Morning News 16-Jun-2022

MCB-ARIF HABIB Savings and Investments Limited

- **FBR revises tax rates for seven slabs, shares them with IMF | The News:** The Federal Board of Revenue (FBR) has revised tax rates for seven slabs under Personal Income Tax (PIT) and shared with the IMF for removal of one major stumbling block in the way to striking staff-level agreement. FBR Chairman Asim Ahmad told journalists Wednesday that the PIT slabs for salaried class would remain intact at seven percent but the rates might be adjusted. These rates, he said, were also shared with the IMF to bring them in line with the fund requirements.
- **Govt raises PKR834bn via T-bills; yields down | The News:** The government on Wednesday raised PKR834bn through an auction of Market Treasury Bills with yields falling on the six and 12 months papers. The pre-auction target was PKR750bn. Yield on the three-month T-bill ended unchanged at 15.25%, the auction result from the State Bank of Pakistan (SBP) showed. The cut-off yield on the six-month paper moved down 30 basis points (bps) to 14.95%.
- **World Bank lends USD85mn to support low cost housing | The News:** Pakistan and the World Bank on Wednesday signed a deal worth USD85mn for Pakistan Housing Finance Project. Mian Asad Hayaud Din, secretary, ministry of Economic Affairs and Gailius J. Draugelis, acting country director, World Bank signed the financing agreement while representative of Pakistan Mortgage Refinance Company (PMRC) signed the project agreement.
- **Pakistan signs two debt suspension deals | The News:** Pakistan on Wednesday signed two debt service suspension agreements amounting to suspension of loans worth USD197.49mn, under the G-20 Debt Service Suspension Initiative (DSSI) framework. Of this total amount, USD191.60mn were owed to JICA during the period from January to June 2021 and USD5.89mn were owed to the government of the Swiss Confederation during the period from July to December 2021.
- **BUDGET 2022-23: Punjab follows KP, Sindh, rolls out PKR3.2tr expansionary budget | Dawn:** In line with the fiscally expansionary budgets presented by Sindh and Khyber Pakhtunkhwa, the coalition government in Punjab, led by the PML-N, also proposed a budget that seeks to significantly boost development spending, continue tax cuts and discounts. Increase its subsidy bill to provide relief to the inflation-stricken people, raise taxes and levies on real estate and luxury houses and allow 15% raise in salaries of civil servants.
- **Fuel prices raised yet again: Miftah says hike was 'inevitable' | BR:** Finance Minister Miftah Ismail Wednesday said that the government has decided to increase the petroleum prices with PKR24.03 per litre increase in petrol rate and PKR59.17 per litre raise in diesel price. New price of petrol would be PKR233.89, diesel 263.31, kerosene oil would be PKR211.43 and light diesel PKR207.47, Miftah said addressing a press conference along with State Minister for Petroleum. The Finance Minister said that increase was inevitable due to hike in the global market.
- **Rupee hits new low of PKR206.5 | Dawn:** The US dollar kept going higher against the rupee on Wednesday setting record on day-to-day basis creating frustration among the stakeholders of the economy. The closing price of dollar in the interbank market was PKR206.46 while it appreciated by PKR1.30. On Tuesday, the dollar appreciated by PKR1.30 against the local currency. The fear of default by the country is high in the financial sector mainly because of steep decline in the foreign exchange reserves of the State Bank.
- **Urea-makers threaten shutdown on financial crunch | The News:** The fertiliser-makers on Wednesday threatened to shut down urea production amid deepening financial crunch, especially after the government's failure to settle the industry's sales tax and subsidy receivables issues in Budget 2022-23. To add to the fertiliser industry's woes, the GST on the gas has also doubled due to high RLNG cost.
- **Banks miss agri credit targets | Dawn:** Banks disbursed PKR1,059bn during July-April (FY22), falling short of the assigned target of PKR1.7 trillion during April-July 2022-23 (10MFY22) by 37%, the quarterly follow-up meeting of the Agricultural Credit Advisory Committee (ACAC) was informed on Wednesday. Chairing the meeting, Deputy Governor State Bank of Pakistan (SBP) Sima Kamal appreciated the efforts of banks in disbursing PKR1,059bn during the period under review.
- **Jan-March: Discos' tariffs raised under QTA mechanism | BR:** National Electric Power Regulatory Authority (Nepra) has approved PKR0.42 per unit increase in tariffs of power Distribution Companies (Discos) for the third quarter (Jan-March) 2021-22 under Quarterly Tariff Adjustment (QTA) mechanism. The Authority held a public hearing on June 15, 2022 on the petitions of Discos for adjustments in their quarterly tariffs under QTA mechanism.
- **OGDCL discovers gas in Sindh | The News:** The Oil and Gas Development Company Limited (OGDCL) has made gas discovery at an exploratory well located in Ghotki, Sindh, the company said on Wednesday. "The joint venture (JV) of Guddu Block … has discovered gas from an exploratory well namely Umair South East 01, which is located in district Ghotki, Sindh," the company said in a bourse filing.
- **Some banks withdraw credit lines: Kapco expedites efforts for renewal of its PPA | BR:** Kot Addu Power Company (Kapco) has expedited efforts for renewal of its Power Purchase Agreement (PPA) saying that some of the lending banks have withdrawn credit lines whereas some have reduced credit lines. The company's viewpoint was shared in a letter to concerned stakeholders written by its Chief Executive Officer, Aftab Mahmood Butt.
- **PKR1.98tr needed by Sept for fuel imports to minimise load shedding | Dawn:** With receivables of the state-run Pakistan State Oil (PSO) already at a backbreaking PKR600bn record and counting, the Petroleum Division has reported a gross liquidity requirement of about PKR1.98 trillion for the first quarter of the next fiscal year beginning July 1 for fuel imports to minimise the prevailing load shedding. The PSO and Pakistan LNG Limited (PLL) are importing liquefied natural gas (LNG) to minimise the shortfall in the demand and supply of gas.
- **US Fed hikes interest rate by 75bps | Dawn:** The Federal Reserve announced the most aggressive interest rate increase in nearly 30 years, raising the benchmark borrowing rate by 0.75 percentage points on Wednesday as it battles against surging inflation. The Fed's policy-setting Federal Open Market Committee reaffirmed that it remains "strongly committed to returning inflation to its 2% objective" and expects to continue to raise the key rate.

Market Indices	15-Jun-22	14-Jun-22	30-Jun-21
KSE 100	41,439	41,055	47,356
KSE 30	15,815	15,648	18,962
KMI 30	68,084	67,391	76,622
KSE All Shares	28,336	28,164	32,480

Volume (mn Shares)	15-Jun-22	FYTD (Average)
KSE 100	60.1	115.2
KSE 30	36.5	55.5
KMI 30	33.3	51.5
KSE All Shares	141.7	299.6

Commodity Rates	15-Jun-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	118.5	-2.2%	57.7%
Crude Oil-Arab Light (USD/BBL)	113.7	-2.5%	57.3%
Coal (USD/Tonne)	316.5	1.4%	175.6%
Copper (USD/Lbs)	4.2	0.2%	-2.0%
Cotton (¢/Lbs)	138.2	-0.2%	69.8%
Gold (USD/Ounce)	1,833.4	1.4%	3.6%

Currency (Interbank)	15-Jun-22	Daily Change	FYTD Change
US Dollar	206.5	0.4%	31.1%
UK Pound	251.5	1.9%	15.5%
Euro	215.6	0.6%	15.5%
UAE Dirham	56.5	0.0%	31.1%
Chinese Yuan	30.8	0.8%	26.1%

Fund Flows (USD mn)	15-Jun-22	FYTD
FOREIGN INDIVIDUAL	0.00	4.12
FOREIGN CORPORATES	0.45	-361.27
OVERSEAS PAKISTANI	-0.15	62.84
FIPI NET	**0.29**	**-294.30**

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	15-Jun-22	14-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	14.75	14.68	7.28
6 Month T-Bill	15.43	15.41	7.53
12 Month T-Bill	15.68	15.63	7.81
3 Year Government Bond	13.73	13.70	8.99
5 Year Government Bond	13.04	13.00	9.49
10 Year Government Bond	12.94	12.95	9.94
3 Month KIBOR	14.87	14.85	7.45
6 Month KIBOR	15.64	15.63	7.69

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