Morning News 27-Jun-2022

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- **Central bank receives USD2.3bn Chinese loan | Tribune:** Pakistan received the much-awaited Chinese commercial loan of USD2.3bn on Friday, which improved the country's foreign exchange reserves back into double digits at over USD10bn. The Chinese loan, which has been rolled over, is the first significant inflow in the past six months that has increased the country's capacity to make international payments and avert the chances of default on import payments and foreign debt repayment.
- **IMF likely to indicate approval of agreement today | BR:** The International Monetary Fund (IMF) will likely send the draft of Memorandum of Economic and Financial Policies (MEFP) to Pakistani authorities on Monday — a key step to indicate that the two parties have reached an agreement. The government wants to conclude an agreement with the monetary watchdog for the revival of the USD6bn program before the approval of Federal Budget 2022-23.
- **Govt plans to sell state units to foreign countries | Tribune:** The government on Friday decided to sell state-owned enterprises to foreign countries through negotiated deals instead of conducting transparent bidding and also ruled out the possibility of handing over management control of power distribution companies to the private sector.
- **NA to take up budget passage on 30th | The News:** The National Assembly (NA) will take up the next fiscal year's budget for passage on June 30, while the Finance Bill would be tabled for adoption a day earlier. As per schedule, the bill will be sent to the president for his assent the same day.
- **BUDGET 2022-23: Govt eyes coffers of wealthy to appease IMF | Dawn:** The coalition government announced new tax measures on Friday, including a 10% "super tax" on 13 large industries to raise an additional PKR465bn in revenue, in an attempt to trim the budget deficit to revive the stalled International Monetary Fund (IMF) loan programme. High net worth individuals will also be subject to a "poverty alleviation tax".
- **Supertax applicable to TY22 | BR:** The supertax imposed on 13 large industries through the amended Finance Bill 2022, would be applicable to the tax year (2021-22), sources told Business Recorder on Saturday. According to sources, the one-time supertax would be applicable to Tax Year 2022 for companies and sectors specified in the amended Finance Bill 2022.
- **PKR80b 'burden' passed on to salaried class | Tribune:** The government has caved in to the demand of the International Monetary Fund (IMF) and passed on the burden of PKR80bn on the salaried class by increasing their tax rates and withdrawing the relief announced hardly three weeks ago. It has set the minimum income tax rate of 2.5% for those earning up to PKR100,000 a month as well as a maximum of 35% on the monthly income of over PKR1 million, according to the proposed amendments to the Finance Bill 2022.
- **FBR reduces CVT on vehicles under amended Finance Bill 2022 | BR:** The Federal Board of Revenue (FBR) has reduced the capital value tax (CVT) on vehicles from 2% to 1% under the amended Finance Bill 2022. According to sources, under the Finance Bill 2022, the FBR has proposed levy of tax on capital value of certain assets. A tax shall be levied, charged and collected, to be called the capital value tax 2022 on the value of assets at the provided rates.
- **IT sector removed from tax credit regime, cess reduced to 0.25% | The News:** Federal Board of Revenue (FBR) on Saturday said amendments in Finance Bill were made to incorporate tangible measures for exporters of IT and IT enabled services such as reducing tax rate to 0.25% on IT export proceeds, removing the sector from tax credit regime to simply tax filing, and liberalizing requirements of filing withholding tax statements.
- **Five more sectors to be taxed | The News:** Finance Minister Miftah Ismail announced the inclusion of five more sectors including real estate brokers, builders, car dealers, restaurants and salons in the tax network. "We are gradually getting millions of stores into the tax network," the finance minister said in his tweets.
- **Fixed tax on the anvil for small builders, professional services | DAWN:** The coalition government has decided to introduce another fixed income tax scheme for small builders and other service providers through an amended Finance Bill 2022.
- **ECC approves PKR17bn for RLNG-based power plants | BR:** The Economic Coordination Committee (ECC) of the Cabinet has reportedly approved PKR17bn for RLNG-based power plants – Haveli Bahadur Shah, Bhikki, and Balloki –in order to meet their cash requirements.
- **Govt mulling buying energy from Russia | BR:** Prime Minister Shehbaz Sharif led coalition government has reportedly started weighing the possibility of importing oil and gas from Russia to meet country's energy requirements, well informed sources told Business Recorder.
- **Govt opts for load shedding over expensive LNG | Dawn:** Pakistan has decided not to accept the single bid for LNG cargo it received for delivery in July at a record USD39.8 per million British thermal unit (mmBtu) for being too expensive and unaffordable amid rising electricity prices and shortages.
- **Pakistan ranks 29th among countries having gas reserves | DAWN:** Pakistan ranks 29th among the countries holding natural gas reserves. This was revealed in the findings of a gas monitor report presented by Dr Amanullah Mahar, Director Center for Environmental Sciences, University of Sindh, Jamshoro. He said total extractable potential is reported around 24 TCFT, however, 4 billion cubic feet (BCFT) is the daily gas production.
- **Fertiliser prices surge on massive rupee devaluation | DAWN:** **C**Fertiliser prices have skyrocketed as a result of rupee depreciation and rising production costs, putting agriculture and food security in greater jeopardy than previously anticipated. Di-ammonium phosphate (DAP) is currently being sold for between PKR11,500 and PKR12,500 per bag, according to market trends.
- **K-Electric tariff rises PKR5.27 per unit | Tribune:** The National Electric Power Regulatory Authority (Nepra) has approved an increase of PKR5.27 per unit in the electricity tariff of K-Electric on account of fuel cost adjustment for April 2022. K-Electric had requested for a tariff increase of PKR5.307 per kilowatt-hour (kWh), which would have put a burden of PKR10.22bn on the power consumers.
- **EU sees conventions' implementation crucial for GSP+ extension | Dawn:** The European Union (EU) sees the next three months as crucial for extending the Generalised Scheme of Preferences Plus (GSP+) status to Pakistan for 2024. "The time till October is crucial for Pakistan to show tangible results as a draft report for GSP+ status will be prepared in that month," Head of EU delegation Guido Dolara said.
- **Revival of Pakistan Steel Mills: Ministries directed to work with PC | BR:** A meeting of the Cabinet Committee on Privatisation (CCoP) directed the ministries of Industries and Production, Energy and Maritime, on Friday, to work with Privatization Committee to remove all bottlenecks expeditiously for the revival of the Pakistan Steel Mills (PSM).

Market Indices			
	24-Jun-22	**23-Jun-22**	**30-Jun-21**
KSE 100	41,052	42,717	47,356
KSE 30	15,662	16,353	18,962
KMI 30	67,513	70,634	76,622
KSE All Shares	28,196	29,145	32,480
Volume (mn Shares)			
	24-Jun-22	**FYTD (Average)**	
KSE 100	210.8	115.7	
KSE 30	127.6	56.4	
KMI 30	113.2	52.2	
KSE All Shares	423.5	299.0	
Commodity Rates			
	24-Jun-22	**Daily Change**	**FYTD Change**
Crude Oil-Brent (USD/BBL)	113.1	2.8%	50.6%
Crude Oil-Arab Light (USD/BBL)	107.9	2.7%	49.3%
Coal (USD/Tonne)	330.0	-0.4%	187.3%
Copper (USD/Lbs)	3.7	-0.1%	-12.3%
Cotton (¢/Lbs)	111.8	-1.6%	37.3%
Gold (USD/Ounce)	1,826.2	0.2%	3.2%
Currency (Interbank)			
	24-Jun-22	**Daily Change**	**FYTD Change**
US Dollar	208.0	-0.2%	32.0%
UK Pound	255.0	-0.2%	17.1%
Euro	219.5	0.1%	17.5%
UAE Dirham	56.8	0.0%	31.8%
Chinese Yuan	31.1	-0.1%	27.4%
Fund Flows (USD mn)			
	24-Jun-22	**FYTD**	
FOREIGN INDIVIDUAL	0.02	4.06	
FOREIGN CORPORATES	1.20	-366.63	
OVERSEAS PAKISTANI	1.09	64.00	
FIPI NET	**2.31**	**-298.58**	
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			
	24-Jun-22	**23-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	14.60	14.81	7.28
6 Month T-Bill	15.18	15.34	7.53
12 Month T-Bill	15.48	15.52	7.81
3 Year Government Bond	13.58	13.55	8.99
5 Year Government Bond	12.86	12.83	9.49
10 Year Government Bond	12.88	12.73	9.94
3 Month KIBOR	14.88	15.02	7.45
6 Month KIBOR	15.35	15.44	7.69

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