Morning News 22-Sep-2022

MCB-ARIF HABIB
Savings and Investments Limited

- **PM, WB President discuss ongoing engagement to strengthen Pakistan's different sectors | Nation:** President of the World Bank David R. Malpass has stressed that Pakistan should be prioritized for reconstruction through the collective support of the international community. He was talking to Prime Minister Shehbaz Sharif in New York on the sideline of the 77th session of the United Nations General Assembly. The President expressed sympathy and condolence over the damage and destruction caused by the flood.
- **Japanese govt agrees to defer USD160mn debt | Dawn:** The governments of Japan and Pakistan have agreed on a debt deferral amounting to USD160mn as the third and last phase of the 'G20 Debt Service Suspension Initiative (DSSI)'. The total amount of deferred debt has now reached USD730mn, which will provide the fiscal space for the Pakistan government to restore its economy affected by the Covid-19 pandemic and the floods, the Japanese embassy announced on Wednesday.
- **Headline inflation revised up to 18.0%: ADB forecasts economy to slow down to 3.5% | BR:** Pakistan's economy is forecast to slow to 3.5% in the fiscal year 2023 (ending 30 June 2023) from 4.5% (projected in April 2022) amid devastating floods, policy tightening, and critical efforts to tackle sizable fiscal and external imbalances. The forecast for headline inflation revised up to 18.0% from the earlier 8.5% projection due to a potentially strong second-round impact from the rupee's depreciation and fuel and energy price adjustments, says the Asian Development Bank (ADB).
- **Jul-Aug CAD shrinks 19% YoY | BR:** The country's current account deficit shrank by 19% during the first two months of this fiscal year (FY23) due to lower import bill and increase in exports. The State Bank of Pakistan (SBP) Wednesday night reported that cumulatively the country recorded a current account deficit amounting to USD1.92bn in Jul-Aug of FY23 compared to USD2.374bn in the same period of last fiscal year, depicting a decline of USD456mn.
- **Govt raises PKR1.3tr via T-bills | The News:** The government has raised PKR1.399 trillion through an auction of the Market Treasury Bill (T-bills), with the yields on 6 and 12 months papers increasing slightly, a statement said on Wednesday. The raised amount was lower than the pre-auction target of PKR1.50 trillion, the State Bank of Pakistan (SBP) reported. The cut-off yield on the three-month T-bill remained unchanged at 16%. The yield on the six-month paper increased by 15bps to 16%, while the cut-off yield on the six-month paper inched up by 1bps to 15.99%.
- **THE RUPEE: PKR declines for 14th consecutive session | BR:** The rupee's woeful fall continued as it neared its all-time low against the US dollar, depreciating for the 14th successive session to settle at 239.65 on Wednesday, driven by expectations of a rising import bill and a strong USD on the international front. As per the State Bank of Pakistan (SBP), the rupee closed at 239.65 after declining by Re0.74 or 0.31%.
- **SBP to settle importers' payments in two days | Dawn:** The State Bank of Pakistan has assured the business community of clearing all backlog import-related payments of less than USD50,000 within two days, said a statement issued by the Federation of Pakistan Chambers of Commerce and Industries (FPCCI) on Wednesday. Sharing this breakthrough with trade and industry, FPCCI President Irfan Iqbal Sheikh said the central bank had agreed to clear or settle all the backlog and stuck payments within two days (which fall under chapters 84 and 85 of the customs tariff) and if their invoice values did not exceed USD50,000.
- **Banned items that landed till Aug 18th: ECC takes step to clear consignments stuck at ports | BR:** The Economic Coordination Committee (ECC) of the Cabinet Wednesday directed that the consignments of previously banned items that landed in Pakistan till 18th August 2022 may be released at the rate of surcharge to clear consignments stuck at ports. Federal Minister for Finance and Revenue Miftah Ismail presided over the ECC meeting virtually on Wednesday which considered a summary of the Ministry of Commerce on clearance of consignments stuck at ports.
- **Import restrictions on CKD auto parts: car assemblers operating 'just 5-9 days per month' | BR:** Restrictions on the import of completely-knocked down (CKD) auto parts have left the industry "cutting production by 21-25 days and operating just 5-9 days per month." In a letter written to the Ministry of Industries and Production on Wednesday, the Pakistan Auto Manufacturers Association (PAMA) argued that automobile companies were observing 'no production' for 21-25 days a month, as the forex quota, implemented by the State Bank of Pakistan (SBP), only allowed firms to function 5 to 9 days.
- **Textile exports show a declining trend in Sept so far | The News :** Pakistan textile exports have fallen around twelve percent so far in the month of September compared to the same month of the previous year, The News learnt on Wednesday. Textile millers have been struggling to increase their exports because of a host of issues, especially the non-opening of letters of credit for the import of spare parts and machinery.
- **Plant may be available for 10 more years: Kapco steps up efforts for renewal of its PPA | BR:** Kot Addu Power Co (Kapco) has expedited its efforts for renewal of its Power Purchase Agreement (PPA), saying that the plant can be available for another 10 years. In a letter to Secretary Power Division, Rashid Langrial, Chief Executive, Kapco, Aftab Mahmood Butt, has cited an earlier letter of June 13, 2022, titled Power Purchase Agreement of Kapco which is set to expire on October 24, 2022, a mere few weeks from the present.
- **Ministry for allowing TCP to award wheat import contract | BR:** The Ministry of National Food Security and Research (MNFS&R) has proposed to allow TCP to award contract of imported wheat, initially for three smaller vessels not exceeding 40,000 MT tonnage, for berthing at Gwadar Sea Port, official sources told Business Recorder. The ECC of the Cabinet on May 9, 2022 allowed staggered import of 3 MMT of wheat and directed MNFS&R to devise modalities for import.
- **Biden urges world to help 'underwater' Pakistan | Dawn:** As Prime Minister Shehbaz Sharif urged the international community on Wednesday to stay engaged with Islamabad as it struggles to recover from the devastating effects of this season's unprecedent floods, US President Joe Biden made a fervent appeal to the world to help Pakistan deal with the devastation of the recent floods in his speech to the UN General Assembly (UNGA).
- **Imran to launch 'Haqeeqi Azadi' movement on Saturday | Dawn:** Former prime minister and PTI Chairman Imran Khan on Wednesday said that PTI's movement for "Haqeeqi Azaadi" (actual freedom) will begin on Saturday (September 24) as he called on supporters to get ready for his call. Since his ouster from the top office, Imran has consistently demanded that a date for "fair and free" snap elections be provided, otherwise, he would take to the streets against the incumbent government.
- **Fed Rate Hikes Paint Bleak Picture for Southeast Asia Currencies | Bloomberg:** Investors face a further dimming of the allure of Southeast Asian currencies as aggressive US interest-rate hikes point to more losses in local markets. Asian currencies are set to come under renewed pressure after the Federal Reserve hiked by another 75 basis points Wednesday, widening the policy divergence. Asian bond yields are likely to keep climbing, with an index of emerging-Asia debt registering losses of around 1.8% for dollar-based investors this month.

Market Indices			
	21-Sep-22	**20-Sep-22**	**30-Jun-22**
KSE 100	40,966	41,221	41,541
KSE 30	15,337	15,447	15,805
KMI 30	67,012	67,765	68,766
KSE All Shares	27,990	28,171	28,582
Volume (mn Shares)			
	21-Sep-22	**FYTD (Average)**	
KSE 100	113.1	108.4	
KSE 30	50.6	63.0	
KMI 30	41.3	61.4	
KSE All Shares	170.4	220.6	
Commodity Rates			
	21-Sep-22	**Daily Change**	**FYTD Change**
Crude Oil-Brent (USD/BBL)	89.8	-0.9%	-21.8%
Crude Oil-Arab Light (USD/BBL)	87.7	-1.7%	-18.8%
Coal (USD/Tonne)	294.0	-0.2%	-13.9%
Copper (USD/Lbs)	3.5	-1.0%	-5.3%
Cotton (¢/Lbs)	97.6	3.8%	-11.5%
Gold (USD/Ounce)	1,673.7	0.6%	-7.4%
Currency (Interbank)			
	21-Sep-22	**Daily Change**	**FYTD Change**
US Dollar	237.8	-0.3%	16.3%
UK Pound	267.9	-1.3%	7.6%
Euro	233.9	-1.6%	9.1%
UAE Dirham	64.9	-0.7%	16.2%
Chinese Yuan	33.7	-0.7%	10.5%
Fund Flows (USD mn)			
	21-Sep-22	**FYTD**	
FOREIGN INDIVIDUAL	0.70	18.70	
FOREIGN CORPORATES	-0.43	-11.49	
OVERSEAS PAKISTANI	0.48	9.73	
FIPI NET	**0.75**	**16.94**	
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			
	21-Sep-22	**20-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	15.90	15.15
12 Month T-Bill	15.95	15.95	15.30
3 Year Government Bond	13.90	13.84	13.45
5 Year Government Bond	13.34	13.21	12.93
10 Year Government Bond	12.81	12.74	12.92
3 Month KIBOR	16.09	16.08	15.16
6 Month KIBOR	16.12	16.11	15.35

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