

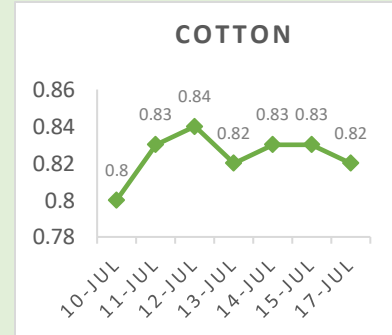
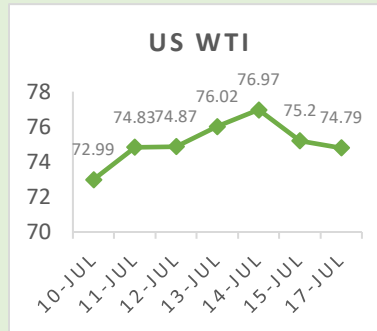
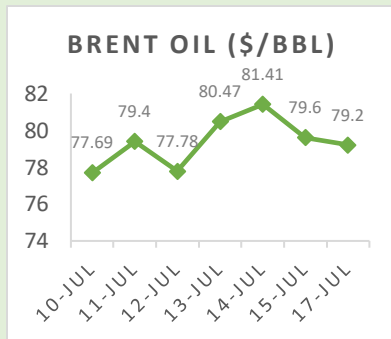
DAILY ECONOMIC UPDATE

16th & 17th July 2023

KSE - 100

Date	Current	Change	Volume
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	206,704,768
13-Jul	45266.90	0.08	225,216,885
14-Jul	45067.47	0.06	112,884,945
17-Jul	45139.40	0.16	25,912,357

COMMODITIES



CURRENCY PARITY

Currency	Buying	Selling
PKR-USD	281	284
PKR-GBP	361	367.5
PKR-Euro	307	312
PKR-Yuan	38.7	39.1

NYC COTTON

NYC Cotton	Open	Last	Volume
Oct 23	82.27	82.36	3
Dec 23	81.22	81.45	663
Mar 24	81.46	81.59	68
May 24	81.32	81.80	15

SUMMARY OF ARTICLES

Revitalizing Pakistan's Textile sector: overcoming challenges for growth

The challenges faced by Pakistan's textile industry require critical reforms for growth and competitiveness. In FY23, textile exports declined by \$2.8 billion (15%), prompting a closer examination of factors like energy costs, liquidity crises, tax refund issues, and market dynamics. The devaluation strategy did not boost exports due to high interest rates limiting borrowing. Policy stability, implementation, and transparency are vital for investor confidence. The TERF initiative can increase exportable surplus and value addition. Energy sector reforms, addressing gas pricing disparities, and taxation improvements are needed. Restoring zero rating, policy implementation, and monitoring are crucial. Financing for export expansion and targeted investments can drive growth. Disseminating accurate information and consensus-building are essential for informed decisions and sustainable economic development. Prompt action and reforms are vital for the textile sector's growth and Pakistan's economy. [Read More](#)

The turf war on TERF

The disclosure of beneficiaries of the Rs425 billion soft credit scheme (TERF) raises questions about its source, implementation, and impact. The Public Accounts Committee (PAC) initiated an inquiry, leading to debates on its mandate and capacity to analyze TERF objectively. The scheme's inflationary impact and limited significance in the overall money supply were highlighted. The article suggests engaging experts for a comprehensive understanding of the issue. The PAC's demand for beneficiary names raised concerns among privileged clients and business families. The need for a balanced approach and accountability of both scheme architects and beneficiaries was emphasized. The article calls for fair evaluation, avoiding sensationalism, and involving the PTI government and finance team in the accountability process. [Read More](#)

Exporters' issues: PM for establishing one window facilitation centres

Prime Minister Shehbaz Sharif directed the formulation of a policy for one-window facilitation centers to resolve exporters' issues. He met with a delegation from the Sialkot Chamber of Commerce and Industry (SCCI) and was briefed on the chamber's challenges. The PM expressed gratitude for their support during tough decisions. He also emphasized the construction and maintenance of highways in Sialkot. Minister for Defence Khawaja Asif and other officials attended the meeting. The SCCI office bearers, including its President Abdul Ghafoor, were present at the gathering. The delegation also praised the PM for the final approval of the agreement with the International Monetary Fund and the revival of the country's economy. [Read More](#)

Tradition textile and apparel exporters losing the US market

Textile and apparel imports to the US market increased by 11.4% in May compared to April but were down 17.6% from the previous year. Textile imports rose 11.3% for the month but decreased by 13.9% from the previous year, while apparel imports increased by 12.4% from April but dropped 28.1% from the previous year. Overall, imports of textiles and apparel for the year to date in May were down 22.4% from the previous year. China was the largest exporter to the US, followed by Mexico, India, Egypt, Malaysia, Vietnam, Turkey, Pakistan, and Bangladesh. Traditional suppliers like China, India, Pakistan, Vietnam, and Bangladesh experienced double-digit declines, while emerging apparel economies like Mexico, Egypt, Malaysia, and Turkey posted double-digit gains. [Read More](#)

Agriculture: lint is losing out to sugar

The cotton crop in Pakistan continues to face numerous challenges, leading to lower production targets and alienation of farmers. Floods and torrential rains caused a 46% loss in cotton production in Sindh last year. This year's harvest started early, but the support price fixed by the government failed to entice farmers due to challenges like contaminated cotton production, lower yields, and inadequate prices. The government's disinterest in reviving cotton has led farmers to prefer other crops like sugarcane and paddy. The Pakistan Central Cotton Committee, responsible for research-based initiatives for cotton growth, is struggling due to lack of funding and unpaid cotton cess by the textile industry. The declining interest of farmers and lack of planning raise concerns for the future of the cotton sector. [Read More](#)

POL Products: Rupee slide arrest has helped government cut prices

Prime Minister Muhammad Shehbaz Sharif addressed a cheques distribution ceremony. He promised to change the country's destiny by taking it on the path of progress and prosperity if given the opportunity. The Prime Minister praised Nawaz Sharif's statesmanship qualities and the PML-N's achievements, including ending load shedding, providing laptops and loans to youth, and initiating the China-Pakistan Economic Corridor projects. He criticized PTI for alleged corruption, scandals, and misuse of power. The Prime Minister emphasized that PML-N's youth programs were successful and given purely on merit. He also highlighted the stability in the value of the rupee due to IMF's positive program aspect. Governor Punjab Balighur Rehman praised the PML-N government's efforts in youth development and skills training programs. [Read More](#)

A 'crude' game is afoot

Within OPEC+, a struggle between propping up market prices and increasing market share is ongoing. Saudi Arabia and Russia are cutting output to stabilize prices, while countries like Iran, Venezuela, and Nigeria aim to boost production and gain market share. Iran's exports have surged, challenging OPEC's control. Despite sanctions, Iran has steadily increased its output over the years. Other sanctioned countries like Venezuela are also increasing crude exports. Saudi Arabia and Russia are concerned about losing control over the oil markets. OPEC has faced similar situations in the past but managed to maintain unity. Pakistan and other oil-importing countries should monitor the situation closely, as a divided OPEC could reduce oil import bills and inflation. Otherwise, global demand will continue to dictate crude market dynamics. [Read More](#)

Pakistan needs to harness renewable energy for a sustainable future

Climate change is affecting Pakistan with more frequent and intense natural disasters. Private sector companies must play a significant role in contributing to a greener Pakistan. Sustainability initiatives should be embedded in business practices to mitigate climate change effects. The COP27 UN climate summit emphasized reducing greenhouse gas emissions by 50% before 2030. Power companies in Pakistan are focusing on indigenous resources and renewables like solar, wind, and hydropower to combat the energy crisis. The 2030 agenda aims to achieve various targets, including increasing renewable energy consumption to 25% and promoting electric vehicle usage. A stronger infrastructure of renewable energy will make Pakistan greener and address climate catastrophes. [Read More](#)

SEZs to offer incentives for Chinese investment

Planning Minister Ahsan Iqbal stated that Special Economic Zones (SEZs) in Pakistan will attract Chinese investments with incentives and concessions. Pakistan's low-cost labor and good infrastructure make it an attractive destination for Chinese enterprises. The first Rashakai Special Economic Zone will be inaugurated soon, and other zones in Sindh, Punjab, and Baluchistan are in advanced stages. Pakistan seeks Chinese cooperation in upgrading agriculture through new technologies, irrigation, food processing, mining, and information technology. CPEC projects are being provided with four layers of security, and a dedicated force of 10,000 personnel is assigned to protect them. The minister highlighted the strong mutual trust and unique relationship between Pakistan and China that drives the success of CPEC. [Read More](#)

O&M costs: CPPA-G accused of taking 'unlawful' actions against LEL

Hub Power Company (Hubco) has accused Central Power Purchasing Agency-Guaranteed (CPPA-G) of taking "unlawful and unfair" actions against its sister company, Laraib Energy Limited (LEL), regarding Operation and Maintenance (O&M) costs. LEL, a hydropower project in Pakistan, changed its O&M contractor in 2018, leading to a dispute with CPPA-G over tariff adjustments. Nepra, the regulatory authority, suggested renegotiating the O&M tariff, but CPPA-G withheld LEL's application for quarterly indexation, causing financial distress. Haroon Masood of CPPA-G has been accused of crafting baseless issues against LEL and making unfounded allegations. Hubco has sought intervention from the Secretary of Power to address CPPA-G's actions. [Read More](#)

Finance: Inflation and other miseries

The prevalence of loan sharks and human smugglers in Pakistan is exacerbating the financial struggles of impoverished and unemployed individuals. Many falls victim to mobile phone apps offering "easy loans" with excessively high interest rates, leading to harassment and suicide in some cases. Law enforcement agencies' negligence allows these predators to operate freely, feeding off poverty and joblessness in the country. Pakistan's high inflation rates are further eroding people's purchasing power and contributing to the growth of loan sharks and human smugglers. The State Bank of Pakistan's efforts to control inflation through tightening monetary policy have not effectively curbed consumer inflation, especially concerning food prices. Controlling food inflation is challenging due to structural weaknesses in the agriculture sector and the dominance of the food sector supply chain by unscrupulous retailers and wholesalers. Inflation remains a significant challenge for the current government, caretakers overseeing the next general elections, and the elected government in the future. [Read More](#)