Morning News 01-Jul-2022

MCB-ARIF HABIB
Savings and Investments Limited

- **CPI inflation may hover around 16% in June | The News:** The Consumer Price Index (CPI) based inflation might go close to 15.5% to 16% year-on-year in June 2022 mainly because of increased fuel and commodities prices, The News has learnt. The Ministry of Finance in its latest report released on Wednesday had indicated a range of inflation between 14.5% to 15.5% for June 2022.
- **Pakistan Country Economic Memorandum: Non-mobilisation of talent, resources stunts growth | BR:** Pakistan's growth has been stunted by the inability to mobilise all of its talent and resources, and allocate them to productive uses, says the World Bank. The bank, in its latest report, "Pakistan Country Economic Memorandum," stated that the country's growth prospects are directly associated with the ability of its firms to grow large and productive over time.
- **Forex reserves soar on USD2bn Chinese inflows | BR:** The country's total liquid foreign exchange reserves rose sharply by some USD2bn during the last week supported by the arrival of Chinese inflows. According to weekly foreign exchange report issued by the State Bank of Pakistan (SBP) on Thursday, the total liquid foreign exchange reserves held by the country stood at USD 16.20bn as of Jun 24, 2022 as against USD14.21bn as of June 17, 2022.
- **Rupee falls 30% against dollar in FY22 | The News:** The rupee posted slight gains against the dollar in last trading session of the 2021/22 fiscal year, pushed by routine import payments and greenback sales by exporters, dealers said. The local unit closed at 204.85 per dollar on Thursday, stronger than its close of 205.12 on Wednesday in the interbank market. IT appreciated by 0.13%.
- **POL products' prices further jacked up | BR:** Finance Minister Miftah Ismail Thursday said that increase in petroleum development levy by PKR10 on petrol and PKR4 on diesel was compulsion for revival of the International Monetary Fund (IMF) programme. Addressing a news conference along with Musadik Malik, the finance minister said that after PKR10 per litre increase in PDL and PKR4.85 increase in its price, new price of petrol would be PKR248.75 after midnight.
- **IPPs appoint Ramday as arbitrator | BR:** Independent Power Producers (IPPs) of 2002 have appointed former Justice Khalil-ur-Rehman Ramday as arbitrator in the light of Arbitration Submission Agreement (ASA) entered by the President of Pakistan and Power companies. According to the agreements signed between the IPPs of 2002 and GoP, for resolution of PKR56bn, allegedly for excess payments made in the past against 2002 Power Policy IPPs.
- **Wide spectrum of renewable energy projects: Chinese co shows interest in investment | BR:** Prime Minister Shehbaz Sharif said on Thursday that deepening China-Pakistan economic cooperation is very important for the socio-economic uplift of Pakistan. The premier expressed these views while talking to a delegation of Chinese state-owned company, NORINCO that called on him and showed interest in investing in renewable energy and other areas.
- **Afghan coal only: Sahiwal Coal, China Hub to be treated as bonded warehouses | BR:** The government has decided to treat Sahiwal Coal Power and China Hub Power Generation Companies as bonded warehouses for the purposes of Afghan coal only, which is cheaper compared to coal of far off destinations, well-informed sources told Business Recorder.
- **Gas supply to export and non-export sector cut off till July 9 | The News:** The government has closed down the supply of gas to the export and non-export industry in Punjab till July 9, 2022 and it will review its decision after Eidul Azha. The decision has been made to divert more LNG to the power sector for more electricity generation to mitigate the intensity of ongoing power outages of 6-14 hours across the country.
- **SBP directs banks to stop fresh disbursements | BR:** Following the directives of the federal government, the State Bank of Pakistan (SBP) on Thursday night asked banks to temporarily stop fresh disbursements under the Prime Minister's Kamyab Jawan Youth Entrepreneurship Scheme and Government's Mark-up Subsidy Scheme for Housing Finance known as Mera Pakistan Mera Ghar (MPMG).
- **Startup funding shrinks 40% to USD104mn | Dawn:** Startups in Pakistan raised a total of USD103.8mn in 22 deals in the April-June quarter, down almost 40% from the preceding quarter when the flows amounted to USD173mn. Data compiled by Data Darbar, a website that tracks investment flows into the country's tech ecosystem, shows the average ticket size remained USD4.9mn in April-June, down 54.3% from USD10.8mn in January-March. (The average ticket size takes into account the undisclosed funding as well.)
- **Pak Oil Refineries Refuse To Buy Russian Oil | Nation:** While National Refinery Limited has excused from the import of Russian crude oil, all the refineries showing their limitations have said that the transportation cost, increase voyage time, low/no capacity to process it, payment procedure and the long term contract with Middle Eastern suppliers are the main hurdles in the way of the Russian oil import. "We have a long term agreement with Saudi Aramco and maintaining current appetite/ feed of lube refineries we may not be able to process any other crude unless the techno/economic study suggests otherwise," National Refinery Limited said in a letter (available with The Nation) to the Petroleum Division.

Market Indices

	30-Jun-22	29-Jun-22	30-Jun-21
KSE 100	41,541	41,298	47,356
KSE 30	15,805	15,697	18,962
KMI 30	68,766	68,207	76,622
KSE All Shares	28,582	28,441	32,480

Volume (mn Shares)

	30-Jun-22	FYTD (Average)
KSE 100	112.6	115.6
KSE 30	54.1	56.4
KMI 30	63.4	52.3
KSE All Shares	192.7	298.0

Commodity Rates

	30-Jun-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	114.8	-1.2%	52.8%
Crude Oil-Arab Light (USD/BBL)	107.9	-2.7%	49.4%
Coal (USD/Tonne)	341.7	0.9%	197.5%
Copper (USD/Lbs)	3.7	-1.9%	-13.1%
Cotton (¢/Lbs)	110.3	0.6%	35.5%
Gold (USD/Ounce)	1,806.9	-0.6%	2.1%

Currency (Interbank)

	30-Jun-22	Daily Change	FYTD Change
US Dollar	204.5	-0.1%	29.8%
UK Pound	249.0	0.3%	14.3%
Euro	214.4	0.3%	14.8%
UAE Dirham	55.9	0.0%	29.6%
Chinese Yuan	30.5	-0.1%	25.1%

Fund Flows (USD mn)

	30-Jun-22	FYTD
FOREIGN INDIVIDUAL	0.00	4.06
FOREIGN CORPORATES	0.09	-366.84
OVERSEAS PAKISTANI	0.27	65.27
FIPI NET	**0.36**	**-297.51**

Economic Data (USD mn)

	FY22P	FY21	FY20
GDP Growth	6.0%	5.7%	-0.9%
	May-22	**Apr-22**	
Exports	2,626	2,897	
Imports	6,777	6,661	
Remittances	2,333	3,125	
Foreign Exchange Reserves	9,723	10,499	

Money Market Data

	30-Jun-22	29-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	14.98	14.68	7.28
6 Month T-Bill	15.15	15.15	7.53
12 Month T-Bill	15.30	15.37	7.81
3 Year Government Bond	13.45	13.46	8.99
5 Year Government Bond	12.93	12.95	9.49
10 Year Government Bond	12.92	12.95	9.94
3 Month KIBOR	15.16	14.78	7.45
6 Month KIBOR	15.35	15.33	7.69

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