Morning News 15-Jul-2022

MCB-ARIF HABIB
Savings and Investments Limited

- **IMF agrees to resume loan after much delay: USD1bn more and 9-month extension of EFF | BR:** Pakistan and the International Monetary Fund (IMF) reached staff-level agreement in the early hours of 14 July, Pakistan time, on the combined seventh and eight reviews, with an additional one billion dollars and a nine-month extension of Extended Fund Facility (EFF) programme.
- **After clinching deal with IMF: Pakistan plans to generate around USD10bn in loans | The News:** After striking a staff level agreement with the IMF, Pakistan has made plans to generate approximately USD9 to USD10bn in loans from other multilateral creditors, including the World Bank, Asian Development Bank and Islamic Development Bank through programme and project lending during the current fiscal year.
- **Cut-off yields on fixed rate PIBs Soar by Up To 27bps | Pro Pakistani:** The cut-off yields on the fixed-rate Pakistan Investment Bonds (PIBs) were up by 3-27 basis points (bps) in the auction of the paper on Thursday. According to the data released by the State Bank of Pakistan (SBP), the government raised PKR145bn against a target of PKR150bn. The yield on three-year PIBs went up by 3bps to 14%, the SBP's PIBs auction result showed.
- **SBP's forex reserves fall to USD9.72bn | The News:** The State Bank of Pakistan's (SBP) foreign exchange reserves dropped by USD99mn to USD9.72bn during the week ended July 7 on external debt payments, the SBP said on Thursday. The forex reserves held by the central bank had stood at USD9.82bn in the previous week. Pakistan's total foreign reserves fell by USD132mn to USD15.61bn and those of commercial banks declined by USD33mn to USD5.89bn.
- **PM announces cut in fuel prices | BR:** Prime Minister Shehbaz Sharif Thursday announced a reduction of PKR18.50 per litre in the price of petrol and that of PKR40.54 per litre in diesel keeping in view reduction in oil prices in the international market. The petroleum prices have been reduced as part of the government decision to shift to the consumers the impact of the reduction in oil prices globally, the premier announced in his televised address to the nation.
- **Banks' advances rise sharply in FY22 | Dawn:** Banks' advances witnessed a significant increase of 21% in the outgoing fiscal year (FY22), reflecting the higher economic growth during the year ended on June 30. The latest data issued by the State Bank on Thursday showed that total advances reached PKR10.87 trillion by the end of FY22 from PKR8.996tr in FY21, an increase of PKR1.889tr or 21%.
- **Bank deposits rise 15% to PKR22.8tn in June | The News:** Banking sector deposits increased by 15% year-on-year in June, the central bank data showed on Thursday, helped by fiscal year-end seasonal factors and strong money supply growth. Total deposits at banks rose to PKR22.8tn in June from PKR19.8tn a year ago. "Increase in deposits is attributable in part to seasonality also, especially during the second quarter of calendar year".
- **Nomura sees upside in Pakistan USD bonds after IMF deal secured | Augaf:** Pakistan's dollar bonds maturing in 2031 and 2051 are due for a bounce of at least about five points after the IMF deal, but there's limited upside beyond that considering fragile EM sentiment and the nation's weak fiscal and external position, Nicholas Yap says in a note.
- **Pakistan remains vulnerable to default as surge in global interest rates and Inflation takes toll | Pro Pakistani:** Pakistan is among the most vulnerable countries to default as the surge in global interest rates and inflation takes its toll on developing nations. According to Bloomberg research, the South Asian nation's bond yielding recently touched 40 percent which means the bond is riskier than before and is trading at distressing levels globally.
- **Gross margins of refineries decline sharply on crude crash | The News:** Gross refinery margins (GRMs) were squeezed sharply after international prices of crude oil and petroleum products dropped down substantially in recent days, industry officials said on Thursday. The margins are the difference between crude price and prices of petroleum products like diesel and petrol and these widened massively after global prices of oil peaked to all time high in the global market.
- **Coal-fired Jamshoro power plant: MoF to issue LoC for PKR10bn loan pact with Faysal Bank | BR:** The Finance Ministry is to issue Letter of Comfort (LoC) for signing of agreement with M/s Faysal Bank Limited for a loan of PKR10bn for coal-fired Jamshoro power plant prior to issuance of sovereign guarantee enabling JPCL to proceed further for finalization of loan, well-informed sources told.
- **Morinaga Milk seeks to increase share in NMPL | The News:** ICI Pakistan Limited received a conditional offer from Morinaga Milk Industry, Japan to acquire approximately 33.3 percent shares of NutriCo Morinaga at an aggregate price of USD56.6mn, a bourse filing said on Thursday. Disclosing material information to the Pakistan Stock Exchange as per the Securities Act 2015, ICI Pakistan said the company received a conditional offer from Morinaga Milk to acquire an aggregate of approximately 33.3% of the issued and paid up share capital of NutriCo Morinaga (NMPL).
- **PIA inducts second Airbus 320 aircraft into fleet | BR:** Pakistan International Airline (PIA) has inducted the second Airbus 320 aircraft into the fleet. The second Airbus 320 aircraft has arrived from Sharjah. According to the details, the first aircraft arrived in Pakistan on April 29, 2022, and is now in operation. The national flag carrier had tendered for the acquisition of the aircraft last year out of which two aircraft have reached Pakistan this year while two more aircraft will reach Pakistan in the next few days.

Market Indices			
	14-Jul-22	13-Jul-22	30-Jun-22
KSE 100	42,349	41,863	41,541
KSE 30	16,165	15,964	15,805
KMI 30	70,088	69,052	68,766
KSE All Shares	29,029	28,778	28,582
Volume (mn Shares)			
	14-Jul-22	FYTD (Average)	
KSE 100	132.6	66.0	
KSE 30	60.2	33.7	
KMI 30	67.8	38.1	
KSE All Shares	227.8	129.5	
Commodity Rates			
	14-Jul-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	99.1	-0.5%	-13.7%
Crude Oil-Arab Light (USD/BBL)	100.0	-1.0%	-7.4%
Coal (USD/Tonne)	352.0	-0.7%	3.0%
Copper (USD/Lbs)	3.2	-3.3%	-13.4%
Cotton (¢/Lbs)	97.1	-2.9%	-12.0%
Gold (USD/Ounce)	1,709.5	-1.5%	-5.4%
Currency (Interbank)			
	14-Jul-22	Daily Change	FYTD Change
US Dollar	209.4	-0.3%	2.4%
UK Pound	247.6	-0.8%	-0.6%
Euro	209.7	-0.7%	-2.2%
UAE Dirham	57.1	-0.6%	2.3%
Chinese Yuan	31.0	-0.8%	1.5%
Fund Flows (USD mn)			
	14-Jul-22	FYTD	
FOREIGN INDIVIDUAL	0.00	0.02	
FOREIGN CORPORATES	0.31	1.52	
OVERSEAS PAKISTANI	-0.14	1.15	
FIPI NET	**0.17**	**2.69**	
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			
	14-Jul-22	13-Jul-22	30-Jun-22
SBP Policy Rate	15.00	15.00	13.75
CPI Inflation	21.32	21.32	13.80
3 Month T-Bill	15.26	15.48	14.98
6 Month T-Bill	15.59	15.71	15.15
12 Month T-Bill	15.74	15.86	15.30
3 Year Government Bond	13.84	14.07	13.45
5 Year Government Bond	13.19	13.37	12.93
10 Year Government Bond	13.03	13.23	12.92
3 Month KIBOR	15.59	15.63	15.16
6 Month KIBOR	15.87	15.87	15.35

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