Morning News 13-Jun-2022

MCB-ARIF HABIB
Savings and Investments Limited

- **Govt requests USD2bn loan rollover | Tribune:** Pakistan has made another request to China for the rollover of USD2bn worth of debt maturing soon but it forgot to book Chinese and International Monetary Fund (IMF) loans in the budget, underreporting foreign borrowing by USD7bn for the next fiscal year.
- **China rolling over USD2bn at reduced rate | The News:** While offering the rollover of two billion dollars at a much reduced rate, China, in a latest communication, has assured Pakistan of standing with it during these difficult times with greater resolve and more proactively.
- **EXIM Bank set up to meet IMF's demand | Tribune:** The government has fulfilled another condition of the International Monetary Fund (IMF) for the revival of the bailout package as it got the bill backing the establishment of the Export-Import Bank of Pakistan passed from the National Assembly just ahead of the budget session.
- **Miftah says budget hasn't eased all of IMF concerns | BR:** Finance Minister said on Saturday that the International Monetary Fund (IMF) has expressed concern about the country's recently unveiled budget, but the government is confident it can make changes to satisfy the lender. Pakistan is looking to getting a staff level agreement with the IMF this month, Miftah Ismail said.
- **Default if Pakistan quits IMF programme | The News:** Federal Finance Minister Miftah Ismail said Friday the government would abolish subsidies and go for positive taxation in order to avoid becoming another Sri Lanka. Speaking in Geo News programme "Aaj Shahzeb Khanzada kay Saath", he said Pakistan has to spend USD21bn in paying back debt.
- **Pakistan sees positive outcome of FATF meeting | The News:** The Financial Action Task Force (FATF) is scheduled to meet this week, from June 14 to 17, 2022, in Berlin (Germany) where the fate of Pakistan will be decided about its exclusion from the grey list or extension for another period of a few months with the existing status. Pakistani authorities are quite hopeful and they are expecting a positive outcome from the plenary meeting.
- **PML (N)-led govt seeks to turn economic wounds into budgetary wisdom | BR:** Finance Minister Miftah Ismail Friday presented PKR9,502bn budget for the next fiscal year with 4.9% deficit and stated that the real challenge for the government is to achieve growth without the current account deficit.
- **Inclusive of Super Tax: Tax on banking sector to go up to 45% | BR:** The federal government has proposed to increase the tax rate for banking sector, ie, from 39% to 45%, including Super Tax for the next fiscal year. Federal Minister for Finance Miftah Ismail in his budget speech said that the banking sector has earned windfall gains due to higher interest rates and risk-free investment in government securities.
- **PKR440bn taxation measures taken | BR:** The government has taken taxation measures of PKR440bn and enforcement measures of PKR200bn in the budget (2022-23) to meet the annual target of PKR7,004bn including relief to the salaried class.
- **Industrial amnesty scheme withdrawn | BR:** The amnesty scheme (industrial package) announced by the previous government for the revival of sick units and promotion of industries has been withdrawn from March 2, 2022. The explanation of the Finance Bill 2022, issued by a chartered accountant firm, said the Income Tax (Amendment) Ordinance, 2022 introduced tax amnesties as part of a promotion package for industries.
- **PKR1.52tr set aside for defence spending | Dawn:** The government on Friday proposed an allocation of PKR1.523 trillion for defence services for the fiscal year 2022-23 — an increase of 11.16 per cent over the initial allocation for the outgoing year (2021-22), according to the budget documents tabled in the National Assembly.
- **Govt to start big-ticket privatisation push in FY23 | The News:** The government is planning to sell over a dozen of state-owned enterprises, including Pakistan International Airline (PIA) and Pakistan Steel Mills (PSML) in the next fiscal year as the ruling coalition seeks to restart sales of loss-making businesses, a minister said on Saturday.
- **455% hike in PL proposed | BR:** Reliance on petroleum levy (PL) has been proposed to be raised by 455% in federal budget 2022-23 from PKR135bn in the revised estimates of current financial year to PKR750bn next year to fetch an additional revenue of PKR615bn.
- **Assemblers unhappy with advance tax raise | Dawn:** Local vehicle assemblers are not happy with the new budget, and say the government decided to raise advance tax on motor vehicles above 1,600cc on its own as the industry did not propose it.
- **Govt projects to mop up PKR1.144tr from oil, gas sector | The News:** In a major development, the government has projected to mop up a revenue of PKR1.144 trillion in next budgetary year from oil and gas sector which includes PKR200bn from gas consumers in the shape of Gas Infrastructure Development Cess (GIDC) against the revised target of PKR25bn in the outgoing fiscal.
- **Fertiliser to become more expensive | Tribune:** The proposed increase in sales tax on fertiliser in the budget for fiscal year 2022-23 will make the commodity further expensive for the small and medium-sized farmers. "Farmers have slammed the increase in sales tax on fertiliser from 2% to 10% in the Finance Bill 2022," Pakistan Businesses Forum (PBF) Vice President Ahmad Jawad told The Express Tribune.
- **Mobile phones' import | BR:** A new levy of up to PKR16,000 has been proposed on the import of mobile phone handsets and increased Federal Excise Duty (FED) on telecommunication services from 16% to 19.5% within the Islamabad Capital Territory (ICT) through Finance Bill, 2022.
- **FBR releases Tax Expenditure Report 2022 | BR:** The Federal Board of Revenue (FBR) on Friday released the Tax Expenditure Report 2022, revealing that the total federal taxes' expenditure based on the data relating to FY 2020-21 is estimated at PKR1,482.3bn.
- **Tax on deemed income from unused property introduced | The News:** The FBR has proposed PKR153bn taxes on immovable property/assets within the country and offshore assets through Finance Bill 2022. The tax on deemed income from an unused property above PKR25mn, including luxury farmhouses, has been proposed.
- **Jul-Mar period: Outstanding govt guarantees stand at USD6.07bn | BR:** The government of Pakistan's outstanding guarantees stood at USD6.07bn during the first three quarters (July-March) of FY 2021-22 with total guarantees at USD6.88bn, however the rupee-dollar parity is given at 183 to the dollar.
- **Remittances decline 25.4% MoM to USD2.3bn in May | The News:** Pakistan's remittances fell by 25.4% month-on-month in May, putting more pressure on the external account and rupee that has already hit record lows against the dollar in the current week, the central bank data showed on Friday.
- **Gas companies: Ogra reduces LNG rates | BR:** The Oil and Gas Regulatory Authority (OGRA) on Friday notified a reduction in new prices for LNG consumers, according to the notification, the consumer price for the SNGPL is determined of USD20.7691 per mmbtu or -1.0626 reduction over May price of USD21.8317 per mmbtu.
- **KE seeks payment of PKR25bn to clear SSGC dues | BR:** K-Electric (KE) has sought immediate payment of PKR25bn from the federal government to clear outstanding amount of SSGC as the latter has threatened to encash bank guarantee of PKR6bn provided by former as security deposit in addition to immediately reducing gas supplies by 10 MMCFD on daily basis, which may increase load-shedding.

Market Indices			
	10-Jun-22	**9-Jun-22**	**30-Jun-21**
KSE 100	42,015	41,736	47,356
KSE 30	16,065	15,950	18,962
KMI 30	68,850	68,176	76,622
KSE All Shares	28,842	28,641	32,480
Volume (mn Shares)			
	10-Jun-22	**FYTD (Average)**	
KSE 100	39.4	115.9	
KSE 30	22.3	55.8	
KMI 30	18.4	51.7	
KSE All Shares	115.8	301.5	
Commodity Rates			
	10-Jun-22	**Daily Change**	**FYTD Change**
Crude Oil-Brent (USD/BBL)	122.0	-0.9%	62.4%
Crude Oil-Arab Light (USD/BBL)	119.7	-0.9%	65.7%
Coal (USD/Tonne)	313.0	-0.5%	172.5%
Copper (USD/Lbs)	4.3	-1.9%	1.0%
Cotton (¢/Lbs)	140.1	-1.0%	72.1%
Gold (USD/Ounce)	1,871.0	1.3%	5.7%
Currency (Interbank)			
	10-Jun-22	**Daily Change**	**FYTD Change**
US Dollar	201.6	0.0%	28.0%
UK Pound	248.3	-1.4%	14.0%
Euro	212.0	-0.9%	13.5%
UAE Dirham	55.2	0.0%	28.2%
Chinese Yuan	30.0	-0.2%	23.2%
Fund Flows (USD mn)			
	10-Jun-22	**FYTD**	
FOREIGN INDIVIDUAL	0.00	4.13	
FOREIGN CORPORATES	-0.53	-361.62	
OVERSEAS PAKISTANI	-0.17	63.21	
FIPI NET	**-0.70**	**-294.28**	
Economic Data (USD mn)			
	FY22P	**FY21**	**FY20**
GDP Growth	6.0%	5.7%	-0.9%
	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			
	10-Jun-22	**9-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	14.64	14.84	7.28
6 Month T-Bill	15.38	15.60	7.53
12 Month T-Bill	15.62	15.73	7.81
3 Year Government Bond	13.61	13.58	8.99
5 Year Government Bond	12.95	12.94	9.49
10 Year Government Bond	12.90	12.90	9.94
3 Month KIBOR	14.83	15.02	7.45
6 Month KIBOR	15.64	15.74	7.69

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