Morning News 02-Aug-2022

MCB-ARIF HABIB
Savings and Investments Limited

- **Jul CPI inflation soars to highest rate in 14 years | BR:** The Consumer Price Index (CPI) based inflation increased by a massive 24.93% on year-on-year basis in July 2022 as compared to an increase of 21.3% in the previous month and 8.4% in July 2021, says the Pakistan Bureau of Statistics (PBS). As per the monthly review of price indices by the PBS, on a month-on-month basis, it increased by 4.3% in July 2022 as compared to an increase of 6.3% in the previous month and an increase of 1.3% in July 2021.

- **Regional infrastructure fund–II: Pakistan, Germany sign €17.5m grant agreement | BR:** The governments of Pakistan and Germany on Monday signed a grant agreement for the Regional Infrastructure Fund (Phase-II) worth Euro 17.5mn. The signing ceremony for the project named "Regional Infrastructure Fund – II for Khyber-Pakhtunkhwa for Resilient Resource Management in Cities (RRMiC)" was held between the Government of Pakistan and the Government of the Federal Republic of Germany in the Ministry of Economic Affairs.

- **Sukuk bond: Pakistan repays USD40mn | The News:** Pakistan has repaid USD40mn coupon on the Islamic denominated Sukuk bond, which was due on July 31, 2022. "We have paid outstanding USD40mn on account of repayment of Islamic Sukuk bond. We paid all our outstanding repayments in July 2022 and obligations in the future will be repaid on time," confirmed top official sources while talking to The News on Monday. The country's foreign exchange reserves had depleted from USD20bn in August 2021 to USD8.5bn on July 22, 2022.

- **Foreigners withdraw over USD28mn from T-bills, bonds in July | DAWN:** The lucrative returns of up to 16% failed to attract foreign investments in domestic bonds as the net outflow stood at little over USD28mn in the first month of the current fiscal year. The State Bank of Pakistan (SBP) on Monday reported that an inflow of just USD3mn was recorded in treasury bills in July while the outflow was much higher at USD31.08mn.

- **Rupee recovers slightly | DAWN:** The volatile currency market remained calm for the second session on Monday as the US dollar lost another 53 paise in the interbank market to close at PKR238.84 compared to PKR239.37 in the previous session. The greenback fell by 57 paise against the local currency on July 29. Though it looks very small depreciation of the greenback, it was big enough to stop the free fall of the rupee, which has lost over 13% in July alone.

- **July imports dip 37.7% MoM | BR:** Pakistan's imports on a month-on-month (MoM) basis declined by 37.7% in July 2022 as it remained USD4.91bn compared to USD7.88bn in June 2022. According to the official data of the Federal Board of Revenue (FBR)/ PRAL the country's trade deficit narrowed by 20.6% in July 2022 on a year-on-year basis and remained USD2.59bn in July 2022 compared to USD3.26bn in July 2021. YoY basis imports declined by 12.3% in July 2022 and remained USD4.91bn compared to USD5.60bn in July 2021.

- **Petrol, diesel sales decline on slower agri, transport activities | The News:** The sale of diesel and petrol declined by 27% and 38% respectively in the month of July 2022 on the back of long holidays of Eid as well as rains, which slowed down agriculture and transport activities in the country. Overall sale of petroleum products also shrank during the month under review as it fell by 26% YoY, oil sale data showed on Monday. The sale of petroleum products plunged to 1.44mn tonnes in of July compared to 1.94mn tonnes of July last year and 1.94mn tonnes, recorded in June this year.

- **Govt raises PDL on petrol by PKR10, diesel PKR5 per litre | The News:** Eyeing the release of the much-awaited USD1.18bn tranche from the IMF, government has increased the petroleum development levy (PDL) on petrol by PKR10-20 and diesel by PKR5-10 per litre, an official told The News. The new build-up in prices of high-speed diesel (HSD) and motor spirit (MS) notified from August 1, also available with The News, unfolds that the government has hiked PDL on petrol up to PKR20/litre and on diesel PKR10/litre. It also revealed that dealers margin on petrol was increased by PKR2.10-PKR7 per litre from PKR4.90/litre.

- **Gas supply to fertilizers makers at unified price likely | BR:** The government is planning to supply gas to fertilizers manufacturers at a unified price and to provide direct subsidy on fertilizers to the farmers. An official said on Monday that the decision to this effect was taken in a meeting presided over by Federal Minister for National Food Security and Research Tariq Bashir Cheema. The meeting was also attended by Federal Minister for Industries and Production Syed Murtaza Mahmud and Minister of State for Petroleum Divison Dr Musadik Masood Malik.

- **CPPA-G to seek PKR1.55/unit hike in KE tariff | BR:** Central Power Purchasing Agency-Guaranteed (CPPA-G) on Monday said that it is working to file another motion within NEPRA for increase of PKR1.55 per unit in KE's tariff for second quarter (October -December) 2021-22 under Quarterly Tariff Adjustment (QTA). In addition to PKR0.57 per unit for first quarter of FY 22 except lifeline consumers, aimed at maintaining uniform tariff across the country. This was disclosed by a representative of CPPA-G, Naveed at a public hearing held in National Electric Power Regulatory Authority (Nepra) on the Motion of Federal Government to get final nod of regulator for adjustment of PKR0.5715 per unit in Schedule of Tariffs (SoT).

Market Indices

	1-Aug-22	29-Jul-22	30-Jun-22
KSE 100	40,076	40,150	41,541
KSE 30	15,190	15,232	15,805
KMI 30	65,281	65,446	68,766
KSE All Shares	27,842	27,796	28,582

Volume (mn Shares)

	1-Aug-22	FYTD (Average)
KSE 100	46.7	72.1
KSE 30	34.3	42.9
KMI 30	30.3	44.6
KSE All Shares	110.3	143.2

Commodity Rates

	1-Aug-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	100.0	-9.1%	-12.9%
Crude Oil-Arab Light (USD/BBL)	101.2	-4.0%	-6.3%
Coal (USD/Tonne)	322.7	-2.8%	-5.6%
Copper (USD/Lbs)	3.5	-0.9%	-4.5%
Cotton (¢/Lbs)	104.9	-2.6%	-4.9%
Gold (USD/Ounce)	1,771.7	0.4%	-2.0%

Currency (Interbank)

	1-Aug-22	Daily Change	FYTD Change
US Dollar	239.2	-0.2%	17.0%
UK Pound	293.0	0.5%	17.7%
Euro	245.4	0.2%	14.5%
UAE Dirham	65.4	0.0%	17.0%
Chinese Yuan	35.3	-0.6%	15.8%

Fund Flows (USD mn)

	1-Aug-22	FYTD
FOREIGN INDIVIDUAL	-0.01	0.05
FOREIGN CORPORATES	-0.02	4.54
OVERSEAS PAKISTANI	-0.06	2.79
FIPI NET	**-0.10**	**7.38**

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

	1-Aug-22	29-Jul-22	30-Jun-22
SBP Policy Rate	15.00	15.00	13.75
CPI Inflation	24.93	21.32	13.80
3 Month T-Bill	15.60	15.54	14.98
6 Month T-Bill	15.71	15.65	15.15
12 Month T-Bill	15.82	15.82	15.30
3 Year Government Bond	13.36	13.36	13.45
5 Year Government Bond	13.33	13.39	12.93
10 Year Government Bond	12.92	12.98	12.92
3 Month KIBOR	15.77	15.69	15.16
6 Month KIBOR	15.88	15.83	15.35

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