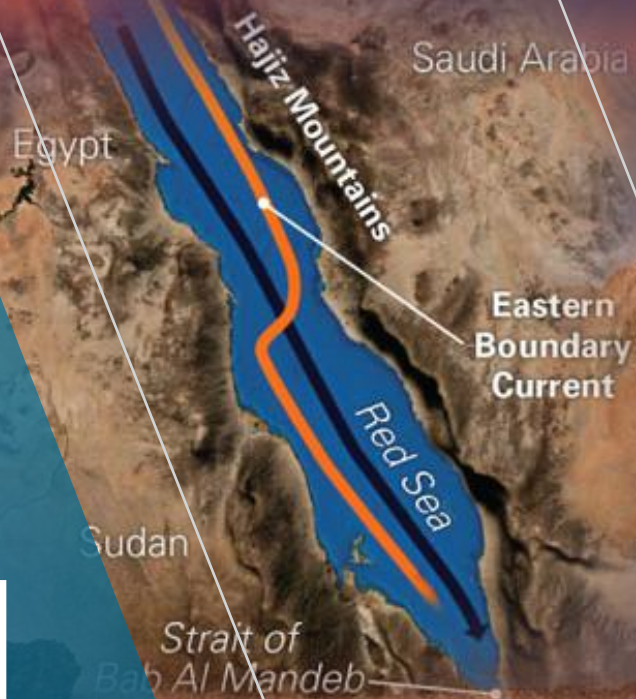




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MONTHLY BULLETIN

December 2023



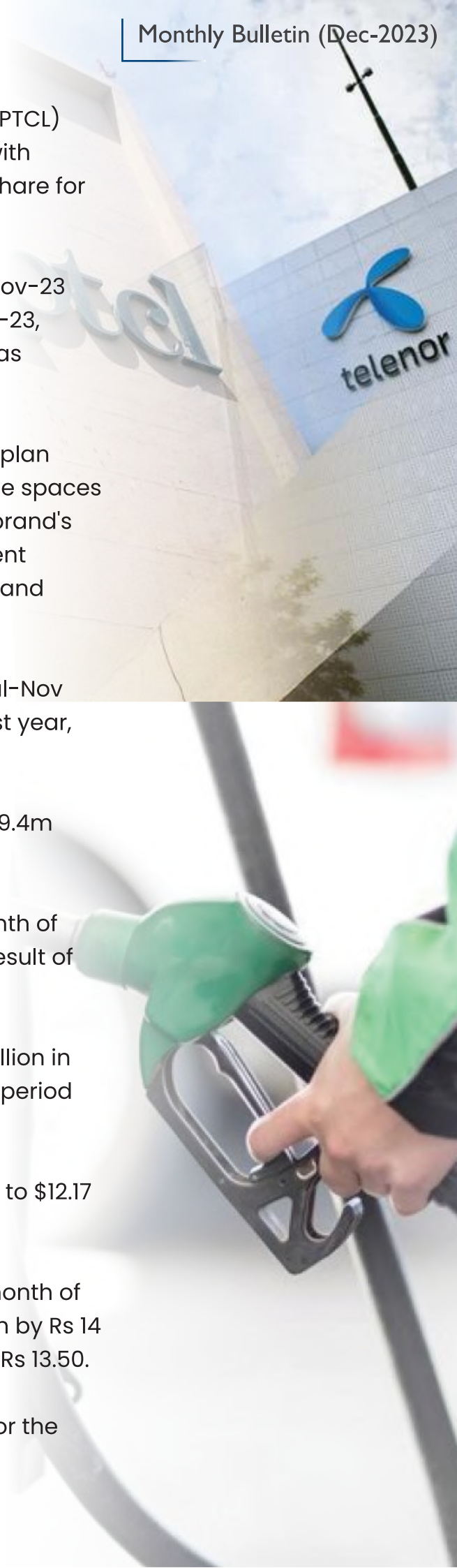
INTRODUCTION

This newsletter's efforts are meant to update the reader with a concise summary of the developments that influence the economic landscape of Pakistan.

ECONOMIC EVENTS

- As of 22 Dec 2023, the foreign exchange reserves with SBP increased by \$852 million and total reserves stood at \$7.76 billion. In addition, the foreign exchange held by commercial banks was \$5.14 billion, and total foreign reserves were \$ 12.9 billion.
- The EXIM bank (Export and Import Development Finance Institution) has become operational by the caretaker govt. to fulfill another condition of the IMF. The Exim Bank's head office is located in Islamabad, with no branches in major cities.
- Energy imports dropped by 13% to \$1.42 billion in Nov'23, due to a decrease in demand for petroleum, oil and gas products.
- In five months (Jul-Nov) of FY'24, an almost 16% decline in energy imports was witnessed, i.e. \$6.45 billion compared to \$7.70 billion in FY'23.
- Pakistani Startup, Sehat Kahani raise \$2.7 million series-A funding round. The first all-female-led company, using innovative technology ensures a seamless virtual connection between doctors and patients within 60 seconds. The key investors are Amaanah Circle, Epic Angels, Cross Fund, USAID Investment Promotion Activity & Elahi group of companies.

- The Pakistan Telecommunication Company Limited (PTCL) has entered into a Share Purchase Agreement (SPA) with Telenor Pakistan Limited (TPL), for 100% acquisition of share for Rs 108 billion.
- As per SBP, worker's remittance stood at \$2.25bn in Nov-23 as compared to \$2.46bn in Oct-23. From Jul-Nov of FY-23, the remittance received was \$11.05bn reduced by 10% as compared to \$12.32bn in FY-22.
- The Textile industry showcases the \$50 billion export plan and suggests "No-Cost-No-Commitment", offering free spaces for international brands and retailers, to increase the brand's presence in Pakistan. Also, includes 1000 of new garment plants, with each plant required \$5 million investment and create thousands of new jobs.
- Food exports were recorded at \$2.64 billion during Jul-Nov of 2023 as compared to \$1.92bn in the same period last year, increased by 37.12%.
- The rice exports surged by 49.37% to \$1.11bn from \$749.4m last year.
- Pakistan's trade deficit shrank to 33.59% in first 5 month of FY'24 due to significant reduction in imports, a direct result of administratively controlled measures.
- The trade deficit was recorded at a deficit of \$9.38 billion in the 5MFY'24 as compared to \$14.28 billion in the same period of the previous year.
- During 5MFY24, Pakistan's exports increased by 1.93% to \$12.17 billion from \$11.94 billion of the previous year.
- The Price for petroleum products decreased in the month of Dec-23, the price of petrol was reduced to 267.34 down by Rs 14 and the price of diesel was reduced to 276.21 down by Rs 13.50.
- The Prices of petroleum products remain the same for the next 15 days of January 2024.



POLITICAL FRONT

- To attract foreign investment, the executive committee of the Special Investment Facilitation Council (SIFC) formally launched the Investment-Friendly Visa facility for foreign investors. The issues in developing the new economic zone and the improvement required in the existing industrial system were also reviewed.
- Petroleum Minister, Muhammad Ali confirmed that govt. will supply gas uninterrupted to all fertilizer plants throughout the current winter season to maximize fertilizer production.
- The Nepra has issued separate licences of the Suppliers of Last Resort (SoLR) to seven electricity distribution companies (DISCOs) for 20 years w.e.f. from April 27, 2023. The licences will remain valid till April 26, 2043. Supplier licences have been issued to FESCO, GEPCO, LESCO, MEPCO, HESCOO, PESCO and QESCO.
- The ECC were informed the Pakistan Steel Mills (PSM) administration had leased out the land to private investor for set-up the industrial units for 50 years. The caretaker govt. directed the industrial ministry to take the decision to dissolve the PSM's Board on such shocking news.

WORLD UPDATES

- Maersk (MAERSKb.CO) has pause all the sailing through Red Sea for 48 hours due the Houthi militants attacked.
- Over the 2-3 weeks, the Houthi forces have launched multiple attacks against 14 different commercial and merchant vessels passing through the Red Sea
- The Houthi militants to support for Palestinian Islamist group Hamas, targeting vessels in The Red Sea. The Red Sea the point for entry using the Suez Canal, handling the 12% of global trade and movement between the Asia and Europe.

- These attacks already disturb the World Trade and many of major shipping companies taking the alternate routes rather than through the Suez Canal.
- The COAS went for first US visit in Dec-23, where the key highlights of visit was stated by ISPR;
 - 1- Importance of “understanding each other’s perspectives on regional security issues and developments affecting strategic stability in South Asia”.
 - 2- The COAS especially highlighted the importance of resolving the Kashmir issue in accordance with international law and relevant UNSC resolutions,
 - 3- Gen Munir interacted with the Pakistani overseas community during a reception hosted by the Embassy of Pakistan.
 - 4- He also urged to invest through the Special Investment Facilitation Council and highlighted that the US was the largest export market for Pakistan.
- From October, Israel has attacked in Gaza killed more than 21,000 Palestinians, 56,000 injured, displace 2.3 million residents and loss of billions of dollar.
- Israeli PM Netanyahu vowed to retake control of the Gaza Strip's border with Egypt, expanding Israel's mission to neutralize Hamas in a conflict it says it expects to last for months.
- South Africa asked the International Court of Justice (ICJ) on Friday for an urgent order declaring that Israel was in breach of its obligations under the 1948 Genocide Convention in its crackdown against the Palestinian group Hamas in Gaza. The date of hearing is not yet announced.

FINANCIAL WORLD

Forex Update

- SBP unveils the new mechanism for the exchange rate that would be published by the Exchange Companies Association of Pakistan (ECAP), following the instructions and mechanism described by SBP. To ensure transparency in the process of compiling the open market exchange rate, SBP has announced the mechanism to issue/publish end-of-the-day open market rates of 06 currencies (USD, Euro, Pound, Japanese Yen, UAE dirham and Saudi Riyal).

- The Inter Bank rate of PKR appreciated by Rs 3.31 in Dec-23 and it was closed at 281.86.



- The closing rate of major currencies on 31st Dec 2023 were;

| Currency | Symbol | Bank Buying TT Clean | Bank Selling TT & OD |
|-------------------|------------|----------------------|----------------------|
| Australian Dollar | <u>AUD</u> | 191.53 | 192.03 |
| Canadian Dollar | <u>CAD</u> | 212.31 | 212.81 |
| China Yuan | <u>CNY</u> | 39.53 | 39.63 |
| Danish Krone | <u>DKK</u> | 41.69 | 41.79 |
| Euro | <u>EUR</u> | 310.9 | 311.5 |
| Hong Kong Dollar | <u>HKD</u> | 35.98 | 36.08 |
| Japanese Yen | <u>JPY</u> | 1.96 | 1.99 |
| Saudi Riyal | <u>SAR</u> | 75.01 | 75.16 |
| Singapore Dollar | <u>SGD</u> | 212.98 | 213.48 |
| Swedish Korona | <u>SEK</u> | 27.97 | 28.07 |
| Swiss Franc | <u>CHF</u> | 334.57 | 335.07 |
| Thai Bhat | <u>THB</u> | 8.17 | 8.21 |
| U.A.E Dirham | <u>AED</u> | 76.59 | 76.74 |
| UK Pound Sterling | <u>GBP</u> | 357.95 | 358.6 |
| US Dollar | <u>USD</u> | 281.36 | 281.86 |

CAPITAL MARKET

- The first-ever auction of sovereign Islamic paper at the PSX on Friday, surprised with the incredulous participation. The input of Rs 479 billion against the target of Rs 30 billion is a landmark development for the financial markets of Pakistan.
- The KSE-100 index shows 55% growth in the year 2023, the highest in the last 14 years. The major portion of growth was recorded in the last six months of the year and the index closed at 62,451 points on Dec 29, 2023.
- The KSE-100 index crossed the level of 67,000 points for the first time in the history of Pakistan on 13 Dec 2023. The index surged by 22,030 points in the calendar year of 2023.
- The KSE-100 index closed at 62,451.04 points after an increase of 1,920 points, the index closed at 60,531.37 points last month.



Important Economic Indicators as of Dec-23

| | |
|--|----------------------------------|
| Currency (PKR To USD) Rs. 281.86 | Personal Income Tax Rate 35% |
| Stock Market (KSE-100 Index) 62,451.04 | GDP annual growth 2.13% (1QFY24) |
| Unemployment Rate 6.9% (E) | Consumer Confidence 37.1(E) |
| Inflation Rate 29.7 % | Brent Crude oil \$ 77.08/Bbl |
| Interest Rate 22% | WTI Crude Oil \$ 71.32/Bbl |
| Corporate Tax Rate 29% | Gold Per Tola Rs. 218,578 |

TAX WORLD

- FBR has implemented a new system to document withholding tax transactions and timely deduction and transfer of WHT by the withholding agents through an S.R.O. 1846(I)/2023.
- The FBR has collected Rs4.440 trillion amount in tax, showing an increase of Rs 1.15 trillion or 35% increase in the collection made during the same period last year.
- Moreover, Pakistan also fulfilled the one of the IMF's conditions that was to collect the Rs 4.425 trillion indicative tax in the period of Jul-Dec of this fiscal year.
- The Management of FBR is hopeful to achieve the annual target of Rs 9.415 trillion target at end of FY'24.
- As said by FBR Chairman, the blocking of mobile phone SIMs and disconnection of utility connections of non-filers would start in January 2024.
- The FBR will issue a general order containing names of the non-compliant non-filers, whose electricity and gas connections would be disconnected. It is a legal requirement to issue names after the issuance of notices to the non-filers



QUOTE

- Many of life's failures are people who did not realize how close they were to success when they gave up.
- In the end, it's not the years in your life that count. It's the life in your years.

Enterprise Resource MANAGEMENT

Enterprise Resource Management (ERM) is a comprehensive approach to managing an organization's resources efficiently. Here are key features to have a competent Enterprise Resource System

- Integration of Business Processes
- Centralized and Real-time Data Management
- Financial Management
- Supply Chain Optimization
- Risk Management and Compliance
- Business Intelligence and Analytics
- Scalability and Flexibility
- Continuous Improvement



