

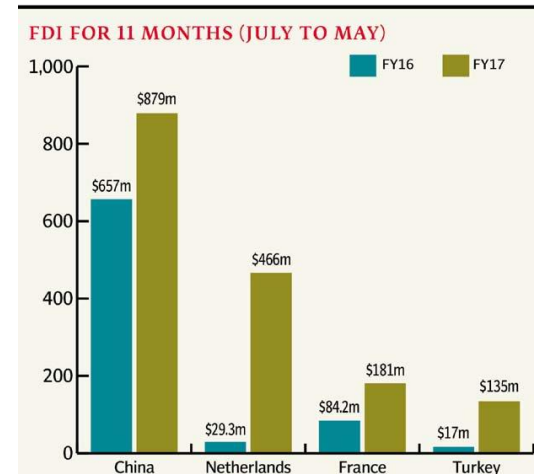
June 22, 2017

Pakistan Research | News Briefs

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KSE 100 Index:
45,474.46
Net Change:
+560.02
Volume:
186,380,960

- **China dominates as FDI increases 154% in May:** Foreign Direct Investment (FDI) in Pakistan rose to \$295 million in May, up by 154% from \$116 million in to the same month of the previous year. Cumulatively, FDI increased by 23% to \$2.03 bn in the first 11 months (Jul-May) of the ongoing fiscal year compared to \$1.65 bn in the same period of the previous year, according to data released by the State Bank of Pakistan (SBP) on Wednesday. (Express Tribune June 22, 2017)
- **Pakistan, France sign €100mn loan accord:** Pakistan and France signed a 100 mn Euros credit facility agreement for the sustainable energy sector reforms program, a statement said on Wednesday. Secretary of Economic Affairs Division (EAD), from France embassy, and J country director of the French Agency for Development (AFD) signed the agreement. Earlier, the Asian Development Bank (ADB) also approved \$300 mn in co-financing for the same program so the total loan amount would come at around \$410 mn, which will be utilized for energy sector reform program to overcome losses of cash bleeding energy sector. Finance Minister congratulated EAD and AFD on the signing of the agreement. Minister said the importance of reforms in the energy sector will directly affect economic growth. He appreciated AFD's continuous support for development projects in Pakistan. "With signing of this agreement, economic cooperation between Pakistan and France will further be strengthened," he said. (The News June 22, 2017)



NRL's \$349mn upgradation projects start operations: The National Refinery Ltd (NRL) on Wednesday notified to the Pakistan Stock Exchange (PSX) that its \$349 mn diesel hydro desulphurization (DHDS) and Naphtha Isomerization (ISOM) projects had commenced operations. "NRL DHDS and auxiliary units have successfully commenced operations. Completion of DHDS has enabled the refinery to comply with government directives to produce high speed diesel meeting low-sulphur Euro-II specifications," company secretary of NRL, said in the bourse filing. Moreover, ISOM unit is in start-up phase where its auxiliary units (Naphtha splitter and Naphtha Hydrotreater) have already been commissioned. "The refinery will start producing additional volumes of motor gasoline from mid of July 2017," added. The HSD desulphurization would yield the price of Euro-II product, while increase of 1.5 % deemed duty on HSD is under discussion with Ministry of Petroleum & Natural Resources that would result in improved margins. Prevailing higher price of motor gasoline compared with the export price of Naphtha would also result in improved profitability. On completion of Isomerization project the production of motor gasoline would increase by conversion of most of Naphtha currently exported at lower price. The government had tasked local refineries to produce Euro-II standard products by December 2012. Later, the Economic Coordination Committee of the Cabinet extended the deadline to December 2015. National Refinery has a production capacity of 2.71 mn tons per year, including multiple grades of lube base oils. Attock Group holds 51 % equity stake in the NRL through ARL, POL and APL. (The News June 22, 2017)

- **SBP revises forex regulations:** The State Bank of Pakistan (SBP) on Wednesday revised the foreign exchange regulations in an effort to align banks' foreign exchange business with changing market requirements, a statement said. The new regulations comprise simplification of the existing instructions, removal of redundancies and gradual delegation of powers to the authorized dealers (banks) for facilitation of the stakeholders, it added. "In the first phase, seven chapters of the manual covering regulations on authorized dealers, authorized rates of foreign exchange, forward exchange facilities, foreign currency accounts of banks and purchase and sale of foreign currencies, non-resident rupee accounts of foreign bank branches and correspondents and loans, overdrafts and guarantees stand revised." Further, a new chapter has been drafted with the title "Restricted Authorisation to deal in foreign exchange". Drafts of these chapters have been placed at the State Bank's website. The banks and other stakeholders are encouraged to furnish their suggestions / proposals on the revised chapters latest by July 14, 2017, it added. (The News June 22, 2017)
- **Trade deficit soars to \$30 bn, more borrowing likely:** The second highest jump was recorded in the food sector where the country received \$476 mn compared to net outflow of \$53 mn in the same period of last year. Construction is the fastest growing sector this year; it received \$418 mn in the first 11 months of the ongoing fiscal year, up by a massive 828% from just \$45 mn in the same period last year. The electronics sector also received \$149 mn compared to just \$35 mn in the period under review. (Express Tribune June 22, 2017)

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