Morning News 26-Jul-2022

MCB-ARIF HABIB
Savings and Investments Limited

- **Pakistan to receive IMF tranche by August end: Miftah Ismail | Mettis Global:** Finance Minister on Monday said that Pakistan is expected to receive the next tranche of IMF by end of August after IMF's board meeting on Aug 24. In an exclusive talk with Radio Pakistan's correspondent Zahid Hameed, he said four to five billion dollars are also expected from the friendly countries. He said one friendly country is ready for immediate investment in the country.
- **Pakistan obtains foreign loans of USD22.5bn in FY22 | The News:** Pakistan has secured total foreign loans of USD22.5bn in the last financial year 2021-22 out of which it obtained highly expensive USD2.24bn commercial loans just last month (June 2022) to avoid depletion of foreign currency reserves at an accelerated pace. Owing to the inability of the government to revive the IMF program, Islamabad could not generate budgetary/policy loans from the multilateral creditors and had to rely upon disbursements of loans for project financing.
- **Rupee slumps to lifetime low of 229.88/dollar | The News:** Battered rupee slumped to yet another lifetime low of 229.88 against dollar on Monday, with dealers and analysts pinning the blame on import payments amid severe shortage of greenback in the interbank market. Domestic currency stood at 228.37 per dollar on Friday. In the open market, the local unit shed PKR3 to finish at 230 against the US dollar. "The central bank hasn't been supplying dollars to the foreign exchange market even though it's limiting the outflows.
- **SBP curbing interbank trade to contain dollar shortage | The News:** Pakistan's central bank is discouraging interbank trading due to a severe shortage of dollars that has pushed the rupee to post its worst weekly drop since 1998, Bloomberg reported on Monday. State Bank of Pakistan (SBP) asked commercial lenders to manage import-payment requests from their own inflows, such as exporter accruals and remittances, sources said, asking not to be identified discussing private deliberations.
- **Five export-oriented sectors: ECC decides to increase RLNG rate to USD9 per MMBTU | BR:** The Economic Coordination Committee (ECC) of the Cabinet has decided to increase the RLNG rate to USD9 per MMBTU for five export-oriented sectors across Pakistan and gave approval for an increase in indigenous gas price for export-oriented sectors at PKR1,350 per MMBTU and for the general industry at PKR1,550 per MMBTU. The meeting of the ECC presided over by the Minister for Finance, Dr Miftah Ismail, on Monday, was submitted a summary by the Ministry of Energy with regard to RLNG rate at USD9 per MMBTU, all inclusive to five export-oriented sectors across Pakistan.
- **Auto SMEs going bankrupt | BR:** Pakistan Association of Auto Parts and Accessories Manufacturers (PAAPAM) has said that the auto parts industry was facing the worst crisis in the history of Pakistan on account of the domino effect of dollarization-- spiralling inflation, freight rates, and tariff of utilities. The association in its statement issued on Monday said mounting bank interest, skyrocketing material cost, and crunch of working capital has bankrupted the SMEs working in the automotive parts sector.
- **SBP's curbs on LC: Indus Motor plans to shut production for over 2 weeks | BR:** Indus Motor Company (IMC) commonly known as Toyota company is planning to shut its production of all variants for more than two weeks by August 2022. According to the official sources, the company is planning to extend its non-production-day (NPD) for more than two weeks by August 2022 but the final decision would be made after the meeting to be convened on July 26 (Tuesday).
- **ICI Pakistan plans to acquire 75% stake in Lotte Chemical | The News:** ICI Pakistan Ltd., a company held by Lucky Cement, has announced intention to acquire approximately 75.01% shares of Lotte Chemical Pakistan Limited, a chemical company, a notification revealed on Monday. The announcement resulted in buying interest in the Lotte Chemical shares that closed in the upper circuit during the day. A total of 7.995mn shares were traded at the stock exchange that closed higher by PKR1.67 per share to PKR25.79 per share from PKR1.20 per share. The intention as the manager on behalf of ICI Pakistan Ltd.
- **Ghandhara, Chery plan to invest USD10mn in Pakistan's automotive industry | Pak Observer:** Leading Chinese automaker Chery has launched in Pakistan through a manufacturing and licensing agreement with Ghandhara Group. This initiative has initially injected an investment of PKR2.4bn in Pakistan's automotive sector. Besides, it has brought myriad employment opportunities and financial benefits for the country's hospitalized economy. Both entities have planned to increase the production capacity and ameliorate product quality while embracing the latest trends in technology.
- **MPMG scheme: conditional lending allowed | BR:** The federal government has conditionally allowed banks and financial institutions to disburse financing under Mera Pakistan Mera Ghar (MPMG) housing finance scheme for approved cases. Although, the federal government has allowed disbursement under the MPMG- government's Mark-up Subsidy Scheme for Housing Finance, however, the participating institutions have been asked to charge 250 basis points (bps) spread over and above Kibor instead of maximum spread of 400 bps currently allowed under Tiers 2 and 3 of MPMG housing finance scheme.
- **Immovable property deals: Boards of revenue told to collect enhanced WHT under Sec 236C | BR:** The Federal Board of Revenue (FBR), Monday, conveyed to the provincial Boards of Revenue that the enhanced withholding tax rates on the sale or transfer of immovable properties will be collected under Section 236C of the Income Tax Ordinance irrespective of the holding period. The FBR has also informed the provincial board of revenues that from July 1, 2022, the new rates of advance tax on sale/transfer and purchase of immovable properties would be applicable across the country.
- **Wheat import gets costly for Pakistan as rupee devalues | The News:** The unabated free fall of rupee against US dollar continues to deprive Pakistanis of the benefit they could have gotten from the declining global wheat prices. This has emerged from latest wheat bids received on Monday in response to international tender floated by the Trading Corporation of Pakistan (TCP) for import of 200,000 tonnes of grain.
- **Turmoil deepens as govt pits itself against SC | BR:** Following the Supreme Court's decision to continue the hearing on the Punjab chief minister's election with the current three-member bench, the ruling coalition, Monday, announced to boycott the scheduled hearing Tuesday (July 26). Addressing a press conference here, Pakistan Democratic Movement's chief Maulana Fazlur Rehman along with Pakistan People's Party (PPP) chairman and leaders of MQM, BAP, ANP and other coalition partners, said.

Market Indices			
	25-Jul-22	**22-Jul-22**	**30-Jun-22**
KSE 100	39,844	40,077	41,541
KSE 30	15,099	15,211	15,805
KMI 30	65,495	65,819	68,766
KSE All Shares	27,641	27,724	28,582
Volume (mn Shares)			
	25-Jul-22	**FYTD (Average)**	
KSE 100	36.4	69.7	
KSE 30	21.3	38.9	
KMI 30	21.1	42.8	
KSE All Shares	75.4	138.4	
Commodity Rates			
	25-Jul-22	**Daily Change**	**FYTD Change**
Crude Oil-Brent (USD/BBL)	105.2	1.9%	-8.4%
Crude Oil-Arab Light (USD/BBL)	101.9	1.7%	-5.6%
Coal (USD/Tonne)	341.5	1.5%	0.0%
Copper (USD/Lbs)	3.4	0.1%	-9.6%
Cotton (¢/Lbs)	102.2	-1.8%	-7.4%
Gold (USD/Ounce)	1,718.8	-0.4%	-4.9%
Currency (Interbank)			
	25-Jul-22	**Daily Change**	**FYTD Change**
US Dollar	229.8	0.8%	12.3%
UK Pound	276.7	1.1%	11.1%
Euro	234.8	0.9%	9.5%
UAE Dirham	62.5	0.6%	11.9%
Chinese Yuan	34.0	0.8%	11.5%
Fund Flows (USD mn)			
	25-Jul-22	**FYTD**	
FOREIGN INDIVIDUAL	0.00	0.07	
FOREIGN CORPORATES	-0.37	3.77	
OVERSEAS PAKISTANI	-0.07	2.64	
FIPI NET	**-0.44**	**6.48**	
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			
	25-Jul-22	**22-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	15.18	15.13	14.98
6 Month T-Bill	15.50	15.50	15.15
12 Month T-Bill	15.70	15.70	15.30
3 Year Government Bond	13.23	13.18	13.45
5 Year Government Bond	13.23	13.23	12.93
10 Year Government Bond	12.97	12.96	12.92
3 Month KIBOR	15.29	15.24	15.16
6 Month KIBOR	15.67	15.67	15.35

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