Morning News 30-Aug-2022

MCB-ARIF HABIB
Savings and Investments Limited

- **IMF revives EFF amid nasty govt-PTI clatter | BR:** The International Monetary (IMF) on Monday revived the Extended Fund Facility (EFF) programme for Pakistan, as its Executive Board approved the disbursement of USD1.17bn for seventh and eight tranche. Additionally, in order to support programme implementation and meet the higher financing needs in fiscal year 2023, as well as catalyze additional financing, the IMF Board approved an extension of the EFF until end-June 2023 and an augmentation of access by SDR 720mn that will bring the total access under the EFF to about USD7bn.
- **Pakistan to hold talks with IMF for additional loan on flash floods | MettisGlobel:** Pakistan will likely hold talks with the International Monetary Fund (IMF) for additional loans following the flash floods, Federal Minister for Finance and Revenue Mr Miftah Ismail said during the press conference on Monday. He said that there was no immediate assessment of how badly the various sectors of the economy had been affected and the damage may exceed USD10bn.
- **Zero foreign investment in domestic bonds in August | Dawn:** The high returns on treasury bills and Pakistan Investment Bonds (PIBs) failed to attract a single dollar from foreign investors in the second month of the current fiscal year. The data released by the State Bank of Pakistan on Monday showed zero inflow of foreign investment in T-bills and PIBs during August, while an investment of just USD3mn was recorded in July against an outflow of USD31.09mn in the first month of FY23. The high-yield domestic bonds are only making government borrowing costlier.
- **Total loans, grants hit USD185.6mn in July | The News:** Pakistan received a total of USD185.6mn in July 2022 in the shape of loans and grants from all avenues including USD100mn from Saudi Arabia under the oil facility on deferred payment in the first month (July 2022) of fiscal year 2022-23, official data showed on Monday. The aforementioned amount was received against total budgetary estimates of USD22.8bn through multilateral, and bilateral creditors, the launching of international bonds, commercial loans, IMF's assistance and dollar inflows through Naya Pakistan Certificates.
- **PKR falls by PKR1.26 in interbank market | Dawn:** The PKR remained under pressure on Monday, depreciating by PKR1.26 against the dollar in the interbank market. Data shared by the State Bank of Pakistan showed the local currency closed at PKR221.92 per dollar, down 0.57%. Mettis Global Director Saad bin Naseer said the primary reasons for the rupee's fall were the dollar's ascent in international markets and the country's flood situation.
- **Floods inflict USD10bn losses across Pakistan | Dawn:** The federal government has estimated a loss of at least USD10 billion caused by weeks of torrential rains and subsequent floods, with Sindh, in particular, suffering damages of over USD1.6bn (Rs355bn) as all major crops have been destroyed. Speaking to the media, Finance Minister Miftah Ismail shared the damages estimate, saying the economic impact of floods would be at least USD10bn, which is roughly translated to three per cent of the Gross Domestic Product (GDP) of the country.
- **Petrol to stay dearer despite lower FOB price | The News:** The petrol prices on free on board (FOB) basis reflect a PKR20/litre fall for consumers in the next fortnightly rate review, but it is unlikely to go cheaper as the government may pile taxes on this petroleum products along with exchange loss adjustment, The News learnt on Monday. However, the price of diesel should increase by Re1/litre on FOB basis in the next review. The FOB is the price difference of petroleum prices in the international market and domestic market.
- **Govt likely to allow import of onion, tomato from 'any source' | BR:** The Federal Cabinet is likely to allow import of onions and tomatoes from "any source" for a brief period to control soaring prices in the country, well informed sources told Business Recorder. The situation of availability of both commodities was discussed at a meeting in Commerce Ministry on Monday.
- **Complaint of PMLTC: PPIB to discuss 17% GST on transmission services | BR:** Private Power & Infrastructure Board (PPIB) has convened a meeting on August 31, 2022 (tomorrow) to deliberate on 17% GST on transmission services allegedly imposed in violation of agreement. Chinese Company, Pak Matiari-Lahore Transmission Company (PMLTC) agitated on imposition of 17% GST on transmission service charges, official sources told. CEO/President of Chinese company Pak Matiari-Lahore Transmission Company (PMLTC) Zhang Li, in a letter to Managing Director PPIB stated that he is bringing it to the latter's notice that amendments to the Finance Act, 2022 and Sales Tax Act, 1990, would have severe financial implications on Pak Matiari-Lahore Transmission Company (Private) Limited.
- **PCE dispute with CPPA-G: Hubco approaches Power Div secy | BR:** Hub Power Company (Hubco) has approached Secretary Power Division, Rashid Langrial, for support for resolution of dispute with Central Power Purchasing Agency-Guaranteed (CPPA-G) on Personal Consumption Expenditure (PCE). Chief Executive Officer (CEO) Hubco, Kamran Kamal, in his letter to Secretary Power Division, a copy of which has also been sent to Chief Executive Officer (CEO) CPPA-G has shared the background of the case.
- **Pak Suzuki announces further extension in automobile plant shutdown | BR:** Pak Suzuki Motor Company (PSMC) on Monday said it has further extended the shutdown of its automobile production plant from August 29 to 31, citing import restrictions by the State Bank of Pakistan (SBP) that have "adversely impacted clearance of import consignments, which resultantly affected the inventory levels".
- **PM orders inquiry into damage caused to Mohmand Dam | Tribune:** Prime Minister Shehbaz Sharif on Monday directed the authorities concerned to carry out an investigation into the damage caused to the basic infrastructure of Mohmand Dam due to floods and ordered timely completion of the project. The premier issued the direction during his visit to the construction site of the dam in Nowshera. Speaking on the occasion, the PM said that Mohmand Dam was being built jointly by the Chinese and Pakistani companies.
- **Tranche: PM congratulates Miftah over approval by IMF board | BR:** Prime Minister Shehbaz Sharif has termed the restoration of the International Monetary Fund (IMF) programme as a positive development for Pakistan's economy and congratulated his finance minister. The restoration of the IMF program has eliminated the threat of economic bankruptcy of Pakistan. Thanks be to Allah that Pakistan has come out of the difficult economic test. The IMF program is a step but Pakistan's destination is economic sovereignty. He added that the revival of the program will bring economic stability to Pakistan.
- **Xi, Modi express solidarity with Pakistan | BR:** Chinese President Xi Jinping and Indian Prime Minister Narendra Modi on Monday expressed solidarity with Pakistan as the country faces a catastrophic situation due to floods. Chinese President Xi Jinping said that China will continue to provide all possible assistance to Pakistan to deal with floods. Issuing a goodwill message to Pakistan President Dr Arif Alvi, Xi Jinping expressed solidarity with the flood victims.

Market Indices			
	29-Aug-22	26-Aug-22	30-Jun-22
KSE 100	42,504	42,592	41,541
KSE 30	16,090	16,115	15,805
KMI 30	70,290	70,399	68,766
KSE All Shares	29,191	29,322	28,582
Volume (mn Shares)			
	29-Aug-22	FYTD (Average)	
KSE 100	112.0	116.0	
KSE 30	66.6	65.1	
KMI 30	64.2	68.8	
KSE All Shares	229.1	244.6	
Commodity Rates			
	29-Aug-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	105.1	4.1%	-8.5%
Crude Oil-Arab Light (USD/BBL)	101.0	3.8%	-6.4%
Coal (USD/Tonne)	348.5	5.3%	2.0%
Copper (USD/Lbs)	3.6	-2.3%	-2.6%
Cotton (¢/Lbs)	125.0	4.0%	13.3%
Gold (USD/Ounce)	1,737.8	0.1%	-3.8%
Currency (Interbank)			
	29-Aug-22	Daily Change	FYTD Change
US Dollar	222.5	1.0%	8.8%
UK Pound	260.5	0.7%	4.6%
Euro	222.4	1.3%	3.7%
UAE Dirham	60.6	0.6%	8.5%
Chinese Yuan	32.2	0.5%	5.5%
Fund Flows (USD mn)			
	29-Aug-22	FYTD	
FOREIGN INDIVIDUAL	0.00	0.32	
FOREIGN CORPORATES	0.43	-5.85	
OVERSEAS PAKISTANI	0.74	7.96	
FIPI NET	**1.17**	**2.44**	
Economic Data (USD mn)			
	FY22P	FY21	FY20
GDP Growth	6.0%	5.7%	-0.9%
	Jul-22	Jun-22	
Exports	2,254	2,918	
Imports	4,993	7,880	
Remittances	2,524	2,761	
Foreign Exchange Reserves	8,385	9,816	
Money Market Data			
	29-Aug-22	26-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	15.75	15.73	14.98
6 Month T-Bill	15.80	15.80	15.15
12 Month T-Bill	15.90	15.90	15.30
3 Year Government Bond	13.63	13.60	13.45
5 Year Government Bond	13.03	12.97	12.93
10 Year Government Bond	12.60	12.60	12.92
3 Month KIBOR	15.92	15.91	15.16
6 Month KIBOR	16.00	16.00	15.35

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