# Morning News 30-May-2022

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- **Miftah pins hopes on sealing IMF deal by June | Dawn:** The government expects to reach a staff-level agreement with the International Monetary Fund (IMF) next month, Finance Minister Miftah Ismail said on Saturday, a day after the government ended a months-old freeze on fuel prices, reviving hopes that the country can unlock funding.
- **Country needs $36b in foreign loans | Tribune:** Finance Minister Miftah Ismail has announced that Pakistan is expected to reach an agreement with the International Monetary Fund (IMF) in June, as the country is projected to need $36-37 billion in foreign financing in the next fiscal year.
- **Pakistan's external financing gap could rise to $8bn: Morgan Stanley | Profit:** The outlook for Pakistan is worsening, says Morgan Stanley in a report released on Friday. The country has "underperformed significantly since February", with spreads widening up to 1250 basis points and some bonds selling for as low as sixty cents on the dollar.
- **Economy may not sustain 6% growth in FY23 | Tribune:** Pakistan's economy faces strong headwinds and may not sustain 6% economic growth in the next fiscal year, as it is caught in a vicious cycle of inflation and currency depreciation, said the Ministry of Finance on Saturday.
- **Outflows from bonds hit $99m in May | Dawn:** Uncertainty for foreign investors remained high in May as the outflows from domestic bonds reached over $99 million against an inflow of just $15m in the treasury bills (T-bills). The returns on T-bills and Pakistan Investment Bonds (PIBs) are highly attractive for investors, but the country is paying a heavy price for the political crisis and carrying a flood of uncertainties.
- **Rs13tr budget for next FY set to be proposed | Tribune:** The federal government is expected to present a budget of Rs12.994 trillion for the next fiscal year 2022-23 on June 10 in the National Assembly. There is a proposal to impose additional taxes worth Rs1.155 trillion in next budget while the revenue target is likely to be set at Rs7.25 trillion, which includes the collection of Rs843 billion in terms of customs duty.
- **IMF programme: Raise in base power tariff by Rs7-7.5/unit on the cards | The News:** To ensure restoration of the IMF program, a massive increase in electricity base tariff by up to Rs7-7.50 per unit is on the cards within the next 2-3 weeks, which is to be enforced from July 1, 2022, top official sources told The News. "The current average base tariff stands at Rs16.64 per unit, which will go up to Rs24.14 per unit with the expected raise of Rs7-7.50 per unit."
- **Ministries face steep budget cut | Tribune:** The cash-starved government has proposed a steep reduction in the development budget allocation for the ministries in the next fiscal year against the original spending plans for the outgoing year but has kept Rs40 billion for the parliamentarians' schemes despite fiscal constraints.
- **Hike in gas tariff by 40-50pc likely soon | The News:** In a bid to restore the $6 billion IMF programme, this time the government is left with no option but to increase the system gas tariff by around 40-50 percent as it is expecting the revenue requirement determination for financial year 2022-23 by OGRA in mid-June, a senior official at the Energy Ministry told The News.
- **Pakistan is open to buy cheap oil from Russia | Augaf:** Finance Minister Miftah Ismail while talking to a program of private TV channel said that the PTI government had not made any agreement with Russia for buying cheap oil. There was no response from Moscow to Hamad Azhar's letter but the new government will try to get wheat from Russia. And if Russia finds a way, cheap oil will also be bought.
- **ECC approves Rs62.27bn for energy ministry | BR:** The Economic Coordination Committee (ECC) of the Cabinet has approved Rs62.27 billion for the Ministry of Energy (Petroleum Division) for making payment of price differential claims (PDCs) to the OMCs and refineries for the second fortnight of May 2022 and allowed import of three million metric tonnes of wheat.
- **KE seeks urgent payment of Rs25bn from TDS receivables | BR:** The cash strapped K-Electric (KE) has sought payment of Rs 25 billion urgently out of its Tariff Differential Subsidy (TDS) receivables, directly, to enable it to keep its operations afloat and timely payment to SSGC, PPL and PSO for fuel supply.
- **Loadshedding to continue for next 2-3 months | The News:** The ongoing loadshedding will continue to haunt the masses for the next 2-3 months till the fiscal constraints of the government are done away with, Federal Minister for Power Division Khurram Dastgir Khan says this while talking to The News.
- **Fertilizer offtake jumps by 34.5% YoY in April | Mettis Global:** The country's overall nutrients offtake surged by 34.5% to 322,000 tonnes during April 2022 from 240,000 tonnes in the same month last year, the latest monthly report of fertilizer offtake issued by the National Fertilizer Development Company (NDFC) showed today.
- **Import ban partially lifted | The News:** The government has amended its decision of imposing a ban on luxury items imports, allowing imports of energy savers. It has also allowed import of animial feed other than cat and dog food. Earlier, the government had slapped a ban on 38 luxury items and got the approval of the federal cabinet through the circulation of a summary and then notified by amending the Import Policy through SRO598 (1) 2022 dated May 19, 2022.
- **ECC okays import of three million tonnes of wheat | The News:** The ECC has granted approval to the import of three million tons of wheat. Of the total wheat, two million tons will be imported on a government-to-government basis while the remaining through open tendering.

| Market Indices | | | |
|---|---|---|---|
| | 27-May-22 | 26-May-22 | 30-Jun-21 |
| KSE 100 | 42,861 | 42,542 | 47,356 |
| KSE 30 | 16,276 | 16,143 | 18,962 |
| KMI 30 | 69,055 | 68,458 | 76,622 |
| KSE All Shares | 29,258 | 29,027 | 32,480 |
| **Volume (mn Shares)** | | | |
| | 27-May-22 | FYTD (Average) | |
| KSE 100 | 236.8 | 117.4 | |
| KSE 30 | 170.1 | 55.8 | |
| KMI 30 | 161.0 | 51.7 | |
| KSE All Shares | 527.5 | 306.1 | |
| **Commodity Rates** | | | |
| | 27-May-22 | Daily Change | FYTD Change |
| Crude Oil-Brent (USD/BBL) | 119.4 | 1.7% | 59.0% |
| Crude Oil-Arab Light (USD/BBL) | 115.9 | -1.3% | 60.4% |
| Coal (USD/Tonne) | 330.0 | 0.0% | 187.3% |
| Copper (USD/Lbs) | 4.3 | 1.1% | 1.1% |
| Cotton (¢/Lbs) | 134.4 | -0.9% | 65.1% |
| Gold (USD/Ounce) | 1,852.7 | 0.2% | 4.7% |
| **Currency (Interbank)** | | | |
| | 27-May-22 | Daily Change | FYTD Change |
| US Dollar | 199.8 | -1.2% | 26.8% |
| UK Pound | 252.0 | -1.1% | 15.7% |
| Euro | 214.3 | -1.2% | 14.7% |
| UAE Dirham | 54.6 | -1.1% | 26.8% |
| Chinese Yuan | 29.8 | -0.6% | 22.2% |
| **Fund Flows (USD mn)** | | | |
| | 27-May-22 | FYTD | |
| FOREIGN INDIVIDUAL | -0.04 | 4.24 | |
| FOREIGN CORPORATES | -0.20 | -356.32 | |
| OVERSEAS PAKISTANI | 0.62 | 65.25 | |
| **FIPI NET** | **0.38** | **-286.84** | |
| **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** | | | |
| | 27-May-22 | 26-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 | 14.30 | 14.50 | 7.28 |
| 6 Month T-Bill | 14.50 | 14.61 | 7.53 |
| 12 Month T-Bill | 14.60 | 14.65 | 7.81 |
| 3 Year Government Bond | 13.50 | 13.51 | 8.99 |
| 5 Year Government Bond | 12.52 | 12.76 | 9.49 |
| 10 Year Government Bond | 12.55 | 12.74 | 9.94 |
| 3 Month KIBOR | 14.54 | 14.65 | 7.45 |
| 6 Month KIBOR | 14.72 | 14.82 | 7.69 |

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