

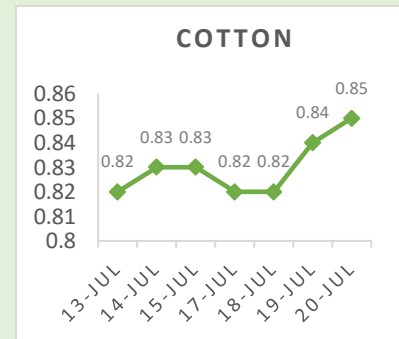
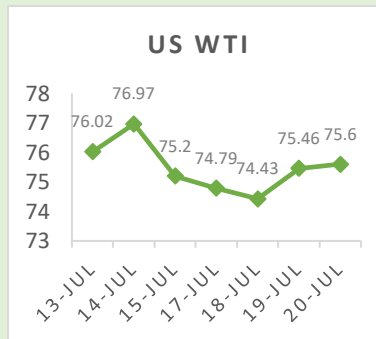
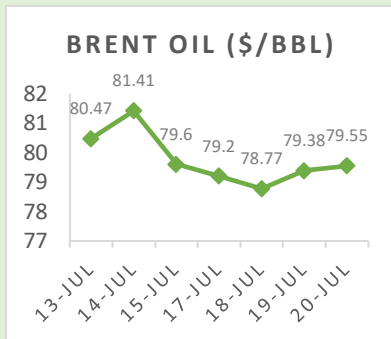
DAILY ECONOMIC UPDATE

20th July 2023

KSE - 100

Date	Current	Change	Volume
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	45042.61	0.16	148,647,059
18-Jul	45009.34	0.34	125,417,665
19-Jul	45095.11	0.09	125,855,052
20-Jul	45192.24	0.22	14,603,323

COMMODITIES



CURRENCY PARITY

Currency	Buying	Selling
PKR-USD	287	291
PKR -GBP	372	378.5
PKR -Euro	316	322.6
PKR -Yuan	39.13	39.53

NYC COTTON

NYC Cotton	Open	Last	Volume
Oct 23	84.20	85.62	22
Dec 23	83.75	83.65	1894
Mar 24	83.64	83.42	220
May 24	83.60	83.73	19

SUMMARY OF ARTICLES

Students exhibit textile patterns at Alhamra art gallery

The Degree Show of Textile Design students from Lahore College for Women University was held at the Alhamra Art Gallery in Lahore. The exhibition featured works from 43 students, showcasing a variety of themes and cultures. The artists explored contemporary city life, foreign themes from countries like China, Japan, Korea, Panama, Brazil, Italy, and more. Notable art installations included textures and colors of the human eye on textile surfaces and a cuboid representing lack of freedom in society. The displayed works included gowns, capes, scarves, rugs, bags, sandals, prom dresses, bridal dresses, lamps, and a macrame hammock swing. The exhibition offered a vibrant and diverse collection of patterns and designs. [Read More](#)

Weak demand and high cotton prices decrease Indian textile exports by 15% in Q1

Pakistan's textile industry experienced a slump of over 14 percent in the fiscal year 2022-23, while India's textile exports declined by 15.26 percent in the first quarter of 2023-24. India's exports during April-June 2023 declined to \$8 billion, attributed to weak demand and high cotton prices. The entire textile value chain, including cotton yarn, fabrics, carpets, handicrafts, and apparel, has been impacted by the low demand. The Indian textile industry has faced challenges due to volatile cotton prices and weak global demand, worsened by the Russia-Ukraine war. The spinning sector is struggling as international demand remains low and Indian yarn prices are higher than international prices, affecting competitiveness. Textile exports account for about 10 percent of India's merchandise exports, with textiles and apparel constituting a significant portion of it. [Read More](#)

Power price hike

Pakistan's business community is expressing dismay over a recent electricity price increase of Rs4.94 per unit, pushing the base unit power tariff from Rs24.82 to Rs29.78. Industries fear that the hike will negatively impact their competitiveness by raising costs, making their products more expensive for both domestic and foreign buyers. The economy is already facing challenges due to a balance-of-payments crisis, high energy prices, and soaring inflation, resulting in several industries shutting down or reducing production to cut costs. The successive governments have failed to implement politically unpopular and tough structural reforms to address the root causes of Pakistan's economic challenges. For example, despite multiple power tariff increases, circular debt continues to grow due to the lack of political will to fix distribution losses, recover dues from defaulters, and control theft. The government had other options to address the economic situation, such as fixing the energy sector, taxing undertaxed sectors, and implementing a credible privatization plan. However, the weak resolve of politicians and policymakers to stick to reforms has hindered progress. The IMF has expressed concerns over Pakistan's poor track record in fulfilling commitments, making it crucial for the authorities to complete the new program as it represents the country's last chance to improve its reform efforts. [Read More](#)

Electricity: Government hasn't enhanced peak hours

The government has not increased peak hours for electricity consumers, contrary to speculations on social media. The base electricity tariff was raised by Rs 4.96 per unit from July 1, 2023, to reach Rs 29.78 per unit. Consultations are ongoing to adjust the subsidy amount for vulnerable consumers in the rebased tariff, and the Power Division is awaiting approval from the Prime Minister and Finance Minister. Some categories of consumers will experience additional tariff increases due to subsidy adjustments. The new rebasing is expected to add around Rs 2 to Rs 2.5 per unit to consumers' bills. [Read More](#)

Rupee-dollar parity projected to remain volatile

The International Monetary Fund (IMF) assumes that the average exchange rate could be around Rs305 to a dollar at the end of the current fiscal year, which is higher than the government's budgeted rate of Rs290 to a dollar. The rupee's depreciation could impact the defense budget, foreign debt servicing, and other expenditures. The IMF has criticized Pakistan's exchange rate management in the past and emphasized the need for a market-determined exchange rate. Pakistan has committed to returning to a market-determined exchange rate and enhancing transparency in the foreign exchange market. [Read More](#)

Pakistan's energy outlook | Tehmina Asad

Pakistan is facing a balance of payment crisis due to the high import bill for fossil fuels used in power generation. To address this, the government is focusing on renewable energy sources and energy efficiency measures. The country has witnessed a surge in electricity demand, with the household sector being the largest consumer, followed by the industrial sector. Thermal power generation dominates the energy mix, but there is a growing shift towards other renewable sources. The government has set ambitious targets to achieve 60% of power generation from clean energy sources by 2030, with a focus on solar energy. Solar PV projects and solarization of public buildings are being implemented to improve the power infrastructure. The government's proposed budget includes increased support for the power sector and plans to increase gas prices to positively impact utilities and exploration companies. However, the subsidy announced for uniform tariffs poses challenges, and addressing circular debt remains a crucial issue. Overall, the government is committed to addressing challenges within the power sector and improving its structure. [Read More](#)

2115,752 tonnes of sugar exported in FY23

Pakistan exported 215,752 tonnes of sugar from February to June 2023, compared to zero exports in the same period the previous year. The decision to allow sugar exports was made in response to demands from coalition partners, particularly the Pakistan People's Party. Due to excessive exports, domestic retail sugar prices surged to Rs150 per kg, and further increases are expected. The mill owners, including those from political families in the government, earned Rs29.104 billion (\$104.516 million) through exports, leading to higher prices for consumers. Sugar imports drastically decreased by 98.01% to 6,205 tonnes in FY23 compared to the previous year. [Read More](#)

Investor confidence wanes in Pakistan's economy

Pakistan's economy is projected to achieve moderate growth in the current fiscal year, but there are concerns about the return of scared foreign investors for long-term engagement. In the previous fiscal year, foreign investors were unable to send profits and dividends abroad due to depleting foreign exchange reserves. Foreign direct investment (FDI) for FY2023 reached a four-year low of \$1.45 billion, falling 25% compared to the previous year. The rupee's volatility, political instability, and economic mismanagement deter foreign investors. The government is urged to prioritize foreign investors and create an investment-friendly environment to attract more capital and build foreign currency reserves. China remains the biggest foreign investor, while the US slipped to the fourth spot due to Pakistan's changing foreign policy. [Read More](#)