Morning News 02-Sep-2022

MCB-ARIF HABIB
Savings and Investments Limited

- **Inflation hits 47-year high of 27.3% | The News:** Pakistan's inflation measured by the consumer price index (CPI) has hit a 47-year high by accelerating to 27.3% in August 2022, the level last seen in May 1975, while still the full impact of massive flooding on the prices of food items and other commodities is yet to come. It is to be noted that Pakistan's CPI inflation averaged 7.94% from 1957 to 2022, while reaching an all-time high of 37.8% in December 1973 and a record low of minus 10.32% in February 1959.
- **WB joins govt to mobilise around USD300mn | BR:** The World Bank has worked with the government of Pakistan to mobilise approximately USD300mn for immediate response from the existing portfolio to support the country's relief efforts amid widespread floods across the country. This was stated by the World Bank spokesperson in Islamabad while responding to Business Recorder's question regarding the Bank pledges for the flood victims.
- **Govt mulls taking another IMF loan for floods | Tribune:** Pakistan is weighing the option to seek an emergency loan from the International Monetary Fund, as preliminary estimates suggest that devastating floods might have caused nearly PKR2.5 trillion in losses and the economic growth rate could slow down to just 2% in the current fiscal year.
- **SBP's reserves fall by USD113mn to USD7.697bn | BR:** The total liquid foreign exchange reserves held by the State Bank of Pakistan (SBP) decreased by USD113mn to USD7.70bn during the week ended on August 26, 2022. According to the SBP data released on Thursday, the total liquid foreign exchange reserves held by the country stood at USD13.40bn as of August 26, 2022. The net forex reserves held by commercial banks stood at USD5.71bn on August 26, 2022.
- **Trade deficit shrinks 27% to USD3.2bn in August | The News:** Pakistan's trade deficit in August narrowed by 27% from the same period in 2021, helped by efforts to curb imports, which would further ease pressure on the current account balance, the finance minister said on Thursday. Imports fell by 13% in August while exports gained 13%, narrowing the monthly trade deficit slightly more than expected.
- **Exports jump by 11.6% in August | Dawn:** Pakistan's merchandise exports jumped 11.6% year-on-year in August against a negative growth in the preceding month, provisional data of Pakistan's Customs showed on Thursday. In July, the first month of the current fiscal year, the export proceeds shrank 5.17%. However, the export proceeds revived to USD2.5bn in August against USD2.24bn in the corresponding month of last year. On a month-on-month basis, the export proceeds increased by 11%.
- **THE RUPEE: PKR gains on IMF inward inflows | BR:** The inflow of funds from the International Monetary Fund (IMF) helped add to the gains of the Pakistani rupee for the third successive session, as the local currency appreciated 0.07% against the US dollar in the inter-bank market on Thursday. As per the State Bank of Pakistan (SBP), the rupee closed at 218.60 after appreciating Re0.15 against the greenback.
- **PM enhances FCA waiver to 300 units | BR:** Prime Minister Shehbaz Sharif has announced to exempt consumption of electricity up to 300 units from Fuel Charges Adjustment (FCA) to provide relief to the consumers. The prime minister, while addressing the members of the national and provincial assemblies, stated that previously the government has decided to exempt up to 200-unit consumption of electricity from the FCA.
- **PM approves 10,000MW solar energy generation plan | BR:** Prime Minister Shehbaz Sharif has approved the plan of generating 10,000-MW cheaper electricity through solar energy and directed to hold a pre-bid conference for all the stakeholders next week. According to the Prime Minister's Office, PM Shehbaz approved the plan for generating electricity by solar energy instead of producing electricity by importing expensive oil.
- **Oil sales tumble 24% on high prices | Dawn:** Country's oil sales plunged by 24% to 2.97mn tonnes in 2MFY23 from 3.90mn tonnes due to higher petroleum prices and low movement of transport due to heavy monsoon rains. The sales of high-speed diesel (HSD) witnessed a drop of 32% to 0.94m tonnes from 1.39mn tonnes followed by a 20% fall in petrol sales to 1.23mn tonnes from 1.55mn tonnes. Furnace oil sales fell by 22% to 0.68mn tonnes during 2MFY23 from 0.87mn tonnes in 2MFY22.
- **PL on petrol jacked up by 87% | BR:** Federal government has jacked up the rate of petroleum levy (PL) on petrol by 87%, ie, all-time high to meet the condition of the IMF, in fortnightly review of petroleum products prices for first half of September 2022. The Oil and Gas Regulatory Authority (Ogra) notified PKR17.5 per litre hike in rate of PL on petrol with effect from September 1 and denied to pass on relief to public at large though the refined POL products has come down internationally and stable exchange rate.
- **PM agrees to give NEECA back to Power Division | BR:** Prime Minister Shehbaz Sharif has given his nod to transfer National Energy Efficiency & Conservation Authority (NEECA) back to Power Division from Ministry of Science and Technology (MoS&T), within four months 'due to pressure of World Bank', well informed sources told Business Recorder. However, Prime Minister has directed Power Division to propose an amendment in the National Energy Efficiency & Conservation Act, 2016 to provide for a high-powered Commission as an inter-ministerial forum to spearhead serious energy conservation measures.
- **Private sector allowed to import wheat | BR:** The Economic Coordination Committee (ECC) of the Cabinet has allowed private sector to import 0.8 Million Metric Tons (MMTs) of wheat without subsidy and at a comparatively lower price than the wheat imported recently by Trading Corporation of Pakistan (TCP), sources close to Minister for National Food Security and Research told Business Recorder.

Market Indices

	1-Sep-22	31-Aug-22	30-Jun-22
KSE 100	42,460	42,351	41,541
KSE 30	16,016	16,003	15,805
KMI 30	70,540	70,347	68,766
KSE All Shares	29,117	29,078	28,582

Volume (mn Shares)

	1-Sep-22	FYTD (Average)
KSE 100	153.4	117.6
KSE 30	107.5	66.2
KMI 30	105.9	69.4
KSE All Shares	248.1	242.9

Commodity Rates

	1-Sep-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	92.4	-4.3%	-19.6%
Crude Oil-Arab Light (USD/BBL)	91.2	-2.6%	-15.5%
Coal (USD/Tonne)	350.5	1.2%	2.6%
Copper (USD/Lbs)	3.4	-3.0%	-8.0%
Cotton (¢/Lbs)	114.1	-4.5%	3.4%
Gold (USD/Ounce)	1,696.1	-0.9%	-6.1%

Currency (Interbank)

	1-Sep-22	Daily Change	FYTD Change
US Dollar	217.7	-0.3%	6.5%
UK Pound	251.3	-0.9%	0.9%
Euro	216.5	-1.4%	1.0%
UAE Dirham	59.5	0.0%	6.6%
Chinese Yuan	31.5	-0.5%	3.3%

Fund Flows (USD mn)

	1-Sep-22	FYTD
FOREIGN INDIVIDUAL	0.00	0.30
FOREIGN CORPORATES	-1.69	-8.03
OVERSEAS PAKISTANI	0.12	8.27
FIPI NET	**-1.57**	**0.54**

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

	1-Sep-22	31-Aug-22	30-Jun-22
SBP Policy Rate	15.00	15.00	13.75
CPI Inflation	27.30	24.93	21.32
3 Month T-Bill	15.74	15.75	14.98
6 Month T-Bill	15.82	15.81	15.15
12 Month T-Bill	15.90	15.90	15.30
3 Year Government Bond	13.65	13.65	13.45
5 Year Government Bond	12.95	13.00	12.93
10 Year Government Bond	12.60	12.60	12.92
3 Month KIBOR	15.93	15.92	15.16
6 Month KIBOR	16.00	16.00	15.35

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