Morning News 19-Jul-2022

MCB-ARIF HABIB Savings and Investments Limited

- **Fiscal consolidation: Economic, political uncertainty to challenge the pace: Moody's | BR:** The economic and political uncertainty will challenge the pace of fiscal consolidation in the fiscal year 2023, says Moody's Investors Services (Moody's). The rating agency in its latest report "Government of Pakistan - B3 negative, Annual credit analysis, overview and outlook", stated that the credit profile of Pakistan reflects its low fiscal strength, weak institutions and governance strength, heightened external vulnerability risks and elevated political risks, balanced against a large economy and robust growth potential.
- **Completion of EFF programme: 'Pakistan's ability remains highly uncertain': Moody's | BR:** Pakistan's ability to complete the current Extended Fund Facility (EFF) programme and maintain a credible policy path that supports further financing remains highly uncertain, while elevated inflation and a higher cost of living are adding to social and political risks, says Moody's Investors Services (Moody's). "The government may also find it difficult to continually enact revenue-raising reforms, such as steadily increasing petroleum levies and raising power tariffs, particularly in the run-up to the next general elections scheduled for mid-2023," said the rating agency in its latest report on Pakistan and IMF staff-level agreement. On 14 July, IMF staff and Pakistani authorities reached a staff-level agreement on policies to complete the combined seventh and eighth reviews of Pakistan's (B3 negative) Extended Fund Facility (EFF).
- **No objection to talks with caretaker govt: IMF | The News:** The Executive Board of the International Monetary Fund (IMF) is expected to meet in the last week of August this year to decide whether to approve or disapprove its deal with Pakistan, and IMF had no objection to holding negotiations with the caretaker government if it comes in Pakistan. Sources privy to the matter said Pakistan would have to meet all the pre-conditions to the agreement to win the Board's approval for the loan instalment, adding that Pakistan could not afford to delay implementation on these conditions, including those related to levying taxes on petroleum products.
- **FY22: Over USD31bn record remittances received | BR:** The country received the highest-ever home remittance inflows of over USD31bn during the last fiscal year (FY22). The State Bank of Pakistan (SBP) reported Monday that home remittances posted some 6.1% growth during the last fiscal year. With this increase, inflows of workers' remittances rose to the highest-ever level in history at USD31.24bn at the end of FY22 compared to USD29.45bn in FY21, depicting an increase of USD1.79bn. However, overall growth in remittances is lower than FY21, in which the country achieved 27% growth compared to 6% in FY22.
- **July-May LSMI output grows 11.7% YoY | BR:** The Large Scale Manufacturing Industries (LSMI) output has registered a growth of 11.7% during July-May 2021-22 as compared to the same period of 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 May 2022 decreased by 1.3% on a month-on-month basis when compared with April 2022 and increased by 21.4% on year-on-year (YoY) when compared to May 2021, with the base year, 2015-16.
- **Govt plans to borrow PKR5.751tr in July-September | The News:** The government has planned to borrow PKR5.75 trillion from banks in the next three months (July to September) of 2022, to bridge gap in revenue and expenditures, the central bank's auction calendar showed on Monday. The government will borrow PKR4.95 trillion from the auctions of market treasury bills (MTBs), while it also plans to attract PKR500bn through the sale of fixed and floating rate Pakistan Investment Bonds (PIBs).
- **'Political uncertainty' sees PKR hit new low, close at PKR215.2 in interbank | Dawn:** The dollar continued its relentless upward march against the rupee on Monday with the greenback gaining PKR4.25 in interbank trade. According to the Forex Association of Pakistan, the dollar was trading at a record PKR216 against the local currency at 3:12pm, up PKR5, or 2.4%, from Friday's close of PKR210.95. The dollar eventually closed at PKR215.2, with the local currency depreciating 1.97%, according to data shared by the State Bank of Pakistan (SBP).
- **NEPRA allows KE to remove power subsidies for protected consumers exporters | The News:** National Electric Power Regulatory Authority (NEPRA) has allowed K-Electric to increase the number of unprotected consumers, remove power subsidies given to exporting industries, charge commercial peak hours and to recover May fuel adjustment in July and August.
- **RLNG-fired project: CMEC seeks PM's help in getting more funds from China | BR:** M/s China Machinery Engineering Corporation (CMEC), which established 1,263 MW RLNG-fired project at Jhang, has sought help from Prime Minister Shehbaz Sharif to resolve its issues and raise more funds from China. CMEC President Fang Yanshui, in a letter to Prime Minister has shared major concerns of the project, expecting a consistent support for the project.
- **Neelum-Jhelum plant shut down for six months | The News:** Neelum-Jhelum hydropower plant, which is non-operational since July 06, will take six months to restore power supply in the national grid. The 969 MW project malfunctioned due to blockage in its tail race tunnel. Apparently, it is the geological failure in the tunnel, but the real cause will be traced once the dewatering process is completed, said the top officials of the energy ministry.
- **PTCL declares 5.7% revenue growth in H1 2022 | The News:** Pakistan Telecommunication Company Limited (PTCL) on Monday announced its financial results for the quarter ended June 30, 2022, revealing that the group managed to post up to 5.7% growth in revenue in 6 months of the year 2022 over the comparative period. PTCL Group's revenue of Rs71.7bn in 2022 is 5.7% higher as compared to the same period of last year. According to the company, it managed to keep top line growth momentum, which strengthened its market standing as an integrated telecom services provider in the country.
- **Election on 22nd: PTI endorses Elahi's nomination for CM's slot | BR:** After emerging as a majority seat winning party, Pakistan Tehreek-e-Insaf (PTI) on Monday endorsed the nomination of Chaudhary Pervaiz Elahi as a joint candidate of the PTI and the PML-Q for the slot of Punjab chief minister for which election will be held on July 22. A meeting of the PTI's core committee which was held here with the party chairman Imran Khan discussed the "historic win" of the party in July 17 by-election against 20 seats of Punjab provincial assembly.
- **PM invites allies, PDM leaders to meeting today | BR:** On the invitation of Prime Minister Shehbaz Sharif, an important meeting of the leaders of the allied parties of the government and the Pakistan Democratic Movement (PDM), will be held on Tuesday (today). The Federal Information Minister Marriyum Aurangzeb said on Monday that the PM Shehbaz Sharif has invited the leaders of the coalition parties of the government and PDM to his residence at 96-H Model Town, Lahore.
- **Coalition govt should complete its term: PPP | The News:** The Pakistan People's Party (PPP) has reiterated its stance that the present federal government should complete its constitutional term and the general elections should be held on time after the adoption of more electoral reforms. The CEC of the PPP backed the decision of standing with the coalition partners and follow the whatever decision is made in the meeting of the coalition partners that was summoned for today (Tuesday) in Lahore and not to ditch the coalition partners at this critical stage when they needed complete support and stood with them as united.

Market Indices			
	18-Jul-22	15-Jul-22	30-Jun-22
KSE 100	41,367	42,075	41,541
KSE 30	15,746	16,051	15,805
KMI 30	68,404	69,675	68,766
KSE All Shares	28,492	28,896	28,582
Volume (mn Shares)			
	18-Jul-22	FYTD (Average)	
KSE 100	67.9	67.5	
KSE 30	37.5	35.0	
KMI 30	41.6	39.5	
KSE All Shares	151.2	133.1	
Commodity Rates			
	18-Jul-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	106.3	5.1%	-7.4%
Crude Oil-Arab Light (USD/BBL)	106.7	5.0%	-1.2%
Coal (USD/Tonne)	326.4	-5.1%	-4.5%
Copper (USD/Lbs)	3.3	3.5%	-9.8%
Cotton (¢/Lbs)	105.1	4.0%	-4.7%
Gold (USD/Ounce)	1,709.0	0.1%	-5.4%
Currency (Interbank)			
	18-Jul-22	Daily Change	FYTD Change
US Dollar	215.5	2.3%	5.4%
UK Pound	257.5	3.1%	3.4%
Euro	218.6	2.8%	2.0%
UAE Dirham	59.2	3.0%	5.9%
Chinese Yuan	32.0	2.5%	4.7%
Fund Flows (USD mn)			
	18-Jul-22	FYTD	
FOREIGN INDIVIDUAL	0.00	0.07	
FOREIGN CORPORATES	0.42	2.26	
OVERSEAS PAKISTANI	0.01	1.58	
FIPI NET	**0.42**	**3.91**	
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			
	18-Jul-22	15-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	14.98	15.00	14.98
6 Month T-Bill	15.45	15.38	15.15
12 Month T-Bill	15.65	15.59	15.30
3 Year Government Bond	13.45	13.33	13.45
5 Year Government Bond	13.01	12.80	12.93
10 Year Government Bond	12.92	12.58	12.92
3 Month KIBOR	15.09	15.34	15.16
6 Month KIBOR	15.69	15.79	15.35

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