Morning News 14-Jun-2022

MCB-ARIF HABIB
Savings and Investments Limited

- **IMF asks for more budgetary steps to meet key objectives | Dawn:** Additional measures will be needed to bring Pakistan's budget for the year 2022-23 in line with the key objectives of its International Monetary Fund programme, the lender's resident representative in Islamabad said. "Our preliminary estimate is that additional measures will be needed to strengthen the budget and bring it in line with key programme objectives," Esther Perez Ruiz told Reuters.
- **Miftah says IMF lending critical to averting default | BR:** Finance Minister Miftah Ismail said on Monday the country would be seriously heading towards default if the petroleum and electricity prices were not increased and the agreement with the International Monetary Fund (IMF) was not reached.
- **BUDGET 2022-23: Record PKR418bn development plan in PKR1.33tr KP budget | Dawn:** The PTI-led Khyber Pakhtunkhwa government on Monday set aside a record amount of PKR418bn for development projects in the PKR1.33 trillion budget for the financial year 2022-23 to accelerate economic recovery, generate employment opportunities, uplift human development index and prioritise service delivery with an eye on the next general election. The total budget outlay of PKR1.33tr is 19% higher than the current year's PKR1.18tr.
- **Rupee plunges to PKR203.86 against dollar amid IMF uncertainty | BR:** Pakistan's rupee dropped to its lowest level against the US dollar on Monday, closing near 204 in the inter-bank market amid uncertainty pertaining to revival of the International Monetary Fund(IMF) programme. The local currency depreciated PKR1.51 or 0.74% to close at PKR203.86 on Monday. On Friday, the local currency had closed at PKR202.35.
- **Power sector: ECC approves PKR50bn as advance against subsidy claims | BR:** The Economic Coordination Committee (ECC) of the Cabinet has approved PKR50bn in the ongoing fiscal year as an advance against future subsidy claims for the power sector. A meeting of the ECC presided over by Finance Minister Miftah Ismail on Monday also approved PKR36b for the Petroleum Division to maintain the sustainability of the LNG supply chain as well as import of the petroleum products.
- **Diesel may jump PKR53, petrol PKR18/litre | The News:** The prices of diesel and petrol may go up by PKR53 and PKR18/litre, respectively, if the government passed on the full impact of global oil markets to consumers, rolling back the subsidy completely in a push to redeem the IMF loan, industry officials said on Monday. Oil sector calculations project the ex-depot price of high-speed diesel (HSD) at PKR257.14/litre for the fortnight starting from June 15, 2022 against PKR204.15/litre on June 01, 2022, showing an increase of PKR52.99.
- **Car sales up 51% in 11MFY22 | Dawn:** Despite a massive price increase, State Bank of Pakistan (SBP) curbs on auto financing, and high interest rates, car sales increased by 51% in 11MFY22 to 210,633 units from 139,613 units in the same period last fisca. Car sales in May 2022 also soared to 19,395 units, up from 18,626 units in April 2022 amid Eidul Fitr holidays at the start of the month. Consumers' increased interest in pickups and jeeps resulted in a 43% increase in sales to 40,255 units from 28,034 units.
- **'A' or above rated banks: Mutual/income funds allowed to invest | BR:** In a major move to provide ease of doing business and expand investment avenues for mutual funds, the Securities and Exchange commission of Pakistan (SECP) has allowed mutual/income funds to invest in "A" or above rated banks. This permission will substantially expand the range of banks, where the income funds can make deposits, thus enabling funds to negotiate better returns for their unit holders.
- **Govt agrees to cut turnover tax down to 0.5% for OMCs | The News:** Government has agreed to bring down the turnover tax on oil marketing companies (OMCs) from 0.75% to 0.50%, The News learnt on Monday. Federal government did not reduce the turnover tax in the budget presented last week, despite the assurances to the OMCs upon their repeated demands.
- **ADB to invest around USD1b in power transmission lines in next two years | Nation:** Asian Development Bank (ADB) will carry out pre-feasibility study for conversion of carbon intensive power plants to less carbon intensive ones. Asian Development Bank will be investing around one billion dollars in power transmission line in the next two years. Asian Development Bank's director general Central and West Asia department,Eugenue Zhukov and Country Director Yong Ye called on Federal Minister for Power Khurram Dastgir Khan and Minister of State Hashim Notezai here Monday.
- **PKR4/unit raise in Discos' tariff approved for April | BR:** National Electric Power Regulatory Authority (Nepra) has approved an increase of PKR4 per unit in Discos tariff for April 2022 under monthly Fuel Charges Adjustment (FCA) mechanism to recover PKR51bn additional from inflation-hit consumers in bills of June 2022.
- **'Average tariff of all Discos be notified as uniform tariff' | BR:** Ministry of Finance (MoF) has proposed that average tariff of all Discos be notified as uniform tariff with the approval of ECC/ Cabinet to address crises of liquidity and flow of circular debt, official sources told Business Recorder. This proposal has been floated by the Finance Division on a summary of Petroleum Division, in which the latter sought an amount of PKR36bn supplementary grant or technical supplementary grant for June 2022 to ensure supply of LNG for the power sector.
- **Manufacturers raise steel prices again | DAWN:** Despite a slowdown in construction activities, the manufacturers on Monday again increased the steel bars prices by PKR7,000 per tonne. Some 10 days back, they had raised the price by the same amount. The new prices of steel bar produced by Agha Steel Ltd and Amreli Steel Ltd are fixed at PKR231,000 per tonne (9.5/10mm and 12mm), while 16mm and above rebar price is now PKR229,000 per tonne.
- **KE pays PKR3.2bn to SSGC in June | BR:** KE spokesperson on Monday said that payment of PKR2.2bn was made to SSGC over the weekend taking total to PKR3.2bn during June. In a statement, spokesperson said KE is making all endeavors to pay fuels suppliers despite severe cash flow constraints so as to avoid disruption in power supply of Karachi.
- **USD13.5bn foreign-funded projects bleeding exchequer | The News:** Out of a total portfolio of USD34.8bn, about USD13.5bn or 39% of foreign-funded projects are 'problematic', causing huge cost overruns and bleeding the national exchequer, officials said on Monday. It highlights the performance of all federal ministries, provincial governments, concerned departments and executing agencies as it always causes millions of dollars of losses to the national exchequer mainly because of delays, resulting in payment of commitment charges.

Market Indices			
	13-Jun-22	10-Jun-22	30-Jun-21
KSE 100	40,880	42,015	47,356
KSE 30	15,568	16,065	18,962
KMI 30	67,104	68,850	76,622
KSE All Shares	28,111	28,842	32,480
Volume (mn Shares)			
	13-Jun-22	FYTD (Average)	
KSE 100	62.7	115.7	
KSE 30	43.0	55.7	
KMI 30	33.5	51.7	
KSE All Shares	163.6	300.9	
Commodity Rates			
	13-Jun-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	122.3	0.2%	62.7%
Crude Oil-Arab Light (USD/BBL)	118.5	-1.0%	64.0%
Coal (USD/Tonne)	314.5	0.5%	173.8%
Copper (USD/Lbs)	4.2	-1.9%	-0.9%
Cotton (¢/Lbs)	140.7	0.4%	72.8%
Gold (USD/Ounce)	1,818.8	-2.8%	2.8%
Currency (Interbank)			
	13-Jun-22	Daily Change	FYTD Change
US Dollar	203.5	0.9%	29.2%
UK Pound	246.8	-0.6%	13.3%
Euro	211.7	-0.1%	13.4%
UAE Dirham	55.9	1.1%	29.6%
Chinese Yuan	30.1	0.2%	23.5%
Fund Flows (USD mn)			
	13-Jun-22	FYTD	
FOREIGN INDIVIDUAL	0.00	4.12	
FOREIGN CORPORATES	-0.19	-361.81	
OVERSEAS PAKISTANI	-0.16	63.05	
FIPI NET	**-0.35**	**-294.63**	
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			
	13-Jun-22	10-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	14.65	14.64	7.28
6 Month T-Bill	15.34	15.38	7.53
12 Month T-Bill	15.63	15.62	7.81
3 Year Government Bond	13.69	13.61	8.99
5 Year Government Bond	12.95	12.95	9.49
10 Year Government Bond	12.90	12.90	9.94
3 Month KIBOR	14.82	14.83	7.45
6 Month KIBOR	15.63	15.64	7.69

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