Morning News 20-Jul-2022

MCB-ARIF HABIB
Savings and Investments Limited

- **Fitch, too, revises outlook to negative | BR:** Ratings agency Fitch has revised Pakistan's outlook to negative from stable while affirming its long-term foreign-currency (LTFC) issuer default rating (IDR) at "B-". Rating agency Moody's changed country's outlook to negative from stable on June 2.
- **Tough decisions caused political setbacks | The News:** Federal Minister for Finance Miftah Ismail said Tuesday the government would be able to manage external financing gap of USD4 billion soon. "We will be able to fulfil the external financing gap of USD4bn soon. We will satisfy the IMF and there will be no problem to manage external gap", Federal Minister for Finance said while talking to The News.
- **Pakistan international bond yields surge to 50.6% | Mettis Global:** The interest rates for Eurobond maturing on April 15, 2024, for tenor 10 years recorded an increase of 16% to 50.6% owing to the rising concerns over the deterioration in the country's external liquidity position and financing conditions since early 2022. Meanwhile, the interest rate on 10 years Eurobonds maturing on September 30, 2025, climbed by 9% to 35.6%.
- **Rupee, stocks sink on credit rating downgrade, political uncertainty | The News:** The rupee hit another record low on Tuesday while stocks plunged after Fitch Ratings downgraded the country's credit rating outlook and the growing political uncertainty heightened worries about the continuation of the International Monetary Fund's bailout programme, dealers said.
- **Oil, food import bill jumps 64% to USD32.3bn | Dawn:** Pakistan's oil and eatable import bill surged by 64% to USD32.32bn in the FY22 compared to USD19.69bn in the preceding fiscal year owing to higher international prices and massive depreciation of the rupee. While the textile and clothing exports also grew 25.53% year-on-year to USD19.32bn on the back of a steady rise in global demand.
- **SBP terms PKR depreciation a feature of market determined exchange rate system | Mettis Global:** The State Bank of Pakistan (SBP) on Tuesday termed the recent depreciation of the Pakistani rupee (PKR) a feature of a market-determined exchange rate system. While taking to its official Twitter handle, the central bank said, "The recent movement in the Rupee is a feature of a market-determined exchange rate system.
- **FY21-22: Textile group exports witness 25.53% growth | BR:** The country's textile group exports witnessed a growth of 25.53% during the last financial i.e. 2021-22 and remained USD19.33bn compared to USD15.40bn during 2020-21, says the Pakistan Bureau of Statistics (PBS).
- **After petroleum dealers, OMCs seek a raise in margins | The News:** Oil marketing companies (OMCs) have sought increase in margins on petrol and diesel to PKR7 per litre, following example of petroleum dealers'', which could increase the cost of the essential fuels for end consumers.
- **ECC may approve rate of PL on LPG today | BR:** Finance Minister Miftah Ismail has convened a meeting of the Economic Coordination Committee (ECC) of the Cabinet today (Wednesday) to consider and may approve the rate of Petroleum Levy (PL) on Liquefied Petroleum Gas (LPG).
- **Pakistan gets offers in 300,000T wheat import tender | The News:** Wheat imports through private trading companies have finally started gaining momentum as Trading Corporation of Pakistan (TCP) issued bid evaluation report of a fresh tender for purchasing 300,000 tonnes grains.
- **Power consumers to pay extra PKR63bn in 180 days | The News:** The electricity consumers will have to pay an additional amount of PKR63bn in tariff in the head of monthly fuel adjustment for six months. It's all because the reliance on costly RFO-based electricity will escalate as cheaper electricity of 969MW from Neelum-Jhelum hydropower project will remain offline for 180 days due to blockage in tailrace tunnel that appeared on July 6 this month.
- **Discos, KE's base tariffs: Nepra all set to approve modifications | BR:** National Electric Power Regulatory Authority (NEPRA) is all set to give its nod for modification in base tariffs of Discos and KE after adjustment of targeted subsidy for domestic consumers using less than 100 units per month.
- **PKR1.55/unit hike in KE tariff likely | BR:** Economic Coordination Committee (ECC) of the Cabinet is to approve an increase of PKR1.55 per unit in the tariff of Karachi Electric (KE) aimed at bringing its tariff in line with the uniform tariff policy under Quarterly Tariff Adjustment (QTA) to be recovered in three months.
- **Lucky Motor Corporation increases KIA prices by up to PKR1.1mn | Mettis Global:** In the back of the notable depreciation of the local currency and dismal macros, Lucky Motor Corporation Limited (LMCL) has increased the prices of KIA products by up to PKR1.1mn. Accordingly, the KIA Carnival is now available at PKR12.6mn while Sorento's variants are priced between PKR7.8mn to PKR7.5mn.
- **Roosevelt Hotel: AD presents 'incomplete' leasing plan to ECC | BR:** The Aviation Division (AD) has reportedly presented an 'incomplete leasing plan' of Roosevelt Hotel, New York to the ECC, seeking its approval urgently, fearing that Roosevelt Hotel Corporation (RHC), could be land marked any day, well informed sources in Aviation Division told Business Recorder.
- **Brushing aside speculation, coalition govt decides to complete constitutional term | BR:** The government has decided to complete its constitutional tenure till August 2023 amid pressure from Pakistan Tehreek-e-Insaf (PTI) to announce early elections, *Aaj News* reported on Tuesday. The decision comes days after PTI routed the PML-N by winning at least 15 seats in the crucial by-elections on the 20 Punjab Assembly seats.

Market Indices

	19-Jul-22	18-Jul-22	30-Jun-22
KSE 100	40,389	41,367	41,541
KSE 30	15,325	15,746	15,805
KMI 30	66,365	68,404	68,766
KSE All Shares	27,931	28,492	28,582

Volume (mn Shares)

	19-Jul-22	FYTD (Average)
KSE 100	103.5	71.1
KSE 30	59.4	37.4
KMI 30	65.0	42.0
KSE All Shares	194.7	139.2

Commodity Rates

	19-Jul-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	107.4	1.0%	-6.5%
Crude Oil-Arab Light (USD/BBL)	108.9	2.1%	0.9%
Coal (USD/Tonne)	336.9	3.2%	-1.4%
Copper (USD/Lbs)	3.3	-1.6%	-11.3%
Cotton (¢/Lbs)	104.8	-0.2%	-4.9%
Gold (USD/Ounce)	1,711.1	0.1%	-5.3%

Currency (Interbank)

	19-Jul-22	Daily Change	FYTD Change
US Dollar	221.5	2.8%	8.3%
UK Pound	265.6	3.2%	6.7%
Euro	226.5	3.6%	5.6%
UAE Dirham	60.6	2.4%	8.5%
Chinese Yuan	32.8	2.8%	7.6%

Fund Flows (USD mn)

	19-Jul-22	FYTD
FOREIGN INDIVIDUAL	0.00	0.07
FOREIGN CORPORATES	0.64	2.90
OVERSEAS PAKISTANI	0.62	2.20
FIPI NET	**1.26**	**5.18**

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

	19-Jul-22	18-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	15.03	14.98	14.98
6 Month T-Bill	15.48	15.45	15.15
12 Month T-Bill	15.68	15.65	15.30
3 Year Government Bond	13.24	13.45	13.45
5 Year Government Bond	13.15	13.01	12.93
10 Year Government Bond	12.96	12.92	12.92
3 Month KIBOR	15.14	15.09	15.16
6 Month KIBOR	15.69	15.69	15.35

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