Morning News 10-Oct-2022

MCB-ARIF HABIB Savings and Investments Limited

- **Emergency operations in flood-hit areas: WB says allocating USD2bn from existing financed projects | BR:** Finance Minister Ishaq Dar, Saturday, briefed the World Bank (WB) about the economic challenges being faced by the country, as well as, the devastations caused by the recent floods. The finance minister held a meeting with Najy Benhassine, Country Director, World Bank and his team and stated that the present government is cognizant of these issues and is taking pragmatic steps to resolve bottlenecks to growth.
- **Germany announces €10mn aid for flood victims | BR:** German Foreign Minister Annalena Baerbock has announced €10m financial aid for the flood victims in Pakistan. FM Bilawal Bhutto Zardari and his German counterpart Annalena Baerbock held a joint press conference. Baerbock said that flood-affected people have been living under the sky. She added that Pakistan faced massive destruction due to floods and the country was becoming the most affected nation due to climate change.
- **UPDATE 2-Pakistan will not seek Paris Club debt restructuring, says minister | Reuters:** Pakistan will not seek debt restructuring from Paris Club creditor nations, the country's finance minister Ishaq Dar said on Sunday as he sought to restore market confidence after a credit rating downgrade. The new rating from Moody's raised concerns that Pakistan could default on its foreign debt as contends with economic turmoil and a balance of payments crisis.
- **Attracting US investment govt's top priority: Dar | BR:** Federal Minister for Finance and Revenue Mohammad Ishaq Dar on Friday said that attracting the United States investment in different sectors of Pakistan's economy was the government's top priority. During a meeting with US Ambassador to Pakistan Donald Blome, who called on the minister here, Dar said the incumbent government was focusing on creating a business-friendly environment for foreign investors.
- **Dar faces uphill task to unlock USD1bn WB loans | Tribune:** Pakistan on Saturday assured the World Bank to timely implement prior actions for over USD1bn budget support loans amid the country's inability to create consensus among all the domestic stakeholders and narrowing political space to take difficult steps.
- **Dar touts 'charter of economy' idea, challenges Moody's | BR:** Finance Minister Ishaq Dar Friday said that a "charter of economy" must be signed in order to overcome the current economic crises in the country. Talking to reporters after appearing before the Accountability Court, Dar also urged political parties not to play politics on the economy. "Political parties should promise that they will not do politics on the economy," he said.
- **Moderately hawkish SBP to keep rupee supported in near-tern | The News:** The rupee is expected to continue its recent advances against the dollar, which have helped it gain almost 4% this week, traders and analysts said. On Monday, however, all eyes will be on Pakistan's central bank to see if it keeps interest rates at their current levels.
- **SBP likely to leave rate on hold | Tribune:** Pakistan's central bank is scheduled to announce its key policy rate for the next seven weeks on upcoming Monday. A majority of pundits have developed consensus that the bank will leave the rate unchanged at 15% in order to wait for the stabilisation of economy. However, a significant section of market participants did not rule out a reduction of 25-50 basis points, considering a fall in inflation reading to 23.2% in September compared to a 47-year high of 27.3% in the prior month.
- **LCs worth USD50,000 to be cleared this week, announces Ishaq Dar | The News:** In a bid to provide relief to the business community, Finance Minister Ishaq Dar Sunday announced that the pending payments of letters of credit (LCs) worth USD50,000 will be cleared this week. Addressing a press conference, Dar revealed that the decision to provide relief has been taken after consultations with the State Bank of Pakistan (SBP) Governor Jameel Ahmed.
- **ECNEC okays projects of PKR600bn | Tribune:** Marred by years of mismanagement, Pakistan's highest project sanctioning authority on Friday put a stamp of approval on a dozen projects at a cost of PKR600bn. Many of these schemes had already been approved by the forum, but were awaiting cost estimate revisions. Finance Minister Ishaq Dar chaired his maiden meeting of the Executive Committee of the National Economic Council (Ecnec) and endorsed 12 projects, including an upward revision in their estimated cost.
- **September cement despatches decline 6.83% YoY | BR:** Cement despatches declined by 6.83% in September 2022 as despatches registered at 4.28mn tons against 4.59mn tons despatched during the same month of last financial year. According to the data released by All Pakistan Cement Manufacturers Association, local cement despatches by the industry during the month of September 2022 were 3.80mn tons compared to 4.01mn tons in September 2021, showing a decline of 5.33%.
- **Investment in new LNG terminals at risk | Tribune:** Some government high-ups are allegedly exercising their influence to clear the way for a liquefied natural gas (LNG) terminal to enhance its capacity, a move that may spark some controversy. Engro Elengy Terminal Private Limited (EETPL) is making efforts to replace its existing Floating Storage and Re-gasification Unit (FSRU), which handles LNG imports, with a bigger one to enhance its handling capacity to 900mn cubic feet per day (mmcfd).
- **Coal use declines to 14.3% in power generation | Thr News:** Coal's contribution in power generation decreased to 14.3% in August 2022 from 15.4% in August 2021, while RLNG share decreased to 12.5% from 18.9% a year earlier due to lower imports. In the electricity basket, RLNG was a costlier option, with data showing that its cost rose to PKR24.72/kWh in August 2022 from PKR14.91/kWh in August 2021.
- **Petroleum price deregulation hits snags without progress on ToRs | The News:** Government's move to deregulate the petroleum prices has apparently hit a snag as there has been no progress on the terms of references (ToRs) in this regard, industry officials said. The cut-off date for deregulation of petroleum prices was November 1, 2022, but the ToRs have not been finalised yet.
- **Govt's solar projects initiative: KE shows interest in procurement of up to 500MW of power | BR:** K-Electric (KE) has shown an interest in procurement of up to 500 MW from government of Pakistan initiative meant to develop 10 GW of solar PV capacity in the country. Chief Executive Officer Syed Moonis Abdullah Alvi has conveyed the power utility's interest in a letter to Minister for Power, Khurram Dastgir Khan.
- **AGTL launches new tractor models | The News:** Al-Ghazi Tractors Limited (AGTL) has launched new 2023 models with high gloss paint features for all New Holland tractor variants to commemorate 40 successful years of its business in Pakistan. The new 2023 models would be offered for the following models: 480s, 480 Power Plus, Ghazi, 640, 70-56, and Dabang, AGTL said in a statement. In addition, the company is also planning to launch a special batch of New Holland's Trademark Blue-colored tractors for a first time in Pakistan.
- **Acquisition of 75.01% Lotte capital: ICI board allows management to submit binding bid | BR:** The Board of Directors of ICI Pakistan Limited has authorized the management of the company to submit a binding bid in relation to the acquisition of approximately 75.01% of the issued and paid-up capital of Lotte Chemical Pakistan Limited, comprising 1,135,860,105 ordinary shares.
- **No force, group will be allowed to destabilise country: COAS | The News:** Chief of the Army Staff (COAS) General Qamar Javed Bajwa on Saturday maintained, "The armed forces, with the support of citizens, would never allow any country, group or force to politically or economically destabilise Pakistan." The COAS was addressing the passing-out ceremony of the 146th PMA Long Course, 34th Technical Graduate Course, 65th Integrated Course, 20th Lady Cadet Course and 5th Basic Military Training Course.

Market Indices			
	7-Oct-22	**6-Oct-22**	**30-Jun-22**
KSE 100	42,085	42,160	41,541
KSE 30	15,857	15,894	15,805
KMI 30	69,999	70,169	68,766
KSE All Shares	28,586	28,643	28,582
Volume (mn Shares)			
	7-Oct-22	**FYTD (Average)**	
KSE 100	104.3	109.9	
KSE 30	111.3	68.0	
KMI 30	97.3	62.9	
KSE All Shares	313.2	233.9	
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)			
	7-Oct-22	**FYTD**	
FOREIGN INDIVIDUAL	0.00	19.51	
FOREIGN CORPORATES	0.20	-8.98	
OVERSEAS PAKISTANI	-0.17	10.87	
FIPI NET	**0.04**	**21.40**	
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			
	7-Oct-22	**6-Oct-22**	**30-Jun-22**
SBP Policy Rate	15.00	15.00	13.75
CPI Inflation	23.18	23.18	21.32
3 Month T-Bill	15.57	15.60	14.98
6 Month T-Bill	15.63	15.63	15.15
12 Month T-Bill	15.62	15.65	15.30
3 Year Government Bond	13.64	13.58	13.45
5 Year Government Bond	13.00	12.99	12.93
10 Year Government Bond	12.80	12.80	12.92
3 Month KIBOR	15.74	15.75	15.16
6 Month KIBOR	15.80	15.81	15.35

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