

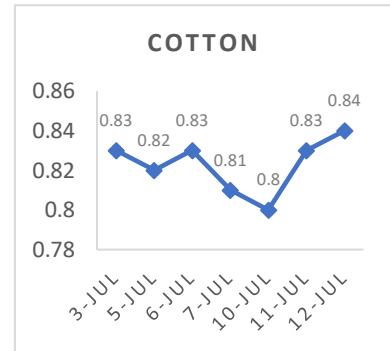
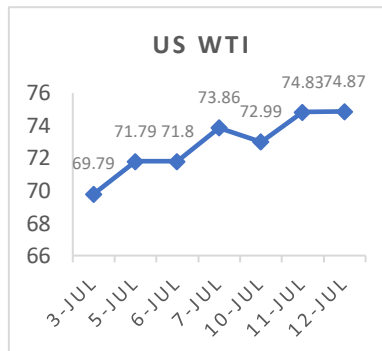
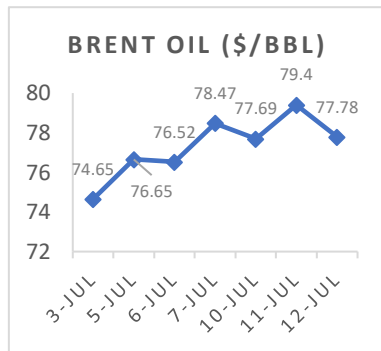
DAILY ECONOMIC UPDATE

12th July 2023

KSE - 100

Date	Current	Change	Volume
4-Jul	43557.2	-97.05	245,524,380
5-Jul	43552.84	37.3	181,239,464
6-Jul	44178.85	68.18	166,226,008
7-Jul	44207.13	0.35	115,725,141
10-Jul	44585.13	0.82	183,245,879
11-Jul	45155.8	0.4	248,170,894
12-Jul	45423.2	0.59	17,278,981

COMMODITIES



CURRENCY PARITY

Currency	Buying	Selling
PKR-USD	282	285
PKR-GBP	362	367
PKR-Euro	309	312
PKR-Yuan	38.68	39.08

NYC COTTON

	Open	Last	Volume
Oct 23	83.53	83.97	6
Dec 23	82.12	82.15	2958
Mar 24	81.92	81.87	508
May 24	81.93	81.38	62

SUMMARY OF ARTICLES

Export orders for Lint start pouring in

Federal and Punjab authorities in Pakistan is discussing measures to ensure cotton growers receive the fixed support price for their crops. Federal Finance Minister Ishaq Dar and Punjab Chief Minister Mohsin Naqvi chaired a meeting to address the issue. The government aims to secure the support price of Rs 8,500 per maund for cotton growers. Details of the meeting were not shared publicly. The Punjab Chief Minister advised against underselling and assured farmers of receiving full value for their produce. Improved cotton quality meeting international standards has resulted in early export orders. Delayed cotton procurement by ginneries has led to a rapid increase in cotton prices, reaching Rs 17,500 per maund in Punjab and Rs 17,000 per maund in Sindh. [Read More](#)

The Pakistan Central Cotton Committee suffers as cotton cess nose dives

The collection of cotton cess in Pakistan has witnessed a significant decline, dropping from Rs 531.7 million in 2014-15 to Rs 207.2 million in 2021-22. This decline is primarily attributed to the non-payment of the cess by textile mills, which has resulted in a financial crisis for the Pakistan Central Cotton Committee (PCCC). Market committees' failure to collect the actual amount adds to the problem.

During the tenure of the Pakistan Tehreek-i-Insaaf (PTI) government, subsidies were decoupled from the clearance of cotton cess, enabling even defaulting mills to receive subsidies meant for the export sector. This situation sparked discussions during a recent meeting of the Economic Coordination Committee (ECC), where the Ministry of National Food Security and Research requested a grant of Rs666.640 million to cover the salaries and pensions of PCCC employees.

In addressing the financial crisis, the ECC approved a grant of Rs300 million and directed the ministry to engage the All-Pakistan Textile Mills Association (APTMA) in the collection of cotton cess. APTMA's involvement in cess collection could provide a potential solution to the issue and ensure a more robust financial foundation for the PCCC. The focus on APTMA's participation highlights the need for collaboration between industry stakeholders and government authorities to overcome the challenges faced by the cotton sector in Pakistan. [Read More](#)

Power tariffs: The rabbit hole

The electricity tariffs are escalating in Pakistan, revealing the burden placed on consumers. The cumulative impact of periodic adjustments and upward revisions has amounted to a staggering Rs 106 billion, averaging around Rs 1.5 per unit. Furthermore, an additional upward adjustment of Rs 97 billion and a surcharge of Rs 75 billion have further strained consumers' finances. Notably, consumers in Karachi face even higher surcharges, with non-protected consumers above the 300-unit threshold paying Rs 3.23 per unit. Alarmingly, the national average consumer end tariff stands at a significant Rs 36-37 per unit, based on the assumption of an optimistic national transmission and distribution loss of 11.7%. The article raises concerns about the apparent discrepancy between official statistics, which indicate a lesser increase, and the actual substantial rise in tariffs. It emphasizes the urgent need to address the inefficiencies prevailing in the energy sector and the unjust burden imposed on honest consumers, highlighting the criticality of finding sustainable solutions. [Read More](#)

Inquiry finds urea makers guilty of price fixing

An inquiry committee of the Competition Commission of Pakistan (CCP) has found urea manufacturers guilty of price fixing. The committee recommended initiating proceedings against the manufacturers and the Fertilizers Manufacturers of Pakistan Advisory Council (FMPAC) for violating Section 4 Prohibited Agreements of the Competition Act 2010. The violation was based on the announcement of a maximum retail price of urea at Rs 1,768 per 50 kg bag by manufacturers and FMPAC. Urea prices were deregulated under the Fertilizer Policy of 2001, but the respective provincial agriculture departments notified prices as a reference. The inquiry committee contacted the Agriculture Department of Punjab to obtain price notifications and company price lists for 2021 and 2022. [Read More](#)

Pakistan receives \$2 billion from Saudi Arabia

Pakistan's Finance Minister, Ishaq Dar, announced that Saudi Arabia has deposited \$2 billion with the State Bank of Pakistan (SBP), bolstering the country's forex reserves. Prime Minister Shehbaz Sharif expressed gratitude to Saudi Arabia and Crown Prince Mohammad Bin Salman for their support. The deposit will enhance Pakistan's foreign exchange reserves, demonstrating growing confidence in the country's economic turnaround. The funds arrived after Pakistan secured a \$3 billion Stand-by Arrangement with the IMF. The financial support will address depleting forex reserves and cover a month of controlled imports. The IMF's executive board is set to review the Stand-by Arrangement, which, if approved, will provide \$3 billion. This development marks a positive step towards stabilizing Pakistan's financial crisis. [Read More](#)

PAC disposes of \$3 billion interest-free loan issue without order

The Public Accounts Committee (PAC) of Pakistan's parliament has decided not to take any action regarding the matter of \$3 billion interest-free loans given to 628 individuals during the previous government. The committee, chaired by Noor Alam Khan, held an in-camera meeting where the State Bank of Pakistan (SBP) governor provided details of the lending. The loans were given to various industries, including textiles, sugar mills, chemicals, and automobiles. While the PAC chairman suggested involving the National Accountability Bureau (NAB) and the Federal Investigation Agency (FIA), other members opposed it due to potential negative impacts on the industrial sector. The meeting also addressed audit paragraphs related to the design of the Lahore-Sialkot Motorway, settling the matter during the proceedings. [Read More](#)

Pharmaceutical sector granted major tax relief

The government of Pakistan has granted significant tax relief to the pharmaceutical sector by allowing a reduced rate of one percent sales tax on the import of all raw materials used for the production of pharmaceutical active ingredients and products from July 1, 2023. Previously, this reduced rate did not apply to all types of pharmaceutical raw materials. Under the updated Sales Tax Act, the one percent sales tax will be applicable to registered drugs and medicaments, with certain exceptions. The tax relief is subject to conditions such as the requirement for certification by the Drug Regulatory Authority of Pakistan (DRAP) and limitations on input tax adjustment in the supply chain. [Read More](#)

Projects worth Rs1.1 trillion approved

The Executive Committee of the National Economic Council (ECNEC) in Pakistan has approved projects worth nearly Rs1.1 trillion. The projects include the solarization of agriculture tube wells, aiming to replace 100,000 tube wells with solar-powered engines. The cost of this programme is Rs377.2 billion, with contributions from the federal government, provinces, and farmers. The ECNEC also approved an emergency plan for polio eradication with a cumulative cost of Rs513 billion. Other projects include the K-P Rural Investment & Industrial Support Project, the Sindh Solar Energy scheme, the Mohmand Dam hydropower project, and the construction of the Lahore Bypass. The projects aim to enhance agricultural productivity, eradicate polio, and improve energy security in the country. [Read More](#)