Morning News 04-Jul-2022

MCB-ARIF HABIB Savings and Investments Limited

- **IMF seeks to include anti-corruption mechanism in 'prior actions' | The News:** Pakistan and the International Monetary Fund (IMF) are making an all-out effort to evolve a consensus on prior actions for moving towards a staff-level agreement and one of the bones of contention is related to the strengthening of anti-corruption institutional mechanism.
- **June CPI inflation spikes to 21.32% YoY | BR:** The Consumer Price Index-based inflation increased by a massive 21.32% on a year-on-year basis in June 2022 as compared to an increase of 13.8% in the previous month and 9.7% in June 2021, says Pakistan Bureau of Statistics (PBS). Inflation in the fiscal year 2021-22 averaged 12.15% (against target of eight percent) against 8.9% during the same period of the corresponding year, ie, 2020-21.
- **Outflow from domestic bonds exceeds USD1bn in FY22 | Dawn:** Despite highly attractive returns foreigners avoided investing in treasury bills (T-bills) and Pakistan Investment Bonds (PIBs) instead they withdrew over USD1bn from these domestic bonds during 2021-22. Data released by the State Bank of Pakistan (SBP) showed that very high returns on T-bills and PIBs could not attract foreign investors as expected earlier.
- **FBR collects record PKR763bn in June | Tirbune:** Federal Minister for Finance and Revenue Miftah Ismail on Friday said the Federal Board of Revenue (FBR) had created history by collecting revenue of PKR763bn in June. Speaking at a press conference along with FBR Chairman Asim Ahmad, the minister said the board had never crossed PKR600bn mark in the past as its previous record collection for a month was PKR580bn.
- **Capital assets: Tax on deemed income applicable to TY22, onwards | BR:** The Finance Act 2022 has clarified that the tax on deemed income would be applicable for the Tax Year 2022 (outgoing fiscal year) and onwards for taxation of capital assets situated in Pakistan.
- **NBFCs disburse cumulative loan of PKR13bn in 2 years | BR:** Despite Covid-19 and other technical hurdles, the newly licensed digital lending fintech Non-Banking Finance Companies (NBFCs) have disbursed cumulative loan over PKR13bn to 600,000 borrowers in last two years. According to the latest SECP data, out of total amount, over PKR11bn have been disbursed only in first nine months of fiscal year 2021-2022.
- **Jul-May 2021-22: Pakistan's exports to US increase by 23% | BR:** Pakistan's year-on-year exports to the United States have increased by 23%. Last year, the total volume of exports, for the first time crossed USD5bn. Exports grew to USD6.16bn in the July-May 2021-22. These figures have been released at a time when an official delegation of United States is already in Pakistan to find new avenues of cooperation in the economic field.
- **Balance of payment: Textile sector fears losing USD1bn exports in July | The News:** The textile sector, fearing export losses worth USD1bn in the first 15 days of July due to gas closure and Eidul Azha holidays, has requested the government to restore supplies to exporting industries.
- **Hike in POL prices pushed up inflation | The News:** Minister for Finance Miftah Ismail on Friday conceded that the hike in POL prices had pushed up inflationary pressures in the country. However, he added that there was no other choice but to take tough decisions for hiking the POL prices for averting bankruptcy. "
- **Pakistan LNG seeks 10 cargoes for July-Sept deliveries | The News:** Pakistan LNG Limited (PLL) is seeking 10 shipments of liquefied natural gas (LNG) for delivery in July to September period, with bids to be sent in by July 7, according to a tender advertised on Friday. PLL, which is owned by the Government of Pakistan, invited bids from reputed international suppliers for the supply of ten LNG cargoes on a Delivered Ex-Ship (DES) basis at Port Qasim, Karachi with 140.000 m3 quantity per cargo, it said.
- **Pak banks refuse to open LCs for Russian crude oil import | The News:** All Pakistani commercial banks have refused to open letters of credit (LCs) for Russian-origin crude oil in the presence of economic sanctions by the US, the UK and EU countries against Moscow for war against Ukraine, saying the payment in US dollar terms is not possible against the import of Russian crude oil.
- **Oil sales slump 11% in June | The News:** Country's oil sales jumped eleven percent to 22.5mn tonnes in fiscal year 2021-22, the data released by Oil Companies Advisory Council (OCAC) showed on Friday, while they fell massively in June owing to a humongous increase in the prices of different fuels.
- **Coal starts coming in from Afghanistan | Dawn:** The country has started importing coal from Afghanistan and supplying it to the coal-fired power plants in different cities, an official told Dawn on Saturday. "Coal from Afghanistan has started coming in a couple of days ago after the government directed the departments concerned, especially the Pakistan Railways, to make certain arrangements for a safe and rapid coal transport operation," the official said.
- **Pharma raw materials: No input tax adjustment after 1% GST payment | BR:** The Federal Board of Revenue (FBR) has denied input tax adjustment facility, from July 1, 2022, to the manufacturers and importers of pharmaceutical raw materials after payment of one percent sales tax at the import stage. According to the Finance Act, 2022, the manufacturing or imports of substances registered as drugs under the Drugs Act, 1976 would be subjected to only one percent sales tax.
- **Cooking oil imports eat up USD3.6bn | Tribune:** Pakistan's imports of cooking oil spiked to USD3.56bn in the first 11 months of the previous fiscal year that ended on June 30, 2022, which was equivalent to 60% of the three-year International Monetary Fund (IMF) loan programme of USD6bn.
- **KE urges SSGCL to supply up to 70mmcfd of gas | BR:** Karachi Electric (KE) has urged Sui Southern Gas Company Limited (SSGCL) to immediately start supply of up to 70 MMCFD of indigenous gas as per decision taken at a meeting held at Petroleum Division.
- **Delay in extension of generation licence hurts KAPCO | BR:** Kot Addu Power Company Limited (KAPCO) is reportedly in distress due to a prolonged delay in extension of ten years in its generation licence, saying that due to the uncertainty / delay, its external auditors may qualify the company's financial statements for the financial year ending June 30, 2022.
- **Double shock for automobile buyers | Dawn:** While discontinuing advance booking of vehicles due to restrictions imposed by the State Bank of Pakistan (SBP) on parts and accessories imports, auto assemblers continued to give price shocks to customers. Pak Suzuki Motor Company Ltd (PSMCL) has temporarily discontinued booking of all two- and four-wheelers from July 1. The company has also come up with a price hike on two-wheelers. Market sources said the company still has an advance booking of 15,000-20,000 units for delivery in the next few months.

Market Indices

	1-Jul-22	30-Jun-22	30-Jun-21
KSE 100	41,630	41,541	47,356
KSE 30	15,861	15,805	18,962
KMI 30	68,723	68,766	76,622
KSE All Shares	28,608	28,582	32,480

Volume (mn Shares)

	1-Jul-22	FYTD (Average)
KSE 100	66.1	66.1
KSE 30	30.5	30.5
KMI 30	34.6	34.6
KSE All Shares	154.0	154.0

Commodity Rates

	1-Jul-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	111.6	-2.8%	-2.8%
Crude Oil-Arab Light (USD/BBL)	111.5	3.3%	3.3%
Coal (USD/Tonne)	340.0	-0.5%	-0.5%
Copper (USD/Lbs)	3.6	-2.9%	-2.9%
Cotton (¢/Lbs)	110.0	-0.2%	-0.2%
Gold (USD/Ounce)	1,810.2	0.2%	0.2%

Currency (Interbank)

	1-Jul-22	Daily Change	FYTD Change
US Dollar	204.5	0.0%	0.0%
UK Pound	247.3	-0.7%	-0.7%
Euro	213.3	-0.5%	-0.5%
UAE Dirham	55.9	0.0%	0.0%
Chinese Yuan	30.5	0.0%	0.0%

Fund Flows (USD mn)

	1-Jul-22	FYTD
FOREIGN INDIVIDUAL	0.00	0.00
FOREIGN CORPORATES	0.52	0.52
OVERSEAS PAKISTANI	-0.07	-0.07
FIPI NET	**0.46**	**0.46**

Economic Data (USD mn)

	FY22P	FY21	FY20
GDP Growth	6.0%	5.7%	-0.9%
	May-22	**Apr-22**	
Exports	2,626	2,897	
Imports	6,777	6,661	
Remittances	2,333	3,125	
Foreign Exchange Reserves	9,723	10,499	

Money Market Data

	30-Jun-22	29-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	14.98	14.68	7.28
6 Month T-Bill	15.15	15.15	7.53
12 Month T-Bill	15.30	15.37	7.81
3 Year Government Bond	13.45	13.46	8.99
5 Year Government Bond	12.93	12.95	9.49
10 Year Government Bond	12.92	12.95	9.94
3 Month KIBOR	15.16	14.78	7.45
6 Month KIBOR	15.35	15.33	7.69

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