Morning News 23-Aug-2022

MCB-ARIF HABIB
Savings and Investments Limited

- **Loan resumption: IMF board to take up heavy agenda on 29 th| BR:** The International Monetary Fund (IMF) will consider "Pakistan - combined seventh and eighth reviews under the extended arrangement under the Extended Fund Facility (EFF); request for waivers of nonobservance of performance criteria, and for extension, augmentation, and rephasing of access" on August 29. The Fund updated its website according to which the board meeting will be held on August 29.
- **Pakistan to receive USD2bn from Qatar: report | BR:** Pakistan will receive USD2bn from Qatar in bilateral support to help ease its financing crunch, reported *Bloomberg*, citing acting governor of the State Bank of Pakistan (SBP) Dr Murtaza Syed, on Monday. Pakistan will also get USD1bn in oil financing from Saudi Arabia and a similar amount in investments from the UAE. All the funds are expected over 12 months, Dr Syed said in a briefing, added the report. Prime Minister Shehbaz Sharif will visit Qatar on August 23, his first visit to the country since assuming office.
- **Spread on Pakistan's dollar bonds widens | The News:** Pakistan's dollar-denominated bonds took a hit Monday along with its currency and stocks after the government said it is considering legal action against former Prime Minister Imran Khan. Securities due April 2024 fell, widening their yield premium over equivalent US Treasuries by more than 92 basis points to 2,825, according to indicative pricing data collected by Bloomberg. Spreads on other notes, including 2031 and and 2051 debt issued just last year, also widened, though they remain well inside their highs of July.
- **Policy rate kept unchanged at 15% | BR:** The Monetary Policy Committee (MPC) of the State Bank of Pakistan (SBP) has decided to maintain the policy rate unchanged at 15% due to some positive developments on the domestic and external front. The meeting of the MPC was held at SBP head office Monday and chaired by SBP Acting Governor Dr Syed Murtaza Syed as the newly appointed Governor Jameel Ahmed has not assumed the charge so far.
- **THE RUPEE: PKR declines | BR:** Pakistan's rupee registered a drop of 0.93% against the US dollar as political noise engulfed the market on Monday. As per the State Bank of Pakistan (SBP), the rupee settled at 216.66 against the US dollar after depreciating PKR2.01 or 0.93%. The rupee closed the previous week with a marginal gain of 0.4%, settling at 214.65 on Friday with analysts believing that the currency had reached a short-term equilibrium.
- **Ordinance promulgated: Amended tax laws come into force | BR:** President Arif Alvi Monday signed the Tax Laws (Second Amendment) Ordinance 2022 for additional taxation on the tobacco industry of PKR36bn, sales tax exemption to single cylinder agriculture diesel engines. Exemption of Capital Value Tax for the passenger/goods transport vehicles and vehicles of foreign diplomats and foreign diplomatic missions and restoration of old tax scheme for small traders/retailers prevailing prior to Finance Act 2022.
- **Auto financing rises by 14.87% YoY in July 2022 | MettisGlobel:** Automobile financing in Pakistan has increased by 14.87% YoY in July 2022 to a record high at PKR367bn, compared to PKR313.86bn in the same month last year, the latest data issued by SBP showed today. However, on a sequential basis, auto financing dropped by 4.18% MoM in July 2022 compared to PKR367bn in June 2022, mainly due to higher interest rates, an increase in car prices, regulative curbs for acquiring loans, and higher taxes on the import of automobiles and their parts.
- **New UAE rules trigger dirham shortage in Pakistan | The News:** The open market is experiencing a dearth of UAE dirhams (AED) as the Gulf state made it essential for Pakistani travellers to disclose 5,000 dirhams at the airport at the time of landing, foreign exchange dealers said. The most recent development has caused Pakistan's currency market to fall short of the AED. The price of the US dollar in the kerb market has increased because of this as well.
- **700MW hydropower project: LoS given fourth extension | BR:** The Private Power & Infrastructure Board (PPIB) has given fourth extension in Letter of Support (LoS) to 700-MW M/s Azad Pattan Hydropower Project for another year starting from January 1, 2022. The company was issued Letter of Support on June 30, 2016 as amended on September 19, 2018, September 27, 2019 and April 26, 2021.
- **Export-oriented sectors: Govt backs out of subsidised power decision | BR:** In a major U-turn, the Federal Government has reportedly backed out from its decision to supply electricity to five export-oriented sectors (erstwhile zero rated sectors) at cents 9 per unit for the entire current fiscal year (CFY 2022-23) after a summary approved by the Prime Minister was sent by the Finance Division in "violation" of rules of business 1974, well informed sources in Commerce Ministry told Business Recorder.
- **NBP signs agreement to provide banking facilities to PIA employees | BR:** National Bank of Pakistan (NBP) and Pakistan International Airlines (PIA) have signed an agreement for "Employee Banking" for provision of banking facilities to PIA employees. Under the aforementioned arrangement, NBP will facilitate PIA employees to meet their financial needs through provision of its wide range of assets and liabilities products under the preferred service mode.
- **PM to leave for Qatar today | BR:** Prime Minister Shehbaz Sharif will pay a two-day official visit to Qatar from Tuesday [23-24 August] on the invitation of Sheikh Tamim bin Hamad Al Thani, the Emir of the State of Qatar, Foreign Office said. According to a statement of the Foreign Office, the prime minister will be accompanied by a high-level delegation, including key members of the Cabinet. This would be the prime minister's first visit to the State of Qatar since assuming office in April 2022. During the visit, the prime minister will hold in-depth consultations with the Qatari leadership.
- **Ishaq Dar files petition in SC for early hearing of appeal | The News:** Former finance minister Ishaq Dar has filed an application in the Supreme Court requesting for an early hearing of the appeal which has been pending before the court since 2018. Senator-elect Dar has filed the application through his lawyers. He had originally filed an appeal in 2018 against his declaration as a proclaimed offender by accountability court. The latest application in the Supreme Court of Pakistan is requesting intervention by the apex court to consider his case on merit.
- **Pakistan assets hit as government weighs action against Khan | Bloomberg:** Pakistan's dollar-denominated bonds took a hit Monday along with its currency and stocks after the government said it is considering legal action against former Prime Minister Imran Khan. Securities due April 2024 fell, widening their yield premium over equivalent US Treasuries by more than 90 basis points to 2,823, according to indicative pricing data collected by Bloomberg.

Market Indices

	22-Aug-22	19-Aug-22	30-Jun-22
KSE 100	42,827	43,271	41,541
KSE 30	16,232	16,399	15,805
KMI 30	70,769	71,313	68,766
KSE All Shares	29,386	29,651	28,582

Volume (mn Shares)

	22-Aug-22	FYTD (Average)
KSE 100	90.6	114.7
KSE 30	49.5	65.4
KMI 30	50.2	69.6
KSE All Shares	194.5	242.7

Commodity Rates

	22-Aug-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	96.5	-0.2%	-16.0%
Crude Oil-Arab Light (USD/BBL)	96.0	0.0%	-11.1%
Coal (USD/Tonne)	344.5	3.4%	0.8%
Copper (USD/Lbs)	3.7	-0.4%	-1.6%
Cotton (¢/Lbs)	122.3	-1.5%	10.9%
Gold (USD/Ounce)	1,735.7	-0.7%	-3.9%

Currency (Interbank)

	22-Aug-22	Daily Change	FYTD Change
US Dollar	216.3	0.8%	5.8%
UK Pound	254.5	0.3%	2.2%
Euro	215.0	-0.1%	0.3%
UAE Dirham	59.2	1.2%	5.9%
Chinese Yuan	31.6	0.4%	3.5%

Fund Flows (USD mn)

	22-Aug-22	FYTD
FOREIGN INDIVIDUAL	0.00	0.22
FOREIGN CORPORATES	-0.39	-3.81
OVERSEAS PAKISTANI	-0.09	6.24
FIPI NET	**-0.48**	**2.66**

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

	22-Aug-22	19-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	15.73	14.98
6 Month T-Bill	15.80	15.82	15.15
12 Month T-Bill	15.90	15.89	15.30
3 Year Government Bond	13.65	13.65	13.45
5 Year Government Bond	12.91	12.90	12.93
10 Year Government Bond	12.56	12.57	12.92
3 Month KIBOR	15.93	15.91	15.16
6 Month KIBOR	16.02	16.00	15.35

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