Morning News 26-Sep-2022

MCB-ARIF HABIB
Savings and Investments Limited

- **Flood havoc: WB says envisaging USD2bn financing | BR:** The World Bank is envisaging financing of about USD2bn to prepare emergency operations to quickly start the reconstruction and rehabilitation to rebuild or repair infrastructure, housing and restore livelihoods, and to help strengthen Pakistan's resilience to climate-related risks.
- **Jul-Aug borrowing declines 81.51% to USD439.32mn YoY | BR:** The government borrowed USD439.32mn from multiple financing sources in the first two months (July-August) of current fiscal year 2022-23 compared to USD2.38bn borrowed during the same period of last fiscal year.
- **Investment in govt papers surges 30% to PKR21tr | Dawn:** Banks and the corporate sector invested PKR4.88 trillion in government papers during the nine months through June, showing an increase of 30% over the previous figure. The government has recently increased the Treasury bill rates to 15.99% for all tenors ranging from three to 12 months.
- **Pakistan's dollar bonds hit tailspin on default fears | The News:** Pakistan's dollar bonds came down to their knees on Friday weighed down by a surge in default fears after the flood-devastated country launched appeals for debt relief, The News has learnt.
- **What caused rupee to fall even after IMF loan? | The News:** The government's error of judgment to pay the import bills unnecessarily on the advice of a coalition partner has depleted the foreign currency reserves. The move caused a massive rupee devaluation in September despite approval of the IMF loan, claims a source in the ruling PML-N. Sources close to Miftah Ismail, however, believe that the import bill payments were not the reasons for rupee devaluation.
- **USD2,000 and above: ECs must conduct sale transactions through banking channels | BR:** In order to further strengthen the regulatory regime for Exchange Companies and promote the banking channels, the State Bank of Pakistan (SBP) has restricted Exchange Companies for cash sale transactions of worth USD2000 and above. As per the SBP's fresh directives, ECs are now required to conduct all foreign currency sale transactions of USD2,000 or above against PKRs through banking channels.
- **Gas leakage: MPCL threatens to suspend supply to TPS Guddu | BR:** Mari Petroleum Company Limited (MPCL) has threatened to suspend gas supply to Thermal Power Station (TPS) Guddu (G-20), Genco-II if proper measures are not taken to stop gas leakage from pipeline, which is a threat to both the local population and company's assets.
- **Oil consumption up 13% to 19.92 million tonnes in FY21 | The News:** The consumption of petroleum products (for energy and non-energy needs) in FY2021 surged 12.95% to 19.92mn tonnes over FY2020's 17.63mn tonnes, led by power generation and followed by transportation, agriculture, and industry, a report said on Friday.
- **Petroleum levy to be jacked up to PKR50 | Nation:** Oil and Gas Regulatory Authority (Ogra) Chairman Masroor Khan on Friday said that the levy on petrol will have to be jacked up to PKR50. Senator Mohsin Aziz presided over a meeting of the Senate Standing Committee on Petroleum. In the meeting, Chairman Ogra told the committee that the petroleum levy has to be increased, but the GST rate on petrol and diesel is zero.
- **Weekly inflation decelerates | Dawn:** Inflation for the week ended on Sept 22 dipped 8.1% compared to the previous week, mainly on the back of a decline in the prices of food items like tomatoes, bananas and cooking oil, official data showed on Friday.
- **FT cites a purported UN policy memo: Pakistan should suspend debt repayments | BR:** Pakistan should suspend international debt repayments and restructure loans with creditors after recent floods added to the country's financial crisis, the Financial Times reported on Friday, citing a UN policy memo.
- **Murad, WB team discuss USD1.1bn rescue, rehabilitation plan for flood victims | BR:** Sindh Chief Minister Syed Murad Ali Shah in his meeting with a high-power World Bank delegation led by its Regional Vice President for South Asia Martin Raiser presented a USD1.1bn rescue and rehabilitation plan for the flood affected people in the province.
- **T5HP: WB agrees to amend IBRD, AIIB loan agreements | BR:** The World Bank (WB) has agreed to amend both IBRD and AIIB loan agreements to facilitate payment of all expenditures incurred under Tarbela Fifth Hydropower Extension Project (T5HP) considering Pakistan is facing financial constraints especially in foreign currency payments.
- **Miftah quits; Dar to take over as finance minister | BR:** Federal Minister for Finance and Revenue Miftah Ismail on Sunday tendered his resignation to Pakistan Muslim League-Nawaz (PML-N) supremo Muhammad Nawaz Sharif in a party meeting held in London. Senior PML-N leader Ishaq Dar would replace Miftah as new finance minister.
- **Govt has offered to trade its financial debts with big states' climate debts: FM | BR:** Foreign Minister Bilawal Bhutto Zardari has said that Pakistan has offered to trade its financial debts for big countries' climate debts as "We have a climate catastrophe, a natural disaster, a health emergency and food security crisis and potentially extremely difficult economic times to come."
- **UN chief to arrange donors' moot: PM | BR:** Prime Minister Muhammad Shehbaz Sharif on Sunday said that United Nations Secretary General Antonio Guterres had assured that they would be soon arranging a donors' conference for the rehabilitation of the flood affected people of Pakistan. The prime minister chaired a meeting via video link to review relief and rehabilitation activities in the flood hit areas of the country.

Market Indices

	23-Sep-22	22-Sep-22	30-Jun-22
KSE 100	40,620	40,928	41,541
KSE 30	15,213	15,356	15,805
KMI 30	66,324	66,904	68,766
KSE All Shares	27,831	27,967	28,582

Volume (mn Shares)

	23-Sep-22	FYTD (Average)
KSE 100	90.9	108.0
KSE 30	63.6	62.9
KMI 30	38.5	60.9
KSE All Shares	164.4	219.1

Commodity Rates

	23-Sep-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	86.2	-4.8%	-25.0%
Crude Oil-Arab Light (USD/BBL)	83.3	-5.4%	-22.8%
Coal (USD/Tonne)	293.0	2.4%	-14.2%
Copper (USD/Lbs)	3.4	-3.6%	-9.1%
Cotton (¢/Lbs)	93.2	-4.1%	-15.5%
Gold (USD/Ounce)	1,643.1	-1.6%	-9.1%

Currency (Interbank)

	23-Sep-22	Daily Change	FYTD Change
US Dollar	239.4	0.2%	17.1%
UK Pound	269.0	0.4%	8.0%
Euro	232.0	-1.3%	8.2%
UAE Dirham	65.4	0.0%	17.0%
Chinese Yuan	33.6	-0.6%	10.0%

Fund Flows (USD mn)

	23-Sep-22	FYTD
FOREIGN INDIVIDUAL	0.33	19.04
FOREIGN CORPORATES	-1.03	-12.68
OVERSEAS PAKISTANI	0.44	10.20
FIPI NET	**-0.25**	**16.55**

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

	23-Sep-22	22-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	15.81	15.87	14.98
6 Month T-Bill	15.90	15.92	15.15
12 Month T-Bill	15.92	15.95	15.30
3 Year Government Bond	13.91	13.93	13.45
5 Year Government Bond	13.32	13.36	12.93
10 Year Government Bond	12.90	12.87	12.92
3 Month KIBOR	16.08	16.08	15.16
6 Month KIBOR	16.12	16.11	15.35

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