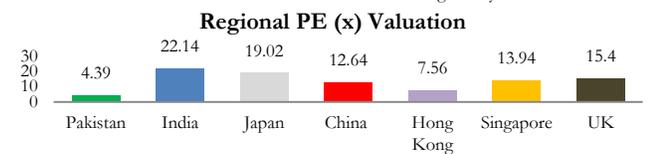
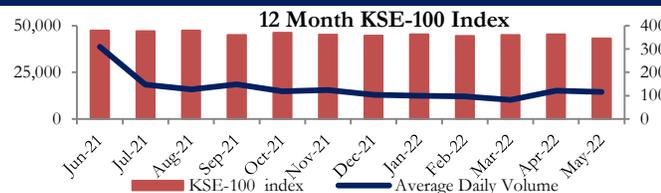


Stock Market

- The KSE-100 Index ended at 43,078 points, down by 4.80% MoM or 2,172 points in May 2022. Average daily volume of the market stood at 116 million shares, down by 4.65% MoM. Banks, Cement, Fertilizer, and Technology were the major negative contributors to the index performance.
- The index declined for most part of the month due to various concerns. Major reasons included delay in resumption of IMF program as the new government was hesitant to increase fuel and electricity price, which were increased towards the end of the month. Moody's investor services also downgraded Pakistan's outlook from stable to negative, citing higher fiscal risks due to the delay in resumption of IMF program. Additionally a rising inflation in April and May, increase in policy rate, fast growing CAD, and decline in foreign reserves all played a significant part in creating uncertainty in the economy and shattering investors' confidence.
- Foreign investors remained net sellers, with an aggregate selling of USD 9 million. Among the local players mutual funds and insurance companies were major sellers while banks were major buyers with aggregate buying of USD 32 million.
- KSE-100 Index currently has a P/E multiple of 4.39 indicating that the market is trading at a significant discount to other regional economies.



Company	Opening Price	Closing Price	Change
LOTCEM	23.44	27.12	15.70% +ve
TGL	135.00	107.73	-20.20% -ve

Currency Markets

- USD index decreased by 1.39% MoM, while the USD appreciated by 6.34% MoM against PKR. A multitude of factors explains rapid PKR depreciation against the greenback, including significant pressure on the current account and resultant pressures on the SBP held forex reserves.
- GBP marginally appreciated by 0.09% MoM and 8.85% MoM against USD and PKR, respectively. CPI for April 2022 was announced at 9.0%. Strong labour market data helped GBP to perform slightly better than USD during the month.
- EUR appreciated by 1.68% MoM against USD and appreciated by 8.61% MoM against PKR. Eurozone PMI index declined from 55.8 in April to 54.9 in May, the figure indicated expansion of economic activity for 15th successive month in the Eurozone.
- CNY depreciated by 0.93% MoM against USD and appreciated by 6.79% MoM against PKR, respectively. China's producer price index and CPI inflation were above expectation in April 2022, recorded at 8% and 2.1%, respectively.

Currency	Open Rate	Close Rate	Change
USD	186.63	198.46	6.34%
GBP	229.89	250.24	8.85%
EUR	196.02	212.91	8.61%
SAR	49.75	52.91	6.34%
AED	50.81	54.03	6.34%
CNY	27.91	29.81	6.97%

Commodity Markets

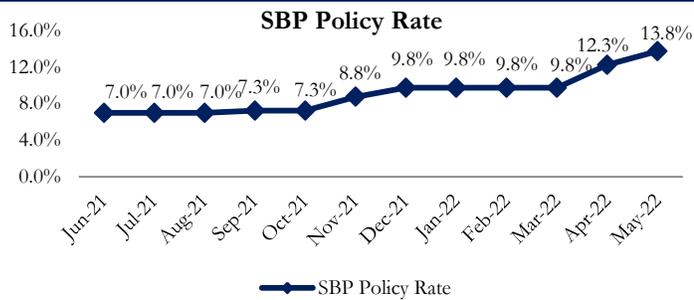
- International gold prices decreased by 3.13% MoM. The decline during the month was because of higher US treasury yields which reduced the appeal for zero-yield gold. In local market the price of gold grew by 4.64% MoM this was in contrast to international trend largely because of the falling Pakistani Rupee in international market.
- WTI crude oil prices increased by 10.26% MoM, the increase can be attributed to continued geo-political tensions in Europe, and expectation of increased demand from China as authorities' further ease COVID-19 related lockdown measures. Prices of HSD and MS increased by 20.81% and 20.02% MoM, respectively as government decided to lower subsidies on fuel to meet IMF demands.
- Cement prices increased by 1.74% MoM, due to continued increase in international coal prices; in May 2022 alone coal prices have increased by 9.79%. Cement sales were recorded at 3.32 million tonnes, down 16% YoY and 6% MoM.
- Cotton prices increased by 7.14% MoM. The price of cotton increased in the last week of May as ginneries in Punjab and Sindh have started buying Phutti, thus suggesting more ginning factories will start operations soon.
- Urea prices decreased by 6.89% MoM. The decrease in price was forced by the government as it suggested that the last increase in price was not justified and it could negatively affect urea application in the ongoing kharif season. Urea off-take clocked in at 418 thousand tonnes which is a decrease of 17% YoY.

Commodity	Description	Opening Price	Closing Price	Change
Gold	24 Karat (PKR/Tola)	132,012.1	138,143.3	4.64%
Silver	(PKR/Tola)	1,584.6	1,635.8	3.24%
Crude Oil (US)	(USD/bbl). NYMEX	104.0	114.7	10.26%
Furnace Oil (HS)	(PKR/Ton)	188,908.2	188,908.2	0.00%
High Speed Diesel	(PKR/Ltr)	144.2	174.2	20.81%
Motor Spirit	(PKR/Ltr)	149.9	179.9	20.02%
Cement (Avg.)	(PKR/Bag)	860.0	875.0	1.74%
Cotton	(PKR/Maund)	21,000	22,500	7.14%
Urea	(PKR/Bag)	1,900	1,769	-6.89%

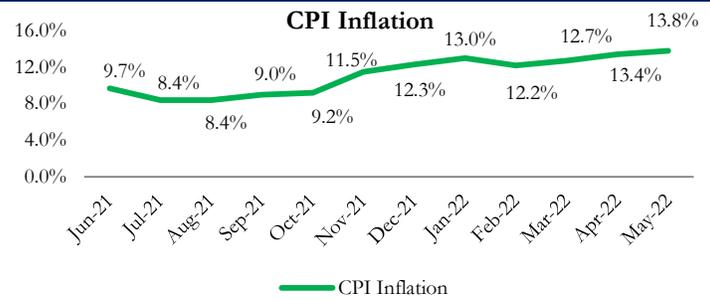
News Highlights

- The government expects to reach a staff-level agreement with the International Monetary Fund (IMF) in the month of June as per Finance Minister.
- Russia has stepped up battle of eastern Ukraine, saying it had captured towns of Lyman and has also successfully tested hypersonic missiles in Arctic.
- May 25th was an eventful day in Pakistan's political history, with the newly formed government taking heavy handed measures to quell PIT's long march.
- The cultivation of cotton has been completed in over 1.9mn hectares of land, achieving 83.4% of national sowing target for the season.
- Government bought LNG at 40% higher price for USD 22-24 per mmbtu, owing to a string of spot cargoes procured to meet energy shortages.
- Profit rate on saving schemes have been increased by 1.44% to 14.16% on BSC, SFWA, PBA. While, profit rate for RIC has increased by 0.96% to 12%.
- SBP reduces auto loan tenures from 5 to 3 years for cars with engine capacity above 1000cc, and from 7 to 5 years for cars with engine capacity below 1000cc.
- PM removed 17% GST on solar panels in a bid to curtail oil import bills and encourage power generation through alternate energy sources.

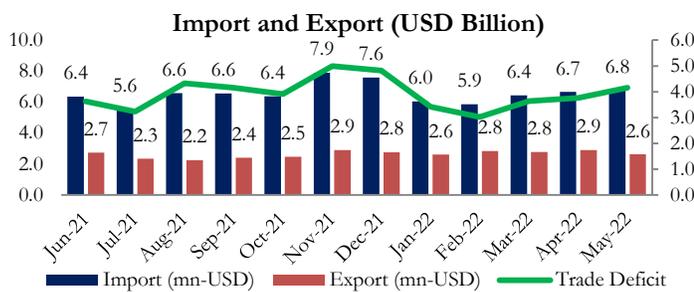
Economy of Pakistan



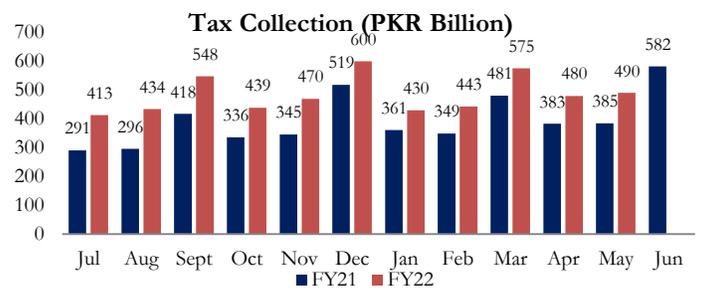
The MPC meeting was held on 23rd May 2022, where the policy rate was increased by 150 bps to 13.75%. The increase in policy rate in the last meeting was attributed as a bid to curb consumption and check rising inflation in April 2022, which came at 13.40%, this number further increased in May 2022 to 13.80%. The increase in inflation was driven by non-perishable and perishable food items, and transport. According to MPC, inflation is expected to remain at elevated levels throughout FY23, before declining during FY24. This suggests a contractionary monetary policy regime going forwards.



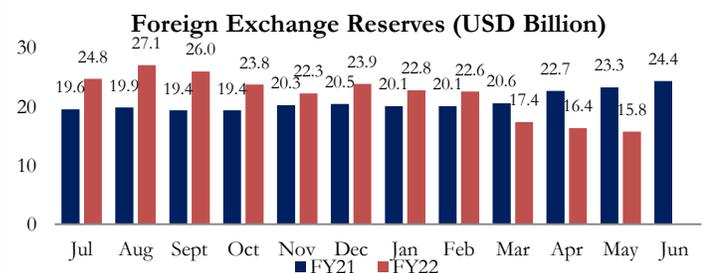
CPI for the month was recorded at 13.8%, up by 0.4% MoM as compared to 1.6% in the previous month. CPI inflation urban was recorded at 12.4% while in rural it stood at 15.9%. Food inflation in urban and rural areas increased by 15.5% and 19.0% YoY, respectively. Non-food inflation in urban and rural areas increased by 10.4% and 13.1% YoY, respectively. The increase in inflation was mainly due to increase in perishable food items (26.4%), and transportation costs (31.8%). MPC expects inflation to remain elevated throughout FY23.



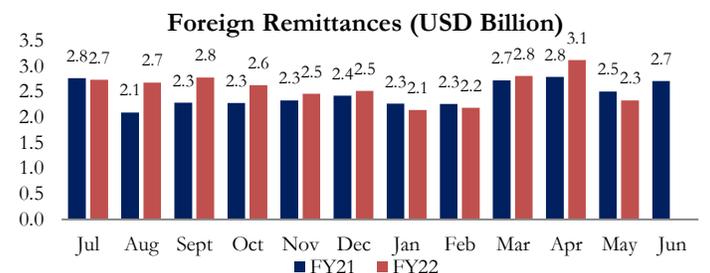
Exports were recorded at USD 2.6 billion, down by 9.4% MoM. On the other hand imports stood at USD 6.8 billion remaining relatively unchanged MoM. The imports increased by 25.4% YoY. The rising import bill is largely due to rising raw material imports and higher international oil prices. The trade deficit increased to USD 4.2 billion, up by 10.3% MoM. Government imposed a ban on import of nearly 800 luxury and non-essential items on 19th May 2022, the full impact of which is expected to appear in the coming month.



Tax revenue collection during the month stood at PKR 490 billion. The FBR missed its target for the month by PKR 21 billion, despite a growth of 27.3% YoY. On a monthly basis, collections increased by 2.1%. Amount of PKR 296 billion was refunded during 11MFY22 as compared to PKR 224 billion during same period last year. With heavy import tariffs expected to be levied in the upcoming budget, a higher tax revenue target will be difficult to achieve and will require imposition of additional taxes.



Foreign reserves decreased to USD 15.8 billion at the end of May 2022, a decrease of 3.8% MoM and a decrease of 32.3% YoY. The decrease in reserves is down due to external debt interest payments and higher import payments (also impacted by increase in global commodity prices). The reserves held with SBP stood at USD 9.7 billion while reserves with commercial banks stood at USD 6.0 billion. The current level of reserves held by central bank provides import cover of less than 1.5 months.



Overseas remittances during the month of May 2022 amounted to USD 2.3 billion, a decrease of 25.4% MoM and a decrease of 6.9% YoY. This decrease is a common trend reflecting the post Eid decline. KSA continues to be the largest source of remittance for Pakistan followed by the UAE, UK, and the US, these countries accounted for 67% of total foreign remittances received in May 2022. Increased inflow of remittances this year has helped support external account pressure.