Morning News 04-Aug-2022

MCB-ARIF HABIB Savings and Investments Limited

- **IMF, import ebb help arrest rupee slide | BR:** Pakistani rupee witnessed a massive recovery against the US dollar on Wednesday, the largest single day increase in years, to close at 228.8. This highly significant recovery in the inter-bank market comes after the International Monetary Fund's (IMF) statement that Pakistan has managed to meet all pre-conditions for disbursement of the next tranche of its bailout programme.
- **China rolls over USD2bn loan for a year | The News:** China has rolled over USD2bn loan in safe deposits for cash-strapped Pakistan's economy amid dwindling foreign exchange reserves, The News has learnt. Earlier, Pakistan's battered currency appeared robust as it closed at 229 against dollar compared with 240.50 on Tuesday, gaining PKR11.50.
- **Govt raises PKR298.5bn via PIBs | The News:** The government raised PKR298.5bn through the auction of Pakistan Investment Bonds (PIBs), while yields on short-term papers fell slightly. The raised amount was higher than the pre-auction target of PKR175bn. The cut-off yield on the three-year PIBs fell by 5basis points (bps) to 13.95%.
- **Pakistan's dollar bond yields down after IMF loan clarity | The News:** Pakistan's dollar-denominated sovereign bond yields fell on Wednesday as clarity from the International Monetary Fund fueled optimism over a revival of the loan programme, boosting global investors' confidence in the country's economy. The yield on the five-year third Pakistan International Sukuk Company Limited, maturing on December 5, 2022, dropped to 38.2% from 47.1% on Tuesday.
- **Service trade deficit doubles to USD5.2bn | Dawn:** The trade deficit in services more than doubled to USD5.2bn during the previous fiscal year, with the June's figure coming in at around USD727mn, up nearly 150% from a year ago. The export of services grew 17.2% year-on-year in FY22 mainly driven by information technology, showed data released by the Pakistan Bureau of Statistics (PBS) on Wednesday.
- **Govt plans to auction 2100MHz spectrum | Dawn:** The government on Wednesday decided to hold a spectrum auction of 2100MHz band in 2x5 bandwidth for 10 years for the Next Generation of Mobile Services (NGMS) although three out of four existing cellular operators had opposed the fresh auction.
- **SBP to enhance monitoring of foreign exchange operations | BR:** The State Bank of Pakistan (SBP) announced on Wednesday that it has enhanced the monitoring of foreign exchange operations of domestic currency exchange companies (ECs) and banks after massive volatility was witnessed in the rupee-dollar parity.
- **Private equity, VC funds grow 64% | Dawn:** The total size of private equity (PE) and venture capital (VC) funds reached PKR10.99bn by June 30, with a growth of 64% against the previous fiscal year, the Diagnostic Review of Pakistan's Private Funds Industry released by the Securities and Exchange Commission of Pakistan (SECP) said.
- **Mohmand Dam hydropower project: USD72mn worth agreement signed with OPEC Fund | BR:** The government of Pakistan and the OPEC Fund for International Development (OPEC Fund) signed a financing agreement amounting to USD72mn for Mohmand Dam Hydropower Project (MDHP).
- **Govt mulls unified feed gas price; urea to get affected | The News:** Government would table a workable solution and proposal regarding provision of feed gas to the industry at a unified price. It was decided on Wednesday after inputs from fertiliser manufacturers that followed discussions with three relevant ministries.
- **OMCs, refineries to bear PKR15bn losses over exchange rate formula | The News:** Oil marketing companies (OMCs) and refineries already mired in deep financial constraints would face almost PKR15bn losses in next fifteen days due to altered exchange rate formula implemented by the government from August 1.
- **Refineries to upgrade Euro-V specs in 5 years | The News:** Government and refineries agreed to upgrade on Euro-V specifications in the next 5 years, along with a deal to relegate government's role to only a tax collecting authority instead of a regulator, The News has learnt.
- **UAE's Coral Energy becomes Pakistan's top fuel oil supplier | BR:** Dubai-based trader Coral Energy has become the top fuel oil supplier to Pakistan in recent months after winning a slew of import tenders floated by state-run Pakistan State Oil (PSO), data compiled by Reuters showed.
- **CPHGCL urges CPPA-G to resolve issues of revolving account, forex | BR:** China Power Hub Generation Company (Pvt) Ltd (CPHGCL) has urged Central Power Purchasing Agency Guaranteed (CPPA-G) to resolve the issues of revolving account and foreign currency saying that two payments awaiting the SBP approval has resulted in exchange loss of PKR1.3bn. M/s CPHGCL is a 2x660 MW coal-fired power plant and a dedicated coal import jetty located in Hub (Balochistan).
- **Sindh CM launches 330MW coal-fired power project | BR:** Sindh Chief Minister Syed Murad Ali Shah Wednesday said that with the launching of 330 MW Hubco power plant, we have successfully added 990 MW coal-fired power to the National Grid, which is not only our great success but is the realisation of Mohtarma Benazir Bhutto's dream of producing coal-fired energy to empower Pakistan with cheapest and indigenous source of energy.
- **Coalition govt to file reference in SC to disqualify Imran Khan | BR:** Pakistan Democratic Movement (PDM) chief Maulana Fazlur Rehman said on Wednesday that the coalition government has decided to file a reference in the Supreme Court (SC) to disqualify former Prime Minister Imran Khan in light of the Election Commission of Pakistan's (ECP) verdict in the PTI foreign funding case, *Aaj News* reported.

Market Indices	3-Aug-22	2-Aug-22	30-Jun-22
KSE 100	41,069	40,192	41,541
KSE 30	15,570	15,248	15,805
KMI 30	67,261	65,688	68,766
KSE All Shares	28,429	27,898	28,582

Volume (mn Shares)	3-Aug-22	FYTD (Average)
KSE 100	145.8	76.0
KSE 30	92.8	46.1
KMI 30	104.3	48.1
KSE All Shares	332.4	155.8

Commodity Rates	3-Aug-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	96.8	-3.7%	-15.7%
Crude Oil-Arab Light (USD/BBL)	97.3	-4.4%	-9.9%
Coal (USD/Tonne)	311.0	-2.9%	-9.0%
Copper (USD/Lbs)	3.5	-1.5%	-6.5%
Cotton (¢/Lbs)	105.0	-0.5%	-4.8%
Gold (USD/Ounce)	1,764.9	0.3%	-2.3%

Currency (Interbank)	3-Aug-22	Daily Change	FYTD Change
US Dollar	228.3	-4.2%	11.6%
UK Pound	277.2	-4.4%	11.3%
Euro	232.0	-4.2%	8.2%
UAE Dirham	62.5	-3.8%	11.9%
Chinese Yuan	33.8	-4.2%	10.7%

Fund Flows (USD mn)	3-Aug-22	FYTD
FOREIGN INDIVIDUAL	0.00	0.04
FOREIGN CORPORATES	-0.72	3.60
OVERSEAS PAKISTANI	-0.02	2.87
FIPI NET	**-0.74**	**6.51**

Economic Data (USD mn)	FY22P	FY21	FY20
GDP Growth	6.0%	5.7%	-0.9%
	Jun-22	**May-22**	
Exports	2,918	2,626	
Imports	7,880	6,777	
Remittances	2,714	2,333	
Foreign Exchange Reserves	9,816	9,397	

Money Market Data	3-Aug-22	2-Aug-22	30-Jun-22
SBP Policy Rate	15.00	15.00	13.75
CPI Inflation	24.93	24.93	13.80
3 Month T-Bill	15.64	15.61	14.98
6 Month T-Bill	15.71	15.70	15.15
12 Month T-Bill	15.81	15.80	15.30
3 Year Government Bond	13.27	13.24	13.45
5 Year Government Bond	13.27	13.23	12.93
10 Year Government Bond	12.92	12.91	12.92
3 Month KIBOR	15.79	15.78	15.16
6 Month KIBOR	15.89	15.88	15.35

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