Morning News 18-Aug-2022

MCB-ARIF HABIB Savings and Investments Limited

- **Govt commits more taxes as IMF board meets on 29th | Dawn:** The government has given an undertaking to the International Monetary Fund (IMF) to raise the petroleum development levy (PDL) to a maximum of PKR50 per litre each on petrol and diesel by January and April, respectively, in 2023. In its Letter of Intent (LoI) sent to the IMF for formal approval of completion of the 7th and 8th reviews of the USD7bn Extended Fund Facility (EFF), Pakistan has also made iron-clad commitments to build foreign exchange reserves to cover at least 10 weeks of imports by end of the current fiscal year from existing 5 weeks and not to use those reserves ever to support the exchange rate.
- **Debt sustainability, transparency: ADB to give USD0.9mn assistance on grant basis | BR:** The Asian Development Bank (ADB) will provide technical assistance (TA) envisaging improved debt sustainability and transparency in Pakistan. The TA subproject financing amount is USD0.9mn, which will be financed on a grant basis by the ADB's Technical Assistance Special Fund (TASF 7), revealed official documents.
- **Services' trade deficit widens to USD5.17bn in FY2022 | The News:** Pakistan's services trade deficit widened 105.7 to USD5.17bn in FY2022 from USD2.52bn in FY21, chiefly owing to a supply-demand mismatch in the country's underdeveloped services sector and its opening-up to the outside world. In FY2022, the economy hired foreign companies' services for USD12.14bn, while its exports were only USD6.97 billion.
- **Govt to borrow PKR6.77tr from debt market in Aug-Oct | The News:** The government plans to borrow PKR6.77 trillion from the domestic debt market in August-October, the central bank's auction calendar showed on Wednesday, to meet its financing requirements. It would raise PKR5.35 trillion from the auctions of Market Treasury Bills (MTBs) and PKR1.13 trillion through the sale of fixed and floating rate Pakistan Investment Bonds (PIBs).
- **Govt takes step to spur forex inflows thru export boost | BR:** Finance Minister Miftah Ismail has emphasized increasing exports and stated that there would be no tax on those companies that would export 10% of their production. Speaking at the "Leaders in Islamabad-Business Summit 2022", the finance minister said that every company has to export 10 percent of its products, adding that he would like to ask big business houses if they are making imports worth USD200mn how he would have the dollars; so they have to export something.
- **Non-textile exports contract 11% in July | Dawn:** The exports of non-textile products contracted by 11% to USD773mn in the first month of the current fiscal year from USD868mn in the same month last year due to a falling demand, data compiled by the Pakistan Bureau of Statistics (PBS) showed on Wednesday. The decline in export proceeds of the non-textile sector was noted across all sectors, especially value-added sectors.
- **Riyadh offers LNG, crude oil and revival of SFD pact | BR:** Saudi Arabia has reportedly offered Liquefied Natural Gas (LNG) to Pakistan on commercial basis in addition to activating an agreement on financing and providing supplies of crude oil and petroleum products signed between Saudi Fund and GoP. Saudi Arabia has sent this offer to Pakistan in draft minutes of the upcoming meeting of the Joint Working Group under the umbrella of the Saudi Pakistan Supreme Coordination Council (SPSCC).
- **LPG pipeline from Karachi to north of country proposed | The News:** Top functionaries of the Petroleum Division have proposed an LPG pipeline having capacity 12,000 tonnes per day from Karachi to the north of the country, terminating at Lahore in the first phase, Rawalpindi in the second phase with offtakes at various load centres such Bahawalpur, Multan, and Lahore, a senior official at Energy Ministry told The News.
- **Zero percent GST on pharma inputs proposed | BR:** The federal cabinet is likely to approve the Presidential Ordinance to amend Finance Act 2022 by end-August 2022, proposing zero percent sales tax on the import and local supplies of pharmaceutical raw materials and active ingredients. Sources told Business Recorder here on Wednesday that the Federal Board of Revenue (FBR) will share the final draft of the Presidential Ordinance with the Ministry of Finance after August 24, 2022.
- **Pakistan earns USD2,615m from IT services' export | Nation:** Pakistan earned USD2,615.82mn by providing different information technology (IT) services in various countries during the twelve months of fiscal year 2021-22. This shows growth of 24.10% as compared to USD2,107.80mn earned through provision of services during the corresponding period of fiscal year 2020-21, Pakistan Bureau of Statistics (PBS) reported.
- **Systems Limited to acquire TreeHouse Consultancy | Mettis Global:** Systems Limited (PSX: SYS) has entered into a definitive agreement to acquire 100% of TreeHouse Consultancy, a high-end IT solutions provider, along with its subsidiaries and associated companies, company's filing on PSX showed today. Systems Limited is a leading Information technology company in Pakistan that has entered the aforestated agreement through its wholly owned subsidiary Techvista Systems.
- **Honda Atlas Cars Pakistan announces price reduction for entire CKD portfolio | Profit:** Honda Atlas Cars Pakistan Limited (HACPL) has announced a price reduction across its entire completely knocked down (CKD) portfolio. This decision completes the downward revision across the Big 3 with Toyota Indus Motor (IMC) and Pak Suzuki Motor reducing their prices on Monday and Tuesday respectively.
- **Shell Pakistan to stop aviation operations | Dawn:** Shell Pakistan Ltd announced on Wednesday it's going to discontinue its aviation operations across Pakistan. In a regulatory filing to the Pakistan Stock Exchange, the oil marketing firm said it was "no longer commercially viable" for it to run the aviation business. The company currently conducts its aviation-related operations at four locations: Karachi's Jinnah Airport, Quetta International Airport, Sukkur's Begum Nusrat Bhutto Airport and Nawabshah Airport.
- **Pakistan included in new UK trading scheme | Dawm:** The United Kingdom (UK) has launched a "Developing Countries Trading Scheme" (DCTS), whose implementation in early 2023 will provide tariff reductions and simpler terms of trade to 65 countries, including Pakistan. The DCTS replaces the UK's Generalised Scheme of Preferences (GSP), a preferential trading system that provides tariff removals and reductions on various products.

Market Indices	17-Aug-22	16-Aug-22	30-Jun-22
KSE 100	43,677	43,436	41,541
KSE 30	16,532	16,431	15,805
KMI 30	71,799	71,172	68,766
KSE All Shares	29,923	29,860	28,582

Volume (mn Shares)	17-Aug-22	FYTD (Average)
KSE 100	345.8	111.9
KSE 30	73.0	64.5
KMI 30	81.9	68.9
KSE All Shares	607.4	229.2

Commodity Rates	17-Aug-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	93.7	1.4%	-18.4%
Crude Oil-Arab Light (USD/BBL)	93.7	1.5%	-13.2%
Coal (USD/Tonne)	325.5	0.9%	-4.7%
Copper (USD/Lbs)	3.6	-1.1%	-3.4%
Cotton (¢/Lbs)	122.7	-3.1%	11.2%
Gold (USD/Ounce)	1,761.1	-0.8%	-2.5%

Currency (Interbank)	17-Aug-22	Daily Change	FYTD Change
US Dollar	214.0	0.3%	4.6%
UK Pound	257.8	-0.1%	3.6%
Euro	217.9	0.4%	1.6%
UAE Dirham	58.5	0.6%	4.7%
Chinese Yuan	31.6	0.4%	3.4%

Fund Flows (USD mn)	17-Aug-22	FYTD
FOREIGN INDIVIDUAL	0.03	0.22
FOREIGN CORPORATES	-0.06	-1.83
OVERSEAS PAKISTANI	0.47	5.48
FIPI NET	**0.43**	**3.87**

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	17-Aug-22	16-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	15.72	15.74	14.98
6 Month T-Bill	15.81	15.82	15.15
12 Month T-Bill	15.90	15.89	15.30
3 Year Government Bond	13.59	13.67	13.45
5 Year Government Bond	12.70	12.89	12.93
10 Year Government Bond	12.53	12.82	12.92
3 Month KIBOR	15.91	15.90	15.16
6 Month KIBOR	15.99	15.99	15.35

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