Morning News 09-Sep-2022

MCB-ARIF HABIB Savings and Investments Limited

- **SBP's foreign reserves rise to USD8.79bn | The News:** The central bank's foreign exchange reserves increased by USD1.1bn or 14.3% during the week ended September 2, 2022 after receiving a loan tranche from the International Monetary Fund (IMF). The reserves held by the State Bank of Pakistan (SBP) stood at USD8.80bn, compared with USD7.69bn in the previous week. The SBP's reserves are enough to cover 1.63 months' of imports.
- **World Bank 'repurposes' USD300mn for flood victims | Dawn:** The World Bank has informed Pakistan that it's `re-purposing' about USD300mn of its funds for the relief and rehabilitation of flood victims. Martin Raiser, the bank's vice president, conveyed the decision to Pakistan's Ambassador Masood Khan during a visit to the Pakistan embassy in Washington on Wednesday.
- **Revised estimates put flood losses at around USD18bn | The News:** The rapid assessment cost on projected economic losses following floods as calculated by the Centre and endorsed by the provinces has gone up further to the tune of USD17-USD18bn. The economic losses have further increased mainly because agricultural crops have been destroyed in 8.25mn acres as compared to initial assessment of 4.2mn acres.
- **Govt borrows record PKR760bn from banks in July-August | Dawn:** The federal government has borrowed record money, over PKR760bn, from scheduled banks during the first two months of the current fiscal year (FY23). The latest data of the State Bank of Pakistan shows not only the increasing dependence of the government on banks' money but that the cost of borrowing is also very high.
- **Rupee falls to 6-week low on high dollar demand | The News:** Rupee weakened past 225/dollar mark in the interbank market on Thursday, hitting its lowest level since July 20, as higher demand for greenback coupled with dollar appreciation against major currencies weighed on the local unit. The rupee fell 0.89 percent on a day-on-day basis. "Rupee has been under constant pressure due to a mismatch in the demand and supply position of the dollars in the market.
- **ECC allows TCP to import 0.3mn tons of urea on G2G basis | BR:** The Economic Coordination Committee (ECC) of the Cabinet has allowed the Trading Corporation of Pakistan (TCP) to import 300,000 metric tons of urea on G2G basis and decided that the federal and provincial governments to bear equal subsidy of 50 percent each. The meeting presided over by Finance Minister Miftah Ismail, Thursday, on a summary moved by the Ministry of Industries and Production with regard to urea fertiliser requirement for Rabi season 2022-23 allowed the TCP to initiate the process for import of urea on a government-to-government basis.
- **Telecom sector seeks cut in WHT | Dawn:** A telecom sector delegation on Thursday requested Minister of Finance Miftah Ismail to remove the prior approval requirement imposed by the State Bank of Pakistan (SBP) for the import of telecom equipment and reduce withholding tax from 15% to 8% on essential telecom services. A delegation called on the finance minister and the Minister of IT & Telecom, Syed Amin-Ul-Haque, in separate meetings.
- **CCP initial inquiry finds collusion among glassmakers | Dawn:** An initial inquiry conducted by the Competition Commission of Pakistan (CCP) found two main glass-making companies were involved in price fixing and anti-competitive behaviour. The CCP inquiry was initiated upon receiving various concerns that two companies were collectively deciding pricing of float glass and utilisation of their production capacities.
- **Mari temporarily suspends gas production operations in Balochistan | BR:** Mari Petroleum Company Limited on Thursday announced a temporary suspension of production operations at its Zarghun South Gas Field and Ziarat Block after flash floods adversely impacted gas pipelines and road infrastructure in Balochistan.
- **USD450m package to maintain Pakistan's F-16s | Dawn:** The US government has notified Congress of a proposed foreign military sale of USD450mn to Pakistan to sustain the Pakistan Air Force's F-16 programme, a US State Department spokesperson told Dawn on Thursday. Another official statement said the US Defence Security Cooperation Agency (DSCA) delivered the required certification of this possible sale to Congress, on Wednesday.
- **UN secretary general arrives in Pakistan | The News:** The United Nations Secretary General António Guterres arrived here in early hours of Friday on a two-day visit to express solidarity with the government and people of Pakistan braving a colossal climate-induced natural disaster caused by unprecedented rains and floods across the country. Minister of State for Foreign Affairs Hina Rabbani Khar received the UN chief at the airport.
- **We're committed to deepening ties with US, says the PM | BR:** Senior Policy Adviser to the US Secretary of State Derek Chollet called on Prime Minister Muhammad Shehbaz Sharif here on Thursday. Speaking on the occasion, the Prime Minister said that Pakistan is committed to deepen and widen its ties with the US, especially in the areas of security, health, climate change, trade and investment.
- **ECB raises interest rates by unprecedented 75 basis points to battle record inflation | The News:** The European Central Bank raised its key interest rates by an unprecedented 75 basis points on Thursday and promised further hikes, prioritising the fight against inflation even as the bloc is likely heading towards a winter recession and gas rationing.

Market Indices

	8-Sep-22	7-Sep-22	30-Jun-22
KSE 100	41,825	41,766	41,541
KSE 30	15,710	15,709	15,805
KMI 30	69,138	68,994	68,766
KSE All Shares	28,708	28,682	28,582

Volume (mn Shares)

	8-Sep-22	FYTD (Average)
KSE 100	63.3	111.4
KSE 30	35.0	62.8
KMI 30	38.6	65.8
KSE All Shares	108.7	231.6

Commodity Rates

	8-Sep-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	89.2	1.3%	-22.3%
Crude Oil-Arab Light (USD/BBL)	88.9	2.1%	-17.7%
Coal (USD/Tonne)	330.8	-3.3%	-3.2%
Copper (USD/Lbs)	3.5	2.9%	-4.7%
Cotton (¢/Lbs)	109.1	2.1%	-1.1%
Gold (USD/Ounce)	1,707.3	-0.6%	-5.5%

Currency (Interbank)

	8-Sep-22	Daily Change	FYTD Change
US Dollar	223.0	-0.6%	9.0%
UK Pound	256.5	-0.8%	3.0%
Euro	222.9	-0.6%	4.0%
UAE Dirham	61.0	-0.6%	9.2%
Chinese Yuan	32.0	-0.4%	5.0%

Fund Flows (USD mn)

	8-Sep-22	FYTD
FOREIGN INDIVIDUAL	0.00	0.33
FOREIGN CORPORATES	-0.17	-9.22
OVERSEAS PAKISTANI	-0.07	8.19
FIPI NET	**-0.24**	**-0.70**

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

	8-Sep-22	7-Sep-22	30-Jun-22
SBP Policy Rate	15.00	15.00	13.75
CPI Inflation	27.30	27.30	21.32
3 Month T-Bill	15.90	15.73	14.98
6 Month T-Bill	15.86	15.82	15.15
12 Month T-Bill	15.95	15.90	15.30
3 Year Government Bond	13.78	13.75	13.45
5 Year Government Bond	13.20	13.12	12.93
10 Year Government Bond	12.74	12.62	12.92
3 Month KIBOR	16.01	15.92	15.16
6 Month KIBOR	16.04	16.00	15.35

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