Morning News 13-May-2022

MCB-ARIF HABIB
Savings and Investments Limited

- **FY23: ADB indicates additional support of USD2.5bn | BR:** Asia Development Bank (ADB) has indicated an additional support of USD2.5bn for the next fiscal year, from which USD1.5-2bn can be available in the ongoing calendar year. The Finance Ministry following a meeting of the Federal Minister of State for Finance and Revenue, Dr Aisha Ghous Pasha, with the Country Director ADB, Yong Ye, and his team, stated this. Senior officers of the Ministry of Finance participated in the meeting. The Minister of State for Finance and Revenue acknowledged that ADB has always assisted in the pursuance of reform and development agenda in the country.
- **1HFY22: USD8.48bn commitment agreements inked | BR:** The country has signed new agreements worth USD8.48bn as commitments during the first half of the current fiscal year 2021-22 including USD2.48bn with foreign commercial banks, says the Economic Affairs Division (EAD). The Division released the quarterly report on foreign economic assistance for July–December 2021, according to which new agreements signed during the first half of the current fiscal year included USD1,956mn with multilateral development partners, USD3000mn as safe deposits, USD1000mn committed as of Eurobonds and USD1,000mn from international capital market through tap-issuance.
- **Alarm as SBP forex reserves hit 23-month low | The News:** Pakistan's foreign exchange reserves dropped to their lowest level since December 2019 at USD16.4bn in the week that ended May 6, from USD16.5bn a week earlier owing to increasing current account and trade deficits, higher external debt payments and dried dollar inflows. The country's reserves declined by USD178mn or 1.1% on a week-on-week basis to stand at USD16.38bn, the central bank data showed. The central bank reserves also fell to a 23-month low. The SBP reserves decreased by USD190mn to USD10.31bn and it attributed the decline in reserves to outflows related to external debt repayments. Analysts estimate the SBP's latest reserves can cover 1.54 months' worth of imports.
- **Pakistan's net external debt soars almost USD5bn | Dawn:** The Ministry of Economic Affairs (MEA) on Thursday said Pakistan made a net addition of USD4.77bn in the first half (July–December 2021) of the current fiscal year to its total external public debt of USD90.6bn. In its quarterly report on Foreign Economic Assistance (FEA) for July-December 2021, the MEA said the total external loan inflows during the first half of the year amounted to USD8.97bn against loan outflows of USD4.2bn, thus making a net addition of USD4.77bn. "As of Dec 31, 2021, Pakistan's total external public debt stood at USD90.6bn," said the quarterly report.
- **WB projects slowdown in remittances | BR:** The World Bank has projected a slowdown in remittances to Pakistan and estimated it to grow at eight percent to USD34bn in 2022 compared to USD31bn in 2021 which grew at 20%. The bank in its latest report, "Migration and Development Brief, A War in a Pandemic Implications of the Ukraine crisis and COVID-19 on global governance of migration and remittance flows", stated that the remittance outlook for South Asia in 2023 is highly uncertain. While high-frequency data for all countries except India show growth in remittances slowing in South Asia, it is unlikely that the strong growth in remittances in South Asia in 2020 and 2021 can be sustained through 2023.
- **THE RUPEE: PKR declines: slide deepens uncertainty | BR:** Pakistan's currency was thrown deeper into oblivion on Thursday, with the rupee closing near the 192 level against the US dollar amid deepening economic woes and no policy-plan in sight. Driven by market speculation and panic over low foreign exchange reserves, the rupee has been on a downward trend for several weeks, and fell for the sixth session on Thursday. As per the State Bank of Pakistan (SBP), the rupee closed at its all-time low of 191.77 after a day-on-day fall of PKR1.75, or 0.91%. In the open market, the rupee was trading in the 192-193 range with dealers saying that there is a clear shortage of dollars as well, attributing it to a lack of greenback sellers.
- **Cars rev up overall auto sales in 10MFY22 | Dawn:** The entire auto sector, barring two and three-wheelers and buses, gave a robust performance in 10MFY22 dominated by a 51% jump in car sales, followed by 64% in trucks, 45% in jeeps and 11.5% in tractors. According to the Pakistan Automotive Manufacturers Association (PAMA) data, bus sales dropped 9.4%, while two- and three-wheeler sales fell 4.4%. Despite the meteoric price hike in vehicles and high-interest rates, buyers lifted 191,237 cars in 10MFY22 compared to 126,679 units in the same period last fiscal. However, car sales in April shrank to 18,625 from 22,799 in March 2022 due to Ramazan.
- **Hydel generation capacity will surge to 13949MW by 2026: Wapda chief | BR:** Wapda Chairman Lt Gen Muzammil Hussain (Retd) has said that installed hydel generation capacity of Wapda will surge to 13949 MW by 2026 with an addition of 4543 MW following completion of its under construction projects. He stated this in his address to Wapda workers at Bakhtiar Labour Hall, on the invitation of All Pakistan WAPDA Hydroelectric Workers Union. The chairman said that annual energy contribution of low-cost and green hydel electricity by Wapda to the National Grid will increase to more than 57bn units with an increase of 20bn units by 2026.
- **Oil sector presses govt to end fuel subsidy | The News:** Oil sector on Thursday pressed the government to call off oil subsidies to streamline the fuel supply chain, which was on the verge of a breakdown as this burdensome price support and its recovery mechanism were utterly "unsustainable". The sector also cautioned about nationwide supply disruptions of fuel supplies, if corrective measures were not taken instantly. "We would like to stress that the government immediately relieved OMCs (oil marketing companies) and refineries of fuel price subsidy burden," Oil Companies Advisory Council (OCAC) said in a letter to the Secretary Ministry of Energy. Oil body also showed deep concerns over price differential claim (PDC) on fuel prices as current PDC on diesel stands at PKR73 per liter and on petrol it is PKR30 per liter, which represents a 109% and 26% respective increase against the PDCs in the second fortnight of March 2022.
- **Leaders to take Nawaz message to coalition partners | Dawn:** PML-N leaders remained tight-lipped about the major decisions taken at a high-level meeting with party supremo Nawaz Sharif on Thursday, though Interior Minister Rana Sanaullah later welcomed the military's decision to stay out of politics, a position he said vindicated Mr Sharif's stance. A source present at the meeting said issues of governance, the financial situation of the country and foreign policy matters were discussed but that nothing can be divulged at this point. The source said participants took an oath "not just once but twice" to ensure that the issues that came under discussion before Mian Nawaz Sharif would not be revealed outside under any circumstances.

Market Indices	12-May-22	11-May-22	30-Jun-21
KSE 100	42,898	42,863	47,356
KSE 30	16,308	16,304	18,962
KMI 30	69,337	69,007	76,622
KSE All Shares	29,187	29,203	32,480

Volume (mn Shares)	12-May-22	FYTD (Average)
KSE 100	102.1	117.6
KSE 30	70.9	54.9
KMI 30	59.7	50.9
KSE All Shares	284.4	308.9

Commodity Rates	12-May-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	107.5	-0.1%	43.0%
Crude Oil-Arab Light (USD/BBL)	109.4	-0.3%	51.4%
Coal (USD/Tonne)	328.4	2.7%	185.9%
Copper (USD/Lbs)	4.1	-2.6%	-3.8%
Cotton (¢/Lbs)	140.5	1.4%	72.6%
Gold (USD/Ounce)	1,821.7	-1.6%	2.9%

Currency (Interbank)	12-May-22	Daily Change	FYTD Change
US Dollar	191.9	0.7%	21.8%
UK Pound	234.1	0.3%	7.5%
Euro	199.2	-0.5%	6.7%
UAE Dirham	52.6	1.1%	22.1%
Chinese Yuan	28.3	-0.2%	15.9%

Fund Flows (USD mn)	12-May-22	FYTD
FOREIGN INDIVIDUAL	0.00	4.22
FOREIGN CORPORATES	-0.68	-348.60
OVERSEAS PAKISTANI	0.07	65.82
FIPI NET	**-0.61**	**-278.57**

Economic Data (USD mn)	FY22E	FY21	FY20
GDP Growth	4.6%	5.4%	-0.5%
	Mar-22	**Feb-22**	
Exports	2,782	2,834	
Imports	6,425	5,853	
Remittances	2,810	2,190	
Foreign Exchange Reserves	17,477	22,638	

Money Market Data	12-May-22	11-May-22	30-Jun-21
SBP Policy Rate	12.25	12.25	7.00
CPI Inflation	13.37	13.37	9.70
3 Month T-Bill	14.85	14.69	7.28
6 Month T-Bill	14.90	14.88	7.53
12 Month T-Bill	14.71	14.71	7.81
3 Year Government Bond	13.56	13.64	8.99
5 Year Government Bond	12.86	12.95	9.49
10 Year Government Bond	12.88	12.96	9.94
3 Month KIBOR	14.80	14.70	7.45
6 Month KIBOR	14.98	14.92	7.69

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