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Textile industry pins little hope on new PM

TAHIR AMIN

ISLAMABAD: Textile industry fears further drop in its exports, saying that expected Prime Minister Shahid Khaqan Abbasi might not be able to resolve industry problems due to short time and little say in policy making and financial matters.

Talking to Business Recorder here on Monday, the representatives of different associations of textile sector said they had little hope of significant change in the government policy towards exports-oriented sectors. Due to political uncertainty and financial constraints, the upcoming government may not give due focus on the industry, which would cause a setback to exports.

Expected Prime Minister Shahid Khaqan Abbasi has already announced that the government's policy, which was under way before Nawaz Sharif's dismissal by the Supreme Court on Friday last, on all matters will continue. He further stated that the incoming federal cabinet would be chosen in consultation with the party.

The Textile Ministry has been run without a minister for the last over four years, which shows the non-seriousness of the government. The industry stakeholders are not expecting nomination of a textile minister in new cabinet.

Pakistan Apparel Forum Chairman, Jawed Bilwani said that high cost of production was the major factor behind slowdown in exports. The exports-oriented sectors can be made competitive with other regional countries by reducing input cost i.e. reduction in power and gas tariff and release of stuck up tax refunds of exporters.

The expected prime minister may have little say in resolving these issues, said Balwani, adding that Chief Minister Shahbaz Sharif has always raised textile sector issues with former Prime Minister Nawaz Sharif and former Finance Minister Muhammad Ishaq Dar. The industry was expecting a turnaround if Shahbaz Sharif became prime minister, he added.

The representatives of All Pakistan Textile Mills Association (APTMA) said that 150 textile mills had been closed during the last six months, rendering thousands of people jobless due to high input cost including gas and electricity prices, over value exchange rate and stuck up of refunds claims.

Electricity is available at Rs 10.5/kwh for the industry in Pakistan as compared to Rs 7/kwh in other regional countries including Bangladesh. Furthermore, gas is available at Rs 1000/MMBTU in Pakistan against Rs 400 in Bangladesh. In such circumstances the industry could not compete in international market and, hence, is losing customers.

Khaqan Abbasi had little say in resolving gas/LNG issues of the industry even when he was minister for petroleum and natural resources and decisions were being taken by two people i.e. former PM Sharif and former Finance Minister Dar. The APTMA officials said that industry was expecting little from Abbasi as the policies will not be changed for 45-50 days.

They further said the government had released Rs 7 billion to textile sector under the prime minister package for exporters so far against their claims of Rs 12 billion. However, with the increasing political uncertainty exporters are worried about implementation of the prime minister package. "Though the package was not implemented in total, at least it had given some hope to the exporters," said APTMA official, adding the industry stakeholders fear that Abbasi may not focus on textile sector that would result in increasing their problems and decline in exports.

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Asif may get petroleum portfolio

WASIM IQBAL, ZULFIQAR AHMAD & AMIR SAEED

ISLAMABAD: Khawaja Muhammad Asif, former water and power minister, may be given the additional portfolio of petroleum and natural resources, apart from retaining his previous two portfolios, in the cabinet of Shahid Khaqan Abbasi who is likely to take oath as prime minister today (Tuesday) for an interim period of 45 days, it is learnt.

Well-placed sources in the former Cabinet told Business Recorder that Khawaja Asif will look after the petroleum and natural resources ministry during the interim period, and once Shahbaz Sharif takes over as PM, Abbasi will resume the charge of his previous ministry.

"The reason Khawaja Asif may be given the petroleum and natural resources portfolio is because it makes logical sense: the two ministries are related, a fact acknowledged in the PML-N 2013 manifesto in which the party committed to merging the two ministries into an Energy Ministry. In addition Abbasi and Khwaja Asif have been friends for long and Abbasi may feel comfortable with Khawaja Asif running the show in his 45-day absence," sources added.

Former Prime Minister Nawaz Sharif had appointed 20 ministers, 25 parliamentary secretaries, five advisers and four special assistants to run the affairs of the state. Analysts argue that the interim Prime Minister is unlikely to make any changes in these appointments.

Former Prime Minister Nawaz Sharif kept 11 portfolios with himself including Foreign Affairs, Investment, Communications, Textile, Postal Services, Information and Broadcasting, Information Technology, National Health Services and Coordination, Federal Education and Professional Training and Capital Administration and Development Division.

Shahbaz Sharif has exhibited the same tendency in Punjab and held eight ministries during the past four years; sources expect that Shahbaz Sharif may match if not exceed the number of portfolios held by his brother once he becomes prime minister.

Sources in Pakistan Muslim League-Nawaz (PML-N) told Business Recorder that the interim prime minister will keep a small cabinet to run the day-to-day affairs of the government.

Shahbaz Sharif, when elected as the Prime Minister, would appoint a larger cabinet and, sources speculate, it may have different members than those who served in Nawaz Sharif's cabinet.

As per the 18th amendment in the constitution, the federal cabinet must not exceed 11 percent of the total strength of parliament, National Assembly and Senate implying that the size of the cabinet should not be above 50 members.

The PML-N members said that a new struggle for the cabinet slots has begun after Nawaz Sharif was disqualified by the Supreme Court but are agreed that both Abbasi and Shahbaz would heed the advice of Nawaz Sharif in the matter.

Rasul Bukhsh Rais, a political analyst, told Business Recorder that in parliamentary form of politics and in a federation like Pakistan, the governments appoints cabinet members on the basis of representation of different regions and provinces, besides giving a fair share to the small allied parties.

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OGDCL TFC tenor extended by another 3 years

MUSHTAQ GHUMMAN

ISLAMABAD: The Economic Coordination Committee (ECC) of the Cabinet further extended the tenor of OGDCL's Privately Placed Term Finance Certificates of Rs 82 billion by three years after financially weak power Distribution Companies (Discos) expressed their inability to repay the principal amount, well-informed sources told Business Recorder.

According to the Ministry of Water and Power pursuant to the proposal of the ECC on May 15, 2012, TFC investor agreement for Rs 82 billion was executed between PHPL and Oil and Gas Development Company Limited (OGDCL) for the purposes of funding repayment liabilities of Discos on the terms and conditions approved by the Finance Division.

The major terms and conditions of Rs 82 billion financing were as follows: (i) disbursement date - September 10, 2012; (ii) up to seven years inclusive of grace period of 36 months from the first disbursement date with grace period applicable to principal repayments only; (iii) pricing - 3 months Kibor (base rate) + 1.00 per cent per annum(spread); (iv) installment payment - Markup-payment; Markup to be services on semi-annual basis , principal payment- in 8 equal semi-annual installments after completion of grace period.

Ministry of Water and Power apprised that the grace period of 36 months of Rs 82 billion term finance facility has been completed and payment of semi-annual installments on account of principal portion amounting to Rs 10.250 billion has become payable semi-annually. Due to limited available fiscal space and liquidity, power sector does not have the capacity to pay principal installments. Ministry of Water and Power and Ministry of Finance are working on a settlement plan for PHPL financing facilities.

According to the Ministry of Water and Power PHPL is a public sector company without assets and will be responsible for restructuring facility of Rs 82 billion by extending tenor of facility from seven years to ten years including extension in grace period of the facility from three years to six years. Pursuance to the proposed arrangement, principal installment payments shall be deferred till March 10, 2019.

After detailed discussion, the ECC approved the proposal regarding extension in tenor and grace period from 7 years to 10 years, including extension in grace period from 3 years to 6 years in respect of TFC facility of Rs 82 billion for PHPL with the direction that the words “consortium of banks” may be replaced with OGDCL.

Ministry of Water and Power, in its summary claimed that the power sector has shown marked improvement in its performance in the past two years. The recoveries which remained in the range of 88-89 percent, have now crossed 93 percent consecutively in 2015 and 2016, the highest in the history of the sector. Similarly, the T&D losses which were around 19 percent in 2014 came down to 17.8 percent in Dec 2016. These two accounts by themselves have provided positive cash flows to the power sector totaling Rs.116 billion in the past two years. Gencos, making a cumulative loss of Rs. 7.785 billion in 2013-14, not only overcame their losses but reported a profit of Rs. 5.772 billion in 2015-16.

All these achievements as well as historic drop in oil prices helped to keep the power sector's circular debt within the range of 320-330 billion from Dec 2014 till June, 2016. These two years (2014-15 and 201 5-1 6) were the only fiscal years in the past more than a decade when no losses of the power sector were paid out of the federal budget which used to be on the average of Rs 200 billion annually in the past. This brought down power sector's burden on national budget from 2.4 percent of GDP in 2012-13 to around 0.7 percent of the GDP in 2014-1 5, (only subsidy

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allocations).

The other stream of cash flow into the power sector are the subsidies payments out of federal budget, which are announced by the government from time to time, with the aim of providing relief to low income groups, less developed regions and to allow competitive cost of production to industries and agriculture. A large part of subsidies payment is also reduced through imposition of Tariff Rationalization Surcharge (TRS) on high end consumers.

A reconciliation process is going on between the Ministry of Water and Power and the Ministry of Finance over some subsidy claims and arrears which are expected to be settled in the coming months.

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Liabilities: Power sector given Rs30bn fresh guarantee

ZAHEER ABBASI

ISLAMABAD: The Finance Ministry has provided a fresh guarantee of Rs 30 billion to the power sector for settlement of its liabilities on account of repayment of loan and interest payment through a fresh loan.

Sources in the Finance Ministry said that the Ministry of Water and Power presented a proposal to the last Economic Coordination Committee (ECC) of the Cabinet meeting that a syndicated term finance facility for Rs 30.95 billion was executed between Power Holding (Private) Limited and consortium of local commercial banks collectively for the purpose of funding the repayment liabilities of the Discos in pursuance of the ECC decision in 2014.

The period of the facility was five years, inclusive of grace period of 24 months from the first disbursement date with a grace period applicable to principal repayments only.

The Water and Power Ministry added that it imposed debt service surcharge on the consumers of the electricity for the purposes of payments on account of mark-up, to the syndicate as and when due, in respect of the PHPL financing facilities including Rs 30.95 billion syndicated term finance facility. As a result of limited available fiscal space and liquidity, power sector does not have capacity to pay principal installments. Ministry of Water and Power and the Ministry of Finance are working on a settlement plan for the PHPL financing facilities.

The grace period of 24 months of Rs 30.95 billion syndicated term finance facility has completed and payment of semi-annual installments on account of principal portion amounting to Rs 5.158 billion has become payable semi-annually.

The distribution companies/power sector will have to arrange funds through borrowings from local commercial banks in order to discharge their liability towards syndicate on account of principal installments in respect of Rs 30.95 billion syndicated term finance facility.

The proposed loan will be arranged on behalf of power distribution companies by Power Holding (Pvt) Limited through syndicated term finance facility and this will be cash neutral transaction. The consortium of local banks comprising Meezan Bank Limited, Allied Bank Limited and Bank of Khyber has agreed to provide the fresh financing facility of Rs 30.95 billon and in this regard draft term sheet is received from the syndicate.

Power Holding (Private) Limited is a public sector entity without assets and will be responsible for arranging loan for power sector companies for the purposes of adjusting the existing facility of Rs 30.95 billion executed in pursuance of the ECC decision.

The Ministry of Finance was requested to provide government guarantee for repayment of loan as well as interest, for the fresh facility amounting to Rs 30.95 billion.

The servicing of mark-up, principal repayments and all other amounts becoming due and payable in respect of the fresh facility shall be the responsibility of Ministry of Water and Power. Pursuant to the arrangement, Power Holding (Private) Limited shall be entitled to additional rebate of 0.30 percent per annum (Rs92,850,000 per annum) on payments on account of mark-up within 30 days of the due date.

The principal installment payments shall also be deferred for further period of two years from the date of execution of fresh facility.

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US policy uncertainty holding down investment: Fed official

WASHINGTON: US political uncertainty over health care and tax reform is causing businesses to hold off on investments, a top Federal Reserve official said Monday.

Low investment, in turn, is one factor contributing to stubbornly low interest rates, Fed Vice Chair Stanley Fischer said.

“For one, uncertainty about the outlook for government policy in health care, regulation, taxes, and trade can cause firms to delay projects until the policy environment clarifies,” he said in a speech to a conference in Brazil.

The US Senate last week defeated another effort to repeal the Affordable Care Act put in place under former President Barack Obama, but the fate of the law remains in doubt as President Donald Trump has threatened to cut off funding that makes the insurance plans affordable for many families.

Meanwhile, Trump’s promised tax reform plan has not gone beyond a single-page of general goals, and seems unlikely to make it through Congress this year.

But Fischer said slow economic growth is the main factor holding down long-term interest rates, even after the Fed raised the benchmark federal funds lending rate by a full point in the past 18 months, including two rate hikes this year.

Persistent low rates are a concern if they signal an economy unlikely to grow faster, or if they drive investors to “reach for yield” moving into riskier investments which “could potentially hurt financial stability.”

The US economy grew by 2.6 percent in the second quarter, more than double the pace in the first three months of the year. The longer-term potential growth rate has slowed to 1.5 percent, half what it was in the years leading up to the 2008 financial crisis, according to the Congressional Budget Office (CBO).

Fischer said that is a concern because “slower growth diminishes the number of business opportunities that can be profitably undertaken, weighing on investment demand.”

He said a “prime culprit” in the growth slowdown has been the slow rate of labor productivity growth, which has increased only 1/2 percent, on average, over the past five years, compared with a two percent growth rate over the period from 1976 to 2005.

An aging population which is shrinking the labor force also impacts trend economic growth, he said.—AFP

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THE RUPEE

Modest recovery

RECORDER REPORT

KARACHI: The rupee recovered modestly against the dollar on the money market on Monday in the process of trading, dealers said.

INTER-BANK MARKET RATES: The rupee almost sustained it's week-end levels in terms of the dollar for buying and selling at Rs 105.38 and Rs 105.40 respectively, they said.

In the first Asian trade, the dollar struggled, wallowing near a 2-1/2-year low against the euro, weighed down by US political uncertainty and uninspiring US data that added to doubts about whether there will be another Federal Reserve rate hike this year.

Growth in the world's largest economy picked up to 2.6 percent in the second quarter, matching expectations of economists polled by Reuters, but growth in the first quarter was revised down to 1.2 percent.

US labour costs also rose less than expected in the second quarter, data on Friday showed, adding to concerns that inflation will remain low.

The euro was a shade lower at $1.1732 but remained in striking distance of $1.1777, its strongest level since January 2015 set on Thursday.

The dollar was trading against the Indian rupee at 64.080, the US currency was available at 4.277 versus the Malaysian ringgit and the greenback was at 4.2795 in terms of the Chinese yuan. Inter bank buy/sell rates for the taka against the dollar on Monday: 80.65-80.66 (previous 80.65-80.66).

OPEN MARKET RATES: The rupee managed to recover 20 paisas against the dollar for buying at Rs 107.30 and it also gained 50 paisas for selling at Rs 107.50 respectively, they said.

The rupee appreciated by 60 paisas in relation to the euro for buying and selling at Rs 125.00 and Rs 126.00 respectively.

Open Bid	Rs. 107.30
Open Offer	Rs. 107.50

Interbank Closing Rates: Interbank Closing Rates for Dollar on Monday.

Bid Rate	Rs. 105.38
Offer Rate	Rs. 105.40

RUPEE IN LAHORE: The Pakistani rupee appreciated versus the US dollar in the local currency market on Monday.

According to the currency dealers, the dollar resumed trading on a negative note following lack of buyers' interest in the currency market. At the close, it ended at Rs 107.20 and Rs 107.75 on buying and selling side, respectively, as compared to the overnight closing rates of Rs 107.30 and Rs 108.00 respectively, they added.

Moreover, the national currency recovered on buying side while it stayed unchanged on selling side against the pound sterling. The pound was bought and sold at Rs 139.40 and Rs 140.60 against last closing rates of Rs 139.60 and Rs 140.60 respectively, they said.

RUPEE IN ISLAMABAD AND RAWALPINDI: The value of dollar against the rupee at the open currency markets of Islamabad and Rawalpindi here on Monday.

The dollar opened at Rs 107.10 (buying) and Rs 107.20 (selling) against last rate of Rs 107 (buying) and Rs 107.10 (selling). It closed at Rs 107.10 (buying) and Rs 107.20 (selling).

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Oil prices remain unchanged

WASIM IQBAL

ISLAMABAD: Oil consumers could not get a reasonable relief in current month as no competent authority is available in the government to decide the revision in oil prices.

Sources said the government will continue the existing oil prices as there is no competent authority - prime minister and the Cabinet. In the absence of prime minister and the Cabinet, there seems no competent authority to decide the revision in oil prices.

The Oil and Gas Regulatory Authority (Ogra) had recommended a reduction of 6.3 percent in prices of petroleum products in line with the global market trend. The regulator proposed an increase in prices of kerosene oil and light diesel oil up to 29.5 percent.

In a summary sent by the Ogra to ministries of petroleum and finance on Friday, the regulator proposed that prices of petrol and diesel should be slashed effective August.

According to the Ogra summary, consumers of high-speed diesel, which is mostly used in transport vehicles and the agriculture sector, should be cheaper by Rs5.07 per litre (6.3 percent). This will take its price down to Rs74.83 per litre from the existing Rs79.90 per litre.

Petrol price was proposed to be reduced by Rs3.67 (5.1 percent) to Rs67.63 per litre compared to the current Rs71.30 per litre.

Kerosene oil, which is used for cooking purposes in remote areas where LPG is not easily available, the Ogra suggested Rs13 per litre (29.5 percent), standing at Rs57 against existing price of Rs44.

The price of light diesel oil, consumed mainly by industrial units was proposed to be increased by Rs10.01 per litre (22.8 percent), reaching Rs54.01 compared to the current Rs44 per litre.

Official said there was zero general sales tax and petroleum levy on kerosene oil and light diesel oil. However, the calculation of Ogra was based on budgeted general sales tax and petroleum levy which resulted in hike in prices of these two products.

Meanwhile, the spokesman for the Finance Division said that considering special circumstances, the rates of petroleum products would be maintained at the existing level till a decision by the competent authority.

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Is it the ‘end of uncertainty’ at the PSX?

Pakistan’s stock market seems to be responding positively to the ousting of Nawaz Sharif from PM office. Not only did it recover from its steep intra-day losses last Friday when the judgement was announced, it continued its gains yesterday as well.

One would have been tempted to say that market pundits are only responding to the ‘end of uncertainty’ – as some players argue – instead of the disqualification of Nawaz Sharif. That view may hold some truth but it doesn’t hold a lot of ground in the face of various Whatsapp videos, showing a rare display of ‘bhangras’ at the PSX floor on Friday amid slogans of #GoNawazGo, and ‘judges zindabad’.

As for the ‘end of uncertainty’ argument, this column would advise investors to think twice before joining the bullish bandwagon jump started by the punters.

Remember how the stock market reacted jubilantly right after the April 20th Supreme Court order when it decided to form a joint investigation team. By May 24th the punters took the market to new life high (52876 points), but eventually slipping to 43783 points by July 13th. That close was just days after the JIT had submitted the report, and about 10 percent lower from the close on April 20th. How many fingers got burned? Plenty!

A similar episode might follow suit if investors throw caution to the wind. While economic policies may continue until the next elections, political uncertainty may also continue in the months ahead. That political uncertainty doesn’t only stem from the possible conviction of Nawaz Sharif after NAB’s trial; it also stems from what lies ahead for Ishaq Dar and Shahbaz Sharif; the Hudaibiya case is said to be a can of worms, and worms are also known to eat men. Agreed, that the cases will take much longer than the Panama case, but uncertainty sees the news flow and likelihoods.

A host of possibilities exist out there; some with only Nawaz in Adiala, some both Sharif brothers in; some with none. Each might have different political implications for the next elections. How does the market read PML-N’s future without the Sharif brothers, or with one of them in Adiala, or with both of them back in the game?

The market hasn’t really thought through these possible developments. But a clearer picture on these possible scenarios will eventually emerge during the accountability courts’ proceedings. Until that time, smart investors should refrain jumping the bullish bandwagon and opt for cherry pick at lower levels instead.

What are the lower levels? Well, Qasim Anwar, Pakistan’s first certified chartist working at AKD Securities says he expects the market to consolidate (marked by accumulation) between 44000 and 47600 points; his current downside expectation being limited 44000 points. But BR Research’s view is that, don’t be surprised if the index slips to 39000 (or even 36000 points in extreme political circumstances); political wrangling often wakes up the bears. And bears often wake up hungry!

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Bring back money from Swiss Banks: FPCCI

RECORDER REPORT

LAHORE: The Federation of Pakistan Chamber of Commerce and Industry (FPCCI) on Monday demanded steps to bring back billions of dollars stashed by wealthy Pakistanis in the Swiss banks.

All the political parties should play their role to bring back money to Pakistan which is as important issue as the CPEC and nuclear tests because less than half of that money can help country clear its entire foreign debt of $80 billion, chairman FPCCI Regional Committee on Industries, Atif Ikram Sheikh said.

"In 2014 our finance minister revealed that Pakistanis have 200 billion dollars in the Swiss Banks. If other foreign banks, offshore companies, investment in the property market of Dubai and Malaysia etc is added, the amount can jump well over 300 billion dollars," he said.

He pointed out that entire amount isn't the stolen funds but many have transferred their money abroad due to fear of losing it to inconsistent policies and political uncertainty. For the same reason many industries have also been shifted abroad that can be convinced to come back, he added.

Sheikh was of the view that those who have transferred their funds abroad are getting a negligible profit; if they are convinced and offered better returns, they may bring their money back and invest it into industry and SMEs.

He said presently there is no scarcity of investment in Pakistan but the majority of the businessmen prefer unproductive sectors like real estate and stock exchange because investment in productive sectors is considered risky.

The government should try to change the direction of the investment to productive sectors which will boost GDP, generate jobs and revenue, he emphasized.

He said that Pakistanis are one of the most gifted people on this planet while our country has matchless resources and potential but it frequently remains on the brink of bankruptcy which allows other countries to dictate their damaging policies. This situation can be changed if some of the money is brought back to Pakistan which will end our dependency on IMF.

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Prices of phutti rise on cotton market

RECORDER REPORT

KARACHI: Prices improved on the cotton market on Monday on rising demand by mills and spinners, dealers said.

The official spot rate was unchanged at Rs 6350, they said. In the ready session over 6000 bales of cotton changed hands between Rs 6350-6700, they said.

In Sindh, seed cotton rates picked up Rs 200 were at Rs 2600-3200 per 40 kg, they said. In the Punjab, phutti prices were available at Rs 3000-3400, they said.

Cotton analyst, Naseem Usman said that prices and arrivals of seed cotton improved during the monsoon rains.

He also said that farmers must be cautious about the negative impacts of rains over the standing crop. Some analysts said that high content of moisture can effect over the quality. Rising trend in seed cotton with better quality is an indication that cotton production may touch 13 million bales this season, he added.

Arrivals of phutti likely to improve in the coming days, besides, demand is also increasing by the buyers with the passage of time, other brokers said.

The following deals reported: 800 bales of cotton from Sanghar at Rs 6350, 600 bales from Hyderabad, 1400 bales from Tando Adam, 1600 bales from Shahdadpur, 800 bales from Kotri, 600 bales from Sinjoro all finalised at the same rates, 200 bales from Vehari at Rs 6675, 200 bales from Burewala at Rs 6700 and 100 bales from Chichawatni at the same prices, they said.

THE FOLLOWING ARE THE KCA OFFICIAL SPOT RATES FOR 2016-17 FOR LOCAL DEALINGS IN PAK RUPEES FOR BASE GRADE 3 STAPLE LENGTH 1-1/16" MICRONAIRE VALUE BETWEEN 3.8 TO 4.9 NCL

Rate For	Ex-Gin Price	Upcountry Expenses	Spot Rate Ex-Karachi	Spot Rate Ex-Karachi As on 29.07.2017	Difference Ex-Karachi in Rupees
37.324 Kgs Equivalent	6,350	135	6,485	6,485	
40 Kgs	6,805	145	6,950	6,950	

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Cotton futures inch up

NEW YORK: ICE cotton futures inched higher on Monday, moving close to a six-week high, as investors covered short-positions amid a sagging dollar.

The December cotton contract on ICE Futures settled up 0.06 cent, or 0.1 percent, at 68.86 cents per lb. It traded within a range of 68.5 and 69.7 cents a lb.

“Given the current rains across West Texas (the price movement) is more likely on short-covering,” said Louis Rose, co-founder and director of research and analytics at Rose Commodity Group.

The US dollar on Monday hit a 2-1/2-year low against the euro and touched a more than six-week low against the yen. The dollar index was down 0.40 percent. The Thomson Reuters CoreCommodity CRB Index, which tracks 19 commodities, was up 0.27 percent.

“The market seems to be stuck between a bullish current crop and a potentially bearish new crop scenario,” Plexus Cotton said in a note. “Demand has clearly been stronger than anticipated this season... to the point that origins like the US and India will basically be out of cotton by the time new crop is harvested.”

Speculators increased a net long position in cotton by 2,191 contracts to 17,251 contracts in the week to July 25 after adopting a bearish stance for nine straight weeks, the Commodities Futures Trading Commission (CFTC) data showed on Friday.

Since late May, speculators had been unwinding their net long position in the commodity to the smallest since April 2016.

“The CFTC report is back tracked so they increased their longs during the consolidation of the past week. The market could move higher from additional longs entering the market though,” said Anestis Arampatzis, risk management consultant with INTL FCStone.

Total futures market volume rose by 8,839 to 19,153 lots. Data showed total open interest fell 430 to 216,063 contracts in the previous session.

Elsewhere, two Indian states have asked cotton farmers to step up pesticide sprays to ward off potential harmful bug attacks as dry weather conditions in some parts of the top-cotton producing country risk triggering infestations of pests.—Reuters

New York cotton

RECORDER REPORT
The fluctuations observed during the day:

	Current Session						Prior Day		
	Open	High	Low	Last	Time	Set	Chg	Vol	Set
Oct’17	70.34	71.13	69.83	70.50	14:45 Jul 31	70.50	0.28	5	70.22
Dec’17	68.70	69.70	68.50	68.86	14:45 Jul 31	68.86	0.06	8148	68.80
Mar’18	68.17	69.05	67.87	68.25	14:45 Jul 31	68.25	0.02	1731	68.23

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Changing profile of foreign assistance

Dr Hafiz A Pasha

The latest estimate, as of and June 2017, of the external government debt of Pakistan is over $57 billion. The largest part, up to March 2017, of 48 percent is owed to Multilateral Agencies like the World Bank, ADB and IDB. The share of Paris Club countries is 22 percent, with over $6 billion from Japan. Next in importance is bilateral lending by non-Paris Club countries, especially China, with a share of 13 percent. The remainder, 17 percent, is in the form of Sukuk/Eurobonds, borrowing from foreign commercial banks and other sources.

The relatively large share of concessional debt from multilateral and bilateral sources has historically limited the debt servicing liabilities. In the first eleven months of 2016-17 repayment plus interest costs of debt servicing were equivalent to 7 percent of the outstanding external debt. This has ensured a degree of external debt sustainability.

The basic question is whether the profile of external government debt will remain largely unchanged. If not, then there is need to study the implications of changes both the level and the composition on the future external debt sustainability.

The other question is whether foreign exchange reserves will rise or fall given the inflow of foreign assistance. Between 2012-13 and 2015-16, the increase in reserves was over 12 billion, while external debt, both public and private, rose by almost the same amount. Therefore, for 2017-18 it is essential to see the prospects for the level of reserves.

The first major finding is that the composition of gross government external borrowing from July 2016 to June 2017 is very different from the profile of outstanding government external debt. The share of multilateral agencies has fallen sharply to 28 percent. Similarly, the share of funding from Paris Club countries has plummeted to only 6 percent. As such, the overall share of relatively concessional financing has visibly declined.

The increases that have taken place are in borrowing from non-Paris club countries, especially from China, and commercial borrowing (plus flotation of Sukuk bond). The share of the former has increased to 15 percent and of the latter source to 51 percent. Commercial borrowing has come from Chinese banks, like ICBC and China Development Bank, and other banks like SCB, London and Credit Suisse. Out of the record total gross inflow of assistance in 2016-17 of $10.6 billion, almost $4.4 billion has been financed by commercial banks. The contribution of the Sukuk Bond is $1 billion.

During the last quarter of 2016-17 the gross government external borrowing reached a record breaking level of $5.3 billion. Clearly, as the current account position in the balance of payments worsened sharply as the year progressed, there has been need to resort to large-scale commercial borrowing to prevent a precipitous decline in foreign exchange reserves.

The implications on debt servicing obligations of the changing profile are substantial. The amortization period is much shorter and the rate of interest is significantly higher on commercial loans. For example, the loans from the ICBC bank of China, according to the Pakistan Economic Survey, are to be repaid in only two years and the interest rate is LIBOR plus 2.4 percent. This implies that annually for a loan of $1 billion, the cost of debt servicing in the next two years is as much as $521million per annum. The LIBOR rate is very low currently at 1.4 percent for six months. It could rise steadily and approach 5 percent as in previous years.

Similarly, project loans from China, largely for CPEC infrastructure projects, are also expensive relative to

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loans from either the World Bank or ADB. The terms of a typical loan from the latter are at an interest rate close to 2 percent only, payable in 19 to 24 years. As compared to this the Chinese financing is available at an interest rate of over 4 percent, at the current LIBOR rate, and the amortization period is twelve years. As such, for the same size of loan, the cost of servicing of the Chinese financing is more than double that of ADB for the duration of the loan.

The basic implication is that debt servicing costs will rise sharply in years to come, if there is continued dependence on Chinese project financing and loans from Chinese and other foreign commercial banks. Meanwhile, there is a visible tendency on the part of traditional lenders, especially the World Bank, to reduce annual assistance to Pakistan in the form of either project or program loans.

The budget estimates for 2017-18 of foreign assistance continue to adhere to the old pattern, with over 74 percent expected from multilateral agencies and a much reduced 26 percent from flotation of Sukuk bond and borrowing from commercial banks, Further, the Government expects to reduce its overall borrowing by over $2.2 billion this year in comparison to $10.6 billion in 2016-17.

Adherence to the budget estimate for 2017-18 of foreign assistance could actually imply a big draw down of foreign exchange reserves. The external financing requirement (current account deficit plus debt repayment) could approach $19 billion. The current account deficit is projected at $14 billion, with relatively fast growth in imports, due especially to machinery for CPEC projects, and modest growth in exports and remittances. The repayment of public external debt will approach $5 billion. FDI and net private borrowing could rise to $4 billion, due to more FDI especially from China, Gross external government borrowing and grants are budgeted at just over $8 billion. The result will be financing gap of as large as $7 billion.

The fundamental question is will the government accept the fall in reserves to about $9 billion, providing import cover of just over two months? Alternatively, will it go for a borrowing binge, like in 2016-17, largely once again from Chinese or other international commercial banks? However, will Pakistan still be considered as credit worthy by these banks? Exports are the lifeline and have to be revived on an emergency basis. We anxiously await the developments on the balance of payments front during the on-going financial year.

(The writer is Professor Emeritus and a former Federal Minister).

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Faisalabad yarn and fibre prices

RECORDER **REPORT**

FAISALABAD: Cotton yarn rates in rupees per 10 Lbs on Monday (July 31, 2017).

6-8/S Cone (Cotton)

ARY 500.00

Sher 400.00

Nelibar 650.00

Al-Falah 550.00

Chagi 400.00

Shaheen 400.00

Nelum 400.00

10/S Cone (Cotton)

Sufi 500.00

Model Soft 700.00

Adil 520.00

Neilum 560.00

Nelibar 690.00

Owais Karni 500.00

Gold Star 580.00

Urooj 620.00

Shaheen 510.00

Al-Falah 490.00

Zam Zam 500.00

A.T.M 540.00

Sun flower 510.00

Apple Soft 680.00

Apple Hard 660.00

Ton-Ton 620.00

10/S Cone (Soft)

Es Guard 1020.00

S.B. 990.00

Kinoo 990.00

Malta 1040.00

Ayesha 940.00

12-14/S Cone (Cotton)

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Super Motia
790.00

Model
770.00

Qadri
650.00

Adil
670.00

--

16-18/S Cone (Cotton)

--

Nova
710.00

Chagi
700.00

Adil
720.00

Model
810.00

Neeli Bar
1130.00

Super Motia
830.00

Prince
740.00

Prince W
1120.00

Acro
980.00

Apple
860.00

--

20/S Cone (Cotton)

--

Zahidjee
1180.00

Anmool
1190.00

J.K.
1240.00

Panther
1230.00

Bajwah
1200.00

Darulsalam
1190.00

Hadabia
1200.00

Rashim
1220.00

Tayyab
1220.00

--

22/S Cone (Cotton Warp)

--

Crescent
1270.00

Yahya
1250.00

HAR
1260.00

Tayyab
1290.00

Polo
1260.00

Ulfat
1260.00

--

24/S Cone (Cotton Warp)

--

Crescent
1280.00

Prince
1290.00

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Acro
1280.00

H.A.R.
1280.00

Silver Lines
1250.00

ATM
1260.00

Anmool
1280.00

30/S Cone (Cotton Warp)

Al Noor
1390.00

Crescent
1400.00

Acro
1380.00

Glamour
1320.00

Arain
1380.00

J.K.
1370.00

Gulistan
1475.00

Ujalla
1390.00

Khalid Shafique
1410.00

Shafi
1270.00

Chakwal
1475.00

Anmool
1390.00

Ittehad
1390.00

Hadabiya
1400.00

32/S Cone (Cotton)

Ahmad
1400.00

Malikwal
1410.00

Chand
1410.00

J.K.
1500.00

Target
1430.00

Hadabiya
1410.00

A Three
1410.00

Araian
1390.00

Al-Qadir
1410.00

Tophy
1500.00

H.H.
1400.00

40/S Cone (Combed Cotton)

JK
1675.00

JK Carded
1550.00

Acro
1675.00

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Nishat 1725.00	Four-G 1540.00	Suraj 2000.00
Betray 1560.00	A. Three 1500.00	Al-Nasar 1950.00
Ittihad 1550.00	Azam 1500.00	Tanveer 2000.00
Al-Nasar 1725.00	Wasal Kamal 1500.00	Sultan 1750.00
Ejaz 1700.00	Super Gold 1520.00	Diamond 1800.00
Superior 1675.00	Jubilee 1460.00	Koiyal 1975.00
Nisar 1725.00	Babri 1520.00	Malikwal 1725.00
Three-G 1510.00	Sally 1530.00	Parado 1725.00
Suraj 1775.00	---------------------------------------	Four Star 1950.00
Alcott 1725.00	52/S Cone (Combed Cotton)	Nisar 1975.00
Ramzan 1520.00	---------------------------------------	Prime Plus 1675.00
Ahmad 1490.00	Crescent 1950.00	Saif 1800.00
Super Shaheen 1500.00	Alcott 1950.00	Super Shaheen 1700.00
Darul Islam 1500.00	Ittihad 1950.00	Ejaz 1950.00

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Habib
1850.00

Colony
1725.00

Umer auto
1675.00

Two-G
1675.00

60/S Cone (Combed Cotton)

Nishat
2275.00

J.K.
2125.00

Mapal Leaf
2125.00

Koiyal
2270.00

Gujjar Khan
2200.00

Pagri
2175.00

Deen
2150.00

Alam
2125.00

Saphair
2125.00

72-74/S Cone (Cotton)

Prime
2375.00

Commander
2350.00

N.P.
2300.00

Tower
2350.00

80/S Cone (Cotton)

Gold King
2550.00

Super King
2575.00

Mapel Leef
2750.00

Amjad
2700.00

Khan Buhadur
2600.00

Admiral
2725.00

Commander
2625.00

Four Star
2775.00

Rolex
2775.00

Diamond Gate
2825.00

Al Falah
2800.00

Chairman
2700.00

Battery
2800.00

Shanshah
2625.00

30-31/S Cone (Polyester Cotton)

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RECORDER

Tuesday, 1st August, 2017

------------------------------------ --

Gold Star 140.39

Sun 131.30

JK 109.00

Bilal 104.00

Tahir Rafique 108.00

Zahidjee 105.00

Bashir 112.00

Shadman 104.00

Sarfraz 103.00

Cherry 103.00

Khalid Nazir 103.00

Wasal Kamal 104.00

North Star 105.00

Super Khuwaja 108.00

Anaar 113.00

Action 100.00

Marjan 107.00

Pak Panther-ll 104.00

Nayab 109.00

Kiran 108.00

NP 110.00

Mehtabi 106.00

H.T.M 106.00

K.K. 108.00

Ruby 110.00

Metro 98.00

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38/S Cone (Polyester Cotton)

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Gold Star 151.50

Shahpur 135.00

North Star 125.00

A.D. 115.00

Multan 114.00

Golden 118.00

Kirshma 114.00

Al-Azhar 124.00

Sarhad 115.00

Aslam 107.00

Corolla 117.00

Royal 107.00

BUSINESS
RECORDER
Tuesday, 1st August, 2017

Chairman (N)
109.00

--

40/S Cone (Polyester Cotton)

--

A.A.
161.60

Mehtabi
128.00

Shadab
134.00

Mazan
126.00

--

40/S Cone (AV)

--

Koiyal
173.00

Super LG
165.00

A.J.
169.00

Ahmad Fine
169.00

Asheana
202.00

--

40/2 Cone (AV)

--

Koiyal
189.00

Super LG
179.00

A.J.
180.00

Ahmad Fine
183.00

--

30/S Cone (CVC)

--

Ayesha
127.00

SUN
136.65

Mazan
135.00

--

26/S Cone (PV)

--

AA
121.20

Ashiana
119.18

MM
100.00

Blue Star
102.00

Super Jett
102.00

Shuttle
100.00

M-4
104.00

Bemisal
98.00

Ghouri
100.00

U-2
101.00

L.G.
103.00

BUSINESS

RECORDER

Tuesday, 1st August, 2017

U-7
94.00

Triple two
98.00

AJ Gold
101.00

Candle
99.00

Jaguar
101.00

--

34-36/S Cone (PV)

--

A.A.
143.42

Ashiana
142.40

Sapna
135.00

Blue Star
111.00

Super Jett
111.00

Shahzad-H
109.00

Shuttle
107.00

Bemisal
107.00

Shuttle less
111.00

Cheeta
103.00

Candle
108.00

Target
107.00

U-7
103.00

Royal
100.00

Spin Cott
108.00

H.R.
108.00

S.S.
115.00

Tanveer
117.00

--

44-46/S Cone (PV)

--

A.A.
171.70

Ashiana
170.68

Sapna
154.00

Super Jet
123.00

Bemisal
123.00

Marghala
124.00

U-2
123.00

Cheeta
123.00

Target
123.00

S.S.
135.00

--

65/S Cone (PV)

--

BUSINESS RECORDER

Tuesday, 1st August, 2017

Ashiana
224.22

U-2
172.00

Bemisal
172.00

Ghori
171.00

Cheeta
169.00

A.J Gold
170.00

Tanveer
174.00

Maqbool
173.00

L.G.
172.00

34/S Cone PP

Zamin
100.00

Shadman
119.00

Ellahi
121.00

Dewan
104.00

U-2
104.00

60/S Cone PP

Zamin
125.00

Anwar
122.00

Taj Mahal
122.00

36-38/S Cone (Staple)

Diamond Gate
1600.00

Marghala
1540.00

Saif
1530.00

Four Star
1530.00

A.J.
1560.00

Fazal Cloth
1560.00

L.G.
1550.00

Super Gold
1540.00

Azam
1525.00

Best
1540.00

K.P.K.
1510.00

Colony
1490.00

Martial
1510.00

30/S Cone (Ecrylic)

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RECORDER

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Koial
169.00

--

Saif
183.00

Saif
173.00

40/S Cone (Ecrylic)

Combine
172.00

--

Combine
163.00

Pagri
182.00

Koial
181.00

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Karachi Yarn Market Rate

RECORDER REPORT

KARACHI: Karachi Yarn Market Rates on Monday (July 31, 2017).

CONES CARDED

10/1.

Popular Fibre 920.00

Diwan 950.00

Tritex 930.00

12/1

Nadeem Textile 1100.00

Indus 1140.00

Popular Fibre 1080.00

Bajwa 1150.00

16/1.

Nadeem Textile 1180.00

United 1180.00

Popular Fibre 1120.00

Abdullah Textile 1150.00

Indus 1220.00

A. A. Cotton 1200.00

Tritex 1170.00

Bajwa 1210.00

21/1.

Ishtiaq Tex 1240.00

Al-Karam (A.K) 1250.00

Suriya Tex 1250.00

United 1220.00

GulAhmed (G.Lite) 1260.00

Popular Fibre 1220.00

Shadman 1240.00

Indus Dyeing 1290.00

Abdullah Textile 1220.00

Lucky Cotton 1230.00

A. A. Cotton 1300.00

Diwan 1240.00

22/1.

Bajwa 1270.00

United 1260.00

24/1.

A. A. Cotton 1370.00

Tritex 1320.00

26/1.

AL-Karam 1370.00

BUSINESS RECORDER

Tuesday, 1st August, 2017

Dewan 1320.00

Amin Text 1350.00

Shadman Cotton 1350.00

Diamond Int'l 1320.00

Popular Spinning 1300.00

Ishtiaq Textile 1320.00

Lucky Cotton 1320.00

A. A. Cotton Hosiery 1450.00

28/1

Abdullah Textile 1350.00

30/1.

Amin Tex. 1450.00

Al-Karam 1430.00

Jubilee Spinning 1350.00

GulAhmed (G.Lite) 1430.00

Lucky Cotton 1350.00

Diamond Intl 1400.00

A. A. Cotton Hosiery 1480.00

32/1

Abdullah Textile 1380.00

40/1

Lucky Cotton 1650.00

52/1

Lucky Cotton 1700.00

COMBED CONE

40/1

Indus CF 1740.00

20/2.

GulAhmed 1340.00

Amin 1350.00

Indus Dyeing 1360.00

Bajwa 1350.00

Shadman Cotton 1340.00

42/1

Abdullah Textile 1650.00

52/1

Abdullah Textile 1750.00

20/1. SLUB

Abdullah Textile 1300.00

30/1 SLUB

Abdullah Textile 1520.00

60/1.

Abdullah Textile 1750.00

BUSINESS RECORDER

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70/1

Abdullah Textile 1850.00

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CHEES CONES

--

10/1.

Kasim Tex 700.00

Latif Tex. (Latif) 700.00

Super 690.00

Abdullah Textile (OE) 690.00

16/1. (O.E.)

Kasim Textile 880.00

Masal 870.00

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RATES OF PAKISTANI/IMPORTED POLYESTER YARN (PER LBS) + GST

--

Imported 50/36 FDY 90.00

Local Mill 130.00

Rupali 75/78 FDY NA

Import 75/72 FDY 72.00

Local Mill 82.00

Rupali 75/36/0 & 75/24 DT 90.00

Imported 75/36/0 DTY 84.00

Local Mill 83.00

Rupali 75/128 INT DTY 100.00

Local Mill 115.00

Imported 75/72 INT DTY 83.00

Local Mill 105.00

Imported 75/144 INT DTY 83.00

Local Mill 110.00

Rupali 300/96/INT DTY 80.00

Imported 300/96/INT DTY 70.00

Local Mill 66.00

Rupali 300/96/0 DTY 74.00

Imported 300/96 DTY 69.00

Local Mill 63.00

Rupali 75/24 INT DTY 100.00

Imported75/36 INT DTY 96.00

Local Mill 85.00

Rupali 150/48/0 DTY 76.00

Imported 150/48/0 DTY 71.00

BUSINESS
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Local Mill 70.00

Rupali 150/48 INT DTY 81.00

Imported 150/48 INT DTY 74.00

Local Mill 73.00

Imported 150/144 SIM 76.00

Local Mill NIL

RATE OF BLANDED YARN IN RUPEES

(PER LBS)

P.V. CONES

18/1 PV

A.A. Textiles 108.00

20/1 PVB

A.A. Textile 111.00

A. A. Cotton 110.00

24/1 P.V. BRIGHT

A.A. Tex. 116.00

Sana 109.00

A. A. Cotton (80:20) 115.00

26/1.PV Bright

A.A. Tex. 121.00

Sana 111.00

30/1 PV

A.A. Tex."Z" Twist 127.00

Sana 120.00

A. A. Cotton 126.00

26/1 P.V. (S.D.)

A.A. Textile 121.00

A. A. COTTON 128.00

36/1 PV (SD)

A.A. Textile 143.00

40/1. (PVB)

Sana 138.00

A. A. Cotton 142.00

A. A. Textile 147.00

46/1 PVSD

Ibrahim Fibre 170.00

28/1 PV SLUB

A.A. Clock Tower 150.00

30/1 PV SLUB

A. A. Cotton (PVB) 150.00

A. A. Cotton (PC) 157.00

A. A. Cotton SLUB (PP) 150.00

BUSINESS
RECORDER
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Sana SLUB (PP)
145.00

Sana (PV)
150.00

Sana SLUB (V)
165.00

40/1 SLUB

Sana (V)
180.00

--

SEWING THREAD YARN

--

Sana

21/1 PP
84.00

30/1 PP
96.00

40/1 PP
105.00

50/1 PP
122.00

20/1 PVT

Sana
118.00

30/1 PVT

Sana
128.00

10/1 PP

A. A. Cotton
95.00

12/1 PP

A. A. Cotton
100.00

16/1 PP

A. A. Cotton
105.00

20/1 PP

Sana
110.00

Diwan
98.00

A. A. Cotton
112.00

Agar
96.00

26/1 PP

A. A. Cotton
117.00

30/1 PP

Agar
101.00

Anwar
109.00

Sana
120.00

Diwan
103.00

A. A. Cotton
122.00

34/1. (PP)

A. A. Cotton
99.00

40/1 PP

A. A. Cotton
135.00

60/1. (P.P)

Agar
124.00

Diwan
125.00

Anwar
130.00

A. A. Cotton
148.00

BUSINESS
RECORDER
Tuesday, 1st August, 2017

8/.1.

A. A. Cotton (52 48)
95.00

10/.1.

Zainab
117.00

A. A. Cotton
95.00

Lucky Cotton
135.00

12/1

A. A. Cotton
100.00

14/1

Zainab Tex
120.00

A. A. Cotton
105.00

16/1

AA SML Carded (52 48)
116.00

IFL (52 48)
122.00

A. A. Cotton
105.00

P.C. COMBED

20/1. PC

A.A.SMLCARDED
125.00

Zainab (Combed)
125.00

A. A. Cotton (Carded)
112.00

A. A. Cotton CVC (65 : 35
110.00

24/1. PC

A. A. SML Carded
125.00

Zainab (Combed)
130.00

A. A. Cotton
109.00

25/1

A.A. Cotton
117.00

30/1. PC (52 : 48)

Zainab Textile (combed)
140.00

Stallion
100.00

K. Nazir
112.00

Al-Karam
112.00

AA SML (Carded)
133.00

A. A. Cotton (Carded)
122.00

A. A. Cotton CVC (65 : 35
114.00

36/1. PC

IFL Tex (Combed)
151.00

A. A. Cotton
140.00

40/1 PC

A.A. Textile (Combed)
161.00

45/1 PC

Zainab
174.00

10/1 CVC

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A. A. Cotton (60:40) 100.00

12/1 CVC

A. A. Cotton (60:40) 107.00

16/1 CVC

A. A. Cotton (60:40) 112.00

20/1 CVC

A. A. Cotton (60:40) 117.00

AASML 114.00

24/1 CVC

A. A. Cotton (60:40) 123.00

Sana 146.00

AASML 111.00

30/1 CVC

A. A. Cotton 127.00

AASML 122.00

40/1 CVC

A. A. Cotton 140.00

40/.1. VISCOSE

Sana 160.00

Sana Acrylic 160.00

READY RATES OF STAPLE FIBER IN RUPEES

POLYESTER K.G.

I.C.I. 1.D 127.00

I.C.I. 1.2 (SD) 127.00

I.C.I. Bright 129.00

Rupali 1.D 127.00

Rupali 1.2 (SD) 127.00

Ibrahim Fiber (SD) 127.00

Ibrahim 1.D 127.00

Ibrahim Fiber Bright 129.00

Ibrahim Trilobal Bright 129.00

VISCOSE K.G.

FCFC 44 MM Taiwan 240.00

FCFC 51 MM Taiwan 240.00

Grysum India 240.00

Thai Reyon 51 MM 240.00

S.P.V. Ind. 51 MM Indones 240.00

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ACRYLIC FIBER K.G.		Acelon	Korea	1.2x51	210.00
		Monty	1.2x51	Italy	210.00

DAWN
Tuesday, 1st August, 2017

Petroleum products prices to remain unchanged in August

Khaleeq Kiani

ISLAMABAD: In the absence of a political leadership, the bureaucratic machinery of the state struggled to take a routine monthly decision to revise prices of petroleum products on the due date of July 31 and decided to keep them unchanged for the month of August.

The secretaries of petroleum, finance and law and justice spent more than 12 hours on Monday in consultations at times also touching base with the presidency for a direction whether or not to implement recommendations of the Oil and Gas Regulatory Authority (Ogra) issued last week.

Just before midnight, their daylong meetings and analyses of legal requirements concluded that the secretaries of finance and law and justice should take an amended summary to the president for approval to revise the prices, but it was declined. The secretaries for finance and petroleum did not respond to media calls and text messages.

Informed sources said it was legally difficult to change sales tax rates on petroleum products in the absence of a prime minister or the cabinet and hence it was decided to continue with the existing rates that would generate about Rs8 billion of additional windfall revenue. The government is currently charging 33.5 per cent GST on high speed diesel and 20.5pc on petrol.

Bureaucrats have a hard time arriving at a decision in the absence of political leadership

“No change in petroleum products prices till a decision by the competent authority,” said a spokesman for the finance ministry, adding that considering special circumstances, the prices would be maintained at the existing level till a decision by the competent authority.

Ogra and the petroleum ministry had kept their staff waiting in their offices till midnight for a notification.

Ogra had recommended a reduction of Rs5.07 per litre in the price of high speed diesel (HSD) and Rs3.67 in petrol effective from August 1 to pass on the benefit of lower international prices to consumers. It recommended an increase of Rs13 and Rs10 per litre in the prices of kerosene and light diesel oil (LDO), respectively.

On the basis of existing tax rates, Ogra calculated the new ex-depot price of HSD at Rs74.83 per litre instead of Rs79.90 and that of petrol at Rs67.63 instead of Rs71.30. In contrast, the regulator recommended an increase of Rs13 per litre in the ex-depot price of kerosene to Rs57 from Rs44 and that of LDO by Rs10 per litre to Rs54 from Rs44.

Petrol and HSD are two major petroleum products that generate most of the revenue for the government because of their massive and yet growing consumption in the country. HSD sale across the country stands at about 800,000 tonnes per month and that of petrol at 700,000 tonnes.

Sales of kerosene and LDO are generally less than 10,000 tonnes per month.

DAWN
Tuesday, 1st August, 2017

FBR collected Rs200bn in July

The Newspaper's Staff Reporter
ISLAMABAD: The Federal Board of Revenue (FBR) collected Rs200 billion in the first month of this fiscal year exceeding the target set for the month. It registered a growth of 22pc over the collection of Rs164bn in the same month last year.

FBR Official Spokesperson Dr Muhammad Iqbal on Monday said that the revenue collected was the provisional target for July."We are expecting that few more billions will be received when the revenue collection figures are finalised next week," he added.

The government has projected a revenue collection target of Rs4,013 billion for 2017-18. The breakup shows that the FBR will collect Rs1,594.910bn under direct taxes and Rs2,418.090bn in indirect taxes.

Tax-wise breakup showed that the revenue target of income tax was projected at Rs1,577.557bn, customs duty at Rs581.371bn, sales tax at Rs1605.200bn and Federal Excise Duty at Rs231.519bn for the current fiscal year, respectively.

APP ADDS: Meanwhile, the FBR would brief the Senate Committee on Finance, Revenue, Economic Affairs, Statistics and Privatisation on Wednesday about the revenue collection ach-ieved in 2016-17.

The senate committee, scheduled to meet under the chairmanship of Saleem Mandviwalla, would also be briefed about the revenue collection targets set for 2017-18.

The committee would also be briefed about the rules made under the Benami Act 2017, according to Senate Secretariat notification.

The State Bank of Pakistan (SBP) would brief the committee on the recent depreciation of the rupee against the dollar and its effect on the economy.

The central bank would also inform the committee about role in the Joint Investigation Team (JIT) on Panama Case.

DAWN
Tuesday, 1st August, 2017

LNG imports meeting up to 25pc of gas shortage

The Newspaper's Staff Reporter

LAHORE: Ongoing imports of Liquefied Natural Gas (LNG) are meeting up to 25 per cent of gas shortage, which currently hovers around 2.5 billion cubic feet per day.

According to an official at the Ministry of Petroleum and Natural Resources, Pakistan has saved approximately $1.7bn by importing LNG, which is cheaper than furnace oil.

“Pakistan has imported 6.1 million tonnes of LNG through the country’s only LNG terminal, which is located at Port Qasim. Operated by Engro, the terminal has handled 94 LNG cargo ships within 28 months and re-gasified approximately 284.7bn cubic feet of gas into the national distribution network,” an official said.

Commissioned on March 28, 2015, the terminal has the capacity to re-gasify 600-630 million standard cubic feet per day. The terminal continues to receive a monthly average of six consignments. “Most of the imported LNG so far has been utilised to run gas-based independent power producers that were either sitting idle due to the unavailability of gas or burning diesel,” the official said.

DAWN
Tuesday, 1st August, 2017

Cotton committee to assess crop next week

APP

ISLAMABAD: The Cotton Crop Assessment Committee (CCAC) will meet next week to assess the volume of current cotton crop.

Higher-ups of relevant ministries and government departments including the Trading Corporation of Pakistan and representatives of growers, Pakistan Textile Mills Association (Aptma), Pakistan Cotton Ginners Association (PCGA) and Pakistan Central Cotton Committee (PCCC) will attend the meeting, said Cotton Commissioner Dr Khalid Abdullah on Monday.

The committee would assess the volume of current cotton crop, besides assessing per acre crop output and average plant population and crop outlook, he added.

The meeting would also discuss the challenges and issues being faced by the cotton growers at post-harvest stages and would suggest remedial measures.

Giving the overview about the crop, Dr Abdullah said the cotton crop for the season 2017-18 was progressing well in Sindh and Punjab.

He said that picking of seed-cotton (phutti) started in lower Sindh in first week of July. Crop outlook is stable and encouraging production was expected during the season, he added.

Due to heavy rains in Mirpurkhas, picking activity has slowed while some crop damage has also been reported, he said.

He said cotton crop is in good condition in rest of cotton belt of Punjab and Sindh, besides the pest situation is also below the economic threshold level.

Seed cotton prices remained between Rs2,800-3,300 per 40 kg in domestic markets, he added.

DAWN
Tuesday, 1st August, 2017

Brisk buying on cotton market

The Newspaper's Staff Reporter

KARACHI: Higher trading activity was reported at the cotton market on Monday as increased flow of phutti (seed cotton) from Punjab eased availability of quality lint.

As phutti supplies from Punjab cotton fields are gradually improving with each passing day, trading activity has also started to expand.

Despite the fact that flow of phutti from Sindh is much higher, quality issues — due to moisture content — continue to discourage buyers from entering into larger deals.

Meanwhile, cotton sowing for 2017-18 season has been completed. Around 5.3 million acres have been cultivated in Punjab, an increase of 20.5 per cent over the previous year, while in Sindh it decreased by 4.4pc to 1.5m acres. However, total average sowing increased by around 13.95pc, as reported by the Ministry of Textile Industry.

Cotton analyst Naseem Usman said if these figures are true, it would mean the country may produce between 10.20-10.30 million bales of cotton this season. However, this is also dependent upon weather conditions and hopefully no pest attacks. So far, no damage to cotton crop had been reported.

On the global front, Indian cotton closed high on the background reports of damage to cotton crop by rains while Chinese and New York cotton were easy.

The Karachi Cotton Association maintained its spot rates at overnight level.

The following deals were reported on Monday: 800 bales, Sanghar, at Rs6,350; 600 bales, Hyderabad, at Rs6,350; 1,400 bales, Tando Adam, at Rs6,350; 1,600 bales, Shahdadpur, at Rs6,350; 800 bales, Kotri, at Rs6,350; 600 bales, Sinjoro, at Rs6,350; 200 bales, Vehari, at Rs6,675; 200 bales, Burewala, at Rs6,700; and 100 bales, Chichawatni, at Rs6,700.

THE FOLLOWING ARE THE KCA OFFICIAL SPOT RATES FOR 2015-16 FOR LOCAL DEALINGS IN PAK RUPEES FOR BASE GRADE 3 STAPLE LENGTH 1-1/32" MICRONAIRE VALUE BETWEEN 3.8 TO 4.9 NCL			
Rate For	**Ex-Gin Price**	**Upcountry Expenses**	**Spot Rate Ex-Karachi**
37.324 Kgs Equivalent	**6,350**	**135**	**6,485**
40 Kgs	**6,805**	**145**	**6,950**

DAWN
Tuesday, 1st August, 2017

MARKETS

FOREX

Exchange Rates for Currency Notes (Rs)

	Interbank market*		Open market**	
	Buying	Selling	Buying	Selling
USA	105.30	105.50	107.30	107.50
UK	138.19	138.45	140.00	141.00
Euro	123.56	123.79	125.00	126.00
S.Arabia	28.08	28.13	28.45	28.70
UAE	28.67	28.72	29.10	29.40
Japan	0.9525	0.9543	0.9601	0.9801

*forex.com.pk **ECAP

KIBOR

Karachi Interbank offered rates

	Bid	Offer
Three months	5.89	6.14
Six months	5.90	6.15
One year	5.96	6.46

LIBOR

Special US dollar bonds for July 28

Three months	1.31056 %
Six months	1.45500 %

THE NEWS
Tuesday, 1st August, 2017

FBR collects Rs200 billion in July, up 20pc MoM

ISLAMABAD: The Federal Board of Revenue (FBR) has collected Rs200 billion in the first month (July 2017) of the current fiscal year 2017-18 against a collection of Rs164 billion in the same month of the last financial year 2016-17, registering a growth by 20 percent.

"We have achieved the target of Rs200 billion for July 2017 with margin," one top official of FBR confirmed to The News here on Monday.

Till (Monday) afternoon, the FBR's collection had crossed Rs183 billion in July this year against Rs164 billion collected during the same period of the last fiscal. "The collection of over Rs200 billion shows the tax machinery did not collect advance tax in abundance in June 2017, the last month of the previous fiscal year," said a senior official of the FBR while talking to The News.

However, the FBR has been facing a daunting task for achieving highly ambitious tax collection target of Rs 4,013 billion for the ongoing fiscal year.

Analysts said the country's fiscal woes have been worsening as the FBR is unlikely to achieve highly ambitious tax collection target of Rs4,013 billion for the current fiscal year mainly because of low base in last fiscal where the reconciled tax collection figure stood at only Rs3,360-3,362 billion.

"We will finalise the tax collection figures till August 10, 2017 for the last fiscal year," confirmed Dr Iqbal, FBR spokesman, while talking to The News. He said the FBR's collection would cross its envisaged target of Rs200 billion for July 2017.

One of the sources said instead of achieving the downward revised tax collection target of Rs3,521 billion, the FBR's reconciled tax collection stood just at Rs3,360-3,362 billion for the last fiscal year 2016-17 that ended on June 30, 2017.

"The FBR's reconciled tax collection stood at Rs3,360 billion in accordance with AGPR and SBP data instead of revised tax collection target of Rs3,521 billion so achieving tax collection target of Rs4,013 billion simply seems unfeasible," another source in the FBR confirmed to The News.

With a projected base of Rs3,521 billion, the last budget makers had envisaged tax collection target of Rs4,013 billion or around 15 percent growth but with massive revenue shortfall, where the tax collection reduced by around Rs161 billion, so the FBR would have to slash down its envisaged target with the same proportions.

In the wake of low base collection standing at Rs3,360 billion, the FBR will have to achieve a collection growth of over 20 percent instead of 15 percent for displaying the desired target of Rs4,013 billion for fiscal year 2017-18.

"If the FBR does not reduce its tax collection target then the tax machinery will have to take additional taxation measures or put its house in order for achieving highly ambitious target in the fiscal year where political uncertainty will continue to hover over the political scene of the country," the official added.

The FBR's tax collection was revised downward from Rs3,621 billion to Rs3,521 billion after holding parleys with the International Monetary Fund (IMF) on the pretext of reduced oil prices in international market, budgetary incentives, reduction of GST on fertiliser and export incentive package. However, the tax collection reduced significantly and stood at Rs3,360 billion.

With low tax collection by the FBR, the economic managers are finding it really hard to curtail the budget deficit at around 5 percent of GDP for the last fiscal year.

The finance ministry had not yet disclosed the figure of budget deficit but it might cross 5 percent of the GDP despite the fact that economic managers were running from pillar to post for maximising the non tax revenue target from possible avenues.

THE NEWS
Tuesday, 1st August, 2017

Cotton Crop Assessment Committee to meet next week

ISLAMABAD: The first meeting of Cotton Crop Assessment Committee would be held next week to asses the volume of current cotton crop in the country, cotton commissioner said on Monday.

All stakeholders including Ministry of Textile Industry, representatives of provincial governments, Plant Protection Department, Trading Cooperation of Pakistan and cotton growers would attend the meeting, said Cotton Commissioner Khalid Abdullah.

He told APP that representative from all Pakistan Textile Mills Association, Pakistan Cotton Ginners Association and Pakistan Central Cotton Committee attended the meeting.

The committee would asses the volume of current cotton crop in the country, besides assessing the per acre crop output and average plant population and crop outlook, he added. The meeting would also discuss the challenges and issues being faced by the cotton growers at post harvest stages and would suggest their remedial measures.

Abdullah said cotton crop for the season 2017/18 is progressing well in Sindh and Punjab. He said picking of seed cotton started in lower Sindh in first week of July and crop outlook is stable. Encouraging production was expected during the season, he added.

Due to heavy rains in Mirpur Khas, picking activity has been slowed, he said. Recent rains have damaged cotton crop in Mirpur Khas to some extent but significant losses have not been reported, he added.

Abdullah said cotton crop is in good condition in rest of cotton belt of Punjab and Sindh, besides the pest situation is also below economic threshold level. Seed cotton prices remain between Rs2,800-3,300 per 40 kilogramme in domestic markets.

THE NEWS
Tuesday, 1st August, 2017

FPCCI demands repatriation of money stashed overseas

ISLAMABAD: The Federation of Pakistan Chamber of Commerce and Industry (FPCCI) on Monday demanded steps to bring back billions of dollars stashed by wealthy Pakistanis in Swiss banks.

"All the political parties should play their role in repatriating the money. This issue is more important than China-Pakistan Economic Corridor (CPEC) and nuclear tests as less than half of that money can help us clear entire foreign debt of $80 billion," said Atif Ikram Sheikh, chairman FPCCI Regional Committee on Industries, in a statement.

"In 2014 our finance minister revealed that Pakistanis have $200 billion in Swiss Banks.

Together with the money hoarded in other foreign banks, offshore companies, investment in Dubai and Malaysian property market etc, the total may jump well over $300 billion."

Sheikh said the entire amount was not stolen funds, but many affluents have transferred their money abroad fearing losing it to inconsistent policies and political uncertainty. "For the same reason many industries have shifted abroad, but they can be convinced to come back," he added.

Those, he said, who had transferred their funds abroad were getting a negligible profit; if they could be convinced and offered better returns, they may bring their money back and invest it into industry and small and medium enterprises.

"Presently there is no scarcity of investment in Pakistan but the majority of the businessmen prefer unproductive sectors like real estate and stock exchange because investment in productive sectors is considered risky," said he.

Moving ahead, the FPCCI official demanded of the government to try to change the direction of the investment towards productive sectors, which will boost GDP and generate jobs and revenue.

"Pakistanis are one of the most gifted people on this planet and our country has matchless resources and potential, but it frequently remains on the brink of bankruptcy, which allows other countries to dictate their damaging policies," Sheikh lamented.

He was of the view that this situation could be changed if some of the money was brought back to Pakistan. "It will end our dependency on IMF," said he.

THE NEWS
Tuesday, 1st August, 2017

Cotton firm

Karachi

Active trading was recorded at Karachi Cotton Exchange on Monday, while spot rate remained firm.

Spot rate stood unchanged at Rs6,350/maund (37.324 kg) and Rs6,802/40-kg. Ex-Karachi rates also remained firm Rs6,485/maund and Rs6,950/40-kg after an addition of Rs135 and Rs145 as upcountry expenses, respectively.

One analyst said there was more demand after rains stopped in Sindh. “Around 65 ginning factories have started operation in Sindh and 10 in Punjab,” he said. “Local market is likely to remain steady amid an increase in the demand.”

Prices in India are up, while in China they are down. US showed mixed trend.

Karachi Cotton Market recorded nine transactions of around 6,000 bales of the new crop at a price of Rs6,350 to Rs6,700 a maund.

The Nation on Web
The Nation
Tuesday, 1st August, 2017

FPCCI for bringing back money stashed in the Swiss banks

INP

ISLAMABAD - The Federation of Pakistan Chambers of Commerce and Industry (FPCCI) on Monday demanded steps to bring back billions of dollars stashed by wealthy Pakistanis in the Swiss banks. All the political parties should play their role to bring back money to Pakistan which is a more important issue than the CPEC and nuclear tests as less than half of that money can help country clear entire foreign debt of eighty billion dollars, it said.

In 2014 our finance minister revealed that Pakistanis have 200 billion dollars in the Swiss Banks. If other foreign banks, offshore companies, investment in the property market of Dubai and Malaysia etc. is added, the amount can jump well over 300 billion dollars, said Atif Ikram Sheikh, chairman FPCCI Regional Committee on Industries.

He said that entire amount isn't the stolen funds but many have transferred their money abroad due to fear of losing it to inconsistent policies and political uncertainty. For the same reason many industries have also been shifted abroad that can be convinced to come back, he added.

Those who have transferred their funds abroad are getting a negligible profit; if they are convinced and offered better returns, they may bring their money back and invest it into industry and SMEs.

He said that presently there is no scarcity of investment in Pakistan but the majority of the businessmen prefer unproductive sectors like real estate and stock exchange because investment in productive sectors is considered risky.

The government should try to change the direction of the investment to productive sectors which will boost GDP, generate jobs and revenue, he demanded.

He said that Pakistanis are one of the most gifted people on this planet while our country has matchless resources and potential but it frequently remains on the brink of bankruptcy which allows other countries to dictate their damaging policies. This situation can be changed if some of the money is brought back to Pakistan which will end our dependency on IMF.

The Nation on Web
The Nation
Tuesday, 1st August, 2017

SBI joins hands with SBC to boost Sindh economy

Our Staff Reporter

KARACHI - Sindh Board of Investment (SBI) and Swiss Business Council (SBC) on Monday signed a memorandum of understanding with the sole objective to promote investment and trade in the Sindh at a ceremony organized at the Consulate of Switzerland in Karachi.

Farhat Ali, President on behalf of the Swiss Business Council and Manzoor Ali Shaikh, Director General on behalf of the Sindh Board of Investment Government of Sindh signed the MoU. Swiss Consul General in Karachi Philippe Crevoisier and Chairperson SBI, Ms Naheed Memon and other dignitaries also witnessed the event.

The agreement envisaged the cooperation between the SBI and SBC in their endeavor to explore potential opportunities for alliance of public-private partnership by developing linkages between the potential investors from Sindh and Switzerland.

The parties will designate one or more focal persons to act as one window to ensure smooth interaction and disbursement of useful information in furtherance of achieving objectives. The parties will team up and take appropriate initiatives to promote the vibrant image of Pakistan in Switzerland.

SBI may provide facilitation and act to resolve the issues of Swiss companies based in Sindh, in accordance with the laws rules and regulations.

SBC will support SBI to attract Swiss investment in Sindh by promoting potential business and investment opportunities in Sindh.

The parties will jointly arrange/hold relevant investment/trade conferences and seminars for furthering their goals both domestically and internationally. The SBI will be facilitating the delegations through SBC while their visit to Sindh for exploring the possibilities of investment opportunities in different sectors of the economy of Sindh and the SBC will accord the same reciprocally to SBI.