Morning News 17-May-2022

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Savings and Investments Limited

- **Pakistan-IMF review talks in Doha from tomorrow | The News:** Pakistan and the International Monetary Fund (IMF) are scheduled to kick-start review talks in Doha from Wednesday (tomorrow) for a week in a renewed effort to strike a staff-level agreement for the release of USD1bn tranche under the Extended Fund Facility (EFF). In one of the most important rounds of parleys for the economic team of Pakistan, Islamabad will have to convince the IMF to revive the stalled USD6bn programme at a time when the government had not yet moved towards eliminating the unfunded fuel subsidy despite making a commitment with the Fund. The government may offer withdrawing the unfunded fuel subsidy if it is able to strike a consensus among the coalition partners.
- **T-bill yields hit 24-year high on rate tightening concerns | The News:** Treasury bill yields jumped to 24-year high in the secondary market on Monday as investors expect hawkish signals from the central bank in its next policy meeting to curb surging inflation. "T-bill yields have breached 15% in the secondary market. This is the first time since 1998". "Three-month T-bill now trades at a huge premium of 300 basis points above policy rate." The yield on a three-month T-bill rose to 15.26%. The yield on six-month paper increased to 15.12%. One-year T-bill yield stood at 14.87%. The yields have climbed by 4.9% so far this calendar year.
- **External debt, C/A deficit termed daunting economic issues | BR:** Pakistan's external debt and current account deficit are the biggest economic issues and require solutions on an urgent basis for economic revival and security; otherwise, the country may face a Sri Lanka-like situation. The Institute of Policy Reforms in its report on "What to about Pakistan's Mountain of Debt" forewarned that if these problems are not addressed, there is every chance that the economy may default or face a Sri Lanka type situation. The Ukraine war with the ensuing supply problems and inflation compounds further an already intractable situation.
- **Dollar rises to PKR194.18 | Dawn:** The local currency fell to another low of PKR194.18 against the US dollar in the interbank market on Monday. The dollar kept the rupee in its strong clutch during the entire fiscal year FY22, but the last two months proved the worst. The dollar was traded at higher prices but was closed at PKR194.18 with a depreciation of PKR1.65 compared to the previous price of PKR192.53. Currency dealers said the dollar demand never comes down, which did not allow the local currency to stay at any point.
- **Budget deficit reaches PKR5.6trn, NA told | BR:** Federal Minister for Energy Khurram Dastgir Khan has said that the budget deficit has reached PKR5.6 trillion and its main issues are related to the energy and power sectors including outstanding recoveries and the circular debt. Responding to a calling attention notice regarding unannounced electricity load-shedding in rural, as well as, urban areas of Balochistan in the National Assembly on Monday. The minister said that the circular debt has more than doubled during the past four years to reach PKR2.460 trillion due to bad governance and incompetence of the previous Pakistan Tehreek-e-Insaf (PTI) government and termed it "the biggest challenge" for the incumbent Pakistan Muslim League-Nawaz (PML-N) government to control it before the next general election.
- **ECC nods PKR55.48bn for oil subsidy payment | The News:** The Economic Coordination Committee (ECC) of the Cabinet on Monday approved PKR55.48bn for the first fortnight of May 2022, against the total demand of PKR118.60bn, as a supplementary grant for the payment of subsidy to the oil sector. The ECC also allowed importing 200,000 tonnes of urea fertiliser on deferred payment to meet the domestic demands. Federal Minister for Finance and Revenue Miftah Ismail presided over the ECC meeting at the Finance Division. Oil prices have been increasing in the international market since September, 2020, resulting in a substantial increase in the consumer prices of petroleum products in the country, officials told the ECC meeting.
- **OCAC issues fortnightly sales data | The News:** The sale of high speed diesel (HSD) and petrol was recorded at 363,667 metric tonnes (MT) and 363,210 MT respectively during first 15 days of May 2022, Oil Companies Advisory Council (OCAC) reported on Monday. The primary representative of country's downstream oil industry issued the sales numbers of High Speed Diesel (HSD) and Motor Spirit (MS) for the first fortnight of the onging month. Waqar Irshad Siddiqui, chairman OCAC, said the sector had remained committed to meeting the despite global energy shortage, impact on availability, prices of oil pushed by Ukraine conflict.
- **Fate of subsidy to five export-oriented sectors hangs in the balance | BR:** Power Division has reportedly decided to discontinue subsidy to five export-oriented sectors beyond May 31, 2022 if Commerce Ministry does not arrange additional amount of PKR 32 billion for the remaining months of current fiscal year, sources close to Secretary Commerce told Business Recorder. Sharing the details, the sources said, on August 31, 2021 Ministry of Commerce (Textile Wing) wrote a letter to Power Division wherein ECC of the Cabinet decision of August 16, 2021 was communicated on summary titled "continuation of concessional rates of electricity and RLNG to export-oriented sectors for implementation."
- **NBP Shuts Down Operations in three Countries | Pro Pakistani:** The National Bank of Pakistan (NBP) shut down three foreign branches in different countries namely Bangladesh (Sylhet), Afghanistan (Jalalabad), and Uzbekistan (Tashkent) in recent months, according to officials. The closure of foreign branches is being done under the bank management's plan to overcome losses from these markets due to multiple operational challenges in the host countries.
- **Provinces directed to complete wheat purchases by June 1 | Dawn:** Expressing displeasure over the 'delay' in wheat procurement, Prime Minister Shehbaz Sharif on Monday directed provincial governments to complete the process by June 1. Presiding over a meeting the prime minister directed the Minister for Food Security and Research Tariq Bashir Cheema to set up an urgent committee for transparent distribution of imported wheat in the provinces. The prime minister said the people could not be made to suffer and the federal government would provide flour at a lower prices.
- **Immediate polls or tough steps? decision today | The News:** Prime Minister Shehbaz Sharif on Monday convened an important meeting of the coalition partners on Tuesday (today) to discuss whether immediate elections should be announced or the government should opt for taking difficult decisions on the economic front. Shehbaz Sharif held separate meetings with MQMP Convener Khalid Maqbool, JUIF chief Maulana Fazlur Rehman and PPP Co-chairman Asif Ali Zardari. He held these meetings in view of the economic and political situation of the country. He initiated the consultation process with coalition parties for taking important decisions with regard to the deteriorating economy and uncertain political situation.
- **Pakistan, US resume efforts to rebuild ties | Dawn:** Pakistan and the United States resume their efforts to rebuild bilateral ties with a series of meetings between their foreign policy chiefs in New York this week. Foreign Minister Bilawal Bhutto-Zardari reaches New York on Tuesday (today) to attend a US-initiated UN meeting on food security and for a bilateral meeting with Secretary of State Antony Blinken. Mr Blinken had invited Mr Bhutto-Zardari for the ministerial meeting on "Global Food Security Call to Action" that is being held on May 18.

Market Indices			
	16-May-22	**13-May-22**	**30-Jun-21**
KSE 100	42,667	43,486	47,356
KSE 30	16,213	16,542	18,962
KMI 30	68,862	70,522	76,622
KSE All Shares	29,068	29,574	32,480
Volume (mn Shares)			
	16-May-22	**FYTD (Average)**	
KSE 100	135.5	117.6	
KSE 30	90.6	55.1	
KMI 30	74.0	51.0	
KSE All Shares	250.3	308.2	
Commodity Rates			
	16-May-22	**Daily Change**	**FYTD Change**
Crude Oil-Brent (USD/BBL)	114.2	2.4%	52.1%
Crude Oil-Arab Light (USD/BBL)	118.2	3.6%	63.6%
Coal (USD/Tonne)	328.0	1.2%	185.6%
Copper (USD/Lbs)	4.2	0.4%	-1.8%
Cotton (¢/Lbs)	145.7	3.9%	78.9%
Gold (USD/Ounce)	1,823.8	0.7%	3.1%
Currency (Interbank)			
	16-May-22	**Daily Change**	**FYTD Change**
US Dollar	193.3	0.3%	22.7%
UK Pound	238.1	0.7%	9.3%
Euro	201.6	0.5%	8.0%
UAE Dirham	52.9	0.0%	22.8%
Chinese Yuan	28.5	0.3%	16.7%
Fund Flows (USD mn)			
	16-May-22	**FYTD**	
FOREIGN INDIVIDUAL	0.01	4.25	
FOREIGN CORPORATES	-0.86	-350.41	
OVERSEAS PAKISTANI	-0.84	65.22	
FIPI NET	**-1.69**	**-280.94**	
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			
	16-May-22	**13-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	15.26	14.87	7.28
6 Month T-Bill	15.12	14.91	7.53
12 Month T-Bill	14.87	14.68	7.81
3 Year Government Bond	13.56	13.55	8.99
5 Year Government Bond	12.86	12.85	9.49
10 Year Government Bond	12.87	12.88	9.94
3 Month KIBOR	15.01	14.87	7.45
6 Month KIBOR	15.07	15.00	7.69

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