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MCB-ARIF HABIB
Savings and Investments Limited

- **Staff-level pact with IMF expected by next week | BR:** Federal Minister for Finance and Revenue Miftah Ismail on Wednesday expressed the hope that Pakistan would reach a staff-level agreement with the International Monetary Fund (IMF) by next week which will help strengthen the Pak rupee and the economy. "Our talks with IMF are underway. The federal budget 2022-23 will be presented on June 10 after which we are hoping to enter into an agreement with the Fund by next week. The Board meeting and other formalities will continue later but it will bring calmness to the market and strength the economy," Miftah said during a zoom conversation with editors and senior journalists Monday.

- **Economic Survey to be unveiled today | BR:** Finance Minister Miftah Ismail will unveil the Economic Survey 2021-22 Thursday (June 9) on the performance of the economy for the outgoing fiscal year with provisional growth of 5.97% against the envisaged target of 4.8%. The Finance Ministry in a statement issued Wednesday said that Economic Survey containing details of major socioeconomic achievements during the outgoing fiscal year 2021-22 will be launched Thursday.

- **GDP expansion to slow down to 4%: WB | Dawn:** The World Bank says GDP growth in Pakistan is expected to be 4.0% in 2022-23, slower from 5.7% in 2020-21, as foreign demand slows significantly and policy support is withdrawn to contain external and fiscal imbalances. In its report, 'Global Economic Prospects' published on Tuesday, the World Bank says some economies in the South Asian region have prioritised structural reforms to strengthen economic growth, and in Pakistan, the government has enhanced its monetary policy framework by strengthening the functional and administrative autonomy of the State Bank, prohibiting government borrowing from it, and entrenching price stability as monetary policy's primary objective.

- **WB approves USD258mn for National Health Support Programme | BR:** The World Bank's Board of Executive Directors has approved USD258mn for the National Health Support Programme (NHSP) to strengthen primary health care systems and to accelerate national efforts towards universal health coverage in Pakistan. The programme complements ongoing investments in human capital and builds on health reforms that aim to improve quality and equitable access to healthcare services, especially in communities lagging behind national and regional-level health outcomes.

- **Iran offers to invest USD25mn in Sindh | The News:** Iran has offered to invest USD25mn in agriculture and other sectors in Sindh, and provide tractors, combined harvesters, and other agriculture machinery to the provincial government, stated a press release on Wednesday. Iranian consul general Hassan Noorian met Sindh chief minister's advisor on agriculture Manzoor Wassan in Karachi and offered investment in agriculture and other sectors in the province. The meeting discussed extending bilateral cooperation in economic and agriculture sectors. The consul general stated that seed, cold storage, and hybrid seed would be given to Sindh at cheaper rate than other countries.

- **Moody's affirms B3 long-term deposit ratings of five banks | BR:** Moody's Investors Service has affirmed the B3 long-term deposit ratings of Pakistani banks and changed the outlook to negative from stable. The rating agency has affirmed the B3 long-term deposit ratings of five Pakistani banks: Allied Bank Limited (ABL), Habib Bank Ltd (HBL), MCB Bank Limited (MCB), National Bank of Pakistan (NBP) and United Bank Ltd (UBL). As part of the same rating action, Moody's has changed the outlook on the banks' long-term deposit ratings to negative from stable. The rating agency has also downgraded the long-term foreign currency Counterparty Risk Ratings of ABL, MCB and UBL to B3 from B2; these ratings are now constrained by the Government of Pakistan's foreign currency country ceiling, which was lowered to B3 from B2.

- **Government's push to boost Pakistan's finance growth: Fitch | The News:** Fitch Ratings said Pakistan's Islamic finance industry is expected to continue its growth trajectory over the medium term, driven by strong government push and steadily rising public demand for Islamic products. "However, the industry faces key challenges that could slow its growth such as the still-developing Islamic finance regulatory framework," the rating agency said in a research report. In April 2022, the Federal Shariat Court of Pakistan (FSC) stated in a decision that 'riba' or interest is prohibited in Islam, including relating to banking transactions. The FSC directed the government to adopt sharia-compliant modes while borrowing from domestic or foreign sources in the future.

- **5% growth target set but govt says will try for 6% | BR:** The National Economic Council (NEC) has approved the Annual Plan and macroeconomic framework for 2022-23 with five percent GDP growth for the next fiscal year and the Public Sector Development Programme (PSDP) worth PKR2.1384 trillion – including PKR800bn federal and PKR1,384bn provincial. The meeting presided over by Prime Minister Shehbaz Sharif was presented by the Ministry of Planning a review of the Annual Plan for the year 2021-22 to the NEC and gave a detailed briefing on the targets for the year 2022-23

- **Number of withholding taxes to be abolished or reduced | BR:** A number of withholding taxes would be abolished or reduced in the upcoming budget (2022-23), it is learnt. Sources told Business Recorder on Wednesday that under the budget preparation exercise, the FBR will pick those withholding taxes having less revenue implications without compromising the objective of documentation. A new Directorate-General for Synchronized Withholding Agents System would be established to document withholding transactions in future. The FBR will reduce the distortions caused by withholding taxes. All the withholding taxes will be reviewed to determine the distortions caused by the withholding of income tax, and adjustments will be made to eliminate these distortions. This will be accomplished by making adjustments that ensure that all the withholding tax collected is either claimed in the return filed against tax demand or is refunded.

- **Export industry: Raw materials now exempt from taxes | BR:** Prime Minister Shehbaz Sharif Wednesday directed the authorities concerned to abolish all taxes on the raw materials of the export industry, as part of his government's vision to develop an export-oriented economy. The prime minister also directed the formation of task forces to attract investment in multiple sectors during a meeting with a delegation of the American Business Council. The task forces would be formed in the fields of tourism, pharmaceuticals, information technology, e-commerce, large-scale manufacturing, and agriculture.

- **Import of equipment for recycling projects: Budget likely to come up with some tax relief | BR:** The government is expected to announce tax relief measures in the budget (2022-23) on the import of equipment for recycling projects for moving towards sustainable packaging and a truly "circular economy". It is reliably learnt that the government is considering measures to eliminate packaging waste through fiscal measures to be introduced in the coming budget. Budget 2022-23 proposals have been chalked out for promoting collection and recycling of plastic waste for greener Pakistan, they maintained. The budget proposals of the packaging alliance are under serious consideration of the budget markers for incorporation in the next Finance Bill 2022, officials added.

- **Good news in upcoming budget for IT industry, says FBR chief | Dawn:** Federal Board of Revenue (FBR) Chairman Asim Ahmad on Wednesday said that the IT industry should expect good news in the upcoming federal budget, scheduled to be announced on Friday. He was speaking at the contract signing of the development and implementation of the One Window Portal System by the Special Technology Zones Authority (STZA). He said that being the apex revenue collection body of the government, the FBR has a strategic role in providing a business-friendly environment.

- **NA to pass Export-Import Bank of Pakistan Bill today | BR:** The National Assembly today (Thursday) would pass "The Export-Import Bank of Pakistan Bill, 2021" to fulfil the conditionality of the International Monetary Fund (IMF) without referring to the relevant Standing Committee of the house, it is learnt. According to the sources, after the passage of the bill, it would be tabled in the Senate on the same day for its passage. They said that the government is in a hurry for the passage of this bill to fulfil the conditionality of the IMF. Under this proposed law, the Export-Import Bank f Pakistan will be established. The Bank will obtain reinsurances from any foreign agencies or nay insurances companies in or outside Pakistan. The bank will also provide its own or with other financial institutions or insurance providers in or outside Pakistan, trade financing, trade credit insurance, and equity participation.

Market Indices	8-Jun-22	7-Jun-22	30-Jun-21
KSE 100	41,553	41,568	47,356
KSE 30	15,877	15,849	18,962
KMI 30	67,773	67,544	76,622
KSE All Shares	28,536	28,573	32,480

Volume (mn Shares)	8-Jun-22	FYTD (Average)
KSE 100	73.4	116.4
KSE 30	49.0	55.9
KMI 30	44.0	51.9
KSE All Shares	151.0	302.5

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)	8-Jun-22	FYTD
FOREIGN INDIVIDUAL	0.00	4.13
FOREIGN CORPORATES	-1.60	-360.49
OVERSEAS PAKISTANI	-2.39	63.80
FIPI NET	**-3.99**	**-292.57**

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	8-Jun-22	7-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	14.85	14.84	7.28
6 Month T-Bill	15.60	15.53	7.53
12 Month T-Bill	15.72	15.61	7.81
3 Year Government Bond	13.58	13.83	8.99
5 Year Government Bond	12.96	12.87	9.49
10 Year Government Bond	12.90	12.86	9.94
3 Month KIBOR	15.02	15.00	7.45
6 Month KIBOR	15.68	15.38	7.69

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