Morning News 15-Aug-2022

MCB-ARIF HABIB
Savings and Investments Limited

- **Saudi Arabia plans to renew USD3bn deposit in assistance to Pakistan | BR:** Saudi Arabia plans to renew its USD3bn deposit in assistance to Pakistan, while also intending to provide USD100mn per month for 10 months in petroleum products that would be granted as additional support, reported Bloomberg on Saturday.
- **Acting governor of SBP explains criticality of IMF programme | BR:** Acting Governor State Bank of Pakistan (SBP) Dr Murtaza Syed has said that IMF bailout program would provide reprieve to the country's economy. He was addressing a ceremony to unveil a PKR75 Commemorative Banknote to mark the 75th Anniversary of Pakistan's Independence at the SBP Museum, Karachi on Sunday, August 14, 2022.
- **IMF shares LoI with govt to seal loan deal | Tribune:** The government is considering giving about PKR60 billion in tax relief to bankers, stock market brokers, traders and transporters amid its attempts to pacify the International Monetary Fund (IMF) by imposing equal amounts of taxes on other sectors to keep the loan programme on track.
- **Budget deficit soars to PKR5.5tr | Tribune:** Pakistan booked a record federal budget deficit of nearly PKR5.5 trillion in the last fiscal year, breaching the annual target by a wide margin of PKR1.5 trillion due to imprudent fiscal policies of the Pakistan Tehreek-e-Insaf (PTI) government that led to the overshooting of expenditures.
- **Rupee maintains rising trend, reaches 215.49 | Tribune:** Pakistani currency maintained the winning streak for the ninth consecutive working day, as it recovered a further 1.57%, or PKR3.39, to close at PKR215.49 against the US dollar in the inter-bank market on Friday.
- **'Economic Journey of Pakistan' released: Govt eyes 6-7% GDP growth in medium-term | BR:** The present government's priorities are to increase GDP growth 6-7% in medium term, improve investment climate to attract domestic and foreign investment, promote tourism and information technology, and set up Special Economic Zones (SEZs) for export promotion.
- **Credit offtake surges fourfold in July-December | Dawn:** The private sector credit grew nearly fourfold year-on-year in the first six months (July-December) of the previous fiscal year, the State Bank of Pakistan said in its half-yearly report on the state of Pakistan's economy on Friday.
- **Unbowed by inflation, SBP seen keeping policy rate unchanged at 15% | The News:** The State Bank of Pakistan (SBP) is expected to leave its benchmark interest rate steady at a meeting on August 22, brokerage houses' polls showed on Friday, despite indications that the intense inflationary pressures will continue.
- **IFC identifies impediments to market for NPLs in Pakistan | Dawn:** The non-performing loan (NPL) market in Pakistan is nascent compared with regional peers like India or China, and the secondary market is nearly non-existent, the International Finance Corporation (IFC) observed in a new report.
- **Bad start for auto sales in July | Dawn:** The first month of fiscal year 2022-23 (1MFY23) for the entire auto industry began on a negative note, led by a 64.6% drop in Jeep and pickup sales compared to July 2021, due to a significant slowdown in sales. Massive price increases, tightening auto finance, longer Eidul Azha holidays, and suspension of bookings by two major assemblers reduced overall car sales to 10,377 units in July, down from 20,669 units in the 1MFY22.
- **Oil companies seek revised margins | Tribune:** The Petroleum Division has proposed to the Economic Coordination Committee (ECC) to raise margins of oil marketing companies (OMCs) by 63% following an increase in cost of doing business and revision in oil prices on a weekly basis. It also asked the ECC to deregulate oil prices effective from November 1, 2022.
- **Export-oriented sectors granted subsidised energy tariffs | The News:** The government has formally decided to supply electricity at a rate of 9 cents per kWh and RLNG at USD9 per MMBtu without any disparity to zero-rated five export-oriented sectors across the country for existing connections till end-June 2023, The News has learnt.
- **Miftah Ismail says no to subsidies on petroleum products | The News:** Finance Minister Miftah Ismail on Sunday said that following the condition of the International Monetary Fund (IMF), Pakistan has arranged to receive USD4 billion from friendly nations; however, the government cannot afford to subsidise petroleum products.
- **LCs cost, exchange rate to weigh on POL prices review | The News:** The Finance Ministry seems upset as to how to fix the POL price as last time the government had changed the exchange rate formula from August 1, 2022, under which the MS price tumbled by PKR3.05 per liter and diesel PKR8.95, inflicting damage of PKR15 billion on oil-marketing companies.
- **High interest rate, delay in LCs opening hurting steel industry | BR:** The country's steel industry is facing a serious crisis due to higher interest rate and delay in opening of Letters of Credit (LCs) for import of raw materials and spare parts. Industry sources said that the steel industry is facing a severe liquidity crunch due to worsening economic conditions and many small to mid-sized mills have already shut down.
- **Discos allowed PKR9.9 tariff hike for June | Dawn:** The National Electric Power Regulatory Authority (Nepra) on Friday notified ex-Wapda distribution companies (Discos) to charge PKR9.90 per unit additional fuel cost adjustment (FCA) on electricity they sold in June to collect an extra PKR132bn during August.
- **FBR directed to investigate sales tax scam in cement sector | The News:** Federal Tax Ombudsman (FTO) Asif Mahmood Jah has asked the Federal Board of Revenue (FBR) to conduct a comprehensive investigation of a mega scam of billions of rupees in the form of fake sales tax supplies in the cement sector, a statement said on Saturday.
- **Resolution of key issues awaited: Chinese power companies still facing stumbling blocks | BR:** Chinese imported-coal fired power companies are reportedly still facing stumbling blocks in resolution of their key issues with government's different organisations despite clear instructions of Prime Minister Shehbaz Sharif, well informed sources told Business Recorder.
- **Pakistan, Turkiye enter into trade in goods agreement | BR:** Pakistan and Turkiye on Friday signed Trade in Goods Agreement (TGA) aimed at increasing bilateral trade between the two countries to USD5bn in the next three years; and the prime minister invited Turkish investors to invest in hydel, wind, and solar power generation.
- **US vows to strengthen partnership | BR:** The United States Secretary of State Antony Blinken and the US Ambassador to Pakistan Donald Blome have wished Pakistan and its people a happy 75th Independence Day and sought a common resolve to renew and strengthen the partnership between the two countries for the next 75 years and beyond.

Market Indices			
	12-Aug-22	**11-Aug-22**	**30-Jun-22**
KSE 100	42,858	42,243	41,541
KSE 30	16,216	15,972	15,805
KMI 30	70,255	69,102	68,766
KSE All Shares	29,476	29,107	28,582
Volume (mn Shares)			
	12-Aug-22	**FYTD (Average)**	
KSE 100	181.0	92.8	
KSE 30	108.5	57.2	
KMI 30	116.2	60.4	
KSE All Shares	373.2	191.6	
Commodity Rates			
	12-Aug-22	**Daily Change**	**FYTD Change**
Crude Oil-Brent (USD/BBL)	98.2	-1.5%	-14.5%
Crude Oil-Arab Light (USD/BBL)	98.6	-2.6%	-8.7%
Coal (USD/Tonne)	313.0	0.3%	-8.4%
Copper (USD/Lbs)	3.7	-1.0%	-1.1%
Cotton (¢/Lbs)	118.8	3.5%	7.7%
Gold (USD/Ounce)	1,801.8	0.7%	-0.3%
Currency (Interbank)			
	12-Aug-22	**Daily Change**	**FYTD Change**
US Dollar	219.3	0.0%	7.2%
UK Pound	266.0	-0.7%	6.8%
Euro	225.0	-0.6%	4.9%
UAE Dirham	59.9	0.0%	7.2%
Chinese Yuan	32.5	0.0%	6.6%
Fund Flows (USD mn)			
	12-Aug-22	**FYTD**	
FOREIGN INDIVIDUAL	0.00	0.13	
FOREIGN CORPORATES	-0.05	2.00	
OVERSEAS PAKISTANI	0.24	3.79	
FIPI NET	**0.19**	**5.91**	
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			
	12-Aug-22	**11-Aug-22**	**30-Jun-22**
SBP Policy Rate	15.00	15.00	13.75
CPI Inflation	24.93	24.93	21.32
3 Month T-Bill	15.70	15.70	14.98
6 Month T-Bill	15.78	15.77	15.15
12 Month T-Bill	15.87	15.87	15.30
3 Year Government Bond	13.65	13.65	13.45
5 Year Government Bond	12.85	12.87	12.93
10 Year Government Bond	12.85	12.85	12.92
3 Month KIBOR	15.87	15.86	15.16
6 Month KIBOR	15.95	15.93	15.35

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