

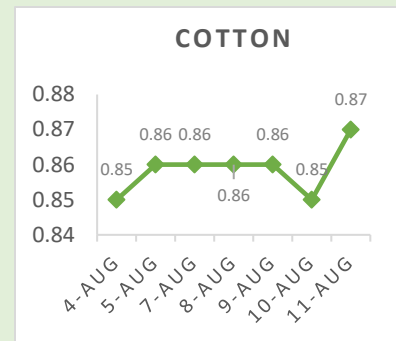
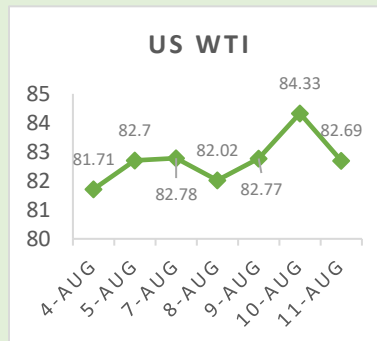
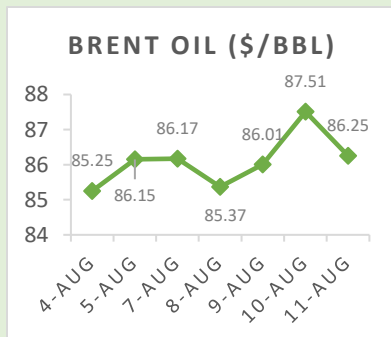
DAILY ECONOMIC UPDATE

11th August 2023

KSE - 100

Date	Current	Change	Volume
3-Aug	48611.18	0.78	289,325,455
4-Aug	48585.71	-0.05	210,396,471
7-Aug	48386.25	0.79	232,034,005
8-Aug	47429.83	-0.82	197,511,127
9-Aug	48227.60	0.58	183,275,562
10-Aug	47808.34	0.65	175,252,024
11-Aug	48563.29	1.58	76,500,960

COMMODITIES



CURRENCY PARITY

Currency	Buying	Selling
PKR-USD	293.6	296.5
PKR -GBP	372.8	376.5
PKR -Euro	321.5	324.5
PKR -Yuan	39.85	40.25

NYC COTTON

NYC Cotton	Open	Last	Volume
Oct 23	87.31	87.31	1
Dec 23	86.15	85.68	1474
Mar 24	86.01	85.66	154
May 24	85.89	85.73	40

SUMMARY OF ARTICLES

Fast fashion is an eco-catastrophe

The debate centers on creating biodegradable clothing that doesn't need recycling, advocating for composting organic cotton garments. Fashion's 8% global carbon emissions exceed shipping and air travel combined, with about 84% of clothes ending up in landfills or incinerators. Composting avoids methane emissions from oxygen-starved landfills. Yet, using natural fibers isn't enough; chemicals in clothing hinder composting. Effective composting requires full use of compostable materials during production. Meaningful composting necessitates larger initiatives like government involvement. Universal compost standards for textiles could aid safe disposal. The fashion industry's overproduction, generating 150 billion garments yearly, poses significant environmental and labor challenges. Brands like Sustain and Stripe & Stare offer greener alternatives, but they may be pricier. Government policies and mindful consumption are proposed solutions. [Read More](#)

Bangladesh to enjoy duty free status on 92 percent tariff lines in UK for 3 years post 2026

Bangladesh, previously a least developed country (LDC), is set to transition to a middle-income country status after 2026, jeopardizing its duty-free privileges. However, the United Kingdom has agreed to grant duty-free status to 92% of its tariff lines, including key exports like readymade garments (RMG). After Bangladesh graduates from LDC status, the UK will provide it with duty-free export benefits under the Generalized Scheme of Preferences (GSP) for three years as a transition period. Although Bangladesh initially sought an extension of these benefits for six years post-LDC graduation, the UK is considering the matter for future internal discussions. [Read More](#)

Rising poverty, food insecurity, inflation continue to haunt Pakistan

The Ministry of Finance has highlighted persistent economic challenges facing Pakistan, leading to increased poverty and vulnerabilities. In its quarterly report to the Asian Development Bank (ADB) on the Building Resilience with Active Country-cyclical Expenditures (BRACE) program, the ministry indicated several key issues. Despite satisfactory financial progress, Pakistan faces challenges such as high fuel prices, exacerbated by currency depreciation and the Russian-Ukraine war's impact. Edible oil prices also significantly affect GDP and household consumption, particularly for the poor. Rising poverty, record inflation, the 2022 floods, and the adverse effects of the global crisis further compound these issues, leading to increased poverty, food insecurity, and deteriorating diet quality, particularly in rural areas. [Read More](#)

July remittances down by 19.3 pc to \$2.027 bn YoY

During the first month of the current fiscal year, Pakistan's home remittances witnessed a significant decline of over 19.3%, amounting to \$2.027 billion compared to \$2.511 billion in the same period last year. This drop is attributed to exchange market volatility, leading overseas Pakistanis to opt for more attractive rates in the grey market. The State Bank of Pakistan (SBP) has attempted to encourage remittances through official channels, but remittances from countries like Saudi Arabia, the UAE, the UK, and the USA have still decreased. Specifically, remittances from the USA fell by 4.1%, inflows from Saudi Arabia declined by 15.7%, those from the UK dropped by 25.2%, and remittances from the UAE decreased by 31%. [Read More](#)

Oil benchmark Brent's price structure reflects tighter market

The structure of the global benchmark Brent crude futures market has become more bullish due to OPEC+ production cuts, with Brent rising since June due to output reductions led by Saudi Arabia. The premium of the front month Brent contract to the six-month contract reached \$3.34 per barrel, indicating tightening supply for immediate delivery. This shift from the previous structure, where the front month contract was at a discount to the six-month contract, reflects the impact of production cuts on supply availability. Saudi Arabia extended its voluntary output cut and Russia also plans to reduce exports in September. The potential for rising oil demand due to improving economic prospects and stimulus measures is contributing to price increases. However, excessive oil price rises could trigger inflation concerns and result in countermeasures by central banks. [Read More](#)

Nepra informed about reduction in Fesco's losses

During a public hearing at the National Electric Power Regulatory Authority (Nepra), Faisalabad Electric Supply Company Limited (Fesco) reported that its actual losses for the fiscal year 2022-23 were 8.59%, which was slightly lower than the 8.84% allowed by Nepra. This reduction of 0.25% in losses translates to a financial impact of Rs 991 million. Fesco also highlighted that its actual losses over the past five years have remained below the targets set by Nepra. The company mentioned that it is operating with a staff shortage, having 11,451 staff members against the required 24,000. The company's distribution integrated investment plan (DIIP) for the next five years has been determined by Nepra, and Fesco has filed a tariff petition under the multi-year tariff regime for the same period. [Read More](#)

Rupee stays stable, falls just 0.05%

The Pakistani rupee experienced slight stabilization, decreasing by 0.05% to Rs287.60 against the US dollar in the interbank market and by 0.08% to Rs294.75 in the open market. This stability is attributed to a relatively balanced demand and supply of the US dollar. However, July's worker remittances dropped by 7%, leading to a slowdown in the flow of US dollars in the interbank network. Despite this, the rupee received support from reports that the IMF would continue to collaborate with Pakistan on its \$3 billion loan program, despite a potential delay in general elections. The rupee has experienced fluctuations, depreciating by around 1% over three months. While the government removed import restrictions on the IMF's recommendation, experts predict imports to remain within reasonable levels compared to export earnings and remittances. [Read More](#)

Plan to borrow Rs 11.09 trn in 3 months

The State Bank of Pakistan's auction calendar reveals the federal government's plan to borrow 11.09 trillion rupees from the domestic banking sector over the next three months (August to October 2023). This borrowing aims to raise 8.25 trillion rupees through six market treasury bill auctions, alongside 2 trillion rupees from long-term securities, 510 billion rupees from variable ijara/sukuk rental rate sales, and 330 billion rupees from fixed ijara/sukuk rental rate sales. However, the International Monetary Fund (IMF) expressed concerns about Pakistan's revenue efforts in its Stand-By Arrangement documents, pointing out challenges in broadening the tax base and rising debt servicing costs. The IMF urged fiscal and monetary discipline to maintain debt sustainability, emphasizing reliance on primary T-bill, PIB, and Sukuk auctions for new domestic financing. There's also a call to reduce indirect taxes' impact on the vulnerable as Pakistan grapples with economic crises and inflation. [Read More](#)