Morning News 18-May-2022

MCB-ARIF HABIB
Savings and Investments Limited

- **Pakistan set to achieve 6% GDP growth this year | The News:** Pakistan is all set to achieve GDP growth in the range of approximately 6% for the current fiscal year mainly because of the improved contribution of industrial and services sectors. Amid lingering differences between the Ministry of Finance and the Ministry of Planning over the measurement of provisional Gross Domestic Product (GDP) figures, the government is likely to calculate the GDP growth hovering in the range of 5.7% to 6.2% for the current fiscal year.
- **Current account manageable only when economy grows at 3% | The News:** The current account is manageable when the economy grows at about 3%. It gets out of hand at a growth rate of 5% or so, especially with increased import of machinery to build production capacity. More importantly, the economy's debt level grows by a higher margin in the years when the trade deficit is higher, unfolds the research report of IPR (Institute of Policy Reforms) on 'What to do on Pakistan's mountain of debt'.
- **Govt to raise PKR4.05tn via treasury auctions | The News:** The government aims to raise PKR4.05 trillion through the auction of Market Treasury Bills (MTBs), Pakistan Investment Bonds (PIBs), and Sukuk in May-July period to meet its financing needs, the central bank said on Tuesday. The government will borrow PKR4.05 trillion from the auctions of MTBs, while it also plans to fetch PKR900bn via the sale of fixed and floating rate PIBs, according to an auction calendar released by the central bank on Tuesday. The State Bank of Pakistan would sale PKR300bn worth of fixed-rate PIBs and PKR300bn worth of floating rate PIB.
- **MPC meeting: Majority polled expect major spike in policy rate | BR:** A majority of market participants expect a major hike in the policy rate in the upcoming Monetary Policy Committee (MPC) meeting of the State Bank of Pakistan (SBP) scheduled for May 23. The brokerage house, which itself expects the SBP to increase the policy rate by 100bps to 13.25%, conducted a poll in which it took feedback from various sectors - both financial and non-financial - on expectations over the Monetary Policy Statement (MPS).
- **Rupee sinks for ninth successive session, closes at 195.74 in inter-bank trading | BR:** The local currency sustained a downtrend for the ninth consecutive session on Tuesday as the rupee closed at an all-time low of PKR195.74 against the greenback in the inter-bank market. The devaluation was fuelled by economic and political uncertainty and lack of clarity on revival of the USD6 billion International Monetary Fund programme. In addition, the government's decision to keep local oil prices unchanged signalled an erosion of the country's finances and further swelling of the external account.
- **FY22 budget deficit likely to stand at 9% of GDP — highest-ever in country's history | BR:** Former finance minister Dr Abdul Hafiz Pasha has projected Pakistan's budget deficit for the fiscal year 2021-22 at PKR5,000bn or nine percent of the GDP which is the highest in the history of the country. While speaking at a webinar organised by the Pakistan Institute of Development Economics (PIDE), here on Tuesday, he said that the consolidated fiscal deficit including federal and provincial with the close of the current financial year will be PKR5,000bn.
- **Govt allows import of 0.2MMTs of urea | BR:** The federal government has allowed import of 0.2mn metric tons of urea on G2G and deferred payment basis, official sources told Business Recorder. Sharing the details, sources said that the Ministry of Industries and Production (MoI&P) informed the Economic Coordination Committee (ECC) of the Cabinet on May 16, 2022 that Fertilizer Review Committee (FRC) while reviewing demand/supply position of urea fertilizer in the country during Kharif season 2022 in its meeting held on April 25, 2022.
- **PD all set to share 'reform plan' with IMF | BR:** Power Division is all set to share its 'power sector reforms plan' with the International Monetary Fund (IMF) on Wednesday (today) including a commitment to increase about PKR7 per unit in tariff, a mix of base tariff, QTAs and FCAs under the 7th Review Extended Fund Facility (EFF), well informed sources told Business Recorder. Minister for Power Khurram Dastgir Khan and Additional Secretary Incharge Rashid Mehmood Langrial will present their plan and face questions from 12:30 to 13:15 pm in a virtual meeting as an IMF team will be Doha (Qatar).
- **Oil firms to get higher payments in May | Dawn:** The Petroleum Division has notified substantially higher price differential claim (PDC) payable to oil companies and refineries for the second half of current fiscal year owing to continuously rising global prices and domestic price freeze. In a notification, the Petroleum Division has fixed the PDC at PKR47.02 for payment on sale of every litre of petrol by the government out of federal budget to the oil companies and refineries between May 16 and 31. Likewise, the government would also pay PKR86.71 per litre to the OMCs and refineries on sale of high-speed diesel during the current fortnight, according to the notification.
- **Telecom industry attracts USD6.1bn FDI in less than 4 years | BR:** The telecommunication industry attracted foreign direct investment of USD6.1bn during July 1, 2018, to March 30, 2022, said Federal Minister for IT and Telecommunication Syed Aminul Haque. On the occasion of "World Telecommunication and Information Society Day", the Federal Minister for IT said that the number of active mobile SIMs reached 193mn by March 2022 due to reforms in the telecom sector, and mobile and fixed Broadband consumers' numbers saw 39.4% increase, he said.
- **Cnergyico Refinery shut down on cash flow concerns | The News:** Cnergyico Refinery (formerly Byco Refinery) has shut down its operation following serious cash flow problems in buying expensive crude oil from the international market, The News learnt on Tuesday. A top executive of the company also confirmed that refinery operations have been closed down for the last one week. However, the refinery would resume its operations in a day or two after the arrival of crude oil. Cnergyico is dependent on imported crude oil for its operation, which it buys from the global market compared to its competitors.
- **Maple Leaf to buy back up to 25m shares | Dawn:** Maple Leaf Cement Factory Ltd (MLCF) is going to buy back up to 25mn of its own shares between May 26 and August 15 at the price prevailing on the stock exchange. Shareholders of the cement maker approved a special resolution on Tuesday that allows the company to purchase in cash a maximum of 2.27% of its total issued shares having a face value of PKR10 each at the spot price during the 90-day period. The company will use its distributable profits to purchase its own shares for the purpose of cancellation.
- **Dissenting lawmakers' vote will not be counted | BR:** The Supreme Court of Pakistan has said that the vote of dissenting lawmakers will not be counted in parliament as the top court expressed its opinion on presidential reference seeking interpretation of Article 63-A. A five-member bench, headed by Chief Justice Umar Ata Bandial, comprising Justice Ijazul Ahsan, Justice Mazhar Alam Khan Miankhel, Justice Munib Akhtar and Justice Jamal Khan Mandokhail, announced a decision on Tuesday.

Market Indices			
	17-May-22	**16-May-22**	**30-Jun-21**
KSE 100	42,726	42,667	47,356
KSE 30	16,246	16,213	18,962
KMI 30	68,856	68,862	76,622
KSE All Shares	20,913	29,068	32,480
Volume (mn Shares)			
	17-May-22	**FYTD (Average)**	
KSE 100	97.2	117.5	
KSE 30	62.7	55.1	
KMI 30	57.5	51.1	
KSE All Shares	196.4	307.8	
Commodity Rates			
	17-May-22	**Daily Change**	**FYTD Change**
Crude Oil-Brent (USD/BBL)	111.9	-2.0%	49.0%
Crude Oil-Arab Light (USD/BBL)	115.6	-2.2%	59.9%
Coal (USD/Tonne)	327.8	-0.1%	185.4%
Copper (USD/Lbs)	4.2	1.1%	-0.6%
Cotton (¢/Lbs)	143.5	-1.5%	76.2%
Gold (USD/Ounce)	1,814.7	-0.5%	2.5%
Currency (Interbank)			
	17-May-22	**Daily Change**	**FYTD Change**
US Dollar	196.5	1.7%	24.7%
UK Pound	245.4	3.1%	12.7%
Euro	207.2	2.8%	11.0%
UAE Dirham	53.8	1.6%	24.7%
Chinese Yuan	29.1	2.4%	19.5%
Fund Flows (USD mn)			
	17-May-22	**FYTD**	
FOREIGN INDIVIDUAL	0.01	4.26	
FOREIGN CORPORATES	-1.40	-351.81	
OVERSEAS PAKISTANI	0.17	65.38	
FIPI NET	**-1.23**	**-282.17**	
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			
	17-May-22	**16-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	15.01	15.26	7.28
6 Month T-Bill	15.04	15.12	7.53
12 Month T-Bill	14.73	14.87	7.81
3 Year Government Bond	13.51	13.56	8.99
5 Year Government Bond	12.84	12.86	9.49
10 Year Government Bond	12.85	12.87	9.94
3 Month KIBOR	15.04	15.01	7.45
6 Month KIBOR	15.07	15.07	7.69

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