Morning News 27-Jul-2022

MCB-ARIF HABIB Savings and Investments Limited

- **Political Strife Threatens Even Bigger Losses in Pakistan Assets | Bloomberg:** The specter of political uncertainty delaying the International Monetary Fund's support for Pakistan is unnerving investors, risking further losses in the nation's bonds and currency. The rupee and the country's dollar bonds are setting fresh record lows and Pakistan's stocks are among the worst performers in Asia this month as the clock counts down to a USD1bn bond payment due in December.
- **Miftah hopes for current account surplus in July | The News:** Finance Minister Miftah Ismail on Tuesday hoped that Pakistan would post a surplus on the external front this month as imports would likely be lower than exports plus remittances. In his tweet, the minister said, "Imports in Pakistan as of July 25 were USD3.76bn.At this clip, our total imports are likely to be USD4.82bn.
- **Rupee unable to resist high tide of dollar demand | Dawn:** The rupee again lost its value against the US dollar on Tuesday in the interbank market leaving no chance to survive against the high tide of dollar demand. The State Bank reported the closing price of dollar at PKR232.93 in the interbank market as the greenback gained PKR3.05 on Tuesday. Since the inception of new government in Islamabad in the beginning of second week of April, the dollar appreciated by 28 per cent or PKR51 per dollar.
- **Banking spread for housing scheme revised | Dawn:** The government has revised the banking spread on housing finance for the Mera Pakistan Mera Ghar (MPMG) scheme from 400bps to 250bps over and above the prevailing Karachi Interbank Offered Rate (Kibor). The State Bank of Pakistan (SBP) issued a circular on Tuesday that said the government is reviewing the housing scheme, which offers subsidies on financing.
- **Power supply to export sectors at low rates: More funding contingent on IMF's consent, ECC told | BR:** The Finance Division has conveyed to the Economic Coordination Committee (ECC) of the Cabinet that additional funding requirement for providing electricity at concessionary rates to the export-oriented sectors would be contingent to the International Monetary Fund's consent.
- **Cabinet okays rebasing of power tariff | The News:** The federal cabinet has approved the rebasing of power tariff under which the government has raised electricity rates by PKR3.5 per unit on an immediate basis, and the forum has also decided to provide round-the-clock power supply to dedicated industrial feeders.
- **Key power projects to be taken up in JEWG meeting | BR:** Power projects including 1124 MW Kohala and 700.7 MW Azad Pattan HPPs as well as 1,320 MW Thar Coal power plant project will be taken up in the coming meeting of the Pakistan-China Joint Energy Working Group (JEWG) which would be held in the first week of the next month (August).
- **Parts shortage forces Suzuki to cut production days in August | BR:** Pak Suzuki Motor Company Limited (PSMCL) has decided to cut the number of production days in August due to shortage of parts following restrictions on their import imposed by the State Bank of Pakistan.
- **SSGC plans gas supply to two SEZs | The News:** The Sui Southern Gas Company (SSGC) is in process of executing at least three strategic projects to supply gas to two special economic zones (SEZs) and an industrial park in their respective areas to boost industrial production, a statement said on Tuesday.
- **Traders turn to French wheat for Pakistan | BR:** Traders bought up to seven shipments of French wheat aimed for Pakistan as part of a 300,000 tonne tender last week, European traders said on Tuesday, in a further sign that importing countries are turning to western Europe to fill a gap left by missing Black Sea grain.
- **Mining sector likely to get status of industry | BR:** The federal government is likely to grant mining sector as industry status aimed at facilitating its development as per rules of provincial governments, sources in Petroleum Division told Business Recorder.
- **China keen to explore Pakistan's dairy sector for mutual benefits | The News:** Cooperation between China and Pakistan on dairy industry and multifarious demands for high-quality dairy products in China would provide a contemporary path of development for Pakistan's domestic dairy sector.
- **President Alvi swears in Pervaiz Elahi as new Punjab CM | Tribune:** Hours after the Supreme Court struck down Punjab Assembly deputy speaker's ruling, President Dr Arif Alvi administered the oath of Punjab chief minister to Pakistan Tehreek-e-Insaf (PTI) candidate Chaudhry Pervaiz Elahi at the President House in wee hours of Wednesday.
- **IMF cuts global growth outlook, warns high inflation threatens recession | Reuters:** The International Monetary Fund cut global growth forecasts again on Tuesday, warning that downside risks from high inflation and the Ukraine war were materializing and could push the world economy to the brink of recession if left unchecked. Global real GDP growth will slow to 3.2% in 2022 from a forecast of 3.6% issued in April, the IMF said in an update of its World Economic Outlook.

Market Indices			
	26-Jul-22	25-Jul-22	30-Jun-22
KSE 100	39,894	39,844	41,541
KSE 30	15,131	15,099	15,805
KMI 30	65,581	65,495	68,766
KSE All Shares	27,682	27,641	28,582
Volume (mn Shares)			
	26-Jul-22	FYTD (Average)	
KSE 100	69.0	69.7	
KSE 30	44.7	39.3	
KMI 30	42.2	42.8	
KSE All Shares	131.2	137.9	
Commodity Rates			
	26-Jul-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	104.4	-0.7%	-9.1%
Crude Oil-Arab Light (USD/BBL)	100.7	-1.2%	-6.7%
Coal (USD/Tonne)	334.5	-2.0%	-2.1%
Copper (USD/Lbs)	3.4	0.9%	-8.8%
Cotton (¢/Lbs)	104.3	0.2%	-5.4%
Gold (USD/Ounce)	1,717.0	-0.1%	-5.0%
Currency (Interbank)			
	26-Jul-22	Daily Change	FYTD Change
US Dollar	232.3	1.1%	13.6%
UK Pound	279.3	1.0%	12.2%
Euro	234.9	0.1%	9.6%
UAE Dirham	63.3	1.3%	13.3%
Chinese Yuan	34.3	0.9%	12.5%
Fund Flows (USD mn)			
	26-Jul-22	FYTD	
FOREIGN INDIVIDUAL	0.00	0.07	
FOREIGN CORPORATES	-0.13	3.64	
OVERSEAS PAKISTANI	-0.24	2.40	
FIPI NET	**-0.37**	**6.11**	
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			
	26-Jul-22	25-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	15.20	15.18	14.98
6 Month T-Bill	15.50	15.50	15.15
12 Month T-Bill	15.69	15.70	15.30
3 Year Government Bond	13.24	13.23	13.45
5 Year Government Bond	13.25	13.23	12.93
10 Year Government Bond	12.94	12.97	12.92
3 Month KIBOR	15.35	15.29	15.16
6 Month KIBOR	15.68	15.67	15.35

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