Morning News 13-Jul-2022

MCB-ARIF HABIB Savings and Investments Limited

- **IMF, Pakistan inch closer to revival of loan package | Dawn:** The International Monetary Fund (IMF) and Pakistan moved closer to the revival of their loan package on Saturday as Islamabad has taken several steps to reduce its expenditure, increase energy prices and improve tax collection, as demanded by the IMF.
- **SBP raises policy rate by 125bps to 15% | Dawn:** The State Bank of Pakistan announced on Thursday that it had increased the interest rate by 125 basis points (bps) to 15%. In a press conference after the monetary policy committee (MPC) met to decide on the policy rate, the central bank's Acting Governor Dr Murtaza Syed said the "most important" objective behind the move was to control spiraling inflation.
- **Dollar demand remains high despite interest rate hikes | Dawn:** The massive hikes in the interest rate in recent months have had no impact on the exchange rate as the demand for dollars by the importers remained robust which kept the local currency under constant pressure.
- **EFS, LTFF rates linked with policy rate | BR:** The Monetary Policy Committee (MPC) of the State Bank of Pakistan (SBP) has linked the interest rates of Export Finance Scheme (EFS) and Long-Term Financing Facility (LTFF) with policy rate. After the MPC meeting on Thursday, Dr Murtaza Syed informed media that the interest rates of export incentive schemes, including EFS and LTFF loans are now being linked to the policy rate to strengthen monetary policy transmission.
- **SBP's forex reserves fall to USD9.8bn | The News:** The State Bank of Pakistan's (SBP) foreign exchange reserves again fell below USD10bn in the week that ended June 30 on foreign debt and import payments, it said on Thursday. The SBP's foreign exchange reserves dropped by USD493mn to USD9.8bn as of June 30.
- **Pakistan among countries badly hit by war-driven inflation | Tribune:** War-driven inflation has pushed 71 million people into poverty in just three months since March 2022, according to the UN Development Programme on Thursday. "The impact on poverty rates is drastically faster than the shock of the Covid-19 pandemic," said the global development agency.
- **Pakistan repays massive USD9.436bn on account debt servicing in nine months | Nation:** Pakistan has repaid massive USD9.44bn on account of debt servicing of external public loans during first nine months (July to March) of the last fiscal year (2021-22) that eroded the country's foreign exchange reserves.
- **Pakistan to borrow PKR5.5 trillion from international lenders in current fiscal year | Nation:** Pakistan would borrow whopping PKR5.5 trillion from international lenders in the current fiscal year to maintain its foreign exchange reserves, repay previous loans and financing of current account deficit.
- **Private sector borrowing hits record | Tribune:** Despite a significant surge in the cost of credit during the just ended fiscal year, the private sector made record high borrowing to finance their projects as demand picked up for their products, suggesting a broad-based expansion in businesses.
- **Report on population: Pakistan's population to surge by 56% to 366mn- by 2050, says UN | The News:** Pakistan is expected to see a 56% increase in population to 366mn individuals by the year 2050. It was revealed in the recently released UN report: 'World Population Prospects 2022'.
- **FBR: cost of GST exemption 49.9% of tax expenditure | BR:** The cost of sales tax exemption is 49.9% of the total tax expenditure during 2021-22, according to the Tax Expenditure Report-2022 issued by the Federal Board of Revenue (FBR).
- **80% of Pakistanis' wealth comprises residential buildings | Dawn:** A new World Bank study says Pakistani households accumulate significant net worth but overwhelmingly in the form of residential buildings, and on average nearly 80% of the wealth accumulated by age 60 to 65 is composed of residential buildings.
- **Cut in oil prices likely as PM seeks summary | BR:** Prime Minister Shehbaz Sharif on Tuesday sought a summary from the Oil and Gas Regulatory Authority (Ogra) to reduce the prices of petroleum products after the prices went down significantly in the international market.
- **PLL's USD1bn LNG tender flop to worsen energy crisis | The News:** The country's energy agonies will further soar in August as it will only have 700mmcfd imported gas —six cargoes from Qatar and one from ENI- amid a shortfall of 500mmcfd in the system as it did not receive a single offer in a USD1 billion LNG purchase tender.
- **Coal, LNG import initiated for power generation | BR:** Finance Minister Miftah Ismail Thursday expressed his optimism that there will be a substantial reduction in loadshedding in the coming few days as the government has started importing coal and LNG.
- **Refineries await government stance on new policy | BR:** Government has yet not reached out to refineries for a policy related to their upgradation, The News learnt on Friday, with analysts suggesting refineries to execute the deep conversion project for protecting future earnings.
- **ECC informed about the 'benefit' of proposed move: Hike in gas tariffs likely to yield PKR666bn revenue | BR:** The Economic Coordination Committee (ECC) of the Cabinet has been informed that the proposed increase in gas tariff of various categories of consumers from 1st July 2022 is expected to generate revenue of PKR666bn.
- **Another power shock for nation | Tribune:** The power tariff on Friday was increased by PKR1.55 per unit, giving another electric shock to the nation. The hike will take effect on the first of the ongoing month and it is in line with the second quarterly adjustment of the previous financial year.
- **Auto industry fears massive drop in sales | Dawn:** Auto industry players anticipate a 30% sales drop in 2022-23 in view of uncertainty after the increase in withholding tax on filers and non-filers, imposition of 1% capital value tax on vehicles exceeding 1,300cc, strict auto financing rules to compress demand, high interest rates and more price shocks on the cards.
- **GST exemption to pharma industry costs FBR over PKR101bn | BR:** The Federal Board of Revenue (FBR) has calculated a revenue loss of over PKR101bn on account of sales tax exemption granted to the pharmaceutical industry during 2020-21.
- **Textile exporters threaten relocation of units | BR:** Reeling under the high cost of production, the value-added textile export industries of Karachi on Thursday threatened to close down their units and shift them abroad owing to discriminatory policies of the government.

Market Indices

	7-Jul-22	6-Jul-22	30-Jun-22
KSE 100	41,344	41,160	41,541
KSE 30	15,728	15,660	15,805
KMI 30	67,947	67,702	68,766
KSE All Shares	28,474	28,320	28,582

Volume (mn Shares)

	7-Jul-22	FYTD (Average)
KSE 100	56.0	49.7
KSE 30	31.5	25.1
KMI 30	31.6	27.4
KSE All Shares	99.0	102.9

Commodity Rates

	12-Jul-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	99.5	-7.1%	-13.3%
Crude Oil-Arab Light (USD/BBL)	99.8	-7.1%	-7.5%
Coal (USD/Tonne)	356.9	1.0%	4.5%
Copper (USD/Lbs)	3.3	-4.2%	-11.4%
Cotton (¢/Lbs)	103.1	-3.7%	-6.5%
Gold (USD/Ounce)	1,725.8	-0.5%	-4.5%

Currency (Interbank)

	12-Jul-22	Daily Change	FYTD Change
US Dollar	206.9	0.0%	1.2%
UK Pound	245.8	0.0%	-1.3%
Euro	207.6	0.0%	-3.1%
UAE Dirham	56.5	0.0%	1.1%
Chinese Yuan	30.8	-0.1%	0.8%

Fund Flows (USD mn)

	7-Jul-22	FYTD
FOREIGN INDIVIDUAL	0.00	0.00
FOREIGN CORPORATES	0.30	1.05
OVERSEAS PAKISTANI	0.49	1.03
FIPI NET	**0.79**	**2.09**

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

	7-Jul-22	6-Jul-22	30-Jun-22
SBP Policy Rate	15.00	13.75	13.75
CPI Inflation	21.32	21.32	13.80
3 Month T-Bill	15.13	15.14	14.98
6 Month T-Bill	15.20	15.29	15.15
12 Month T-Bill	15.18	15.50	15.30
3 Year Government Bond	13.84	13.88	13.45
5 Year Government Bond	13.20	13.41	12.93
10 Year Government Bond	13.05	13.16	12.92
3 Month KIBOR	15.36	15.34	15.16
6 Month KIBOR	15.52	15.49	15.35

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