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MONTHLY BULLETIN

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{ 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.

*Shaban
ul
Muazzam*

Shaban is the eighth Islamic month in which Muslims engage in increased prayers, reflection and acts of worship. This month encourages believers to purify their hearts and souls in preparation for the upcoming holy month of Ramadan.

Economic Events

- As of 23-Feb-2024, the foreign exchange reserves with SBP increased by \$444.7 million from last month Jan'24. The reserves held with SBP are \$7.9496 billion and reserves with commercial banks stood at \$5.089 billion.

LIQUID FOREIGN EXCHANGE RESERVES (MILLION US\$)

END PERIOD	NET RESERVES WITH SBP	NET RESERVES WITH BANKS	TOTAL LIQUID FX RESERVES
2-Feb-24	8,044.0	5,053.6	13,097.6
9-Feb-24	8,056.5	5,092.6	13,149.1
16- Feb-24	8,012.8	5,085.0	13,097.8
23-Feb-24	7,949.6	5,088.9	13,038.5

- The new government would gear up to approach the IMF for a loan of \$6 billion to manage the debt obligation.

- Hefty Profits filled the treasuries of Pakistani banks with billions of rupees due to the higher interest rate in 2023, Commission Income, Foreign Exchange, etc.

BANK	PROFIT JUMP	PROFIT AMOUNT (in billion)	EARNING PER SHARE (in Rs.)
Bank Islami	137%	10.61	9.57
Standard Chartered	115%	42.62	11.01
Meezan Bank	91%	86.02	47.66
Faysal Bank	77%	20.25	13.34
National Bank	72%	53.30	24.96
United Bank	76%	56.5	45.04
Allied Bank	95%	41.3	36.07

- On the other side, the Pakistani government has paid 26.6 billion rupees in interest on the deposit of \$9 billion by China, Saudi Arabia, and the United Arab Emirates to maintain the foreign exchange reserves in SBP.
- Pakistan Aeronautical Complex signed \$1.6 billion deal with Azerbaijan Air Force for the sale of JF-17C Block-III fighter aircraft.
- The export of Cotton Yarn to China surged by 46.7% i.e. \$ 695.62 million in the year 2023, which accounts for 15.8% of the total import of cotton yarn import by China.
- Deputy Governor SBP said, "If the agriculture sector is developed, most major economic issues facing Pakistan can be addressed, including low economic growth, inflation, unemployment, and food insecurity."
- He informed that SBP is working on a new agriculture development project that will facilitate small farmers, enable them to access to formal financial channels and improve their productivity.
- The prices of gas increased again in 03 months, due to the IMF's condition, which would generate Rs 242 billion in revenue.
- This decision will affect the domestic consumer with up to 67% increase in gas bills and the cost of production of various sectors i.e. fertilizer, textile, CNG, Power House, etc.
- The output of LSM in the current month is highest in the last 21 months, where LSM growth increased 15.69% in Dec-2023 as compared to Nov-2023.
- The Sky Wings Aviation has launched an air taxi service from Karachi to Sindh & Baluchistan Airport. The rent of Rs 95,000/hour will be charged to the travelers for the services.
- The prices for petroleum products increased twice in the month of Feb'24, where Rs 6.86 & Rs 8.37 increased in the prices of Petrol & HSD respectively.

Product	Prices as 1st Feb	Prices as 1st Mar	Increase / Decrease
MS (Petrol)	137%	10.61	9.57
High Speed Diesel (HSD)	115%	42.62	11.01



Political Front

- The 12th General Election was conducted in Pakistan on 8th Feb 2024, the turnout of 47.6% was recorded whereas it was 52.1% in the election 2018. Almost 60.6 million people cast their vote and the number of registered voters increased from 106 million to 128 million.
- President Arif Alvi refused to call the session of National Assembly for newly elected members, where the sole reason was the allocation of reserved seats (women and minorities).
- The Speaker Raja Pervaiz Ashraf summoned the same session.
- Majority of the newly elected members of National & Provincial Assemblies have taken the Oath of their positions.
- Following is the summary of the elected Speaker, Deputy Speaker and Chief Minister of provincial assemblies.

ASSEMBLY	SPEAKER	DEPUTY SPEAKER	PRIME/CHIEF MINISTER
Punjab	Malik Ahmed Khan (PML-N)	Malik Zaheer Iqbal Channar (PML-N)	Marium Nawaz (PML-N)
Sindh	Awais Qadir Shah (PPP)	Anthony Naveed (PPP)	Murad Ali Shah (PPP)
Baluchistan	Abdul Khaliq Achakzai (PML-N)	Ghazala Gola (PPP)	
KPK	Babar Salim Swati (SIC)	Suraiya Bibi	

- Pakistan Business Forum (PBF) has urged to appoint a political person as Finance Minister, rather than any technocrat.
- The Ministry of Energy has notified the amendments to the Oil Refinery Policy, after the approval of the Federal Cabinet. Up to \$5 to \$6 billion investment would be expected along with a cleaner environment and savings of foreign exchanges every year.
- The Caretaker Government borrowed Rs 4 trillion from banks from July'23 to Jan'24, whereas there was Rs 1.4 trillion borrowed in the same period of last year.
- For Exporters, the Central Bank has facilitated them by allowing them to use the Exporters' Special Foreign Currency Accounts for any current account transaction abroad without prior approval.

A graphic featuring a world map in shades of blue and purple, with a large blue ribbon-like shape on the left side. The text "World Updates" is written in bold yellow font on a dark blue banner at the bottom right of the graphic.

World Updates

- More than 90,000 people died in Gaza due to brutal attacks by Israel, however, many countries tried to act as mediators to conclude this war.
- Japan loses its title of being the third-largest economy in the world. The key reasons as per the analysts are sluggish consumption, slow-down of production and weak demand in China. The GDP was reduced by 3.3% in the third Quarter & 0.4% in the last Quarter of the year 2023.
- Now, Germany is the third-largest economy in the World.
- Canada and Italy join Britain, Germany, France and Denmark in concluding 10-year security deals with Kyiv (Ukraine) that are intended to shore up Ukraine's security until it can reach its aim of becoming a member of the NATO military alliance.
- The leaders of Canada and Italy signed security agreements with Ukraine after talks with President Volodymyr Zelenskiy in Kyiv on the second anniversary of Russia's full-scale invasion.
- Canada would provide more than 3 billion Canadian dollars (\$2.22 billion) in financial and defense aid to Ukraine in 2024.

- UK announced the new £245 million (\$311 million) defense package to help boost the production of “urgently needed artillery ammunition” for Ukraine.
- Ukraine also expects to receive 18 billion euros from the EU already approved and expects to receive \$11.8 billion in economic support from the United States this year.
- Egyptian President Abdel Fattah al-Sisi, during the oil conference confirmed the revenue from the Suez Canal has decreased by 40% to 50% due to attacks on shipping by Yemen’s Houthi rebels.
- The Suez Canal is one of the main sources of revenue, which generates up to \$10 billion in Egypt’s foreign currency.
- After 2012, Turkish President Tayyip Erdogan visited Egypt on 14th Feb and Turkish Presidents said that Turkiye was ready to cooperate with Egypt to rebuild Gaza, and talks with Egypt at all levels to establish peace and stability in the region.
- US administration imposed new trade restrictions on 93 entities for supporting Russia’s war effort in Ukraine. The entities are from Russia, China, Turkey, the United Arab Emirates, Kyrgyzstan, India and South Korea.
- The Financial Action Task Force (FATF) dropped the UAE from its ‘grey list’, after being placed under closure scrutiny from 2022. In 2022, FATF highlighted the risk of money laundering and terrorist financing involving banks, precious metals and stones as well as property.






FINANCIAL WORLD

Forex Update

- The Inter Bank rate of PKR appreciated by Rs 0.39 in Feb’24 and it was closed at 279.11.
- The closing rate of major currencies on 29th Feb 2024 were;

INTER BANK RATES

Currency	Symbol	Bank Buying TT Clean	Bank Selling TT & OD
 Australian Dollar	<u>AUD</u>	181.29	181.79
 Canadian Dollar	<u>CAD</u>	205.08	205.58
 China Yuan	<u>CNY</u>	38.7	38.8
 Danish Krone	<u>DKK</u>	40.43	40.53
 Euro	<u>EUR</u>	301.82	302.42
 Hong Kong Dollar	<u>HKD</u>	35.56	35.66
 Japanese Yen	<u>JPY</u>	1.82	1.85
 Saudi Riyal	<u>SAR</u>	74.27	74.42
 Singapore Dollar	<u>SGD</u>	207.15	207.65
 Swedish Korona	<u>SEK</u>	26.94	27.04
 Swiss Franc	<u>CHF</u>	317.16	317.66
 Thai Bhat	<u>THB</u>	7.74	7.78
 U.A.E Dirham	<u>AED</u>	75.84	75.99
 UK Pound Sterling	<u>GBP</u>	352.59	353.24
 US Dollar	<u>USD</u>	278.61	279.11

Capital Market

- The KSE-100 index closed at 64,578.52 points after an increase of 2,599.34 points, the index closed at 61,979.18 points last month.



Important Economic Indicators as of 29th Feb 2024

Currency (PKR to USD) Rs. 279.11

Stock Market (KSE-100 Index) 61,979.18

Unemployment Rate 6.9% (E)

Inflation Rate 26% (E)

Interest Rate 22%

Corporate Tax Rate 29%

Personal Income Tax Rate 35%

GDP annual growth 2.2% (E)

Consumer Confidence 33(E)

Brent Crude oil \$ 82.01/Bbl

WTI Crude Oil \$ 78.51/Bbl

Gold Per Tola Rs. 212,937



- The Cabinet approved the reorganization and digitization of the FBR on the recommendation of the Revenue Division.
- The SECP has amended the (Supplementary provision relating to Tax) mentioned in the First Schedule of the Companies Act, 2017 through the S.R.O.239 (I)/ 2024.
 - a)“(ii) The company shall, in the event of its dissolution, after meeting all liabilities, transfer all its assets to another company licensed under section 42, preferably having similar or identical objects to those of the company, which is an approved non-profit organization, and intimation of such transfer will be given to Commissioner, Federal Board of Revenue, within ninety days of the dissolution.”
- Rs 358 million of Tax fraud found in Export Facilitation Scheme (EFS) investigation by Post Clearance Audit (PCA). A steel manufacturing unit imported the scrap under this scheme and violated the regulations by selling it in the market.
- Government increased the Sales Tax rate from 18% to 25% on vehicles whose ex-factory price is 4 million or above. This increase applies to vehicles with engine capacity of 1400cc, whereas, the sales tax is already 25% for vehicles above 1400cc.

Quote

*The self is not something ready made
but something in continuous formation
through choice of action*



What SRCA Do:

- 1- ERP implementation Service
- 2- Auditing & Assurance
- 3- Taxation
- 4- Accounting Services
- 5- Business Advisory
- 6- Cooperate & Registration
- 7- Stock Count & Valuation
- 8- Intellectual Property Rights

