Morning News 24-Jun-2022

MCB-ARIF HABIB
Savings and Investments Limited

- **Additional taxation measures of over PKR436bn on the cards | BR:** The government is finalising additional taxation measures of over PKR436bn through amendments in the Finance Bill 2002 to achieve the enhanced revenue collection target of PKR7,440 trillion for next fiscal year. Sources told Business Recorder that the government has increased the revenue collection target of the Federal Board of Revenue (FBR) from PKR7,004bn to PKR7,440 trillion for 2022-23, reflecting an increase of PKR436bn.
- **THE RUPEE: PKR snaps 9-session losing streak | BR:** The rupee finally ended its nine-session depreciation run against the US dollar in the inter-bank market on Thursday, gaining over 2.2% as the currency market celebrated the announcement of a loan agreement with Chinese banks as well as progress on budget measures with the International Monetary Fund (IMF).
- **Forex reserves down USD733mn on debt servicing | BR:** The country's total liquid foreign exchange reserves further declined by USD733mn in a week due to external debt servicing. However, the State Bank of Pakistan (SBP) said on Thursday that reserves are expected to increase in coming days on realization of proceeds of Chinese loan. Pakistan Wednesday signed a USD2.3bn commercial loan deal with China to build the foreign exchange reserves.
- **IMF didn't trust govt after PTI refusal to abide by agreement | Tribune:** Prime Minister Shehbaz Sharif on Thursday said the International Monetary Fund (IMF) was not ready to trust the PML-N government because of the actions of the previous government as he took the party senators into confidence over political and economic decisions.
- **Interest rate of 13.75% will not let economy grow | BR:** Shabbir Mansha, acting president FPCCI, has said that the interest rate of 13.75% will not let the economy to grow and the prices of electricity and gas have already made us uncompetitive as far as the exports are concerned. Additionally, there are rumors that interest rate may be further raised.
- **Fertilizer offtake drops by 21.8% YoY in May | Mettis Global:** The country's overall nutrients offtake dropped by 21.8% to 302,000 tonnes during May 2022 compared to the same month last year, the latest monthly report of fertilizer offtake issued by the National Fertilizer Development Company (NDFC) showed today. Among the nutrients, nitrogen, and phosphate offtake decreased by 18.5% YoY and 32.9% YoY to stand at 239,000, and 60,000 tonnes, respectively during May 2022.
- **Refineries: Ideal time to initiate 'deep conversion' project | BR:** This is high time for local refineries to execute 'Deep Conversion Project' which will increase capacity utilization after converting Furnace Oil (FO) into high margin fuels like Petrol (MS) and High Speed Diesel (HSD) which are currently being imported, experts said. Interestingly, based on existing gross refining margins (GRMs) of record USD25 per barrel (against historic average of USD5-7 per barrel), refineries can easily finance the up-gradation project without any additional support.
- **Pakistan LNG gets single bid from Qatar Energy at USD39.80/mmbtu for July cargo | Mettis Global:** Pakistan LNG Ltd (PLL) received a single bid from Qatar Energy at USD39.80/mmbtu for an LNG import tender seeking a cargo in the July 30-31 window, an industry source said on Thursday. The source said no bids were received for three other deliveries sought in July, which was later confirmed by documents uploaded on PLL's website.
- **RLNG price at USD9/mmbtu for Punjab export sector likely | The News:** The government is likely to increase RLNG tariff for export sector in Punjab by USD2.5 to USD9 per mmbtu from July 1, 2022. Raise in gas tariff for the export industry in Sindh up to USD7 is also likely. Decrease in electricity tariff to 8 cents per unit from 9 cents for export sector has been proposed to incentivise the maximum usage of electricity for production of textile products, senior officials of the Energy Ministry told The News.
- **Sale of over 66% Abraaj stake in K-Electric | BR:** Prime Minister Shahbaz Sharif has directed the task force on KE headed by former Prime Minister Shahid Khaqan Abbasi to resolve all outstanding issues of KE within three months, aimed at giving green signal for sale of over 66% shares of M/s Abraaj to Chinese firm M/s Shanghai Electric Power, well-informed sources told Business Recorder.
- **FCA mechanism: KE seeks record PKR11.33 per unit hike for May | BR:** K-Electric (KE) has sought unprecedented hike of PKR11.33 per unit in its tariff to pass on additional financial burden of PKR22.65bn to the consumers for May under the monthly Fuel Charges Adjustment (FCA) mechanism. The National Electric Power Regulatory Authority (Nepra) is scheduled to hold a public hearing on FCA adjustment request of KE on July 4, 2022.
- **Covid positivity rate rises to 2.14% | BR:** Pakistan has recorded 2.14% Covid-19 positivity ratio during the past 24 hours which is the highest in three months as the country reported 268 coronavirus infections after 12,513 tests were conducted. According to coronavirus stats released by the National Health Institute (NIH) on Thursday, the country also reported one Covid-19 death in the past 24 hours taking the overall death tally to 30,385 since the pandemic's outbreak.
- **Removal of Pakistan from FATF Gray List | Nation:** Pakistan is currently still on the FATF's gray list, but chances of its removal from that list are bright. The Financial Action Task Force said in their statement that "the country may be removed from the list after on-site visit to verify the implementation of its reforms on countering terror financing mechanisms". The FAFT has also announced a visit to Pakistan before October this year to make the final announcement.

Market Indices			
	23-Jun-22	22-Jun-22	30-Jun-21
KSE 100	42,717	42,458	47,356
KSE 30	16,353	16,259	18,962
KMI 30	70,634	70,117	76,622
KSE All Shares	29,145	28,968	32,480

Volume (mn Shares)		
	23-Jun-22	FYTD (Average)
KSE 100	185.7	115.3
KSE 30	110.0	56.1
KMI 30	113.1	52.0
KSE All Shares	348.2	298.5

Commodity Rates			
	23-Jun-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	110.1	-1.5%	46.5%
Crude Oil-Arab Light (USD/BBL)	105.1	-0.5%	45.4%
Coal (USD/Tonne)	331.4	0.1%	188.6%
Copper (USD/Lbs)	3.7	-5.2%	-12.2%
Cotton (¢/Lbs)	113.7	-9.1%	39.6%
Gold (USD/Ounce)	1,822.4	-0.8%	3.0%

Currency (Interbank)			
	23-Jun-22	Daily Change	FYTD Change
US Dollar	208.4	-1.3%	32.3%
UK Pound	255.5	-1.4%	17.3%
Euro	219.3	-1.7%	17.4%
UAE Dirham	56.8	-1.7%	31.8%
Chinese Yuan	31.1	-1.2%	27.5%

Fund Flows (USD mn)		
	23-Jun-22	FYTD
FOREIGN INDIVIDUAL	-0.04	4.04
FOREIGN CORPORATES	-1.10	-367.83
OVERSEAS PAKISTANI	0.08	62.91
FIPI NET	**-1.05**	**-300.88**

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			
	23-Jun-22	22-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	14.81	14.82	7.28
6 Month T-Bill	15.34	15.34	7.53
12 Month T-Bill	15.52	15.56	7.81
3 Year Government Bond	13.55	13.75	8.99
5 Year Government Bond	12.83	13.00	9.49
10 Year Government Bond	12.73	12.95	9.94
3 Month KIBOR	15.02	15.01	7.45
6 Month KIBOR	15.44	15.44	7.69

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