

### Real effective exchange rate: IMF warns further appreciation will erode export more

IMF, in its latest report on "Pakistan: Staff report for the 2017 article IV consultation", has warned that greater exchange rate flexibility is critical, and further appreciation of the real effective exchange rate would further erode export competitiveness and discourage remittances further. The report raised the exchange rate issue at least 21 times and emphasized that Pakistan authorities must support greater exchange rate flexibility rather than relying on administrative measures to help reduce external imbalances and bolster external buffers. In the executive summary, the IMF notes that "prudent monetary policy and greater exchange rate flexibility will be the key to preserve low inflation and rebuild external buffers. *BR - Mon.*

### CPEC investments to help narrow power deficit, boost GDP: IMF

IMF, in its recent report, has stated that CPEC investments can help close Pakistan's power deficit, significantly improve its fuel mix, and boost GDP by adding \$ 13Bn in 7 years. The report said that in the process, Pakistan's excessive reliance on furnace oil would be significantly reduced and impact on GDP will likely come in three stages: construction, power generation, and over time-second-round effects on broader economic activity due to increased productivity, lower costs, and improved trade connectivity. The first two stages (direct contribution) could add about \$13Bn to Pakistan's GDP in the next seven years (4.7% of FY16 GDP). Second-round effects will likely accrue gradually and could lead to a significant contribution in the long run, depending on various other supportive factors. *BR - Sun.*

### IMF stresses PSEs' restructuring to curtail financial losses

International Monetary Fund (IMF) has said that the annual losses of ailing public sector enterprises (PSEs) in Pakistan swelled to 3.8% of GDP, increasing the importance of their restructuring to ease pressure on fiscal deficit. PSEs, including PIA, PSM, Pakistan Railways, and distribution companies, are incurring financial losses equivalent to 0.3% of GDP. Over the medium term, the Fund said a new comprehensive strategy to eliminate PSEs' losses and ensure private sector participation will be needed. *The News- Sun.*

### IMF for ending inequitable subsidy on electricity tariff

The International Monetary Fund (IMF) has advised Pakistan to completely eliminate inequitable subsidy on electricity tariff and replace it with direct cash transfers to the deserving to lift them out of poverty. It said subsidies remained an important element of Pakistan's social assistance even though these declined significantly from about 3% of GDP in FY12 to 0.8% in FY16 and electricity subsidies represented the bulk of subsidies at about 0.6% of GDP in FY16. *Dawn-Sun.*

### Rain of new taxes possible

A welter of new revenue measures could become necessary this fiscal year, according to the International Monetary Fund (IMF) Article IV report. The IMF projects a shortfall equal to 1.5% of GDP just to meet the revenue target set by the government. The FY18 budget is subject to significant risks, the Fund says, before pointing out the massive gap between its revenue projections and those of the government. It recommends additional revenue measures like reducing tax expenditures, gradually raising petroleum taxes, further strengthening the system of withholding taxes for non-filers, and improving provincial tax collection in agriculture, property and services. *Dawn-Sun.*

### Govt committed to make public debt portfolio more sustainable: Dar.

Finance Minister Mr. Dar, during a meeting of the MONETARY AND FISCAL POLICIES COORDINATION BOARD at the finance ministry, has assured that the government is committed to achieve the desired composition of public debt portfolio with an appropriate mix of financing from different sources in line with the Fiscal Responsibility and Debt Limitation (FRDL) Act, 2005. Finance minister said that government is focusing on extending the average time to maturity of domestic debt and expressed the need for necessary measure to address the widening current account deficit. There was a strong view in the Board that the exchange rate depreciation would not be good for the economy. It was of the view that during next two years the Balance of Payments position was very positive and recent pressure on the external sector would ease out. *The News-Sun/Tribune-Sun*

### GSP Plus status: gov. may seek support for continuation

The gov. is likely to actively engage with the Members of European Parliament (MEPs) and the governments of the EU member states to seek their support for continuation of GSP plus status for Pakistan. The second biennial review of the GSP plus scheme for Pakistan is currently underway and the review report would be submitted in Jan.'18. Pakistan faces tough opposition from the Southern block EU countries and some of them voted against giving Pakistan the GSP Plus in the EU Parliament. *BR - Mon.*

### 55 companies fail to file statement of compliance with SECP

A total of 55 public sector companies have not filed their statement of compliance with the SECP for the year ended on Jun. 30, 2016 and Dec.'16. Under section 24 (Compliance with the Rules) of the Public Sector Companies (Corporate Governance) Rules, 2013, every public sector company shall publish and circulate a statement along with its annual report to set out the status of its compliance with these rules, and shall also file with the commission and the registrar concerned such statement along with its annual report. However, the commission may, for reasons to be recorded, relax the same subject to such conditions as it may deem fit to impose. *BR - Sun.*

### NBP mulls reorganization to modernise banking system

National Bank of Pakistan (NBP), is mulling a reorganization plan to upgrade banking technologies as well as to improve customer service in a bid to come on par with private sector's competitors. President of NBP, said in an interview, the bank is going to undertake a hierarchical reorganization in the bank that will see empowerment in the field offices, boost in customer confidence and improvement in the service quality of the NBP. The bank's head admitted that NBP, has to improve customer service. *The News- Sun.*

### Sindh agency seals 17 factories for violating environmental laws

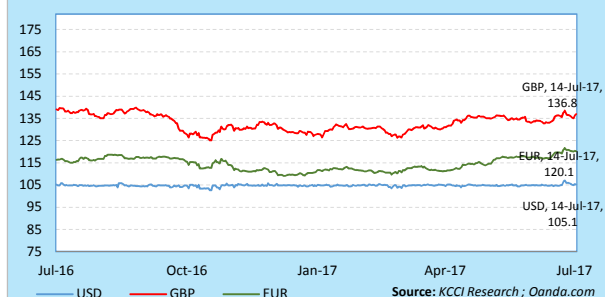
The Sindh Environment Protection Agency (SEPA) has sealed 17 factories in Sindh, 7 being in Karachi, saying that the units were disregarding environment laws. The agency has also sent 27 fresh cases to Sindh Environmental Tribunal, which was set up under the Pakistan Environmental Protection Act (Pepa) 1997 to hear complaints about pollution, for further investigations. The agency is also testing water samples to take action against those factories that are not treating their waste water. However, environmental experts say SEPA only acted when the Supreme Court of Pakistan started taking up environment cases. Otherwise, no government department was ready to take on polluters, especially powerful factory owners, who are playing with human and marine life in Arabian Sea. *Tribune-Sun.*

### Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	14-Jul	PKR	105.38	0.05%
USD-Open MKT	14-Jul	PKR	106.85	0.19%
KSE-100 index	14-Jul	Pts.	44,337	1.27%
FIPI	14-Jul	\$ Mn	-5.35	NM**
Crude (AU'17)	14-Jul	\$/bbl	46.82	2.70%
Gold (JY'17)	14-Jul	\$/oz	1,227.9	0.70%
Gold (10g) Local	14-Jul	PKR	43,242	0.10%
Silver (JY'17)	14-Jul	\$/oz	15.91	0.25%
Cotton(KHI)-40 kg	14-Jul	PKR	6,645	0.00%
Kibor-6M	14-Jul	%	6.14%	-0.01%
			WoW	0.37%
Forex Reserves	7-Jul	\$ Bn	21.45	YoY
Remittances	Jul-Jun 17	\$ Bn	19.30	-3.08%
Exports*	Jul-Jun 17	\$ Bn	20.45	-1.63%
Imports*	Jul-Jun 17	\$ Bn	53.03	18.67%
Trade Balance*	Jul-Jun 17	\$ Bn	-32.58	-36.32%
Current Account	Jul-May 17	\$ Mn	-10,641	-132.03%
Avg. CPI-FY17*	Jul-Jun 17	%	4.16	
Discount Rate	May-17	%	5.75	

Sources: KCCI Research, PMEX, NCCPL, KSE, SBP, PBS\*  
 \*\* Not Meaningful WoW= week on week; YoY=Year on Year

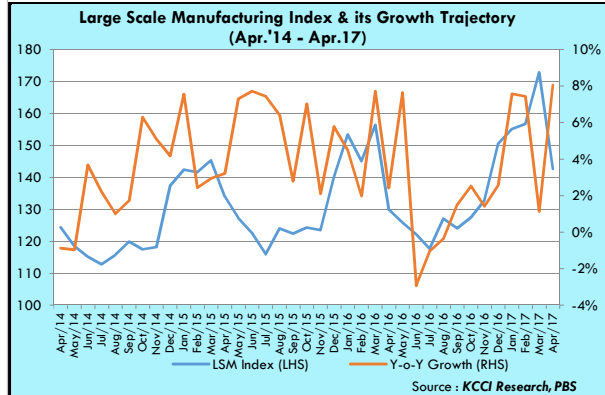
### Major Currencies



### Quote of the Day

*"I never think of the future - it comes soon enough."*  
**Albert Einstein**

### Chart of the Day



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