Morning News 25-Aug-2022

MCB-ARIF HABIB
Savings and Investments Limited

- **Qatar's sovereign wealth fund aims to invest USD3bn | BR:** The Qatar Investment Authority aims to invest USD3bn in Pakistan, Qatar's Emiri Diwan said on Wednesday, lending support to the South Asian nation's cash-strapped economy. Pakistan is in economic turmoil and faces a balance of payments crisis, with foreign reserves having dropped as low as USD7.8bn, barely enough for more than a month of imports.
- **No tax relief without NA approval under IMF conditions | Pakistantoday:** The International Monetary Fund (IMF) has made it compulsory for Pakistan to get the National Assembly's (NA) approval before launching any tax amnesty scheme in order for the country to secure its economic bailout. According to the Letter of Intent (LoI) sent back to the IMF, the government has assured the Fund that tax amnesty will not be launched through a presidential ordinance.
- **Govt advised against steep regulatory duties ahead of IMF meet | Dawn:** The National Tariff Commission (NTC) has cautioned the federal government of a possible fallout of imposing the highest-ever regulatory duties (RD) on goods imports ahead of the International Monetary Fund (IMF) executive board meeting, Dawn has learned from sources. The IMF board meeting is scheduled for Aug 29 to approve disbursement of USD1.18bn under the Extended Fund Facility (EFF).
- **July CAD shrinks 45% to USD1.2bn MoM | BR:** Pakistan's current account deficit (CAD) for July 2022 narrowed by 45% on month-on-month basis to USD1.2bn as compared to CAD of USD2.2bn in June this year. The moderation in CAD was due to 26% on MoM fall in imports (goods and services) to USD6.2bn. On a year-on-year basis, CAD jumped by 42% in July 2022 from USD851mn in the corresponding period last year.
- **FDI drops to USD59mn in July | The News:** Pakistan's foreign direct investment (FDI) fell 43% to USD59mn in July from USD103.8mn a year ago, the central bank data showed on Wednesday. The FDI saw a 78% decline on a month-on-month basis. It amounted to USD271mn in June. State Bank of Pakistan's data showed that the financial sector attracted USD27.7mn in FDI from global investors in the first month of this fiscal year, which was lower when compared to USD36mn in the corresponding month of last year.
- **SBP raises PKR828bn through T-bills auction | MettisGlobal:** The State Bank of Pakistan (SBP) on Wednesday raised PKR828bn through the auction of three, six, and twelve-month T-bills against the target of PKR750bn. According to the auction result, the cut-off yields for three, six, and twelve-month increased by 5 basis points each to 15.79% and 15.85%, respectively. However, the cut-off yields for twelve months remained unchanged at 15.94%.
- **Trade deficit in services shrinks by 62% MoM in July 2022 | MettisGlobel:** Pakistan's trade deficit in services improves by around 62% MoM to USD260mn in July 2022 from USD682mn in the previous month, the data released by the State Bank of Pakistan (SBP) showed on Tuesday. Similarly, the country's trade deficit in services, on a yearly basis shrank by 9.4% YoY from USD287mn in July 2021. Details made available by SBP revealed that the exports of services in July 2022 amounted to USD530mn, i.e., up by 8% YoY while on monthly basis, it has declined by 16.53% MoM.
- **Dollar climbs to PKR229 in open market | The News:** The US dollar on Wednesday continued its winning streak for the third consecutive session against the Pakistani rupee and rose by PKR7 to PKR229 in the open market ahead of the International Monetary Fund's (IMF) executive board meeting — scheduled for August 29 in Washington. In the interbank market, the local unit, however, closed at 218.38 after losing 0.72 against the dollar, up from yesterday's close of 217.66, according to the State Bank of Pakistan.
- **Pakistan's technical compliance rating upgraded by FATF's APG | BR:** The Asia Pacific Group (APG), a subsidiary body of the Financial Action Task Force (FATF), has released the fourth technical compliance report on the implementation of the FATF Action Plan by Pakistan, in which Pakistan's technical compliance rating has been upgraded.
- **PD plans to withdraw gas from old units of TPSG | BR:** The Petroleum Division has reportedly prepared a plan to withdraw gas from older and inefficient units of Thermal Power Station Guddu (TPSG) aimed at giving it to the fertilizer sector, which has been lobbying for quite some time, well-informed sources told Business Recorder.
- **Real estate projects: SECP allows Modaraba companies to deal or trade | BR:** The Securities and Exchange Commission of Pakistan (SECP) has allowed Modaraba companies to deal or trade in real estate projects recognised by development authorities like Karachi Development Authority. According to SRO 1546, (I)/2022 issued by the SECP on Wednesday, a Modaraba company can hold, deal or trade in real estate projects, subject to the laid down conditions.
- **US firm buys Cloudways for USD350mn | Dawn:** New York Stock Exchange–listed firm DigitalOcean Holdings Inc is going to buy Cloudways — a Pakistani company that provides small and medium-sized businesses with cloud hosting and software as a service (SaaS) facilities — for USD350mn in cash. According to a company statement released on Wednesday, a significant portion of the consideration will be paid over a 30-month period following the closing of the transaction in September.
- **Hascol's board approves 'rehabilitation plan' | BR:** The board of directors at Hascol Petroleum Limited has approved the plan for rehabilitation of the company through restructuring and settlement of liabilities, informed the company in a notice to the Pakistan Stock Exchange (PSX) on Wednesday.
- **UAE Businessmen Interested To Invest In Pakistan: Envoy | Nation:** United Arab Emirates has tremendous investment opportunities in biotechnology, food, agriculture and various other sectors that should be availed by the private sector of Pakistan. These views expressed by Ambassador of UAE Hamad Obaid Ibrahim Salem Al-Zaabi while speaking at a meeting at the Lahore Chamber of Commerce & Industry.
- **Imran Khan's street politics sets up showdown with Pakistan army | Bloomberg:** Pakistan's military-backed establishment faces a dilemma: The more they seek to boot Imran Khan out of politics, the greater the risk he becomes even more popular. Since his ouster in a no-confidence vote in April, Khan has sought to rally his supporters in the world's fifth-most populous country to hit the streets and push for a fresh national vote.

Market Indices	24-Aug-22	23-Aug-22	30-Jun-22
KSE 100	43,338	43,367	41,541
KSE 30	16,527	16,491	15,805
KMI 30	72,195	72,126	68,766
KSE All Shares	29,653	29,703	28,582

Volume (mn Shares)	24-Aug-22	FYTD (Average)
KSE 100	116.0	115.5
KSE 30	61.0	65.2
KMI 30	57.1	69.2
KSE All Shares	256.4	245.5

Commodity Rates	24-Aug-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	101.2	1.0%	-11.8%
Crude Oil-Arab Light (USD/BBL)	98.1	-1.5%	-9.1%
Coal (USD/Tonne)	328.0	-1.6%	-4.0%
Copper (USD/Lbs)	3.6	-1.4%	-1.8%
Cotton (¢/Lbs)	121.9	1.1%	10.6%
Gold (USD/Ounce)	1,750.9	0.2%	-3.1%

Currency (Interbank)	24-Aug-22	Daily Change	FYTD Change
US Dollar	219.0	1.0%	7.1%
UK Pound	258.4	0.7%	3.8%
Euro	218.2	1.0%	1.8%
UAE Dirham	59.9	1.2%	7.2%
Chinese Yuan	31.9	0.7%	4.6%

Fund Flows (USD mn)	24-Aug-22	FYTD
FOREIGN INDIVIDUAL	0.00	0.28
FOREIGN CORPORATES	-1.76	-6.51
OVERSEAS PAKISTANI	-0.02	6.16
FIPI NET	**-1.78**	**-0.08**

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	24-Aug-22	23-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	15.68	15.69	14.98
6 Month T-Bill	15.77	15.79	15.15
12 Month T-Bill	15.86	15.88	15.30
3 Year Government Bond	13.58	13.58	13.45
5 Year Government Bond	12.90	12.84	12.93
10 Year Government Bond	12.58	12.58	12.92
3 Month KIBOR	15.91	15.90	15.16
6 Month KIBOR	16.01	16.00	15.35

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