Morning News 07-Jun-2022

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Savings and Investments Limited

- **Ongoing talks with Pakistan are constructive: IMF | The News:** Pakistan and the International Monetary Fund (IMF) have yet to reconcile on the fiscal framework as Islamabad is making last-ditch efforts to convince the Fund staff to move ahead with 'manageable fiscal adjustments' of 1.5 to 2% of gross domestic product (GDP) in the coming budget.
- **Govt expects slowdown in FY23 growth | BR:** The government expects a slowdown in economic growth in the next fiscal year 2022-23 subsequent to the likely resumption of the International Monetary Fund (IMF) programme, fiscal adjustment efforts, addressing worsening trade balance, and mitigating political and economic uncertainty.
- **No plan to freeze foreign currency accounts or seize lockers, says Miftah | Tribune:** Finance Minister Miftah Ismail said on Monday that there was no financial emergency in Pakistan, especially after the two back-to-back increase in the price of petroleum. The federal minister said the prime minister at "some point" will announce austerity measures, as he ruled out any kind of financial emergency in light of the poor economic situation.
- **PM given presentation on PKR800bn PSDP: NEC may propose 5% growth target for FY23 | BR:** A meeting of the National Economic Council (NEC) is likely to review and approve the economic performance of the current fiscal year and will target growth for the next fiscal year based on the development outlay for the next fiscal year. An official said that the Ministry of Planning and Development Monday gave a presentation to the prime minister on the PKR800bn PSDP approved by the Annual Plan Coordination Committee Saturday.
- **High-value immovable properties, luxury vehicles: Govt mulling imposing 'luxury tax' | BR:** The government is contemplating the possibility of imposition of a luxury tax on certain high-value immovable properties and luxury vehicles in the coming budget (2022-23). It is learnt that this type of wealth tax may be charged on certain high-value big houses or immovable properties and high cc vehicles to be paid on an annual basis.
- **FY23 budget: EFS may be amended to restore GST-free procurement of inputs | BR:** The government is expected to make major amendments to the Export Facilitation Scheme (EFS), 2021 in coming budget to restore sales tax-free local procurement of packing material, raw materials or components/parts by the registered exporters. Sources told Business Recorder here on Monday that the exporters have strong reservation over omission of serial No.15 of the Fifth Schedule of Sales Tax Act, 1990 through Finance (Supplementary) Act, 2022.
- **PBA seeks 29% uniform tax rate on banking sector | The News:** Anticipating a higher tax rate of 35% in 2022-23 budget, Pakistan Banks Association CEO Tawfiq Hussain has asked the government to tax the sector at a uniform rate of 29%, like it does other sectors. He said that the "tax rate of 35% for banks is not only one of the highest in the region, but is also very high when compared to other business sectors in Pakistan".
- **Rupee hits over two-week low as oil prices, inflation bites | The News:** The rupee dropped to its lowest level since May 20 as a spike in global crude oil prices threatened to push domestic inflation pressure further up and aggravate the country's current account deficit, dealers said. The currency also came under pressure on speculation that the government could freeze foreign currency bank accounts to ease dollar shortages.
- **Public debt up 12.91% to PKR43.70tr in July-April | The News:** The country's public debt climbed by 12.91% to PKR43.70 trillion at the end of April this fiscal year, the central bank data showed on Monday. The debt stood at PKR38.70 trillion as of June 30, 2022. It rose by 17.87% year-on-year. The debt was PKR37.08 trillion as of April 30, 2021.
- **Seven power projects being set up under CPEC: Govt agrees to restore tax exemptions | BR:** The government has agreed to restore tax exemptions of seven power projects being established under China Pakistan Economic Corridor (CPEC), after recent meetings with Prime Minister Shahbaz Sharif and Minister for Planning, Development and Special Initiatives, Ahsan Iqbal, official sources told Business Recorder.
- **Power sector subsidies, payments to IPPs/GPPs: PKR516bn may be set aside as provisional IBCs | BR:** The government is likely to earmark PKR516bn for the power sector subsidies and payment to IPPs/GPPs in FY 2022-23 as provisional Indicative Budget Ceilings (IBCs) as compared to revised allocations of PKR869bn in FY 2021-22, indicating a reduction of 41% in allocations, well-informed sources told.
- **Ogra seeks uniform gas rates for all users | Dawn:** The Oil and Gas Regulatory Authority (Ogra) has asked the government to apply equal gas rates to all consumers irrespective of categories and sectors to ensure recovery of true cost of gas without any discrimination and end gas sector circular debt. The rates for consumers in lower usage categories of domestic and special commercial sectors, like tandoor, would, according to Ogra's two separate determinations, increase by over 600% in July if the federal government accepts the regulator's advice to meet the revenue requirements of gas companies.

Market Indices			
	6-Jun-22	3-Jun-22	30-Jun-21
KSE 100	41,577	41,315	47,356
KSE 30	15,868	15,734	18,962
KMI 30	67,466	66,851	76,622
KSE All Shares	28,540	28,470	32,480
Volume (mn Shares)			
	6-Jun-22	FYTD (Average)	
KSE 100	95.4	116.8	
KSE 30	76.9	56.0	
KMI 30	73.9	51.9	
KSE All Shares	186.3	303.7	
Commodity Rates			
	6-Jun-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	119.5	-0.2%	59.1%
Crude Oil-Arab Light (USD/BBL)	118.2	-0.9%	63.6%
Coal (USD/Tonne)	330.6	1.8%	187.9%
Copper (USD/Lbs)	4.4	-0.8%	4.2%
Cotton (¢/Lbs)	132.7	-1.0%	63.1%
Gold (USD/Ounce)	1,841.0	-0.5%	4.0%
Currency (Interbank)			
	6-Jun-22	Daily Change	FYTD Change
US Dollar	199.8	1.2%	26.8%
UK Pound	250.3	1.6%	14.9%
Euro	213.7	1.0%	14.4%
UAE Dirham	54.6	1.6%	26.8%
Chinese Yuan	30.0	1.3%	23.1%
Fund Flows (USD mn)			
	6-Jun-22	FYTD	
FOREIGN INDIVIDUAL	-0.01	4.13	
FOREIGN CORPORATES	-1.72	-359.01	
OVERSEAS PAKISTANI	-0.06	65.84	
FIPI NET	**-1.79**	**-289.05**	
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			
	6-Jun-22	3-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	14.80	14.84	7.28
6 Month T-Bill	15.23	15.18	7.53
12 Month T-Bill	15.50	15.51	7.81
3 Year Government Bond	13.71	13.79	8.99
5 Year Government Bond	12.79	12.78	9.49
10 Year Government Bond	12.75	12.75	9.94
3 Month KIBOR	14.99	15.02	7.45
6 Month KIBOR	15.32	15.24	7.69

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