Morning News 18-Jul-2022

MCB-ARIF HABIB
Savings and Investments Limited

- **USD1.17bn tranche to be released in three to six weeks: IMF | Dawn:** The International Monetary Fund (IMF) has said that its agreement with Pakistan would lead to a "straight away" disbursement of USD1.17bn to the country. "It's an agreement on a combined seventh and eighth review of the programme... that will translate into about USD1.17bn being disbursed to Pakistan.
- **Eyeing USD4bn from friendly countries this month | Dawn:** Pakistan is likely to get USD4bn from friendly countries this month to bridge a gap in foreign reserves highlighted by the International Monetary Fund, Finance Minister Miftah Ismail said, two days after sealing a deal with the lender.
- **WB approves USD200mn to transform agri sector | BR:** The World Bank's Board of Executive Directors on Saturday approved USD200mn in financing to support Pakistan in transforming the agricultural sector by adopting climate-smart technologies to improve water-use efficiency, build resilience to extreme weather events and increase incomes of small farmers.
- **Staff-level agreement with IMF: Country's economy still vulnerable to external shocks | The News:** Though Pakistan's incumbent coalition government has averted an imminent default after it reached a staff-level agreement with the IMF, the economy is still vulnerable to external shocks with growing debts. In addition, there is no immediate danger of collapse as oil and commodity markets are soft at the moment.
- **Inflation rate will soar to 40%, claims Tarin | BR:** Pakistan Tehreek-e-Insaf senior leader and former Federal Finance Minister Shaukat Tarin has said that the next month's utility bills with upward revised rates will push the inflation rate to 40%.
- **PKR declines 1.4% during shortened week | BR:** The rupee depreciated 1.4% during a shortened previous week even as the International Monetary Fund (IMF) announced that it reached a staff-level agreement with Pakistan authorities early on Thursday as the US dollar's renewed strength and deteriorating economic conditions added to pressure on the local currency.
- **Trade deficit biggest economic challenge | The News:** Curtailing trade deficit would be the biggest economic challenge in fiscal year 2022-23 for the government, without which the country might remain under a constant threat of default and its foreign exchange reserve would not building to a secure level, Federation of Pakistan Chambers of Commerce & Industry (FPCCI) said on Friday.
- **FATF's on-site visit likely in September | Dawn:** Global financial crime watchdog the Financial Action Task Force (FATF) will send its on-site mission to Pakistan sometime in September, a visit anticipated by diplomatic circles in Islamabad as a "final walk-through from the FATF process" for the country.
- **Gwadar Free Zone: Irked by rupee slide, Chinese for accounts in RMB | BR:** Disturbed with frequent depreciation of the Pak Rupee (PKR), Chinese investors in Gwadar have sought permission to maintain their bank accounts in RMB in Gwadar Free Zone without converting their money into Rupees.
- **Open-ended mutual funds, ETFs: SECP allows insurance cos to make investment | BR:** The Securities and Exchange Commission of Pakistan (SECP), to encourage participation of insurance companies in the Exchange Traded Fund (ETF) market, has allowed insurance companies to invest in open-ended mutual funds including ETFs. The SECP officials briefed media Friday about the implementation of this SECP Policy Board decision.
- **Auto sector posts record sales in FY22 | Dawn:** Despite surging prices, record fuel and interest rates, curbs on auto financing and the suspension of advance booking by some assemblers in May, the sales of cars, jeeps and pickups posted an all-time high in FY22.
- **Four USD2.3bn power projects declared 'problematic' | BR:** The Ministry of Economic Affairs has reportedly declared four power sector projects of USD2.3bn problematic and directed Power Division and its attached organizations to expedite implementation of the projects.
- **PKR500bn addition to circular debt: Power Division holds Nepra responsible | BR:** The Power Division has reportedly held National Electric Regulatory Authority (Nepra) responsible for addition of PKR500bn to the circular debt flow in FY 2021-22 totaling PKR850bn due to delay in notifications for rebasing of PKR7.91 per unit and Quarterly Tariff Adjustment (QTA) determination.
- **Coal import, bilateral, transit trade: Delegation leaving for Kabul today | BR:** A 12-member Pakistani official delegation including Secretary Commerce Sualeh Ahmad Faruqui and Secretary Power Rashid Mehmood Langrial is leaving for Kabul on Monday (today) for a three-day visit (July 18-20) for talks on import of coal for power generation, besides matters related to bilateral and transit trade.
- **Petroleum dealers call off strike | The News:** Pakistan Petroleum Dealers Association (PPDA) on Sunday cancelled the strike call given for Monday after the government agreed to raise their margin by 100%. After talks with Dealers Association's representative Abdul Sami Khan at Pakistan State Oil Office, State Minister for Petroleum Musadik Malik said all the issues were resolved, adding that all the agreed points would be taken to the federal cabinet and implemented once endorsed by the cabinet.
- **Miftah says reshaping MPMG scheme by next week | The News:** The government has planned to reshape and move toward with its subsidised housing financing scheme Mera Pakistan Mera Ghar (MPMG) to secure borrower's money, finance minister said on Saturday.
- **Punjab by-elections: PTI trounces PML-N; victory will add to IK's narrative | BR:** In the by-elections for the 20 constituencies of the Punjab Assembly, unofficial results confirmed the Pakistan Tehreek-e-Insaf (PTI) victory on a majority of the seats on Sunday.
- **IK demands general elections | BR:** After his party emerged victorious in by-elections on majority of seats of Punjab Assembly, Chairman Pakistan Tehreek-e-Insaf (PTI) Imran khan, Sunday, once again reiterated his demand to hold free and fair general elections in the country but under a credible Election Commission of Pakistan (ECP), warning that "any other path" would lead to further debacle. "The only way forward from here is to hold fair and free elections under a credible ECP.
- **Saudi Arabia says no additional capacity to increase oil production beyond 13 million bpd | The News:** Saudi Arabia will not have any additional capacity to increase oil production beyond 13mn barrels per day, Crown Prince Mohammed bin Salman said during his address to the US-Arab summit in Jeddah.

Market Indices

	15-Jul-22	14-Jul-22	30-Jun-22
KSE 100	42,075	42,349	41,541
KSE 30	16,051	16,165	15,805
KMI 30	69,675	70,088	68,766
KSE All Shares	28,896	29,029	28,582

Volume (mn Shares)

	15-Jul-22	FYTD (Average)
KSE 100	77.3	67.4
KSE 30	41.5	34.7
KMI 30	47.2	39.2
KSE All Shares	139.5	130.8

Commodity Rates

	15-Jul-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	101.2	2.1%	-11.9%
Crude Oil-Arab Light (USD/BBL)	101.5	1.6%	-5.9%
Coal (USD/Tonne)	344.0	-2.3%	0.7%
Copper (USD/Lbs)	3.2	0.7%	-12.8%
Cotton (¢/Lbs)	101.1	4.1%	-8.4%
Gold (USD/Ounce)	1,706.8	-0.2%	-5.5%

Currency (Interbank)

	15-Jul-22	Daily Change	FYTD Change
US Dollar	210.7	0.6%	3.0%
UK Pound	249.7	0.9%	0.3%
Euro	212.5	1.3%	-0.9%
UAE Dirham	57.5	0.6%	2.9%
Chinese Yuan	31.2	0.6%	2.1%

Fund Flows (USD mn)

	15-Jul-22	FYTD
FOREIGN INDIVIDUAL	0.05	0.07
FOREIGN CORPORATES	0.32	1.84
OVERSEAS PAKISTANI	0.42	1.57
FIPI NET	**0.80**	**3.49**

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

	15-Jul-22	14-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	15.00	15.26	14.98
6 Month T-Bill	15.38	15.59	15.15
12 Month T-Bill	15.59	15.74	15.30
3 Year Government Bond	13.33	13.84	13.45
5 Year Government Bond	12.80	13.19	12.93
10 Year Government Bond	12.58	13.03	12.92
3 Month KIBOR	15.34	15.59	15.16
6 Month KIBOR	15.79	15.87	15.35

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