Morning News 27-May-2022

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- **IMF to release USD900mn when govt removes fuel price caps | BR:** Pakistan and the IMF have worked out the outlines for the release of over USD900mn in funds that would come through once Pakistan removes its fuel subsidies, a Pakistani source directly involved in talks in Qatar said, requesting anonymity. The talks in Qatar capital Doha on the resumption of a funding programme concluded on Wednesday. An IMF official said in a statement that considerable progress had been made, but he emphasized the urgency of Pakistan removing fuel and energy subsidies to get back on track. "When we raise fuel prices, the deal will be done.
- **Miftah advocates tight monetary policy | BR:** The government remains committed to reviving the IMF programme and put Pakistan back on a sustainable growth path, said Finance Minister Miftah Ismail. Ismail in a series of tweets said that "I have just returned from Doha after talks with the IMF. Our delegation had very useful and constructive discussions with the IMF team over the last week. We discussed significant slippages in fiscal year 2022, caused in part by the fuel subsidies given in February 2022."
- **USD2bn projects for Pakistan in the pipeline: ADB official | BR:** Deputy Country Director of Asian Development Bank Asad Aleem has said that the projects worth US two billion dollars for Pakistan are in the pipeline that will be finalised after thorough consultation with the private and public sectors. He was speaking at a meeting at the Lahore Chamber of Commerce and Industry.
- **Repatriation of profits, dividends rises to USD1.46bn in July-April | The News:** Repatriation of profits and dividends on foreign investment in Pakistan increased 11.58% to USD1.46bn in 10 months of this fiscal year, driven by higher earnings, the central bank data showed on Thursday. The repatriated amount stood at USD1.31bn in the corresponding period of last year. Multinational companies repatriated USD196.8mn as profits and dividends to their headquarters in April.
- **FBR to reform income tax, GST on IMF diktat | The News:** The International Monetary Fund (IMF) has asked the Federal Board of Revenue (FBR) to fetch PKR7.2 trillion in taxes in the upcoming budget, for which personal income tax (PIT) and harmonisation of general sales tax (GST) were being targeted. "Discussions are underway as the FBR pitched up its tax collection target in the range of PKR6.9 trillion, but the IMF insists upon stretching FBR's tax collection in the range of PKR7.2 trillion in the coming budget for 2022-23," top official sources confirmed while talking to The News on Thursday.
- **Budget FY23: PBA seeks 29% uniform tax rate | BR:** Pakistan Banks Association (PBA) has proposed to the Federal Board of Revenue (FBR) to apply a uniform tax rate of 29% on banks; abolish 4% Super Tax and reduction in the income tax rate from 29 to 20% for microfinance banks in budget (2022-23). According to the budget proposals of the PBA for 2022-23, received at the FBR Headquarters on Thursday, the banking sector is one of the largest contributors to the exchequer in the form of payment of taxes, including income tax, federal excise duty, provincial sale tax on services and in the collection of withholding tax, and is playing a vital role in the economic development of the country and supporting major initiatives of the government, the FBR and the SBP.
- **Forex reserves down USD11mn | BR:** The country's total liquid foreign exchange reserves decreased by USD11mn during last week. According to the weekly foreign exchange reserves report issued by the State Bank of Pakistan (SBP) Thursday, the total foreign exchange reserves held by the country stood at USD 16.15bn as of May 20, 2022 from USD16.16bn as of May 13, 2022. During the week under review, the SBP reserves decreased by USD75mn to USD 10.09bn due to external debt repayment. However, net foreign reserves held by commercial banks rose by USD63mn to USD6.06bn
- **Monthly advance tax: Banking sector asks FBR to give Kibor-based compensation | BR:** The banking sector has strongly proposed to the Federal Board of Revenue (FBR) that banks should be given Kibor-based compensation on utilization of banks' money in the form of monthly advance tax. In this connection, the Pakistan Banks Association (PBA) has submitted the budget proposals to the FBR for consideration in the upcoming budget (2022-23). The budget proposals of the banking sector revealed that the banks incur a heavy cost for such advance payments on a monthly basis.
- **Dollar nears PKR203 as PKR loses 98 paisas against greenback | Tribune:** The Pakistani rupee registered yet another depreciation against the US dollar on Thursday as it dropped to almost PKR203 against the greenback in the interbank market amid dwindling foreign exchange reserves. The rupee hit an intra-day low at PKR202.90 against the greenback at around 12:45 pm, showing a day-to-day drop of PKR0.98 from Wednesday's close of PKR201.92. The local currency has cumulatively plunged 9.3% (PKR17.21) over the past 15 consecutive working days. Experts said the delay in the IMF programme and a growing shortage of foreign currency spiked the country's default risk fivefold.
- **POL products' prices hiked by PKR30 per litre | BR:** The government has announced to increase petroleum products' prices by PKR30 per litre from Thursday with their implementation from midnight in an effort to revive the International Monetary Fund (IMF) programme. Finance Minister Miftah Ismail announced the increase in petroleum prices at a hurriedly called press conference. He expressed the hope that now reaching an understanding on staff-level agreement with the IMF would be easier as constructive discussion are being held with the Fund on revival of the EFF.
- **POL products: Govt yet to project PL and GST rates for FY23 | BR:** The government has yet to project petroleum levy (PL) and general sales tax (GST) on petroleum products for the next financial year 2022-23 to meet the conditions of the International Monetary Fund (IMF) and assumption of the Monetary Policy Committee (MPC) of the State Bank of Pakistan (SBP). An official of the Petroleum Division told Business Recorder on condition of anonymity that the government may not charge any PL or GST in the upcoming budget 2022-23 on political grounds as it would lead to a substantial increase in the prices of all petroleum products.
- **Prior actions for PACE-1: WB, Power Div to hold weekly talks | BR:** World Bank and Power Division are said to hold weekly meetings to achieve prior actions on Programme for Affordable Energy (PACE-1). The World Bank Vice President for South Asia Region, Hartwig Schafer who recently visited Pakistan and met with different top officials has written a letter to Minister for Power, Khurram Dastgir Khan, saying that he appreciates the Government's plans to continue addressing the challenges of the sector.
- **Govt takes major step to hurt PTI's electoral prospects | BR:** The National Assembly, Thursday, passed "The Elections (Amendment) Bill, 2022" to block the use of electronic voting machines (EVMs) in the general elections along with barring overseas Pakistanis from voting. However, the law would allow conducting pilot projects in the bye-elections by using I-Voting and EVMs. "The Elections (Amendment) Bill, 2022" was presented in the House by Parliamentary Affairs Minister Murtaza Javed Abbasi and was passed with a majority vote. Only members of the Grand Democratic Alliance (GDA) opposed the bill.

Market Indices			
	26-May-22	**25-May-22**	**30-Jun-21**
KSE 100	42,542	42,013	47,356
KSE 30	16,143	15,913	18,962
KMI 30	68,458	67,261	76,622
KSE All Shares	29,027	28,757	32,480
Volume (mn Shares)			
	26-May-22	**FYTD (Average)**	
KSE 100	133.7	116.9	
KSE 30	94.0	55.3	
KMI 30	82.2	51.3	
KSE All Shares	347.0	305.2	
Commodity Rates			
	26-May-22	**Daily Change**	**FYTD Change**
Crude Oil-Brent (USD/BBL)	117.4	3.0%	56.3%
Crude Oil-Arab Light (USD/BBL)	117.4	4.2%	62.4%
Coal (USD/Tonne)	330.0	0.3%	187.3%
Copper (USD/Lbs)	4.3	0.1%	0.0%
Cotton (¢/Lbs)	135.6	-3.2%	66.6%
Gold (USD/Ounce)	1,850.0	-0.2%	4.5%
Currency (Interbank)			
	26-May-22	**Daily Change**	**FYTD Change**
US Dollar	202.3	0.1%	28.4%
UK Pound	254.7	0.4%	16.9%
Euro	216.9	0.5%	16.1%
UAE Dirham	55.2	0.0%	28.2%
Chinese Yuan	30.0	-0.6%	23.0%
Fund Flows (USD mn)			
	26-May-22	**FYTD**	
FOREIGN INDIVIDUAL	0.01	4.27	
FOREIGN CORPORATES	-0.32	-356.12	
OVERSEAS PAKISTANI	-0.65	64.63	
FIPI NET	**-0.96**	**-287.22**	
Economic Data (USD mn)			
	FY22E	**FY21**	**FY20**
GDP Growth	4.6%	5.4%	-0.5%
	Apr-22	**Mar-22**	
Exports	2,897	2,777	
Imports	6,679	6,407	
Remittances	3,125	2,810	
Foreign Exchange Reserves	10,499	11,425	
Money Market Data			
	26-May-22	**25-May-22**	**30-Jun-21**
SBP Policy Rate	13.75	13.75	7.00
CPI Inflation	13.37	13.37	9.70
3 Month T-Bill	14.50	14.50	7.28
6 Month T-Bill	14.61	14.59	7.53
12 Month T-Bill	14.65	14.65	7.81
3 Year Government Bond	13.51	13.91	8.99
5 Year Government Bond	12.76	12.99	9.49
10 Year Government Bond	12.74	13.00	9.94
3 Month KIBOR	14.65	14.66	7.45
6 Month KIBOR	14.82	14.83	7.69

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