Morning News 15-Jun-2022

MCB-ARIF HABIB
Savings and Investments Limited

- **China comes to our rescue in a big way | BR:** China has agreed to roll over USD2.3bn loan to Pakistan and, significantly from the perspective of strengthening the USD9.2bn foreign exchange reserves (as on 3 June), to extend additional assistance of between USD2.5 to USD2.8bn. Highly placed sources told Business Recorder that the recent visit of Chief of Army Staff General Qamar Javed Bajwa was a resounding success in procuring a highly valuable package.
- **Pakistan, IMF agree 'social protection' is top budgetary priority | Dawn:** Officials from the International Monetary Fund (IMF) are viewing Pakistan's budget for 2022-2023 as a document which contains points for further negotiations on resuming an IMF package for Islamabad. On Friday, Pakistan unveiled a $47bn budget for 2022-23, which includes several fiscal consolidation measures that Islamabad hopes will convince the IMF to resume the much-needed bailout payments to the country.
- **Sindh presents PKR1.714 trillion tax-free budget | The News:** Sindh Chief Minister Murad Ali Shah has presented a tax-free budget of PKR1.714 trillion outlay for financial year 2022-23 as against the budget estimate of PKR1.478 trillion for last fiscal, showing an overall increase of 15.9%. It is a tax-free budget for the second consecutive year while the CM presented the provincial budget for the 10th consecutive year in a row and the fourth budget of the present government.
- **Sindh allocates PKR459.568bn in development budget | The News:** Sindh government on Tuesday raised its development budget by 40% to PKR459.57bn for the next financial year compared to PKR329.03bn development outlay this fiscal. The largest allocations of 30% and 18% have been made for transport, communication, water, and sanitation sectors, respectively. According to the Sindh FY2022-23 budge, presented at the Sindh Assembly on Tuesday, the provincial development outlay of PKR459.66bn for the next fiscal includes PKR332.17bn for Provincial Annual Development Plan (ADP) and PKR30bn for Districts ADP.
- **FBR reviewing tax relief of PKR47bn to salaried class | BR:** Federal Board of Revenue (FBR) Chairman Asim Ahmed said Tuesday that the FBR is reviewing the tax relief of PKR47bn provided to the salaried class through the Finance Bill, 2022, keeping in view the fact that the government will not burden the salaried individuals. At the conclusion of the Senate Standing Committee on Finance meeting at the Parliament House on Tuesday, the FBR chairman responded to various questions on the personal income tax reforms and relief to the salaried class.
- **Rupee continues slide against USD, shoots past PKR205 | Tribune:** The Pakistani Rupee is being traded at PKR205.31 against the US dollar after it shed PKR1.51 in the interbank market on Tuesday. A day earlier, the PKR had closed at PKR203.85 against the USD. The rupee is in freefall against the greenback for the third consecutive day amid pressure on Pakistan's foreign exchange reserves due to uncertainty surrounding the revival of the International Monetary Fund (IMF) programme.
- **Hike in POL products' prices on the cards | BR:** Federal government is likely to increase the price of petrol by PKR8.69 per litre and high-speed diesel (HSD) by PKR29.94 per litre based on current government taxes with zero petroleum levy (PL) and general sale tax (GST) for the next fortnight with effect from June 16. According to the calculation of oil marketing companies/ refineries, the government may raise the price of petrol by PKR8.69 per litre from PKR206.42 to PKR215.11 per litre.
- **Fertiliser makers mull PKR100/bag hike in urea prices | The News:** Fertiliser industry has been mulling PKR100/bag increase in urea price over lack of government interest in resolving tax issue. In May, fertiliser firms agreed to reduce the price of urea by PKR83/bag after the government promised resolution of the long-standing GST mismatch issues. However, no attention was paid to the problem in the budget, and the industry was considering to increase urea price by PKR100/bag ie PKR17/bag compared to May. According to details available with The News, the fertiliser sector receivables were PKR85bn.
- **Tractor Production Surges 13.20% | Nation:** The production of farm tractors in the country witnessed an increase of 13.20% reaching 51,730 units during the eleven months of current fiscal year 2021-22, against the production of 45,697 units in same months of last year. During the months under review, the production of trucks also witnessed an increasing trend as it went up from 3,215 units as compared to 5,247 units, showing an increase of 63.20%, according to Pakistan Automobile Manufacturing Association (PAMA) revealed. Production of pickups, Light Commercial Vehicle (LCVs) and Jeeps also rose by 40.46% to 39,611 units during the months under review from 28,200 units during same months of last year.
- **DG Khan Cement to dispatch 50,000 tonnes cement to US market | The News:** One of the largest cement-makers of Pakistan, DG Khan Cement Company is all set to export 50,000 tonnes of the building material to the sophisticated US market following lengthy certification procedures. Fareed Fazal, Director, DG Khan Cement on Tuesday confirmed to The News that for the first time in the history of Pakistan, DG Khan Cement was exporting 50,000 tonnes cement to the United States. "A ship, Tomini Felicity is presently loading cement at KPT in 1.5 tonnes jumbo bags destined for Houston, Texas USA," he said.
- **Nepra agrees to let KE recover PKR9bn from consumers | BR:** National Electric Power Regulatory Authority (NEPRA) on Tuesday agreed in principle to allow Karachi Electric (KE) to recover over PKR9bn (PKR5.28 per unit) from consumers for April 2022 under monthly Fuel Charge Adjustment (FCA) and QTA of PKR3.90 per unit for January-March 2021-22. The Authority, comprising Chairman Tauseef H. Farooqi, Vice Chairman, Rafique Ahmad Shaikh and Member KP, Maqsood Anwar Khan officiated public hearing.
- **Pakistan wins terror-financing case against NBP in NY court | Tribune:** Pakistan has got another success on the legal front as it has won the terror-financing case against the National Bank of Pakistan (NBP) in the Federal Court in New York. The Express Tribune has learnt that some years ago the National Bank was accused of facilitating the transfer of funds that were used to plan and execute an attack on a US military base in Afghanistan. A senior official in the AGP office confided to The Express Tribune that had the National Bank lost the case, a fined of billions of dollars would have been imposed as a penalty on the bank that would have meant that the bank had effectively gone bankrupt.
- **Pakistan pins hopes on 'onsite visit' to exit FATF 'grey list' | Tribune:** Pakistan is unlikely to exit the "grey list" of the Financial Action Task Force (FATF) in the ongoing deliberations in Berlin, Germany but hoping to secure an 'onsite visit' that may take Islamabad a step closer to get out of the watch list. Pakistan was placed on the grey list in June 2018 and was given a 27-point action plan to restrict terror financing activities. In October last year, the country was given another seven-point action plan after it completed 26 of the 27-point action plan originally given to it in June 2018.
- **Pakistan facing debt in 'excess of USD250bn' | BR:** The United Nations Development Programme (UNDP) has said that Pakistan is currently facing challenging economic situation with a debt in ''excess of PKR50 trillion (USD250bn)''. The Ministry of Economic Affairs Division (EAD) in collaboration with the UNDP have organized a high-level policy seminar titled "global economic situation and effective debt management strategies" on June 21, 2022 in Islamabad to discuss solution to debt management.

Market Indices	14-Jun-22	13-Jun-22	30-Jun-21
KSE 100	41,055	40,880	47,356
KSE 30	15,648	15,568	18,962
KMI 30	67,391	67,104	76,622
KSE All Shares	28,164	28,111	32,480

Volume (mn Shares)	14-Jun-22	FYTD (Average)
KSE 100	55.8	115.5
KSE 30	35.7	55.6
KMI 30	29.7	51.6
KSE All Shares	120.1	300.2

Commodity Rates	14-Jun-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	121.2	-0.9%	61.3%
Crude Oil-Arab Light (USD/BBL)	116.6	-1.6%	61.3%
Coal (USD/Tonne)	312.0	-0.8%	171.7%
Copper (USD/Lbs)	4.2	-1.2%	-2.2%
Cotton (¢/Lbs)	138.5	-1.5%	70.1%
Gold (USD/Ounce)	1,808.1	-0.6%	2.2%

Currency (Interbank)	14-Jun-22	Daily Change	FYTD Change
US Dollar	205.8	1.1%	30.6%
UK Pound	246.8	0.0%	13.3%
Euro	214.3	1.2%	14.7%
UAE Dirham	56.5	1.1%	31.1%
Chinese Yuan	30.5	1.3%	25.1%

Fund Flows (USD mn)	14-Jun-22	FYTD
FOREIGN INDIVIDUAL	0.00	4.12
FOREIGN CORPORATES	0.09	-361.72
OVERSEAS PAKISTANI	-0.06	62.99
FIPI NET	**0.03**	**-294.60**

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	14-Jun-22	13-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	14.68	14.65	7.28
6 Month T-Bill	15.41	15.34	7.53
12 Month T-Bill	15.63	15.63	7.81
3 Year Government Bond	13.70	13.69	8.99
5 Year Government Bond	13.00	12.95	9.49
10 Year Government Bond	12.95	12.90	9.94
3 Month KIBOR	14.85	14.82	7.45
6 Month KIBOR	15.63	15.63	7.69

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

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