Morning News 06-Jul-2022

MCB-ARIF HABIB
Savings and Investments Limited

- **MPS tomorrow: Key policy rate likely to be hiked by 100bps | BR:** The Monetary Policy Committee (MPC) of the State Bank Pakistan (SBP) will unveil monetary policy on July 7, 2022 with expectation of further monetary tightening due to higher inflation outlook. The MPC of the SBP will meet on Thursday (July 7) to review the economic indicators to decide about the key policy rate for next two months. Acting Governor SBP, Dr. Murtaza Syed will chair the meeting of the committee and will also announce the monetary policy in a press conference on the same day after the MPC meeting. In the previous meeting held on May 23, the MPC raised the policy rate by 150 basis points to 13.75% aimed at containing the rising inflation and mitigating the risks to external stability. The current policy rate of 13.75% is the highest since June 2011.
- **RDA inflows hit historic high of USD4.6bn | BR:** Inflows of Roshan Digital Account (RDA) continued to post healthy growth, reaching historic level of USD4.6bn at the end of June 2022. According to statistics released by the State Bank of Pakistan (SBP) on Tuesday, month-on-month basis RDA inflows increased by 32% to a 3-month high of USD250mn in June 2022 compared to USD189mn during May 2022. "Both the SBP and the government remained committed to serving the needs of overseas Pakistanis," the SBP said in a tweet. Total RDA inflows have now crossed USD4.6bn in June 2022. Overall, during the last fiscal year (FY22) RDA inflows rose by 195% to 4.61bn in June 2022 up from USD1.56bn in June 2021, depicting an increase of USD3.04bn.
- **PKR depreciates by PKR2.38 in interbank | Dawn:** The rupee fell against the US dollar on Tuesday, depreciating by PKR2.38 in the interbank market. The State Bank of Pakistan (SBP) said the dollar closed at PKR206.94, up from the previous day's close of PKR204.56, which translates into a depreciation of 1.15% for the rupee. Zafar Paracha, the secretary general of the Exchange Companies Association of Pakistan, said the main reason for the rupee remaining under pressure was "speculation by banks in the interbank, who are wary because the country has still not received a loan from the International Monetary Fund (IMF)".
- **Late delivery: FBR asked to direct carmaker to pay KIBOR+ 3%/annum | BR:** The Federal Tax Ombudsman (FTO) has directed the Federal Board of Revenue (FBR) to direct a car manufacturer to pay KIBOR plus three percent per annum against late delivery of cars exceeding 60 days of initial booking. Briefly, the complaint was filed against the RTO and the car manufacturer company. The said company through its authorized dealer delivered the vehicle to the complainant, after a delay of more than five and a half months against the permissible period of 60 days.
- **Air travel FED reduced to PKR30,000 | BR:** To give relief to the rich/wealthy class, the government has decided to reduce the federal excise duty (FED) of PKR50,000 to PKR30,000 imposed on club, business, and first class international air tickets through the Finance Act, 2022. Sources told Business Recorder here on Tuesday that the government has reverted a major taxation measure of budget (2022-23) on the wealthy people of the country. The Cabinet has given approval to the summary of the Revenue Division to drastically reduce the FED on international air travel by PKR20,000.
- **ECC okays import of 0.5m tonnes of wheat | The News:** The Economic Coordination Committee of the Cabinet has granted approval for the import of 500,000 tonnes of wheat at USD439.4 per tonne against the initial tender price of USD515.49 per tonne. Besides, the ECC allowed import from Afghanistan in Pak Rupees and allocated PKR51.22bn in subsidies for the provision of five essential items through the Utility Stores Corporation (USC) in the current fiscal year. The ECC also approved a supplementary grant of PKR193bn for repayment of foreign loans, keeping in view depreciated exchange rate.
- **Maple Leaf completes buyback of 25mn shares | Dawn:** Maple Leaf Cement Factory Ltd (MLCF) said on Tuesday it has bought back 25mn of its own shares at spot rates in line with a special resolution that its shareholders passed on May 17. The company's stockowners had agreed to the buyback scheme that allowed the cement maker to buy in cash a maximum of 2.27% of its total issued shares having a face value of PKR10 each at the spot price between May 26 and Aug 15. However, the latest regulatory filing showed MLCF achieved the buyback quantum on July 5.
- **ECP serves notice on Hamza Shahbaz for violating code of conduct | The News:** The Election Commission of Pakistan (ECP) on Tuesday issued a notice to Punjab Chief Minister Hamza Shehbaz for announcing free electricity for households consuming up to 100 units from July. This package has been announced just a few days ahead of by-elections on 20 provincial assembly seats in Punjab. In a notice over violation of the code of conduct for the electoral exercise, the ECP has asked Hamza Shehbaz to appear before it in person or through his counsel on July 7. The notice reads: "Take notice and be informed that the Election Commission of Pakistan has announced schedule for by-elections in 20 constituencies of the Provincial Assembly of Punjab and poll is scheduled to be held on July 17."
- **'Regime change conspiracy': IK threatens to 'unmask all characters' | BR:** Pakistan Tehreek-e-Insaf (PTI) chairman and former Prime Minister Imran Khan on Tuesday warned that if he is pushed against the wall, he would be left with no other option but to reveal the "characters" involved in the US-backed regime change conspiracy in the country. Speaking at a presser, he said that he had not broken the silence still in the best national interest, but he is well aware of how this regime change conspiracy took place. "If something happens to me…I've recorded a video and saved it at a safe place, detailing all those who will be held responsible if anything happens to me. If they continue to harass me and my party, I'll reveal the names of the conspirators," he warned. Taking a jibe at the US, the former prime minister said that the Americans were not happy with Pakistan's independent foreign policy, adding the US wants to dictate Pakistan and "wants us join their so-called war on terror".
- **Oil slumps USD10 per barrel as recession fears darken demand outlook | The News:** Oil plummeted by about USD10 a barrel on Tuesday on concerns of a looming global recession curtailing demand, even with expected supply disruptions as oil and gas workers in Norway began to strike. Global benchmark Brent crude was down USD10.77, or 9.5%, at USD102.73 a barrel by 11:43am EDT. US West Texas Intermediate (WTI) crude fell USD9.30, or 8.6%, to USD99.13 a barrel from Friday's close. There was no WTI settlement on Monday because of a US holiday. "The market is getting tight, but still we're getting creamed and the only way you can explain that away is fear of recession in every risk asset," said Robert Yawger, director, energy futures at Mizuho, New York. "You're feeling the pressure."

Market Indices	5-Jul-22	4-Jul-22	30-Jun-22
KSE 100	41,103	41,348	41,541
KSE 30	15,635	15,737	15,805
KMI 30	67,682	68,113	68,766
KSE All Shares	28,294	28,499	28,582

Volume (mn Shares)	5-Jul-22	FYTD (Average)
KSE 100	41.4	50.3
KSE 30	22.1	24.3
KMI 30	26.8	26.9
KSE All Shares	76.8	105.7

Commodity Rates	5-Jul-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	102.8	-9.5%	-10.5%
Crude Oil-Arab Light (USD/BBL)	111.5	0.0%	3.3%
Coal (USD/Tonne)	345.2	0.5%	1.0%
Copper (USD/Lbs)	3.4	-5.2%	-8.0%
Cotton (¢/Lbs)	106.0	-3.9%	-3.9%
Gold (USD/Ounce)	1,764.4	-2.5%	-2.4%

Currency (Interbank)	5-Jul-22	Daily Change	FYTD Change
US Dollar	206.5	1.0%	1.0%
UK Pound	246.9	-0.3%	-0.8%
Euro	212.0	-0.5%	-1.1%
UAE Dirham	56.2	0.6%	0.6%
Chinese Yuan	30.7	0.7%	0.7%

Fund Flows (USD mn)	5-Jul-22	FYTD
FOREIGN INDIVIDUAL	0.00	0.00
FOREIGN CORPORATES	-0.18	0.17
OVERSEAS PAKISTANI	0.16	0.34
FIPI NET	**-0.02**	**0.51**

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	5-Jul-22	4-Jul-22	30-Jun-22
SBP Policy Rate	13.75	13.75	13.75
CPI Inflation	21.32	21.32	13.80
3 Month T-Bill	15.09	14.90	14.98
6 Month T-Bill	15.23	15.17	15.15
12 Month T-Bill	15.48	15.44	15.30
3 Year Government Bond	13.92	13.84	13.45
5 Year Government Bond	13.44	13.22	12.93
10 Year Government Bond	13.24	13.15	12.92
3 Month KIBOR	15.33	15.32	15.16
6 Month KIBOR	15.49	15.48	15.35

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