Morning News 10-May-2022

MCB-ARIF HABIB
Savings and Investments Limited

- **EFF's 7th review: IMF says expecting to field mission this month | BR:** The International Monetary Fund (IMF) Tuesday said that it is expecting to field a mission during May to discuss with the authorities, policies to further the Extended Fund Facility's 7th review, however, it did not specify the date and location. This was stated by Esther Perez Ruiz, IMF Resident Representative in Pakistan in response to a query from Business Recorder. She stated that "the IMF expects to field a mission during May to discuss with the authority's policies to further the EFF's 7th review.
- **S Arabia's USD3bn additional deposits 'tied to IMF programme revival' | The News:** The Saudi Arabian government makes possibility of offering up to USD3bn additional deposit in Pakistan's central bank conditional to Islamabad's revival of IMF's stalled bailout programme, officials said on Monday. "They indicated that talks on further deposits are only possible if Pakistan goes back to IMF programme," an official at the finance ministry, asked not to be named, told The News. Last year, Saudi Arabia deposited USD3bn in the State Bank of Pakistan for one year at 4% interest under a support package for the country's foreign reserves.
- **RDA inflows hit USD4.2bn mark | BR:** Inflows of Roshan Digital Account (RDA) are growing, reaching USD4.2bn at the end of April 2022. Despite political uncertainty in the country, the overseas Pakistanis continue to invest in RDA due to attractive profit rate. According to statistics released by the State Bank of Pakistan (SBP) on Monday, RDA fetched inflows amounted to USD247mn in April 2022.With the arrival of fresh inflows, overall investment in the RDA rose to USD4.17bn at the end of April compared to USD3.92bn in March 2022.
- **First USD10mn inflow in T-bills after two months | Dawn:** After a two-month pause, the foreigners started making investments in high-return treasury bills (T-bills). The latest data of the State Bank of Pakistan (SBP) issued on Monday showed that the foreigners invested USD9.9mn in T-bills on Friday just after the government raised the profit rates. During March and April T-bills and Pakistan Investment Bonds (PIBs) didn't attract any foreign investment due to highly uncertain political situation in Pakistan.
- **Rupee loses another 90 paise against dollar | Dawn:** The exchange rate on Monday remained under pressure as the US dollar continued its upward spiral against the local currency. According to the State Bank of Pakistan (SBP), the dollar closed at PKR187.53, a rise of 90 paise over the last closing. On May 6, the US currency appreciated by 94 paise to PKR186.63. The surging dollar has shattered the confidence of rupee-based economy and its stakeholders. The unprecedented increase in the imports has already inflated the economy, while the expensive inputs have sharply increased the cost of doing business.
- **Consultations begin ahead of resumption of IMF talks | BR:** Finance Ministry and Power Division are said to have started internal consultations to devise strategy for talks with International Monetary Fund (IMF), the schedule of which is yet to be finalized, well informed sources told Business Recorder. Power Division, sources said, has been informed that Finance Ministry is in contact with IMF for technical level talks virtually, and as the scheduled date is finalized, the former will be updated.
- **Subsidy continues for five edible items: ECC approves import of 3MMT of wheat | BR:** The Economic Coordination Committee (ECC) of the Cabinet has approved import of three million metric tonnes of wheat and decided to continue with the former Prime Minister's Relief Package announced in 2020 for another two months – May and June 2022 – to provide subsidy on five essential commodities.
- **NSS profit rates raised by up to 250bps | The News:** The federal government on Monday raised the profit rates on various national savings certificates and schemes by up to 250 basis points, mostly to capitalise on their income from medium term government securities. The new rates would be effective from May 10, 2022. The Central Directorate of National Savings (CDNS) increased the profit rate on Special Savings Certificates by 140 basis points to 12.40 percent, while the profit rate for Regular Income Certificates was boosted by 96 basis points to 12 percent.
- **Petroleum sales grow 30% YoY, 19% MoM | BR:** Total petroleum sales reached 2.18mn tons in April 2022, registering an increase of 30% on year-on-year and 19% on month-on-month basis. The growth in sales volumes was primarily attributable to jump in auto sales that led to a surge in demand of MS, higher reliance on FO-based plants and commencement of the harvesting season that augmented HSD demand. The MS volumes clocked in at 0.77mn tons in April '22, registering a growth of 14% on YoY, but dropping 1.0%, on MoM basis.
- **Cement sales fall 29% as business environment weakens | The News:** Sliding trend in cement uptake continued for the third consecutive month as sales declined 29% in April 2022 mainly due to unfavourable business environment in the country. According to the data released by All Pakistan Cement Manufacturers Association (APCMA), the total cement dispatches during April 2022 were 3.52mn tonnes against 4.94mn tonnes during the same month of last fiscal year. Local cement dispatches were 3.37mn tonnes in April 2022 compared to 4.06mn tonnes in April 2021, down 17.06%.
- **Power tariffs to rise for now: Govt | BR:** Federal Minister for Power Engineer Khurram Dastgir Khan said on Monday that electricity tariff would go up for the time being due to the high international oil prices. "We are facing a critical situation and Prime Minister Shehbaz Sharif has asked to look out ways as to how a revolutionary reduction could be made to the non-development expenditures before asking the people to sacrifice", he said while responding to a query at a press conference at the Lahore Electric Supply Company (Lesco) headquarters.
- **Chinese IPPs warn of closure if not paid PKR300bn | Dawn:** With more than PKR300 billion in stuck up dues, more than two dozen Chinese firms operating in Pakistan on Monday said that they would be forced to shut down their power plants this month unless payments were made upfront. This was the overwhelming theme of a meeting presided over by Minister for Planning and Development Ahsan Iqbal with more than 30 Chinese companies operating under the flagship multi-billion-dollar China-Pakistan Economic Corridor (CPEC) in various areas including energy, communication, railways and others.
- **PD asked to clear KE's TDS claims | BR:** Ministry of Finance (MoF) has urged the Power Division to clear Tariff Differential Subsidy (TDS) claims with all codal formalities in place to avoid late payment surcharge (LPS) and other issues of Karachi Electric (KE). According to Finance Ministry, for the CFY 2021-22, PKR.56bn has been earmarked on account of Tariff Differential Subsidy (TDS) KE under Power Division's demand, whereas PKR.5.14bn has been additionally provided to KE under the Prime Minister's Relief Package of PKR.5/kWh, totalling PKR.61.14bn.
- **Prevention of base erosion, profit shifting by MNCs: Dual taxation treaties as modified by MLI inked with 28 states | BR:** The Federal Board of Revenue (FBR) has issued a list of 28 countries, with which, Pakistan has signed Bilateral Full Scope Synthesized Treaties (double taxation agreements) to prevent base erosion and profit-shifting by multinational companies. In this regard, the FBR has released the list of these 28 countries which have inked the Bilateral Full Scope Synthesized Treaties (double taxation agreements as modified by the "Multilateral Instrument" or MLI).

Market Indices	9-May-22	6-May-22	30-Jun-21
KSE 100	43,393	44,841	47,356
KSE 30	16,526	17,149	18,962
KMI 30	70,033	72,990	76,622
KSE All Shares	29,590	30,775	32,480

Volume (mn Shares)	9-May-22	FYTD (Average)
KSE 100	170.7	117.4
KSE 30	96.3	54.5
KMI 30	92.0	50.6
KSE All Shares	305.0	309.2

Commodity Rates	9-May-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	105.9	-5.7%	41.0%
Crude Oil-Arab Light (USD/BBL)	107.2	-6.0%	48.4%
Coal (USD/Tonne)	309.7	-0.4%	169.6%
Copper (USD/Lbs)	4.2	-1.7%	-1.6%
Cotton (¢/Lbs)	137.9	-0.5%	69.4%
Gold (USD/Ounce)	1,853.9	-1.5%	4.8%

Currency (Interbank)	9-May-22	Daily Change	FYTD Change
US Dollar	187.6	0.8%	19.1%
UK Pound	231.3	0.8%	6.2%
Euro	198.0	0.9%	6.0%
UAE Dirham	51.5	1.6%	19.6%
Chinese Yuan	27.9	-0.1%	14.2%

Fund Flows (USD mn)	9-May-22	FYTD
FOREIGN INDIVIDUAL	0.01	4.22
FOREIGN CORPORATES	0.17	-347.18
OVERSEAS PAKISTANI	-0.36	65.42
FIPI NET	**-0.18**	**-277.55**

Economic Data (USD mn)	FY22E	FY21	FY20
GDP Growth	4.6%	5.4%	-0.5%
	Mar-22	**Feb-22**	
Exports	2,782	2,834	
Imports	6,425	5,853	
Remittances	2,810	2,190	
Foreign Exchange Reserves	17,477	22,638	

Money Market Data	9-May-22	6-May-22	30-Jun-21
SBP Policy Rate	12.25	12.25	7.00
CPI Inflation	13.37	12.72	9.70
3 Month T-Bill	14.50	14.50	7.28
6 Month T-Bill	14.79	14.74	7.53
12 Month T-Bill	14.53	14.65	7.81
3 Year Government Bond	13.16	13.10	8.99
5 Year Government Bond	12.70	12.70	9.49
10 Year Government Bond	12.81	12.84	9.94
3 Month KIBOR	14.68	14.67	7.45
6 Month KIBOR	14.87	14.87	7.69

Data Sources : Reuters, PSX, NCCPL, PBS, SBP