Morning News 22-Aug-2022

MCB-ARIF HABIB
Savings and Investments Limited

- **IMF board members get staff reports | Dawn:** Pakistan has moved closer to clinching a deal with the International Monetary Fund (IMF) as all 24 members of the Fund's executive board have received copies of a staff report required to complete the process, diplomatic and IMF sources told Dawn. The board is meeting on Aug 29 to consider the report on the competition of seventh and eighth reviews of USD6bn loan package signed in 2019.
- **SBP may keep policy rate on hold | Tribune:** Pakistan's central bank is scheduled to review the current state of the economy and announce its key policy rate on Monday. Financial experts have developed consensus that the bank will maintain the rate at the current level of 15% for the next seven weeks.
- **Pakistan 'over-financed': SBP acting governor | Dawn:** State Bank of Pakistan (SBP) Acting Governor Dr Murtaza Syed on Friday said that Pakistan is "over-financed," thanks to the recently secured USD4 billion of additional financing commitments from friendly countries. In a meeting with the top management of the Pakistan Stock Exchange (PSX), Dr Syed said the International Monetary Fund programme has ensured that the country's financing needs will be fully met over the next 12 months.
- **SBP says forex reserves, currency, current account under temporary pressure | The News:** Central bank's acting governor Dr Murtaza Syed said on Friday pressures on forex reserves, currency and current account are temporary and are being forcefully addressed through proactive and concerted policy measures.
- **Budget deficit hits PKR5.3tr, debt-servicing PKR3.18tr | The News:** Despite ballooning economic size after rebasing national accounts, Pakistan's budget deficit escalated to a historic height by touching PKR5.26 trillion, equivalent to 7.9% of Gross Domestic Product, in the last fiscal year.
- **Pakistan mulls taking upfront cost | Tribune:** Pakistan is reviewing a proposal to receive upfront 20% of the total cost of five China-Pakistan Economic Corridor (CPEC) projects as deposits in the central bank in a bid to get breathing space amid declining foreign exchange reserves. The proposal has been discussed at the highest level as the prime minister has given instruction to further fine-tune it, a cabinet minister told The Express Tribune.
- **Govt allows luxury items with revised tariff | The News:** Federal Minister for Finance Miftah Ismail has said that the Tariff Policy Board would soon come up with imposition of regulatory duty on luxury and non-essential imported items. The federal minister said that it would ensure that our limited foreign exchange was spent on essential items and not on luxury goods.
- **Inflation breaks record as SPI exceeds 42% | Tribune:** As Pakistan continues to reel through political and economic instability, inflation is consistently on the rise with the Sensitive Price Index (SPI) showing an increase of 3.35% in the week that ended on August 18. Shattering old records, the year-on-year increase went up to 42.31%.
- **Modaraba regulations amended | The News:** The Securities and Exchange Commission of Pakistan (SECP) on Friday approved some amendments to the Modaraba Regulations, 2021, aiming to improve doing business climate in the country. The amendments have created transitional provisions for Modarabas to comply with the minimum equity requirement such as increased per party house finance limit, SECP said.
- **Adoption of 5G services: Govt likely to allocate band of 700 MHz | BR:** The government is likely to allocate the band of 700 MHz for adoption of 5G services in the country. The Ministry of Information Technology and Telecommunication has evaluated the following bands for adoption of 5G services as low bands, mid bands and high bands: (a) 700 MHz; (b) 2.3 GHz; (c) 2.6 GHz; (d) 3.5 GHz; (e) MiIli8meter wave bands; (f) C-Band (3.6-4.2) GHz and (g) Unlicensed Backhaul Frequency bands (P2P & P2MP).
- **FCA for July: CPPA-G seeks PKR4.70 per unit hike in Discos' tariffs | BR:** The Central Power Purchasing Agency-Guaranteed (CPPA-G) has sought an increase of PKR4.70 per unit in Discos' tariffs for July 2022 under monthly Fuel Charges Adjustment (FCA), due to higher cost of imported coal, RFO, RLNG and HSD. National Electric Power Regulator Authority (Nepra) will hold a public hearing on August 31, 2022 on CPPA-G's request of adjustment in Discos' tariffs.
- **UFG losses rates on RLNG distribution reinstated | BR:** The government has reinstated the rates of Unaccounted for Gas (UFG) losses on the distribution of RLNG (Regasified Liquid Natural Gas) to pre-August 2020 levels. According to the Oil and Gas Regulatory Authority's (OGRA) latest notified prices of RLNG for August, the rates of UFG losses of gas companies i.e., the Sui Northern Pipelines Limited (SNGPL) and the Sui Southern Gas Company (SSGC) now stand at over 7.86 percent and 12.32 percent respectively.
- **Govt okays major changes to LNG policy | Dawn:** Ahead of Prime Minister Shehbaz Sharif's visit to Doha next week, the Economic Coordination Committee (ECC) of the Cabinet on Friday approved major changes to the Liquefied Natural Gas (LNG) Policy to remove restrictions on upcoming private sector LNG terminals to provide their part capacity to the government.
- **Fixed ST via power bills suspended | Tribune:** Prime Minister Shehbaz Sharif on Saturday immediately suspended fixed sales tax collection through electricity bills and ordered the formulation of a new mechanism in this regard. The prime minister also directed an inquiry over the levy of increased sales tax ratio to shopkeepers and retailers in the electricity bills other than the agreed one.
- **Public transport: OGRA extends ban on LPG as fuel | BR:** The Oil and Gas Regulatory Authority (OGRA) has extended the ban on the use of LPG as fuel in public transport and letters have been issued to all chief secretaries of the provinces. Liquefied Petroleum Gas (LPG) as fuel in public transport is the reason behind blasts, which continue unabated despite a ban imposed by the OGRA.
- **PKR50mn penalty imposed on CPGCL | Dawn:** The National Electric Power Regulatory Authority (Nepra) on Friday imposed PKR50mn fine on Central Power Generation Company Ltd (CPGCL) over a country-wide power failure about one and half years ago.
- **Lucky Motor to maintain prices | Tribune:** Lucky Motor Corporation (LMC) has announced not to jump on the bandwagon of reducing prices of its vehicles. The company maintains that its price hike came after a long period unlike other industry players who increase prices regularly and then decrease them by only a small margin. In a notice to its dealers, the company proclaimed to maintain the prices set in July because their price hike was not as severe as that of other market players.
- **Electronic asset declaration system on the cards | Tribune:** For transparency and accountability, an electronic asset declaration system will be set up through which movable and immovable assets of the bureaucracy abroad would be made public. Citizens will also be able to access the declaration of the assets of the members of parliament.
- **Imran faces terrorism charge for 'threatening' judge, police | Dawn:** Former prime minister Imran Khan was booked in a terrorism case on Sunday for "threatening" a female judge and senior police officers in a public rally that drew strong reaction from the federal government with the interior minister declaring that the PTI chief would not be allowed to challenge the writ of the state by inciting rebellion.

Market Indices			
	19-Aug-22	18-Aug-22	30-Jun-22
KSE 100	43,271	43,482	41,541
KSE 30	16,399	16,476	15,805
KMI 30	71,313	71,571	68,766
KSE All Shares	29,651	29,776	28,582
Volume (mn Shares)			
	19-Aug-22	FYTD (Average)	
KSE 100	113.5	115.5	
KSE 30	53.6	65.9	
KMI 30	54.4	70.2	
KSE All Shares	305.6	244.3	
Commodity Rates			
	19-Aug-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	96.7	0.1%	-15.8%
Crude Oil-Arab Light (USD/BBL)	96.0	0.3%	-11.0%
Coal (USD/Tonne)	333.3	1.7%	-2.5%
Copper (USD/Lbs)	3.7	0.9%	-1.2%
Cotton (¢/Lbs)	124.1	2.2%	12.5%
Gold (USD/Ounce)	1,747.8	-0.6%	-3.3%
Currency (Interbank)			
	19-Aug-22	Daily Change	FYTD Change
US Dollar	214.5	-0.1%	4.9%
UK Pound	253.7	-0.9%	1.9%
Euro	215.2	-0.6%	0.4%
UAE Dirham	58.5	-0.6%	4.7%
Chinese Yuan	31.5	-0.5%	3.1%
Fund Flows (USD mn)			
	19-Aug-22	FYTD	
FOREIGN INDIVIDUAL	0.00	0.22	
FOREIGN CORPORATES	-1.24	-3.42	
OVERSEAS PAKISTANI	0.41	6.34	
FIPI NET	**-0.83**	**3.13**	
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			
	19-Aug-22	18-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	15.73	15.72	14.98
6 Month T-Bill	15.82	15.80	15.15
12 Month T-Bill	15.89	15.90	15.30
3 Year Government Bond	13.65	13.62	13.45
5 Year Government Bond	12.90	12.81	12.93
10 Year Government Bond	12.57	12.59	12.92
3 Month KIBOR	15.91	15.91	15.16
6 Month KIBOR	16.00	16.01	15.35

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