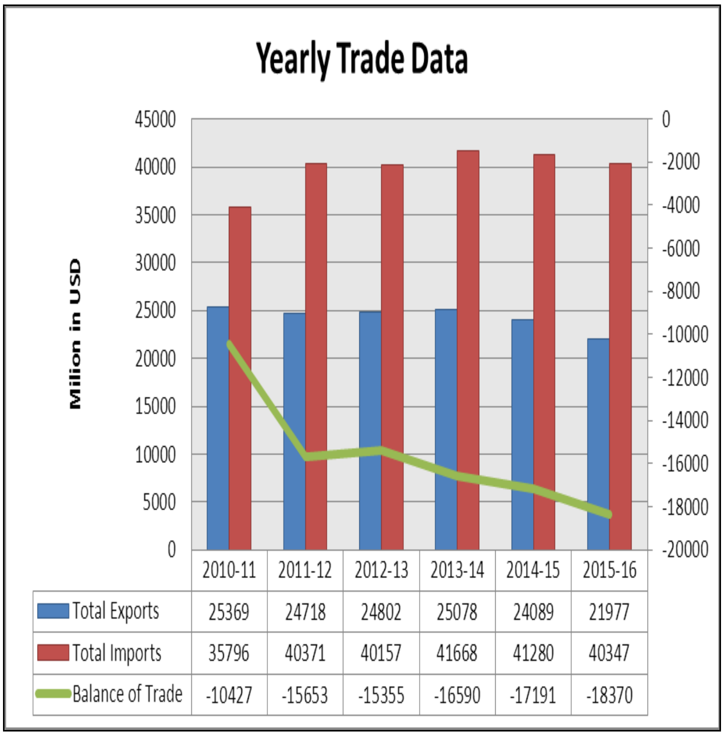
Finance Minister Ishaq Dar was upbeat when he was presenting the Pakistan Economic Survey on May 25, 2017. He had good reasons for being so. After all, Pakistan's GDP grew 5.28%, the first time in nine years that the growth crossed the threshold of 5%. This increase in the overall size of the economy indicates improved productivity and better standards of living. Since an estimated one-third or more of Pakistan's economy is undocumented and so does not form part of the Gross Domestic Product (GDP) figures, the actual economic growth is probably higher. The government can rightly claim some credit for this, although this growth falls short of the target of 7.2% that it had set for itself three years ago. This is still far lower compared to neighbouring countries in South Asia such as India and Bangladesh, which are growing at around 7%. There is slight improvement in government's taxation policies towards telecom and mobile phone sector. This would, to some extent, balance the negative fallout of the anti-telecom policies followed over the last four years. Hopefully, this will once again make Pakistan an attractive market for foreign investors. According to the State Bank of Pakistan, in the last nine months, the FDI decreased $82 million. The government is finally realising that when its policies were favourable to this sector, it flourished and attracted FDI of approximately $5.7 billion (net). ***(Express Tribune)***

Only 76% of allocated funds spent on water projects

Water supply and storage does not seem to be among top priorities of the government as despite facing acute shortages, the utilisation of funds on water projects has gone down. In the current fiscal year 2016-17, the government has allocated Rs31.72 billion for development schemes in the water sector, but only around Rs24 billion, or 76% of the total, would be utilised by the end of June, reveals the Annual Plan 2017-18 released on Friday. The ruling PML-N government has not only delayed the release of funds for water projects designed to enhance the country's storage capacity, but it has also cut fund allocation substantially since coming to power about four years ago. Its focus has primarily been on road infrastructure and metro bus projects and has pushed water schemes among less priority areas. After coming to power in mid-2013, the government earmarked Rs59 billion for fiscal year 2013-14 to be disbursed among different projects aimed at conserving and enhancing the country's water resources. However, out of the total, only Rs35 billion could be spent as the government slowed down the release of funds. In 2015-16, the allocation for water projects was slashed by around 50% to Rs30.12 billion. However, only Rs23 billion was disbursed for injection into the schemes.

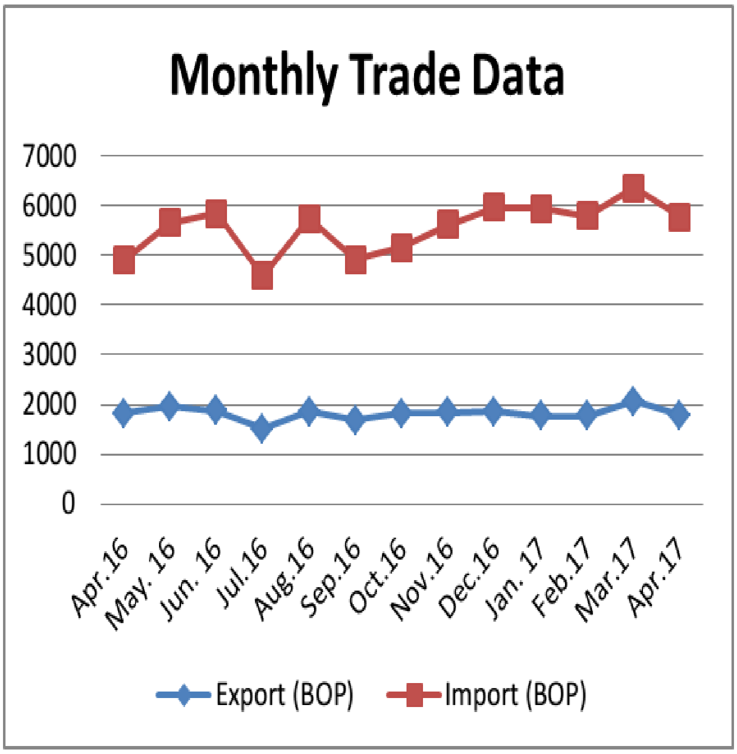
Economic Indicators	
Annual (2015/16)	
Foreign Debt	$62.649bn
Per Capita Income	$1,512
GDP Growth	4.24%
Average CPI	8.6%
Monthly (Feb. 2017)	
Trade Balance	$-1,852 mln
Exports	$1,742mln
Imports	$3,594mln
Weekly (March 31, 2017)	
Reserves	$21,550.5 mln

(Source: Business Recorder)



	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Total Exports	25369	24718	24802	25078	24089	21977
Total Imports	35796	40371	40157	41668	41280	40347
Balance of Trade	-10427	-15653	-15355	-16590	-17191	-18370

(Source: SBP)



(Source: SBP)

In the next fiscal year, almost a similar amount, Rs31.06 billion, was set aside for water schemes, but only Rs24 billion would be released by the end of the year. For the upcoming fiscal year 2017-18, a slightly higher amount estimated at Rs36.7 billion has been earmarked for water projects. Pakistan is fast becoming a water-stressed country with dearth of storages and India's plan to build more dams on rivers coming to Pakistan. ***(Express Tribune)***

Government makes life a bit harder for people not filing tax returns

The government, in its attempt to document the economy, has increased the rate of taxes in several categories for people who do not file their tax returns. Moreover, the federal government has extended the levy of 17pc sales tax on the import of goods for end use in non-taxable tribal areas. Through the Finance Bill 2017, the government has proposed an amendment to the law to extend the scope of sales tax in Federally Administered Tribal Areas (FATA) as well as Provincially Administered Tribal Areas (PATA). This means all imports at ports and taxable areas for end consumers in these areas will be charged at 17pc. The Federal Board of Revenue (FBR) claims that the proposed amendment will check illicit movement of supplies from tax-exempted areas. Advance tax rate has been increased to 17.5pc of gross amount of rent for a non-filer company while it will remain at 15pc for a filer company. The advance tax of gross amount of prices and winnings in case of non-filers has been increased to 25pc from 20pc. For filers it will remain at 15pc. The advance tax collected from the amount of commission for non-filers has been raised to 17.5pc from 15pc. It will remain at 12pc for filers. Similarly, advance tax on sales by auction for non-filer has been proposed at 15pc as against the current 10pc. The advance tax of a non-filer company of a permanent establishment of non-residents in Pakistan has been enhanced to 7pc from 6pc; in case of sales of goods, the rate for non-filers has been increased to 7.75pc from 6.5pc. In payment to permanent establishment in services, the rate for non-filer companies has been raised to 14pc from 12pc, and the rate for non-filers has been increased to 17.5pc from 15pc. It has been proposed to raise rate of advance tax to 13pc from 12pc for non-filers in case of payment to permanent establishment in execution of contracts. In case of filers, the rate will remain at 7pc. The advance tax in case of sales of goods was raised to 7pc from 6pc for non-filer companies; the rate for non-filer company rendering of or providing of services has been raised to 14.5pc from 12pc, while in other case for non-filer the rate has been enhanced to 17.5pc from 15pc. The rate of advance tax has been enhanced to 12pc from 10pc for non-filer company on payment for execution of contract while it has been raised to 12.5pc from 10pc for non-filers. ***(Dawn)***

Savings ratio falls to 13.1pc

The country's savings-to-GDP ratio, already the lowest in the region, missed the target set for the outgoing fiscal year and was even less than the preceding year's number. The budget document for 2017-18 reveals that the savings ratio remains a cause for concern as it declined to 13.1 per cent in FY17 compared to 14.3pc in FY16. The ratio is about 26pc in India. There is a lot of talk for spending but no push is visible either from the government or from the private sector to encourage savings. Instead, spending has a much bigger role which translated Pakistan into a consumer-based economy where consumption constitutes about 89pc of the economy. Despite falling savings-to-GDP ratio, the deposits of scheduled banks significantly increased by Rs910 billion during the first 10 months of this fiscal year. ***(Dawn)***

Pakistan's economic growth still hindered

Pakistan faces a barricade on the highway to faster progress. And the identification of this barricade is possible only through the indicators that are relevant. In this context, the most relevant is the growth in Gross Domestic Product (GDP), along with increment in exports as well as investment in key sectors. Over the past decade, Pakistan never seemed to take off in the export and investment sectors. Thereby, GDP growth was restricted to below 5%. That is a discouraging situation for an economy that has all the potential to have GDP at minimum 7%, export growth at nearly 15% and investment in the engineering, production and marketing sectors at minimum 20%. Furthermore, it is extremely saddening that Pakistan could not improve substantially upon its exports which stood at $7.8 billion in 1999 and grew to $17 billion by 2007, but no further between 2008 and 2017. ***(Express Tribune)***