Morning News 16-May-2022

MCB-ARIF HABIB Savings and Investments Limited

- **Remittances hit record high | Tribune:** Beating the market expectations, workers' remittances sent home by overseas Pakistanis have surprisingly surpassed the USD3bn mark in a month for the first time in history, apparently to support their family members to spend more during Ramazan and on Eid. "Remittances crossed the monthly mark of USD3bn for the first time," the State Bank of Pakistan (SBP) reported on its official Twitter handle on Friday. The country has received all-time high remittances for the second consecutive month in April 2022 at USD3.12bn.
- **Jul-Apr exports grow 25.55% to USD26.25bn YoY | BR:** The country's imports during July-April (2021-22) totalled USD65.54bn as against USD44.73bn during the corresponding period of last year showing an increase of 46.51%, says Pakistan Bureau of Statistics (PBS). The exports and imports data released by the PBS revealed that the imports in April were USD6.68bn as compared to USD6.41bn in March 2022 showing an increase of 4.25% and by 27.41% as compared to USD5.24bn in April 2021.
- **Eatables, energy import bill surges to USD24.77bn | Dawn:** Pakistan's oil and eatable import bill surged by 58.98% to USD24.77bn in the July-April period compared to USD15.58bn in the corresponding period last year owing to higher international prices and a massive depreciation of the rupee. The country's overall import bill increased by 46.51% to USD65.53bn in 10MFY22 compared to USD44.73bn in the corresponding period last year. The share of these products in the total import bill also rose to 37.79% in 10MFY22.
- **LSM sector grows 10.4% in Jul-Mar | Tribune:** Big industries grew 10.4% during the first nine months of current fiscal year on the back of a low base effect and better output in sugar and apparel sectors, increasing prospects of achieving around 5% overall economic growth in this fiscal year. Large-scale manufacturing (LSM) industries recorded 10.4% growth during July-March of the ongoing fiscal year over the same period a year ago, the Pakistan Bureau of Statistics (PBS) reported on Friday.
- **Net International Reserves nosedive massively in three months | The News:** Pakistan's Net International Reserves (NIR) have plunged into negative territory during the last three months, indicating clearly that the severity of the crisis is beyond the imagination of even policymakers. The IMF envisages NIR held by the State Bank of Pakistan (SBP) as quantitative performance criteria and indicative target under the USD6bn bailout package of Extended Fund Facility (EFF). "In the last three months, the NIR went down negative in a big way," said one top official but declined to share its exact figures.
- **Govt plans PKR800bn PSDP | Tribune:** The Ministry of Finance on Saturday agreed, in principle, to allocate PKR800bn for the Public Sector Development Programme (PSDP) in the next fiscal year, as the Ministry of Planning seeks to cut the number of ongoing schemes by up to 90% due to the fast-shrinking fiscal space. The decision to increase development spending in fiscal year 2022-23 from an earlier indicated PKR500bn to PKR800b was taken during a meeting between Finance Minister Dr Miftah Ismail and Planning Minister Ahsan Iqbal.
- **Budget 2022-23: SECP proposes withdrawal of 1pc FIF on non-life insurance premiums | BR:** The SECP has proposed withdrawal of the one percent Federal Insurance Fee (FIF) applicable on non-life insurance premiums in the Budget 2022-23 to facilitate the insurance industry and insurance policyholders. Sources told Business Recorder here on Saturday that the SECP has submitted budget proposals to the federal government for supporting the insurance industry.
- **OGDC added to MSCI Pakistan Index | Dawn:** Global index provider MSCI retained only two stocks — Lucky Cement Ltd and MCB Bank Ltd — in the MSCI FM Pakistan index as part of its latest semi-annual review released on Friday. MSCI provides investment tools like indices that many global passive funds use to make investments with distributed risks around the world equity markets. MSCI added Oil and Gas Development Company Ltd to the MSCI Pakistan Index while transferring Habib Bank Ltd to its Frontier Markets Pakistan Small-Cap Index in the half-yearly review.
- **Rupee seen under pressure from depleting forex reserves | The News:** The rupee is likely to remain on the back foot next week on a persistent high importer demand and scant supply of dollars, while shrinking foreign currency reserves and mounting debts also intensified concerns about increasing balance of payment crisis, dealers said. Rising current account and trade deficits, greater external debt payments, and drying dollar inflows are proving a toxic mix for the rupee, which hit a record low of 192.53 to the dollar in the interbank market on Friday.
- **Textile sector exports jump over a quarter in July-April | The News:** Pakistan's textiles exports increased by more than a quarter in the first ten months of the outgoing fiscal on increasing international demand. Textile group exports in July-April 2021-22 were recorded at USD15.98bn against USD12.69bn in the same period last year, showing an increase of 25.96%, the Pakistan Bureau of Statistics (PBS) reported on Saturday. Textiles make over three-fifth of the country's total exports.
- **Kohala power plant: Chinese firm reluctant to accord approval | BR:** China Export & Credit Insurance, Sinosure, is reportedly reluctant to accord approval to 1124-MW Kohala Hydropower Project in AJ&K, a project of CPEC, owing to overdue payment of other CPEC projects in operation, sources close to Managing Director Private Power & Infrastructure Board (PPIB) told Business Recorder. The Government of Pakistan owes an amount of over PKR300bn to power projects established under the CPEC umbrella, which are now seeking help from Chinese embassy in Islamabad for payments not cleared so far due to financial crunch which has also hiked circular debt to PKR 2.5 trillion.
- **No raise in POL products' prices for now | BR:** The government has decided not to increase the petroleum prices at this point in time but did not rule out adjustment in days ahead owing to sharp increase in crude oil prices in the international market, and for revival of International Monetary Fund (IMF) programme. Finance minister Miftah Ismail addressing a press conference on Sunday stated this. He said that as Prime Minister Shehbaz Sharif believes the people cannot be further burdened at this point in time, today he would not increase the price, so there is no need to form long queues at petrol stations.
- **Power tariff likely to go up by PKR7.14 per unit | The News:** To revive the stalled IMF programme under the USD6bn Extended Fund Facility (EFF), the government will have to hike the electricity tariff by PKR7.14 per unit through base price and fuel price adjustments as well as increasing the petrol prices in a gradual manner. Owing to the fear of backlash, the government is considering to hike only petrol and continue giving subsidies on diesel. The government is also exploring options to convince the provinces to contribute by sharing burden to absorb the fuel cost.
- **Ogra announces up to 40.63% hike in RLNG prices for May | Nation:** Oil and Gas Regulatory Authority (OGRA) Friday announced up to 40.63% increase (USD6.8 per million British thermal units) in re-gasified liquefied natural gas (RLNG) prices for the consumers of Sui Northern Gas Pipelines Limited (SNGPL) and Sui Southern Gas Company (SSGC) for the month of May. According to the price notification issued by OGRA, the regulator raised the provisional price of RLNG for SNGPL customers by USD6.2152/mmBtu, or 39.76%. For SSGC customers, it was increased by USD6.8772/mmBtu or 40.66%.
- **Oil price hike or dissolution of NA – key decisions expected next week | The News:** The coming week is critically important for the country as Prime Minister Shehbaz Sharif will either take the tough decision of raising fuel prices or dissolve the National Assembly. PMLN sources say that both the options are still on the table and there is a proposal of inviting all the different stakeholders, possibly to a special National Security Committee meeting, for a consensus decision on the economy and new elections.
- **PTI govt procured USD52bn loans; USD36.05bn was repaid | BR:** Pakistan Tehreek-e-Insaf (PTI) government tops the list amongst the last four administrations with the highest external borrowing of around USD52bn in three years eight months, retired USD36.05bn. Pakistan Muslim League (PML-N) is in second place with borrowings of USD49.76bn dollars in five years; it retired debt of 27.07bn dollars. Data collected from Ministry of Finance and Economic Affairs Division by this newspaper further revealed that Pakistan People's Party (PPP) was in third place for borrowing a total of USD25.01bn in five years while retiring USD14bn.

Market Indices			
	13-May-22	12-May-22	30-Jun-21
KSE 100	43,486	42,898	47,356
KSE 30	16,542	16,308	18,962
KMI 30	70,522	69,337	76,622
KSE All Shares	29,574	29,187	32,480
Volume (mn Shares)			
	13-May-22	FYTD (Average)	
KSE 100	100.5	117.5	
KSE 30	69.0	54.9	
KMI 30	67.4	50.9	
KSE All Shares	208.1	308.5	
Commodity Rates			
	13-May-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	111.6	3.8%	48.5%
Crude Oil-Arab Light (USD/BBL)	114.1	4.2%	57.8%
Coal (USD/Tonne)	324.0	-1.3%	182.1%
Copper (USD/Lbs)	4.2	1.8%	-2.1%
Cotton (¢/Lbs)	140.2	-0.2%	72.2%
Gold (USD/Ounce)	1,811.2	-0.6%	2.3%
Currency (Interbank)			
	13-May-22	Daily Change	FYTD Change
US Dollar	192.8	0.4%	22.4%
UK Pound	236.3	1.0%	8.5%
Euro	200.7	0.8%	7.5%
UAE Dirham	52.9	0.5%	22.8%
Chinese Yuan	28.4	0.4%	16.4%
Fund Flows (USD mn)			
	13-May-22	FYTD	
FOREIGN INDIVIDUAL	0.03	4.24	
FOREIGN CORPORATES	-0.94	-349.54	
OVERSEAS PAKISTANI	0.24	66.06	
FIPI NET	**-0.68**	**-279.25**	
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			
	13-May-22	12-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	14.87	14.85	7.28
6 Month T-Bill	14.91	14.90	7.53
12 Month T-Bill	14.68	14.71	7.81
3 Year Government Bond	13.55	13.56	8.99
5 Year Government Bond	12.85	12.86	9.49
10 Year Government Bond	12.88	12.88	9.94
3 Month KIBOR	14.87	14.80	7.45
6 Month KIBOR	15.00	14.98	7.69

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