Morning News 17-Aug-2022

MCB-ARIF HABIB
Savings and Investments Limited

- **Pakistan assets rally amid bets for IMF bailout this month | The News:** Pakistan's rupee, bonds and stocks are rallying as investors bet the nation will win a bailout from the International Monetary Fund this month and avoid a default. Dollar bonds due in December were indicated at about 95 cents on the dollar on Tuesday from a low of 85 cents in July, as investors turn more confident the debt will be repaid. The rupee surged 11% this month to 213.87 per dollar as of Monday, the biggest gainer in the world.
- **ADB to promote transparency in borrowing practices | Dawn:** The Asian Development Bank (ADB) has approved technical assistance to help promote increased sustainability and transparency in Pakistan's borrowing practices. To support this overarching objective, the assistance on a grant basis will focus on the implementation of the Sustainable Development Finance Policy (SDFP), strengthening fiscal risk management practices, and public debt recording, management, and reporting.
- **July remittances down 8% YoY | BR:** Inflows of workers' remittances fell by 8% during the first month of this fiscal year (FY23), the State Bank of Pakistan (SBP) reported on Tuesday. Workers' remittances recorded an inflow of USD2.5bn during July 22, continuing their record streak of above USD2bn mark for the 26 consecutive months. However, in terms of growth, workers' remittances decreased by 8% in July 2022 compared to July 2021, in which home remittances inflows amounted to USD2.76bn.
- **FY22 LSMI output grows 11.7pc YoY | BR:** The Large Scale Manufacturing Industries (LSMI) output has registered a growth of 11.7 percent during the last fiscal year 2021-22 as compared to 2020-21, the Pakistan Bureau of Statistics (PBS) said. According to the Provisional Quantum Index Numbers of Large Scale Manufacturing Industries (QIM) the LSMI output increased by 11.5 per cent for June 2022 on year-on-year (YoY) when compared with June 2021 and 0.2 per cent on a month-on-month basis when compared with May 2022 with the base year, 2015-16.
- **Miftah says takes ownership of 'all' difficult decisions | BR:** Finance Minister Miftah Ismail Tuesday said he takes ownership of all the difficult decisions taken by the present government including the latest increase in petroleum prices, and stated there would be PKR10 per litre increase in petroleum levy from 1st September as agreed with the International Monetary Fund (IMF). Addressing a news conference, the finance minister clarified that he never stated about not increasing petroleum prices, all he said was that no tax or levy would be imposed and added that petroleum prices are calculated by the Oil and Gas Regulatory Authority (OGRA) by taking the average of Platt prices.
- **SBP allows ECs to export dollar on consignment basis | BR:** The State Bank of Pakistan (SBP) has allowed Exchange Companies to export US dollar on consignment basis. However, as per the SBP directives, ECs will bring the export proceeds in their USD account maintained with banks in Pakistan within three days. As per Para 9 (IV0) Of Chapter 5 of Exchange Companies Manual, Exchange Companies are allowed to export foreign currencies other than USD and bring in equivalent USD in their foreign currency accounts maintained with banks in Pakistan.
- **Textiles exports decline 13.2% in July 2022 | The News:** Pakistan's textiles exports declined in July 2022 by 13.2% to USD1.48bn over the previous month's exports of USD1.71bn, with almost all major subcategories' overseas sales slipping over June. During the month under review, textiles' total exports were up by less than a percent over July 2021's exports of USD1.47bn, the Pakistan Bureau of Statistics (PBS) said on Tuesday. In FY2022, the sector's total exports hit a historic high of USD19.35bn, with an increase of over a quarter over FY2021's exports of USD15.4bn.
- **Pakistan may seek 15-year LNG deal with Qatar | The News:** Pakistan may seek a 15-year LNG contract with Qatar on a G2G (government to government) basis — two cargoes in a month with a reopening price clause after 11 years — during the forthcoming visit of Prime Minister Shehbaz Sharif, a senior official of the coalition government has told The News. "The likely dates for the visit of the premier are August 23-24, but these are yet to be finalised," the official said, adding that Pakistan was also likely to offload PIA shares to hand over the management of the national flag carrier either to Qatar or the UAE on a G2G basis.
- **Ogra's miscalculation to mire next fuel price review | The News:** Oil & Gas Regulatory Authority (Ogra) didn't incorporate the full exchange rate loss of Pakistan State Oil (PSO) in the latest fortnightly revision of the petroleum prices and the carryover exchange rate loss may create problems in the next review, The News learnt on Tuesday. Ogra did not follow the directives of the Economic Coordination Committee (ECC) to fully adjust the exchange rate losses of PSO under the influence of the government, which wanted to avoid the public backlash, the sources in the oil industry told The News. A source said that Ogra was not acting as a regulator but more of a pawn of the government, which didn't want to raise the price substantially.
- **Pak Suzuki cuts prices | Dawn:** Pak Suzuki Motor Company Limited (PSMCL) announced on Tuesday that the prices of various models have been reduced by PKR75,000-199,000 effective August 16, citing rupee appreciation against the dollar. The company has closed advance bookings of vehicles since July 1. The Alto VX, VXR, and AGS models now cost PKR1.699mn, PKR1.976m, and PKR2.223mn, respectively. Wagon VXR, VXL and AGS models will now cost PKR2.421mn, PKR2.564mn and PKR2.802mn, while Cultus VXR, VXL and AGS models are now available at PKR2.754mn, 3.024m and PKR3.234mn.
- **PTI's plea against ECP's report: IHC decides to constitute larger bench | BR:** The Islamabad High Court (IHC) decided to constitute a larger bench to hear the Pakistan Tehreek-e-Insaf (PTI)'s petition challenging the Election Commission of Pakistan (ECP)'s fact-finding report in the prohibited funding case against the party. A single bench of Acting Chief Justice Aamer Farooq on Tuesday heard the petition of the PTI additional secretary general, Omar Ayyub, wherein, he prayed to declare the ECP's decision dated August 2 as illegal.
- **Shahzad Akbar among 10 placed on ECL | The News:** The federal cabinet Tuesday placed the names of 10 individuals, including Shahzad Akbar, on the Exit Control List (ECL). A statement issued by the Prime Minister's media wing said the federal cabinet, which met with Prime Minister Shehbaz Sharif in the chair, also approved placing names on the ECL and removing 22 names from the list. Sources said the government was not intentionally disclosing the names of the individuals placed on the ECL and struck off.

Market Indices

	16-Aug-22	15-Aug-22	30-Jun-22
KSE 100	43,436	43,622	41,541
KSE 30	16,431	16,468	15,805
KMI 30	71,172	71,422	68,766
KSE All Shares	29,860	29,945	28,582

Volume (mn Shares)

	16-Aug-22	FYTD (Average)
KSE 100	225.4	103.6
KSE 30	163.9	64.2
KMI 30	178.7	68.5
KSE All Shares	517.4	215.7

Commodity Rates

	16-Aug-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	92.3	-2.9%	-19.6%
Crude Oil-Arab Light (USD/BBL)	92.4	-3.7%	-14.4%
Coal (USD/Tonne)	322.7	0.7%	-5.6%
Copper (USD/Lbs)	3.6	0.2%	-2.3%
Cotton (¢/Lbs)	126.6	2.3%	14.8%
Gold (USD/Ounce)	1,775.7	-0.2%	-1.7%

Currency (Interbank)

	16-Aug-22	Daily Change	FYTD Change
US Dollar	213.4	-0.1%	4.4%
UK Pound	258.1	0.2%	3.7%
Euro	217.0	0.0%	1.2%
UAE Dirham	58.1	-0.6%	4.1%
Chinese Yuan	31.4	-0.3%	3.0%

Fund Flows (USD mn)

	16-Aug-22	FYTD
FOREIGN INDIVIDUAL	0.00	0.19
FOREIGN CORPORATES	-1.33	-1.77
OVERSEAS PAKISTANI	1.06	5.01
FIPI NET	**-0.27**	**3.44**

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

	16-Aug-22	15-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	15.74	15.74	14.98
6 Month T-Bill	15.82	15.80	15.15
12 Month T-Bill	15.89	15.88	15.30
3 Year Government Bond	13.67	13.65	13.45
5 Year Government Bond	12.89	12.89	12.93
10 Year Government Bond	12.82	12.85	12.92
3 Month KIBOR	15.90	15.88	15.16
6 Month KIBOR	15.99	15.97	15.35

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