Morning News 28-Jul-2022

- **Fitch, Moody's expect Pakistan to get USD1.2bn from IMF | The News:** Pakistan is expected to secure USD1.2bn from the International Monetary Fund, which may help ease pressure on the nation's currency and bonds, according to Fitch Ratings and Moody's Investor Service.
- **All IMF prior actions implemented | The News:** Minister for Finance Miftah Ismail said on Wednesday the government had implemented all prior actions for reviving the augmented USD7bn IMF programme except further reviewing the petroleum levy.
- **Current account deficit jumps to 4-year high in FY22 | The News:** The current account deficit surged to a 4-year high of USD17.4bn in the last fiscal year of 2021-22, data from the central bank showed on Wednesday, as the soaring cost of energy imports widens the shortfall. The deficit in the fiscal year 2021 stood at USD2.8bn.
- **Shariah-compliant platform for RDA clients: PSX and Meezan Bank sign agreement | BR:** Pakistan Stock Exchange (PSX) and Meezan Bank Limited, Pakistan's leading Islamic bank, signed an agreement whereby PSX, in collaboration with the bank, will provide a dedicated Shariah-compliant trading platform for Roshan Digital Account (RDA) clients. This will facilitate investors who are focused on investing in Shariah approved securities.
- **T-bill yields remain unchanged | The News:** The government raised PKR1.0 trillion through an auction of the Market Treasury Bill, while the yields on all papers stayed flat. The raised amount was higher than the pre-auction target of PKR650bn. The cut-off yield on the three-year T-bill stood at 15.75%, unchanged from the previous auction held on July 13.
- **Govt to sell SOEs' shares to friendly countries with buyback option | Dawn:** Finance Minister Miftah Ismail on Wednesday said the government was amending the laws to enable the sale of shares of listed state-owned entities (SOEs) with a buyback option to friendly countries on a government-to-government (G2G) basis and help bridge a part of USD4bn financing gap estimated by the International Monetary Fund (IMF) for the current fiscal year.
- **USD5bn medium-term target eyed: Pakistan, Turkiye set to sign 'trade in goods' accord | BR:** Pakistan and Turkiye are all set to sign the long-awaited agreement on trade in goods during the forthcoming visit of Turkish Minister for Trade within a couple of weeks, aimed at achieving strategic goal of bilateral trade of USD5bn in the medium-term, sources close to Commerce Minister told Business Recorder.
- **PKR slide: govt feels so helpless because there's IMF condition | BR:** Finance Minister Dr Miftah Ismail Wednesday said that the government interventions in forex market cannot be made to control the rate of dollar in light of commitment with International Monetary Fund (IMF), well-informed sources told Business Recorder.
- **Dollar Crunch in Pakistan Leads to Dislocation in Forex Market | Bloomberg:** The shortage of dollars in Pakistan is creating a dislocation in the foreign-exchange market, with banks offering different rates than the interbank market.
- **Govt Begins Preparations for On-Site Visit of FATF Team | Pro Pakistani:** The government has initiated preparations for the forthcoming on-site visit of the high-level team of the Financial Action Task Force (FATF) expected before October, sources told ProPakistani on Wednesday.
- **VPS sector: 22 pension funds worth PKR40bn show promising growth: SECP chief | BR:** The Securities and Exchange Commission of Pakistan (SECP) Chairman Aamir Khan on Wednesday said the Voluntary Pension System (VPS) sector, over the years has exhibited promising growth, with 22 pension funds amounting to PKR40bn, having around 45,000 individual investors.
- **Power tariff up by PKR3.5 after cabinet approves 'rebasing' | Dawn:** The government on Tuesday announced a three-phased increase in uniform base power tariff, starting with PKR3.50 per unit with effect from July 26 to generate funds to the tune of at least PKR900bn during the current fiscal year and secure a bailout from the IMF.
- **Pre-qualified Chinese bidders start due diligence, PSM visits | The News:** Three Chinese pre-qualified bidders contesting to win upto 74% stakes in Pakistan Steel Mills Corporation (PSMC) have started their due-diligence processes and on-site visits to the country's largest non-functional industrial unit.
- **Toyota, Suzuki to partially shut Pakistan output over forex, shortage issues | Tribune:** Pakistan's two leading car assemblers, Toyota and Suzuki, plan partial plant shutdowns next month due to unavailability of raw material amid import restrictions and exchange rate volatility, officials at both companies said on Wednesday.
- **Nishat Power Limited (NPL) serves payment notice on govt | BR:** Nishat Power Limited (NPL) has served notice of payment of overdue amount of PKR4.4bn to Government of Pakistan (GoP) along with interest at delayed payment rates as provided under the applicable provision of Power Purchase Agreement (PPA).
- **Govt to lift ban on certain imports in coming days | BR:** Finance Minister Miftah Ismail on Wednesday said that the government would lift a ban on the import of certain goods in a "couple of weeks" while addressing a seminar on 'Improving the Corporate Governance and Performance of SOEs' organised by the Finance Division.
- **PTI moves LHC against PM Shehbaz, cabinet | Tribune:** The Pakistan Tehreek-e-Insaf (PTI) on Wednesday approached the Lahore High Court (LHC) in a bid to remove Prime Minister Shehbaz Sharif and his cabinet from office. In a petition filed by the PTI leaders Andalib Abbas and Hassan Niazi, the federal government, the principal secretary to the PM, and the Election Commission of Pakistan (ECP) amongst others were made parties to the case.
- **Fed Hikes 75 Basis Points Second Time, Signals Third Is Possible | Bloomberg:** Federal Reserve officials raised interest rates by 75 basis points for the second straight month and Chair Jerome Powell said a similar move was possible again, rejecting speculation that the US economy is in recession. Policy makers, facing the hottest cost pressures in 40 years, lifted the target for the federal funds rate on Wednesday to a range of 2.25% to 2.5%.

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Market Indices			
	27-Jul-22	26-Jul-22	30-Jun-22
KSE 100	39,973	39,894	41,541
KSE 30	15,158	15,131	15,805
KMI 30	65,617	65,581	68,766
KSE All Shares	27,713	27,682	28,582
Volume (mn Shares)			
	27-Jul-22	FYTD (Average)	
KSE 100	66.0	69.4	
KSE 30	39.1	39.3	
KMI 30	36.7	42.4	
KSE All Shares	121.0	136.9	
Commodity Rates			
	27-Jul-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	106.6	2.1%	-7.1%
Crude Oil-Arab Light (USD/BBL)	103.0	2.3%	-4.6%
Coal (USD/Tonne)	330.0	-1.3%	-3.4%
Copper (USD/Lbs)	3.4	1.3%	-7.5%
Cotton (¢/Lbs)	104.5	0.1%	-5.3%
Gold (USD/Ounce)	1,733.9	1.0%	-4.0%
Currency (Interbank)			
	27-Jul-22	Daily Change	FYTD Change
US Dollar	235.3	1.3%	15.0%
UK Pound	285.9	2.3%	14.8%
Euro	240.0	2.2%	12.0%
UAE Dirham	64.5	1.9%	15.5%
Chinese Yuan	34.8	1.3%	14.0%
Fund Flows (USD mn)			
	27-Jul-22	FYTD	
FOREIGN INDIVIDUAL	0.00	0.07	
FOREIGN CORPORATES	-1.30	2.34	
OVERSEAS PAKISTANI	0.40	2.81	
FIPI NET	**-0.90**	**5.22**	
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			
	27-Jul-22	26-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	15.24	15.20	14.98
6 Month T-Bill	15.51	15.50	15.15
12 Month T-Bill	15.71	15.69	15.30
3 Year Government Bond	13.52	13.24	13.45
5 Year Government Bond	13.32	13.25	12.93
10 Year Government Bond	12.99	12.94	12.92
3 Month KIBOR	15.38	15.35	15.16
6 Month KIBOR	15.71	15.68	15.35

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