Morning News 25-Jul-2022

MCB-ARIF HABIB
Savings and Investments Limited

- **Pakistan not among most vulnerable countries: SBP | BR:** Acting Governor of the State Bank of Pakistan (SBP) Dr Murtaza Syed has said that economically Pakistan is not among the most vulnerable countries in the world and the capable team of the central bank is engaged with global institutions to overcome the present adversities in the international economic environment.
- **Country's financing needs fully met for this year | BR:** Pakistan's USD33.5bn external financing needs are fully met for financial year 2022/23, the central bank chief said on Saturday, adding that "unwarranted" market concerns about its financial position will dissipate in weeks.
- **Pakistan's IMF deal offers economic pain relief but no panacea | The News:** Pakistan stepped away from the brink of bankruptcy by striking a deal with the International Monetary Fund to resume a USD6bn loan program this month. However, experts warn that there is much more work to do, and that political instability poses a major obstacle to a true economic revival.
- **Corporate sector: SECP issues new regulatory framework | BR:** The Securities and Exchange Com-mission of Pakistan (SECP) has issued a new regulatory framework for the companies including foreign companies operating in Pakistan covering areas of registration, maintenance of records, monitoring of foreign funding, compliance/reporting, filing of documents and payments of fees by the corporate sector.
- **Govt restores slab-based CGT | Tribune:** In line with the years-old demand of the Pakistan Stock Exchange (PSX), the government has notified the restoration of slab-based capital gains tax (CGT) on the sale of shares with effect from July 1, 2022.
- **Cabinet okays ordinance to sell assets | Tribune:** In a desperate attempt to save the country from default through emergency sale of state's assets to foreign countries, the federal cabinet has approved an ordinance to bypass all the procedures for the process and also abolished regulatory checks including the applicability of six relevant laws.
- **Liquidity crunch haunts inter-bank market | The News:** Pakistan's inter-bank market faces a severe liquidity crunch worth millions of dollars, leaving no other options for bankers to force importers to open Letters of Credit (LCs) after a pause of at least one month for clearing their goods.
- **PKR loses 7.6% to the US dollar | BR:** The rupee lost 7.6% to the US dollar during the previous week, more than what businesses tend to keep in mind over the course of a year in terms of annual currency depreciation, as renewed political uncertainty and heightened concerns over Pakistan's external financing needs saw the inter-bank market go through a tumultuous five sessions.
- **10 directors appointed on SBP BoD after Cabinet approval | BR:** The federal government has decided to appoint 10 directors on the Board of Directors of the State Bank of Pakistan (SBP) as approval to this effect was given by the federal Cabinet on Thursday.
- **FBR estimates potential PKR3trn tax gap | BR:** The Federal Board of Revenue (FBR) has estimated a potential tax gap of PKR3,000bn on an annual basis which exists due to tax exemptions to powerful sectors/lobbies, massive tax evasion, and the inability of the tax machinery to collect due taxes.
- **Govt set to lift import ban on luxury items | Dawn:** The government is set to begin removing restrictions on the import of "non-essential and luxury items" imposed on Feb 19 and provide energy at subsidised rates — electricity at nine cents per unit and gas at USD9 per unit — throughout the current fiscal year to make the country's exports competitive.
- **Edible oil, paper, and other goods: WHT on imports made 'minimum tax' | BR:** The withholding tax collected on import of edible oil, packaging material, paper/ paper board and plastics from the industrial undertakings/ commercial importers has been made 'minimum tax' from July 1, 2022.
- **Oil consumption declines | BR:** The country's consumption of two key petroleum products, Petroleum Motor Gasoline (PMG) or petrol and HSD, has declined by 21% and 44%, respectively due to measures taken by the government to curtail imports and massive increase in their prices by the incumbent government.
- **Discos allowed to implement PKR7.91/unit tariff hike in 3 phases | BR:** National Electric Power Regulatory Authority (NEPRA) has given go ahead to Discos to implement increase of PKR 7.91 per unit in three phases starting from July 1, 2022.
- **Auto kit imports hit record USD1.7bn in FY22 | Dawn:** The import bill of completely and semi-knocked down (CKD/SKD) kits of locally assembled cars hit an all-time high of USD1.7bn in FY22 compared to USD1.11bn in the preceding year, a jump of 52% owing to escalating demand for vehicles and low localisation.
- **Country likely to buy Iranian LPG in PKR | BR:** Pakistan is likely to strike a deal with Iran for purchase of Liquefied Petroleum Gas (LPG) in Pak Rupees as Tehran is already considering Pakistan's proposal, well informed sources in Commerce Ministry told Business Recorder.
- **Energy conservation drive: Power Div asked to seek comments of Finance Div | BR:** Cabinet Division has advised Power Division to seek comments of Finance Division on the summary of PKR100mn supplementary grant meant to launch public awareness campaign about conservation of energy, well informed sources told Business Recorder.
- **Rupee depreciation raises cotton prices by PKR3,500 per maund | The News:** Cotton prices heavily fluctuated during outgoing week with an unusual increase of PKR3,500 per maund (37.324 kg) in cotton spot rate on depreciation of Pak rupee, stakeholders said on Saturday.
- **KE tariff adjustment: Power Division to approach Nepra | BR:** Power Division is to approach National Electric Power Regulatory Authority (Nepra) for Quarterly Tariff Adjustment (QTA) adjustment of PKR 1.55 per unit in KE tariff to be recovered in three months, well informed sources told Business Recorder.
- **Fed set for another big rate hike with economy on knife's edge | BR:** US central bankers face an increasingly difficult balancing act as they struggle to douse scorching inflation while still keeping the economy growing, though they have made it clear they are willing to risk a recession. But with war still raging in Ukraine, and Covid-19 causing ongoing issues in Asia, avoiding an economic downturn will require luck and depend on many factors outside the Federal Reserve's control.

Market Indices

	22-Jul-22	21-Jul-22	30-Jun-22
KSE 100	40,077	39,832	41,541
KSE 30	15,211	15,122	15,805
KMI 30	65,819	65,148	68,766
KSE All Shares	27,724	27,526	28,582

Volume (mn Shares)

	22-Jul-22	FYTD (Average)
KSE 100	86.7	72.3
KSE 30	56.0	40.3
KMI 30	58.7	44.5
KSE All Shares	171.0	143.3

Commodity Rates

	22-Jul-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	103.2	-0.6%	-10.1%
Crude Oil-Arab Light (USD/BBL)	100.2	-0.3%	-7.2%
Coal (USD/Tonne)	336.5	0.5%	-1.5%
Copper (USD/Lbs)	3.3	1.5%	-9.7%
Cotton (¢/Lbs)	104.1	-0.2%	-5.6%
Gold (USD/Ounce)	1,426.5	0.5%	-4.5%

Currency (Interbank)

	22-Jul-22	Daily Change	FYTD Change
US Dollar	228.0	0.4%	11.5%
UK Pound	273.6	0.5%	9.9%
Euro	232.8	0.3%	8.6%
UAE Dirham	62.1	0.0%	11.2%
Chinese Yuan	33.8	0.7%	10.6%

Fund Flows (USD mn)

	22-Jul-22	FYTD
FOREIGN INDIVIDUAL	0.00	0.07
FOREIGN CORPORATES	0.17	4.15
OVERSEAS PAKISTANI	0.17	2.70
FIPI NET	**0.34**	**6.92**

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

	22-Jul-22	21-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	15.13	15.12	14.98
6 Month T-Bill	15.50	15.50	15.15
12 Month T-Bill	15.70	15.69	15.30
3 Year Government Bond	13.18	13.18	13.45
5 Year Government Bond	13.23	13.22	12.93
10 Year Government Bond	12.96	12.97	12.92
3 Month KIBOR	15.24	15.21	15.16
6 Month KIBOR	15.67	15.68	15.35

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