Morning News 23-Sep-2022

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- **Pakistan asks WB to divert USD2bn funds to flood-hit areas | The News:** Pakistan has requested the World Bank to divert USD1.5bn to USD2bn funding from slow-moving projects to the flood-affected areas of Pakistan under the repurpose programme. Islamabad also requested the WB to explore possibilities for additional funding for the reconstruction of flood-hit areas. So far, the WB has indicated repurposing USD850mn in addition to USD350mn already committed by the bank to divert towards flood-hit areas.
- **WB confirms fears of growing food insecurity | BR:** The flooding in Pakistan has exacerbated previously high levels of food insecurity, the World Bank said. The Bank in its latest report "Food Security Update", noted that hefty monsoon rains since June 2022 (67% above normal levels) and increased melting of glaciers due to extreme heat events have caused widespread flash flooding and landslides in Pakistan.
- **ADB approves USD100mn loan for KP's secondary healthcare | The News:** The Asian Development Bank (ADB) has approved a USD100mn results-based loan to help strengthen the quality of secondary health care in Khyber Pakhtunkhwa (KP) province in Pakistan, reported local media on Thursday.
- **IMF: Bilawal calls for new lending terms | BR:** Foreign Minister Bilawal Bhutto Zardari has called for new terms of lending with International Monetary Fund (IMF) as he said that floods that ravaged his country had created a catastrophe of apocalyptical proportions. In addition to more than 1,500 deaths, the disaster has caused dual health and food security crises, said Bilawal, adding that Pakistan needs some USD30bn in aid to deal with the situation and praised international efforts under way to offer help. Bilawal said that an agreement was recently signed with the IMF for economic stability, but all the estimation and figures of the agreement were washed away by the recent flood.
- **Govt sees growth rate falling to 2% amid floods | Dawn:** Pakistan on Thursday saw its economic growth rate falling massively to two per cent during the current fiscal year against the budgetary target of 5pc as floods have plunged the country into crisis, particularly in Sindh and Balochistan. The official estimate for a revised GDP growth rate at 2% is in sharp contrast to the 3.5% growth rate forecast by the Asian Development Bank (ADB) a day earlier on Wednesday.
- **Jul-Aug FDI down 26% YoY | BR:** The Foreign Direct Investment (FDI) in Pakistan fell by 26% in the first two months of this fiscal year due to uncertainty on economic and political fronts. The State Bank of Pakistan (SBP) Thursday reported that Pakistan fetched FDI amounting to USD 170mn in July-Aug of FY23 compared to USD230mn in the same period of last fiscal year (FY22), depicting a decline of USD60mn. During the period under review, FDI inflows stood at USD248mn as against the outflow of USD78mn.
- **July LSMI output slumps 16.5% MoM, 1.4% YoY | BR:** The Large Scale Manufacturing Industries (LSMI) output has declined by 16.5% on a month-on month (MoM) basis in July 2022 compared to June 2022 and by 1.4% on a year-on-year (YoY) basis when compared to July 2021, says the Pakistan Bureau of Statistics (PBS). According to the Provisional Quantum Index Numbers of Large Scale Manufacturing Industries (QIM), the QIM estimated for July 2022 is 110.5 compared to 112 for July 2021 and 132.3 for June 2022.
- **Current account gap shrinks 42% | Dawn:** The current account deficit decreased by USD512mn on a monthly basis to USD703mn in August, which shows a decline of 42%. However, the deficit declined by 19%in July-August to USD1.9bn from USD2.3bn in the same period of last year. According to the latest data issued by the State Bank of Pakistan (SBP), the deficit declined by 54% on a year-on-year basis in August.
- **Forex reserves fall by USD247mn | BR:** The country's total liquid foreign exchange reserves declined by USD247mn during the last week. According to the State Bank of Pakistan (SBP), the total liquid foreign exchange reserves held by the country stood at USD14.07bn as of September 16, 2022 compared to USD14.32bn on September 9, 2022. During the week under review, the SBP's reserves decreased by USD278mn to USD8.325bn down from USD8.62bn due to external debt repayment.
- **SBP says 'banks complicit in currency manipulation' | Tribune:** As the Pakistani currency tested a new all-time low of PKR240 against the dollar in early trading on Wednesday, country's top policymakers described the current economic situation as "worrisome" and "stressful", as a parliamentary hearing confirmed reports that commercial banks quoted high dollar rates that caused more volatility in the exchange market. In a hearing by the Senate Standing Committee on Finance, the representatives of eight commercial banks that were issued show-caused notices did not deny that they quoted higher dollar rates against the rupee.
- **Cash-strapped PSO's receivables hit PKR583.2bn mark | BR:** Faced with serious financial constraints, Pakistan State Oil (PSO) has repeatedly approached the federal government for getting PKR583bn receivables cleared against Sui Northern Gas Pipelines Limited (SNGPL), GENCOs and Pakistan International Airlines (PIA). The receivables of PSO stood at PKR583.2bn as on September 21, 2022. The delay in the clearance of PSO's dues has worsened the financial health of the PSO.
- **Govt to give subsidised seeds, fertilisers to flood-hit farmers | Dawn:** The federal government will provide subsidised seeds and fertilisers to farmers in flood-affected areas during the upcoming Rabi sowing season, Minister for National Food Security and Research Tariq Bashir Cheema announced on Thursday. "We plan to provide subsidised wheat and edible oil seeds, and one fertiliser bag per acre to farmers in the calamity-hit areas," said Mr Cheema during a meeting with the World Bank representatives.
- **BoE raises rates to 2.25%, despite likely recession | BR:** The Bank of England raised its key interest rate to 2.25% from 1.75% on Thursday and said it would continue to "respond forcefully, as necessary" to inflation, despite the economy probably already being in a shallow recession. The central bank cut its forecast for the peak in British inflation to just under 11% from more than 13%, following Prime Minister Liz Truss's plan to cap energy prices, but warned that the policy could create longer-term price pressures.

Market Indices			
	22-Sep-22	**21-Sep-22**	**30-Jun-22**
KSE 100	40,928	40,966	41,541
KSE 30	15,356	15,337	15,805
KMI 30	66,904	67,012	68,766
KSE All Shares	27,967	27,990	28,582
Volume (mn Shares)			
	22-Sep-22	**FYTD (Average)**	
KSE 100	104.1	108.4	
KSE 30	59.3	62.9	
KMI 30	55.2	61.3	
KSE All Shares	190.0	220.1	
Commodity Rates			
	22-Sep-22	**Daily Change**	**FYTD Change**
Crude Oil-Brent (USD/BBL)	90.5	0.7%	-21.2%
Crude Oil-Arab Light (USD/BBL)	88.0	0.4%	-18.5%
Coal (USD/Tonne)	286.3	-2.6%	-16.2%
Copper (USD/Lbs)	3.5	-0.4%	-5.7%
Cotton (¢/Lbs)	97.2	-0.3%	-11.8%
Gold (USD/Ounce)	1,670.5	-0.2%	-7.6%
Currency (Interbank)			
	22-Sep-22	**Daily Change**	**FYTD Change**
US Dollar	239.0	0.5%	16.9%
UK Pound	269.0	0.4%	8.0%
Euro	235.0	0.5%	9.6%
UAE Dirham	65.4	0.7%	17.0%
Chinese Yuan	33.8	0.1%	10.6%
Fund Flows (USD mn)			
	22-Sep-22	**FYTD**	
FOREIGN INDIVIDUAL	0.00	18.70	
FOREIGN CORPORATES	-0.17	-11.66	
OVERSEAS PAKISTANI	0.03	9.76	
FIPI NET	**-0.14**	**16.80**	
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			
	22-Sep-22	**21-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	15.87	15.97	14.98
6 Month T-Bill	15.92	15.90	15.15
12 Month T-Bill	15.95	15.95	15.30
3 Year Government Bond	13.93	13.90	13.45
5 Year Government Bond	13.36	13.34	12.93
10 Year Government Bond	12.87	12.81	12.92
3 Month KIBOR	16.08	16.09	15.16
6 Month KIBOR	16.11	16.12	15.35

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