Morning News 17-Jun-2022

MCB-ARIF HABIB
Savings and Investments Limited

- **Pakistan not asked to renegotiate CPEC IPPs deals: IMF | The News:** The International Monetary Fund (IMF) has not asked Pakistan to renegotiate deals with Independent Power Producers (IPPs) for the China-Pakistan Economic Corridor (CPEC). "The IMF did not ask Pakistan to renegotiate CPEC's IPP contracts. These claims are simply untrue. Rather the IMF supports the government's multi-pronged strategy to restore energy sector viability, which shares the burden of restoring viability across all stakeholders — the government, producers and consumers," the IMF's Resident Chief in Pakistan Esther Pervez Ruiz stated in a statement on Thursday.

- **Exports up 27.89%: Jul-May imports soar 44.51% to USD72.30bn YoY | BR:** The country's imports during July-May (2021-22) totalled USD72.30bn against USD50.03bn during the corresponding period of last year showing an increase of 44.51%, Pakistan Bureau of Statistics (PBS) said. The exports and imports data released by the PBS revealed that the country's overall exports during July-May (2021-22) totalled USD28.87bn against USD22.58bn during the corresponding period of last year showing an increase of 27.89%.

- **Jul-Apr LSMI output grows 10.7% YoY | BR:** The Large Scale Manufacturing Industries (LSMI) output has registered a growth of 10.7% during July-April 2021-22 as compared to the same period of the last year 2020-21, Pakistan Bureau of Statistics (PBS) said. According to the Provisional Quantum Index Numbers of Large Scale Manufacturing Industries (QIM) the LSMI output for April 2022 decreased by 13.3% on a month-on-month basis when compared with March 2022 with the base year, 2015-16. The indices for April 2022 and July-April 2021-22 along with growth are as; QIM estimated for July-April, 2021-22 is 126.4 and QIM estimated for April 2022 is 132.4.

- **Issuance of PIBs, Sukuks: MoF asks PD to coordinate with its Debt Wing | BR:** The Finance Ministry has asked the Power Division to coordinate with its Debt Wing for issuance of PIBs and Sukuks against second tranche under 2002 power policy as per approved mechanism for settlement with IPPs, well-informed sources told Business Recorder. The government has to pay second tranche of 60 percent of total amount of PKR95bn to 11 IPPs as per the agreements before July 6, 2022. Of PKR95bn, 1/3rd is payable in cash, 1/3rd in Sukuk and 1/3rd in PIB bonds.

- **SBP forex reserves hit lowest since November 2019 | The News:** The State Bank of Pakistan's (SBP) foreign exchange reserves have dropped by USD241mn or 2.6% to USD9.0bn as of June 10, central bank data showed on Thursday, hitting their lowest level since November 2019 on the back of lack of external financing amid stalled IMF programme, high payments for oil imports, and pressure on foreign debt. Overall forex reserves (FX) held by the country fell to USD14.9bn from USD15.2bn previously, worsening a balance of payment crisis as uncertainty persists about revival of the International Monetary Fund (IMF) bailout package. The reserves available with SBP are enough to cover less than two months of imports.

- **Dollar scales new peak of 207.7 | Dawn:** The dollar further appreciated by 0.58% on Thursday to close at 207.67 against the rupee in the interbank market owing to concerns over depleting foreign exchange reserves and ambiguity regarding Pakistan's deal with the International Monetary Fund (IMF). The dollar closed at 208.50 in the open market. Asad Rizvi, former treasury head at Chase Manhattan Bank, outlined the rapid decline in the country's foreign exchange reserves as the main factor pressuring the rupee. "The urgency is to get the house in order per the IMF."

- **Textile exports surge 28.6% to USD17.6bn in July/May | The News:** Pakistan's textiles and food exports surged almost a quarter during July-May 2021/22, the Pakistan Bureau of Statistics (PBS) said Thursday. Textiles that makes over three-fifth of the country's total exports earned USD17.62bn in the eleven months of this fiscal against USD13.74bn in the same month of last year, showing a growth of 28.26%, In May 2022, YoY textile exports grew 56% to stand at USD1.64bn as compared to USD1.05bn in the same month a year ago, while MoM growth was down 5.6%. The exports of this group stood at USD1.73bn in April 2022. In the textiles group, cotton yarn exports increased 24.2p during the period to USD1.11bn compared to USD896mn in the same period last year, with May 2022 exports up 48% to USD106.57mn over the same month last year.

- **Pakistan takes another shot at LNG import | The News:** Pakistan has taken yet another shot at importing LNG amid surging energy cost as last week's tender was bound to be cancelled due to least interest shown by potential bidders. With a view to ease domestic shortage and meet demand of power sector, Pakistan LNG Ltd (PLL) floated a tender for the supply of four cargoes for the month of July. The LNG to be delivered under this tender will include each cargo having a volumetric quantity of 140,000m3. As per schedule of delivery, LNG bids are being invited to deliver natural gas by July 03, July 08, July 25, and July 26, 2022. During this period, not only LNG demand for the power sector would be high. However, it will be an uphill task for a country like Pakistan to buy LNG amid a surging spot market with squeezing supplies.

- **PKR5/unit power relief withdrawn | BR:** The federal government has withdrawn the subsidy the last government of Pakistan Tehreek-i-Insaf (PTI) had offered to the people on electricity bills. In this connection, the Power Division issued a notification on Thursday which said that the relief of PKR5 per unit which was offered by the previous government on power bills had been withdrawn. It may be mentioned here that the government withdrew the subsidy in electricity bills only a day after phasing out the subsidy it had been providing on prices of petroleum products.

- **Q2 FY21-22 QTA: Nepra okays PKR1.55/unit hike for Discos | BR:** National Electric Power Regulatory Authority (Nepra) has approved positive amount of PKR39bn on account of Quarterly Adjustment pertaining to 2nd Quarter of FY 2021-22 for Discos. The allowed quarterly adjustment has an impact of around PKR.1.5547/kWh on uniform basis on all consumers, except for lifeline & Increment Industrial Sales eligible for Industrial Support Package. The Authority has decided to apply increase of PKR1.5547 per unit from July 01, 2022, to be recovered within 03 months period from the date of notification.

- **Fertilizers crisis deepens despite govt's tall claims | The News:** Despite tall claims of the Punjab government and Chief Secretary Punjab Kamran Ali Afzal's series of meetings with the administrative secretaries of concerned departments, commissioners and deputy commissioners, Urea fertilizer is being sold in black market at the rate of PKR2,600 to PKR2,800 per bag. Farmers are being denied by the dealers asking them to bring the copies of their land's fard if they want to get the fertilizer at the government's fixed price at PKR1850 per bag, forcing the poor farmers to purchase Urea at the higher rates of PKR2,600 to PKR2,800. A farmer Ghulam Qasim said earlier they purchased the fertilizer while showing the national identify card, now the dealers demand copy of land's fard beside the ID card's copy.

- **MCB Islamic Bank gets capital injection of PKR4bn | BR:** MCB Bank Ltd (MCB), one of Pakistan's leading banks, has made a capital injection of PKR4bn into its wholly owned subsidiary, MCB Islamic Bank Limited (MCB Islamic). The investment will help MCB Islamic meet regulatory capital requirements and support its aggressive expansion plans that encompass branch expansion, increase in lending capacity and development of innovative financial services and digital banking solutions. Speaking about the investment, Shoaib Mumtaz, President & CEO MCB Bank said, "This injection of capital is testament to MCB Bank's long-term commitment to Islamic Banking and confidence in MCB Islamic Bank's potential for future market leadership.

Market Indices

	16-Jun-22	15-Jun-22	30-Jun-21
KSE 100	41,730	41,439	47,356
KSE 30	15,938	15,815	18,962
KMI 30	68,762	68,084	76,622
KSE All Shares	28,504	28,336	32,480

Volume (mn Shares)

	16-Jun-22	FYTD (Average)
KSE 100	73.2	115.1
KSE 30	49.4	55.5
KMI 30	49.5	51.5
KSE All Shares	162.0	299.0

Commodity Rates

	16-Jun-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	119.8	1.1%	59.5%
Crude Oil-Arab Light (USD/BBL)	116.3	2.3%	60.9%
Coal (USD/Tonne)	323.0	2.1%	181.2%
Copper (USD/Lbs)	4.1	-1.3%	-3.3%
Cotton (¢/Lbs)	138.5	0.3%	70.2%
Gold (USD/Ounce)	1,856.7	1.3%	4.9%

Currency (Interbank)

	16-Jun-22	Daily Change	FYTD Change
US Dollar	208.3	0.8%	32.2%
UK Pound	257.2	2.3%	18.1%
Euro	219.7	1.9%	17.6%
UAE Dirham	57.1	1.1%	32.6%
Chinese Yuan	31.1	1.0%	27.3%

Fund Flows (USD mn)

	16-Jun-22	FYTD
FOREIGN INDIVIDUAL	0.00	4.12
FOREIGN CORPORATES	-0.35	-361.62
OVERSEAS PAKISTANI	-0.55	62.29
FIPI NET	**-0.90**	**-295.20**

Economic Data (USD mn)

	FY22P	FY21	FY20
GDP Growth	6.0%	5.7%	-0.9%
	Apr-22	**Mar-22**	
Exports	2,897	2,777	
Imports	6,679	6,407	
Remittances	3,125	2,810	
Foreign Exchange Reserves	10,499	11,425	

Money Market Data

	16-Jun-22	15-Jun-22	30-Jun-21
SBP Policy Rate	13.75	13.75	7.00
CPI Inflation	13.80	13.80	9.70
3 Month T-Bill	14.90	14.75	7.28
6 Month T-Bill	15.20	15.43	7.53
12 Month T-Bill	15.58	15.68	7.81
3 Year Government Bond	13.72	13.73	8.99
5 Year Government Bond	13.00	13.04	9.49
10 Year Government Bond	12.92	12.94	9.94
3 Month KIBOR	15.05	14.87	7.45
6 Month KIBOR	15.43	15.64	7.69

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