# Morning News 07-Oct-2022

MCB-ARIF HABIB
Savings and Investments Limited

- **Moody's hands 'C rating' to Pakistan after seven years | Dawn:** Amid strong opposition from the government, Moody's Investors Service on Thursday downgraded Pakistan's local and foreign currency and senior unsecured debt ratings to Caa1 from B3, citing increased government liquidity and external vulnerability risks and higher debt sustainability risks following the devastating floods.
- **Finance ministry calls Moody's rating downgrade 'not truly reflective' | The News:** The finance ministry has rejected Moody's decision to downgrade Pakistan's sovereign credit rating to Caa1 -- very high credit risk status -- as 'unilateral' and not truly reflective of the country's macroeconomic conditions". Moody's on Thursday downgraded Pakistan's long-term foreign debt rating to Caa1 from B3.
- **Growth to slow to around 2% | BR:** The World Bank has projected Pakistan's GDP growth to slow from 6% in the fiscal year 2022 to around 2% in the fiscal year 2023, while inflation will rise to 23% from 12.2%.
- **Inflation to fall to 5-7% by next fiscal year, says SBP deputy governor | Dawn:** State Bank of Pakistan (SBP) Deputy Governor Dr Murtaza Syed on Thursday said Pakistan will likely achieve its 5-7% inflation target by the next fiscal year due to a beneficial base effect and tightening of macroeconomic policies.
- **Market-determined exchange rate pushes up cost of external debt: WB | BR:** Pakistan has a market-determined exchange rate, which makes the country's servicing cost on external debt susceptible to steep exchange rate depreciations, says the World Bank.
- **RDA gross inflows cross USD5bn in 25 months | The News:** Pakistan received inflows of USD5.1bn through the Roshan Digital Account (RDA) between September 2020 and September 2022, according to figures released by the State Bank of Pakistan on Thursday.
- **SBP's reserves fall by USD106mn | BR:** The total liquid foreign exchange reserves held by the State Bank of Pakistan (SBP) decreased by USD106mn to USD7.90bn during the week ended September 30, 2022 due to external debt repayment, which includes interest payments on Eurobonds.
- **10th straight gain: Rupee settles below 222 | BR:** Pakistan's rupee maintained its upward trajectory against the US dollar for the tenth straight session, appreciating 0.9% in the inter-bank market on Thursday.
- **PKR7.47trn target: 21.5% growth in FY23 revenue collection required | BR:** The Federal Board of Revenue (FBR) requires growth of 21.5% in revenue collection to meet the annual target of PKR7,470bn set for 2022-23 as compared to the tax collection in the previous fiscal year (2021-22).
- **Energy officials to seek PM nod on gas tariff hike | The News:** The government will try to convince Prime Minister Shehbaz Sharif to approve a long-demanded as well as a massive hike in the tariff for both cash-strapped gas utilities of the country, The News learnt on Wednesday.
- **Five export sectors to get power at PKR19.9/unit: Dar | The News:** With a tentative schedule of the IMF to kick-start, the upcoming review talks with the Pakistani authorities from October 25, Federal Finance Minister Ishaq Dar on Thursday announced subsidized electricity tariffs of PKR19.99 per unit for five export-oriented sectors, including textile, till end June 2023.
- **HUBCO to invest additional USD1mn in Thar Energy Limited | BR:** Hub Power Company Limited (HUBCO) plans to invest USD1mn in Thar Energy Limited (TEL), the company said in a notice to the Pakistan Stock Exchange (PSX) on Thursday.
- **Hubco to provide bank guarantees for Eni acquisition | Dawn:** The Hub Power Company (Hubco) said on Thursday it intends to provide bank guarantees of up to USD476,000 in favour of Eni vendor companies on behalf of Prime International Oil and Gas Company Ltd, a joint venture with 50 per cent shareholding.
- **FM Dar, SBP governor to meet IMF, WB next week | Mettis:** Finance Minister Ishaq Dar and State Bank of Pakistan (SBP) Governor Jameel Ahmed are expected to meet the International Monetary Fund (IMF) and World Bank (WB) officials to share the impact of floods on the economy.

**Market Indices**

| | 6-Oct-22 | 5-Oct-22 | 30-Jun-22 |
|---|---|---|---|
| KSE 100 | 42,160 | 41,611 | 41,541 |
| KSE 30 | 15,894 | 15,604 | 15,805 |
| KMI 30 | 70,169 | 68,837 | 68,766 |
| KSE All Shares | 28,643 | 28,379 | 28,582 |

**Volume (mn Shares)**

| | 6-Oct-22 | FYTD (Average) |
|---|---|---|
| KSE 100 | 160.9 | 110.0 |
| KSE 30 | 132.0 | 67.3 |
| KMI 30 | 93.9 | 62.4 |
| KSE All Shares | 442.4 | 232.6 |

**Commodity Rates**

| | 6-Oct-22 | Daily Change | FYTD Change |
|---|---|---|---|
| Crude Oil-Brent (USD/BBL) | 94.5 | 1.2% | -17.8% |
| Crude Oil-Arab Light (USD/BBL) | 93.3 | 0.3% | -13.6% |
| Coal (USD/Tonne) | 258.4 | -9.3% | -24.4% |
| Copper (USD/Lbs) | 3.5 | 3.5% | -8.8% |
| Cotton (¢/Lbs) | 83.8 | -0.4% | -24.0% |
| Gold (USD/Ounce) | 1,722.0 | 0.4% | -4.7% |

**Currency (Interbank)**

| | 6-Oct-22 | Daily Change | FYTD Change |
|---|---|---|---|
| US Dollar | 221.9 | -0.9% | 8.3% |
| UK Pound | 251.2 | -1.6% | 1.1% |
| Euro | 219.9 | -1.2% | 2.8% |
| UAE Dirham | 60.4 | -0.9% | 8.3% |
| Chinese Yuan | 31.2 | -0.9% | 1.9% |

**Fund Flows (USD mn)**

| | 6-Oct-22 | FYTD |
|---|---|---|
| FOREIGN INDIVIDUAL | -0.06 | 19.51 |
| FOREIGN CORPORATES | 0.05 | -9.09 |
| OVERSEAS PAKISTANI | -0.29 | 11.31 |
| **FIPI NET** | **-0.30** | **21.72** |

**Economic Data (USD mn)**

| | FY22P | FY21 | FY20 |
|---|---|---|---|
| GDP Growth | 6.0% | 5.7% | -0.9% |
| | **Aug-22** | **Jul-22** | |
| Exports | 2,482 | 2,254 | |
| Imports | 6,071 | 4,993 | |
| Remittances | 2,724 | 2,524 | |
| Foreign Exchange Reserves | 8,834 | 8,385 | |

**Money Market Data**

| | 6-Oct-22 | 5-Oct-22 | 30-Jun-22 |
|---|---|---|---|
| SBP Policy Rate | 15.00 | 15.00 | 13.75 |
| CPI Inflation | 23.20 | 23.20 | 21.32 |
| 3 Month T-Bill | 15.60 | 15.40 | 14.98 |
| 6 Month T-Bill | 15.63 | 15.65 | 15.15 |
| 12 Month T-Bill | 15.65 | 15.70 | 15.30 |
| 3 Year Government Bond | 13.58 | 13.71 | 13.45 |
| 5 Year Government Bond | 12.99 | 13.01 | 12.93 |
| 10 Year Government Bond | 12.80 | 12.83 | 12.92 |
| 3 Month KIBOR | 15.75 | 15.69 | 15.16 |
| 6 Month KIBOR | 15.81 | 15.86 | 15.35 |

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