Morning News 01-Aug-2022

MCB-ARIF HABIB Savings and Investments Limited

- **IMF likely to begin tranche release process this week | Dawn:** The International Monetary Fund (IMF) is likely to start the process for releasing the seventh and eighth tranches of a USD6bn loan programme for Pakistan later this week, IMF and diplomatic sources told *Dawn*. The IMF's summer recess ends on Aug 12.
- **Army chief steps in to shore up hard cash | Tribune:** As economic turmoil and depreciating rupee send inflation skyward, Chief of the Army Staff (COAS) General Qamar Javed Bajwa has swung into action, reaching out to Washington to push the IMF to immediately release nearly USD1.2bn Pakistan needs to stave off serious upheaval.
- **Investment sought from expatriate Pakistanis | Tribune:** Pakistan provides lucrative investment opportunities and the American-Pakistani investors should shift their investment to Pakistan for greater returns, emphasised Ambassador-at-Large on Investment Zeeshaan Shah.
- **MoF, SBP highlight economic challenges | BR:** The Ministry of Finance and State Bank of Pakistan (SBP) on Sunday night issued a joint statement on the current economic challenges and Pakistan's strategy for this fiscal year (FY23). It said MoF and SBP fully expect that the Pak Rupee will appreciate, when the current account deficit is curtailed and sentiment improve.
- **Hot inflation fuels bets on another jumbo rate hike in August | The News:** State Bank of Pakistan (SBP) is likely to opt for a larger move at its monetary policy meeting next month to quell stubbornly high inflation and ease external account pressures, analysts said on Saturday.
- **Roshan Digital Accounts To Be Further Improved | Nation:** The State Bank of Pakistan has said that Roshan Digital Accounts (RDA) would be further improved, as the central bank would introduce more services and products under RDA. The SBP would introduce new services and products under RDA.
- **Depreciation takes a heavy toll on stock investors | Dawn:** Stock investors lost 17.3% of their investments in dollar terms in July — a period that saw the highest month-on-month depreciation. The dollar-based losses in stock investments in July were the highest since March 2020, according to a research report issued by Arif Habib Ltd.
- **Situationer: Currency market cries out for dollars amid liquidity crunch | Dawn:** Countries like Pakistan cannot imagine an economy without dollars, but the situation is heading fast in this direction and policymakers either look helpless or are simply waiting for the economy to default.
- **CDNS sets target of PKR55bn for Islamic investment in FY23 | The News:** The National Directorate of National Savings (CDNS) has set a target of PKR55bn for Islamic investment in fiscal year 2022-23 to introduce new products in the market, a senior official told APP on Saturday.
- **Country's exports plummet by USD718mn in July | The News:** The country's stumbling economy suffered yet another blow as exports in July 2022 plummeted by USD718mn to USD2.18bn as against USD2.9bn exports in June 2022. In addition, the trade deficit in July 2022 stood at USD2.9bn with imports of USD5bn during the period.
- **Exports to US hit USD9bn | Dawn:** Pakistan's annual exports to the United States increased by 35% to USD9bn in 2021-22, statistics released on Saturday showed. Last year, Pakistan exported USD7bn of goods and services to the United States.
- **SPI jumps 3.68% WoW, 37.68% YoY | The News:** Spike in electricity and LPG rates pushed weekly inflation up 3.68% with annualised numbers surging a whopping 37.67% during the seven-day period ended July 28.
- **Investors reap 'late delivery' windfall as auto prices sharply increase | Dawn:** Investors, who got delivery of their vehicles booked at old rates after a delay of months, are reaping windfall by selling their cars, jeeps and pickups at huge premiums due to massive hike in prices in recent weeks.
- **Petrol price cut by PKR3.05, diesel's increased by PKR8.95 | BR:** The government Sunday night announced slashing the petrol price by PKR3.05 per litre, and increased the price of High-Speed Diesel by PKR8.95 per litre. According to a notification issued by Finance Ministry, the new prices will come into effect from August 1, 2022.
- **Revision in OMC margins proposed | Tribune:** The Oil Companies Advisory Council (OCAC) has expressed concern over the approval of standalone revision in dealer margins, which will be effective from August 1, 2022. The government has recently approved an increase in dealer margins up to PKR3 per litre, taking the total margins to PKR7 per litre.
- **3QFY22: Discos' tariff up by Re0.51/unit | BR:** The National Electric Power Regulatory Authority (Nepra) has increased Discos' tariff by PKR0.51 per unit for third quarter (Jan-March) of FY 2021-22 under Quarterly Tariff Adjustment (QTA) mechanism.
- **Port Qasim coal-fired power plant: Chinese propose use of RMB | BR:** Chinese coal power producers have shared their concerns with Prime Minister Shehbaz Sharif and proposed use of RMB by Port Qasim coal-fired power plant to buy coal to release pressure on dollar, well-informed sources told Business Recorder.
- **Telecom firms rally together fearing heavy losses | The News:** Declaring a "digital emergency", Pakistan's telecom sector has shared a doomsday scenario and argued that its net profit would turn into a deficit by the end of the ongoing calendar year 2022.
- **PKR20bn supplementary grant for PSO approved by ECC | BR:** An urgently convened meeting of the Economic Coordination Committee (ECC) of the Cabinet has approved PKR20bn as supplementary grant for PSO to save it from being default on international payments.
- **Indus Motor to go on 13-day production break | The News:** Facing serious hardships in importing raw materials, Pakistan's leading car manufacturer, Indus Motor Company (IMC), has decided to temporarily shut down its auto production plant from August 1-13.
- **ECC decides to shift fertilizer, Agritech plants to gas | BR:** The Economic Coordination Committee (ECC) of the Cabinet has decided to shift fertilizer and Agritech plants to indigenous gas as they wanted a revision of variable contribution margin (VCM) of PKR186 per bag and capping of general sales tax (GST).
- **US remains engaged with 'range of stakeholders' | BR:** The United States supports peaceful upholding of constitutional and democratic principles in Pakistan, including respect for human rights, the State Department has said. "We don't support one political party over another," the Department's Spokesperson, Ned Price, told reporters at his daily briefing on Thursday.

Market Indices			
	29-Jul-22	**28-Jul-22**	**30-Jun-22**
KSE 100	40,150	40,277	41,541
KSE 30	15,232	15,303	15,805
KMI 30	65,446	65,864	68,766
KSE All Shares	27,796	27,868	28,582
Volume (mn Shares)			
	29-Jul-22	**FYTD (Average)**	
KSE 100	93.0	73.5	
KSE 30	66.7	43.4	
KMI 30	61.5	45.4	
KSE All Shares	169.9	145.1	
Commodity Rates			
	29-Jul-22	**Daily Change**	**FYTD Change**
Crude Oil-Brent (USD/BBL)	110.0	2.7%	-4.2%
Crude Oil-Arab Light (USD/BBL)	105.4	3.4%	-2.3%
Coal (USD/Tonne)	332.0	-1.0%	-2.8%
Copper (USD/Lbs)	3.6	2.8%	-3.7%
Cotton (¢/Lbs)	107.8	0.7%	-2.3%
Gold (USD/Ounce)	1,765.2	0.6%	-2.3%
Currency (Interbank)			
	29-Jul-22	**Daily Change**	**FYTD Change**
US Dollar	239.7	0.0%	17.2%
UK Pound	291.6	-0.1%	17.1%
Euro	244.9	0.2%	14.2%
UAE Dirham	65.4	0.0%	17.0%
Chinese Yuan	35.5	0.0%	16.4%
Fund Flows (USD mn)			
	29-Jul-22	**FYTD**	
FOREIGN INDIVIDUAL	0.00	0.07	
FOREIGN CORPORATES	2.16	4.57	
OVERSEAS PAKISTANI	-0.21	2.85	
FIPI NET	**1.95**	**7.48**	
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			
	29-Jul-22	**28-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	15.54	15.49	14.98
6 Month T-Bill	15.65	15.66	15.15
12 Month T-Bill	15.82	15.82	15.30
3 Year Government Bond	13.36	13.42	13.45
5 Year Government Bond	13.39	13.35	12.93
10 Year Government Bond	12.98	12.97	12.92
3 Month KIBOR	15.69	15.69	15.16
6 Month KIBOR	15.83	15.81	15.35

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

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