Morning News 20-Sep-2022

MCB-ARIF HABIB
Savings and Investments Limited

- **Wheat imports put big strain on forex reserves | BR:** The shortage of wheat production in the recent past, set against the domestic requirements of an ever-increasing population, has triggered price hikes, while wheat imports strained the country's foreign exchange reserves, says the Asian Development Bank (ADB). The bank in its latest report, "Asian Development Review" stated that in the wake of population growth, urbanisation, and industrialisation, the availability of arable land and water is facing intense pressure from non-farm uses in Pakistan.
- **FBR analysing flood impact on revenue collection | BR:** The Chief Commissioners of LTOs Monday informed Federal Board of Revenue (FBR) Chairman Asim Ahmad that the tax machinery is facing a challenging task to meet the assigned revenue collection target of PKR683bn during September 2022. Sources told Business Recorder here on Monday that the FBR chairman chaired the Chief Commissioners conference through the video link from the FBR Headquarters.
- **THE RUPEE: PKR sustains losses for 12th consecutive session | BR:** Pakistan's rupee continued to sustain losses against the US dollar for the 12th successive session, settling with a depreciation of 0.45% in the inter-bank market on Monday, as expectation of a higher import bill and the greenback's global strength added to pressure on the currency. As per the State Bank of Pakistan (SBP), the rupee closed at 237.91 after declining by PKR1.07.
- **NPCs: rate of return revised upward | BR:** The State Bank of Pakistan (SBP) has increased the rate of return for investment in PKR-denominated Naya Pakistan Certificates (NPCs). The Government of Pakistan, Finance Division (External Finance Wing), has notified the revision in rate of return in PKR-denominated NPCs and also revised downward the minimum denomination of NPCs.
- **Enhancement in limits: SBP makes key amendments to PRs for agri financing | BR:** The State Bank of Pakistan (SBP) has made amendments to Prudential Regulations (PRs) for Agriculture Financing for enhancement in unsecured and clean financing limit and exposure limit. According to a circular issued on Monday, the SBP decided amendments to Prudential Regulations for Agriculture Financing to enable banks and DFIs to enhance flow of credit to farm and non-farm sectors.
- **Cotton arrivals drop 19% till mid-September | The News:** The supply of seed-cotton to ginning factories dropped by 18.61% to 2.19mn bales till September 15, 2022 as compared to corresponding period of last year, dealers said. Owing to relatively small crop size, cotton prices are hovering around record levels in the country. Currently, they were recorded between PKR22,000 to 23,000 per maund.
- **Gas condensate discovered in Tolanj West-2 well of Kohat | BR:** The TAL Joint Venture has discovered gas condensate from the Lockhart formation in Tolanj West-2 development well, located in district Kohat. Based on the results of wireline logs data, Lockhart Formation (Exploratory Target) was tested successfully at a rate of around 8.3mn standard cubic feet per day (mmscfd) gas and 34 barrels per day (BPD) of condensate.
- **LNG import in the doldrums | The News:** With the winter season looming, the entry of the private sector into importing and selling one LNG cargo a month under third party access (TPA) rules has landed in the red zone as an agreement about the utilisation of the excess capacity of 100 mmcfd available at LNG Terminal-2 signed on August 3, 2022, between the Pakistan LNG Limited (PLL) and the Pakistan Port Gas Company Limited (PPGCL) has hit a snag.
- **PSO planning to build USD500mn LNG terminal | The News:** Pakistan State Oil Co., the nation's largest fuel importer and retailer, is planning to build a USD500mn LNG terminal as part of its strategy to diversify into multiple businesses, Bloomberg reported on Monday. The import terminal will be located near Karachi and would take four years to complete, Chief Executive officer Syed Muhammad Taha said in an interview.
- **Refinery margins recover sharply to USD14/barrel | The News:** Gross refining margins (GRMs) of local refineries have recovered sharply to USD14 per barrel during the current month, after plunging to USD3 per barrel in August 2022. The GRMs might remain higher during the remainder of September as Middle Eastern crudes fell sharply in the last few days and were trading below USD95 per barrel.
- **COAS, China's defence minister discuss CPEC | BR:** China's defence minister General Wei Fenghe on Monday had a meeting with Chief of Army Staff (COAS) General Qamar Javed Bajwa where both sides agreed that the China–Pakistan Economic Corridor (CPEC) is aimed at bringing more benefits and prosperity to the people of both countries. The army chief is on an official two-day visit to China during which he called on Defence Minister General Fenghe.
- **PM Shehbaz arrives in New York to attend UNGA session | Tribune:** Prime Minister Shehbaz Sharif will reach New York from London on Monday (today) to represent Pakistan in the 77th session of the United Nations General Assembly (UNGA). During his stay in New York, he will hold important bilateral meetings with the leaders of other countries, *Radio Pakistan* reported.

Market Indices			
	19-Sep-22	16-Sep-22	30-Jun-22
KSE 100	41,521	41,679	41,541
KSE 30	15,603	15,648	15,805
KMI 30	68,299	68,619	68,766
KSE All Shares	28,381	28,456	28,582
Volume (mn Shares)			
	19-Sep-22	FYTD (Average)	
KSE 100	78.1	108.8	
KSE 30	64.9	63.1	
KMI 30	30.2	62.1	
KSE All Shares	148.2	222.8	
Commodity Rates			
	19-Sep-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	92.0	0.7%	-19.9%
Crude Oil-Arab Light (USD/BBL)	91.0	0.4%	-15.7%
Coal (USD/Tonne)	300.7	0.3%	-12.0%
Copper (USD/Lbs)	3.6	-0.1%	-4.1%
Cotton (¢/Lbs)	96.7	-5.1%	-12.3%
Gold (USD/Ounce)	1,675.8	0.1%	-7.3%
Currency (Interbank)			
	19-Sep-22	Daily Change	FYTD Change
US Dollar	239.5	0.5%	17.1%
UK Pound	273.8	0.7%	10.0%
Euro	240.0	0.6%	12.0%
UAE Dirham	65.4	0.0%	17.0%
Chinese Yuan	34.2	0.1%	12.0%
Fund Flows (USD mn)			
	19-Sep-22	FYTD	
FOREIGN INDIVIDUAL	5.05	17.17	
FOREIGN CORPORATES	-1.04	-10.66	
OVERSEAS PAKISTANI	0.37	9.32	
FIPI NET	**4.37**	**15.83**	
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			
	19-Sep-22	16-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	15.97	15.98	14.98
6 Month T-Bill	15.90	15.91	15.15
12 Month T-Bill	15.95	15.95	15.30
3 Year Government Bond	13.80	13.85	13.45
5 Year Government Bond	13.18	13.20	12.93
10 Year Government Bond	12.74	12.72	12.92
3 Month KIBOR	16.08	16.08	15.16
6 Month KIBOR	16.10	16.10	15.35

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