Morning News 06-Jun-2022

MCB-ARIF HABIB Savings and Investments Limited

- **Cabinet approves terms for USD2.4bn loan from China| The News:** The Finance Ministry has obtained approval from the federal cabinet for a syndicated loan facility of USD2.4bn from the China Development Bank and its consortium for a three-year period at six-month SHIBOR (Shanghai Inter-Bank Offered Rates) plus 1.5% margin. The rate was reduced by one percent as compared to the previous facility.
- **Green bonds, gender bonds | BR:** The Federal Board of Revenue (FBR) is expected to incorporate a budget proposal of the Securities and Exchange Commission of Pakistan (SECP) in the Finance Bill, 2022 to grant tax incentives on the issuance of Green Bonds and Gender Bonds from the next fiscal year (2022-23).
- **Pakistan to repay USD23bn foreign debt in next fiscal year | The News:** Pakistan's total foreign debt servicing is projected to climb up to USD23bn for the upcoming budget 2022-23 as repayment of commercial loans has now assumed a major chunk of the outstanding amount of USD6bn out of the total obligations.
- **Using RMB/PKR in bilateral trade: PM directs SBP to hold meetings with Chinese banks | BR:** Prime Minister Shehbaz Sharif has directed State Bank of Pakistan (SBP) to hold meeting with Industrial and Commercial Bank of China (ICBC) and Bank of China for use of RMB/ PKR for bilateral trade between the two countries, official sources told Business Recorder.
- **APCC nods for 5% real GDP, 11.5% inflation target | The News:** The Annual Plan Coordination Committee (APCC) has signed off on the macroeconomic framework for the budget 2022-23, which targets real GDP growth of 5% and an inflation rate of 11.5% on average.
- **FY23: PKR450bn new taxation steps shared with PM | BR:** The Federal Board of Revenue (FBR) shared the details of the new taxation measures of PKR400-450bn, including the proposed plan on the Personal Income Tax Reforms to be incorporated in the Finance Bill 2022, with the Prime Minister Shehbaz Sharif on Saturday.
- **PKR800bn earmarked for PSDP in next fiscal year | The News:** The Annual Plan Coordination Committee (APCC) on Saturday recommended the allocation of PKR2,184bn for the National Development Plan of the National Economic Council (NEC) in the next budget 2022-23, including a federal development outlay of PKR800bn and provincial development plans of PKR1,384bn.
- **Federal budget: Govt to provide relief to industrial sector | BR:** Federal Minister for Industries and Production Syed Murtaza Mahmood on Sunday said that the government would provide relief to the industrial sector, especially women entrepreneurs, as the upcoming budget would be business friendly and pro-poor.
- **Banking sector: FBR considering increasing super tax rate | BR:** A tax expert belonging to Khyber Pakhtunkhwa, Muhammad Umair Zeb, has said the Federal Board of Revenue (FBR), despite receiving a clear budget proposal from the banking sector to abolish the super tax, may increase its rate in the federal budget for 2022-23.
- **Small traders: Govt urged to introduce fixed tax regime | BR:** Jamshaid Akhtar Sheikh, Acting President Islamabad Chamber of Commerce and Industry (ICCI) on Sunday urged the government to introduce fixed tax regime for small traders in the forthcoming budget that would help in broadening the tax base and improving tax revenue of the country.
- **Centre's PSDP cut 44.4%, Punjab ADP raised by PKR70bn | The News:** The federal government's development budget allocation was slashed by 44.4%, while Punjab was projected to utilise PKR70bn more than its original outlay for the outgoing fiscal year, official data showed on Saturday. These interesting facts about the spending related to federal and provincial development porammes in the outgoing fiscal have raised many questions.
- **Plan under study to up govt officials' pay by 5-15% | The News:** Amid the Pay and Pension Commission's failure to submit its report before the announcement of the upcoming budget and subsequently PM's decision to grant another extension, the government is considering three options for jacking up salaries from 5 to 15% in the upcoming budget.
- **ECC imposes 10% RD on MS import | BR:** The Economic Coordination Committee (ECC) of the Cabinet has removed a customs anomaly on the import of Motor Spirit (MS) by imposing 10% regulatory duty (RD) on its import in cases where 10% customs duty is not paid on its import.
- **Textile exports rise 28% to USD17.67bn in July-Mar | BR:** Pakistan's textile exports surged 28% to USD17.67bn in July-May of this fiscal, the highest ever for the period under review, compared to USD13.76bn in the same months of last, the industry reported on Friday, warning the severe energy constraints were a major risk to the future growth of the sector.
- **Gross refinery margins rise to USD37/bbl in May | The News:** The gross refinery margins (GRMs) of the oil industry have risen sharply to USD37/barrel in May 2022 against USD24/barrel in April of this year, the latest data showed. Though the GRMs for the local refining sector may seem strong in May, the annual margins are however hovering around USD10-12/barrel, which are anything but robust.
- **Thar Coal Block-I power plant: CM launches mega water project to facilitate IPP | BR:** Sindh Chief Minister Syed Murad Ali Shah Saturday laid the foundation stone of PKR182.3bn water infrastructure project to provide water to an Independent Power Producer (IPP) committed to generate 1,650 MW coal-fired power in Thar Block-I.
- **Ogra raises gas prices up to 45% | BR:** The Oil and Gas Regulatory Authority (Ogra) has allowed late Friday night a raise in gas prices up to 45% in order to meet the revenue shortfall of both gas utilities - SNGPL and SSGC. In its decisions, the regulator has allowed the SNGPL an increase of 45%.
- **Govt urged to allow below USD100 CKD kits for mobile phones | The News:** Pakistan Mobile Phone Manufacturers Association (PMPMA) has requested the government to allow establishment of letter of credits (LCs) for mobile phones completely knocked down (CKD) kits worth below USD100, saying lack of materials could lead to layoffs in the industry.
- **SNGPL, SSGC project UfGs contrary to Ogra benchmark:** The gas utilities – Sui Northern Gas Pipelines Limited (SNGPL) and the Sui Southern Gas Company (SSGC) - have projected UfGs at 8.24 percent and 13.86 percent, respectively for the financial year 2022-23, against the Oil and Gas Regulatory Authority's benchmark of 6.5 percent at distribution system.
- **Quarterly Tariff Adjustment: PKR113bn impact to be shifted to KE consumers by way of surcharge | BR:** Power Division and Finance Division have reportedly evolved consensus to pass on Quarterly Tariff Adjustment (QTA) notification impact of PKR113.1bn to the consumers of K-Electric (KE) by way of surcharge of PKR2.35/ unit to be recovered in three years, well informed sources told Business Recorder.

Market Indices

	3-Jun-22	2-Jun-22	30-Jun-21
KSE 100	41,315	42,238	47,356
KSE 30	15,734	16,108	18,962
KMI 30	66,851	68,662	76,622
KSE All Shares	28,470	28,926	32,480

Volume (mn Shares)

	3-Jun-22	FYTD (Average)
KSE 100	130.0	116.9
KSE 30	67.1	55.9
KMI 30	70.5	51.9
KSE All Shares	221.5	304.1

Commodity Rates

	3-Jun-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	119.7	1.8%	59.4%
Crude Oil-Arab Light (USD/BBL)	119.3	1.6%	65.0%
Coal (USD/Tonne)	324.8	0.0%	182.8%
Copper (USD/Lbs)	4.5	-1.7%	5.1%
Cotton (¢/Lbs)	133.2	-0.7%	63.6%
Gold (USD/Ounce)	1,850.8	-0.9%	4.6%

Currency (Interbank)

	3-Jun-22	Daily Change	FYTD Change
US Dollar	197.4	0.1%	25.3%
UK Pound	246.5	-0.6%	13.2%
Euro	211.6	-0.2%	13.3%
UAE Dirham	53.8	-0.5%	24.7%
Chinese Yuan	29.6	0.1%	21.5%

Fund Flows (USD mn)

	3-Jun-22	FYTD
FOREIGN INDIVIDUAL	-0.05	4.13
FOREIGN CORPORATES	0.08	-357.29
OVERSEAS PAKISTANI	1.75	65.90
FIPI NET	**1.77**	**-287.26**

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

	3-Jun-22	2-Jun-22	30-Jun-21
SBP Policy Rate	13.75	13.75	7.00
CPI Inflation	13.80	13.80	9.70
3 Month T-Bill	14.84	14.95	7.28
6 Month T-Bill	15.18	15.11	7.53
12 Month T-Bill	15.51	15.44	7.81
3 Year Government Bond	13.79	13.70	8.99
5 Year Government Bond	12.78	12.72	9.49
10 Year Government Bond	12.75	12.71	9.94
3 Month KIBOR	15.02	15.02	7.45
6 Month KIBOR	15.24	15.18	7.69

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