Morning News 11-Oct-2022

MCB-ARIF HABIB Savings and Investments Limited

- **Govt getting USD4bn as bonds take battering after floods: SBP | BR:** Additional financial international commitments to Pakistan in the wake of devastating floods will offset any current account deterioration and delays in the issuing of USD2bn in bonds, central bank officials told a briefing on Monday. Concerns have risen in recent weeks about Pakistan's ability to raise finances to meet external financing requirements to deal with the floods that have killed 1,700 people and inflicted USD30bn in damage to the economy. Pakistan's ability to tap the international market has been affected by its bonds taking a battering in the secondary market and a ratings downgrade by Moody's last week, while Fitch and S&P Global have downgraded the country's outlook.
- **SBP leaves policy rate steady at 15% | Dawn:** The State Bank of Pakistan (SBP) on Monday left its policy rate unchanged at 15% for the next two months while it lowered its GDP growth forecast to 2% compared to an earlier estimate of 3% to 4% for FY23. However, the central bank found the low economic growth helpful for taming inflation, which could be more than its earlier estimate of up to 20%. The monetary policy statement carried nothing new for economic growth; rather it projected lower growth with higher inflation holding the floods responsible for the disappointing growth situation. "Based on currently available information, GDP growth could fall to around 2pc in FY23, compared to the previous forecast of 3-4% before the floods," said the SBP.
- **Ishaq Dar to explore options to manage USD34bn | The News:** To manage external financing requirements of USD34bn, Pakistan will explore options to secure debt rescheduling from bilateral non-Paris Club countries, and optimise programme loans and budgetary support from multilateral creditors during the current fiscal year. Besides, Islamabad will also request the IMF to provide upfront provisions for releasing tranches under the existing Extended Fund Facility (EFF). The bilateral donors will also be asked to augment financial support in the wake of pressing external financing requirements, especially from Muslim countries. "We have conveyed our message loud and clear that Pakistan does not require debt rescheduling from the Paris Club countries, which could provide only USD1.2bn in relief to Islamabad in one year," Federal Minister for Finance Ishaq Dar said while talking to a select group of reporters before his departure for Washington to attend annual meetings of the IMF and World Bank, here on Monday night.
- **THE RUPEE: PKR still going strong | BR:** Pakistan's rupee maintained its upward trajectory against the US dollar for the 12th successive session, and appreciated nearly 0.9% in the inter-bank market on Monday. As per the State Bank of Pakistan (SBP), the rupee closed at 217.97 after appreciating PKR1.95 or 0.89%. In the last twelve trading sessions, the rupee has cumulatively appreciated PKR21.73 or 10%. On Friday, the rupee's winning streak against the US dollar entered the 11th session, as the rupee closed at 219.92 after appreciating PKR2.02 or 0.92%. In the previous week, the rupee appreciated by PKR8.53 or 3.88% against the US dollar.
- **PM terms Thar power project 'game-changer' | BR:** Prime Minister Shehbaz Sharif on Monday said amid skyrocketing fuel prices, the inexpensive energy production from Thar Coal Mines Project would prove to be a game-changer of development for the entire country. The Thar Coal Project, he said, could help the government save up to USD6bn as the expenditure on the import of energy including petrol and liquid petroleum touched USD24bn. Addressing the inauguration of commercial operations of Phase-II of Sindh Engro Coal Mining Company (SECMC) during his visit to Thar Coal Mines Block-II, he said the Thar Coal Project was high on the agenda for the government in view of reduced cost of power generation.
- **Five export sectors: ECC approves continuation of regionally competitive power tariff | BR:** A meeting of the Economic Coordination Committee (ECC) of the Cabinet has approved the provision of electricity to five export-oriented sectors at PKR19.99 per kWh all-inclusive from October 1, 2022 to 30th June but deferred wheat support price 2022-23 approval. The meeting of the ECC presided over by Finance Minister Ishaq Dar approved the continuation of regionally competitive electricity tariff for export-oriented sectors -textile including jute, leather, surgical and sports goods across Pakistan from October 1, 2022 to 30th June.
- **Senate passes resolution to end monopoly in power sector | The News:** The government and the opposition in the Senate Monday passed a rare unanimous resolution for abolition of monopoly in the power sector and evolving a mechanism to help generate and provide low-cost electricity to consumers. Both sides expressed deep concern over the continuously increasing power tariff and identified monopoly "mafias" as the main hurdle to going for cheaper technology for electricity generation. The Senate witnessed a lively debate from both sides of the divide on the subject.
- **FFC shuts down plant for 20 days due to maintenance | MettisGlobal:** Fauji Fertilizer Company Limited (FFC) on Monday shut down its Plant-I for a period of 20 days as part of its scheduled maintenance, filings on the stock exchange showed on Monday. "FFC's Plant-I maintenance activity commenced today, Oct 10, 2022, and the total duration of the activity is 20 days. The purpose of this activity is to ensure long-term reliability and sustainability of safe operations of the plant," the company said in a press release. FFC is set to announce financial results for 3QCY22 wherein it is likely to see a decline in profits-after-tax due to lower offtakes of urea and DAP by 26%YoY and 93%YoY to 0.5mn tonnes and 3,000 tonnes respectively. The decline in sales is likely on account of higher DAP prices, rising inflationary pressure and floods in the country.
- **PM's upcoming China visit likely to deepen economic ties | BR:** Prime Minister Shehbaz Sharif is to visit China next month with a wide-ranging agenda starting from project financing to financial support, well informed sources told Business Recorder. Chief Representative of Power China, Pakistan Yang Jianduo in a letter to Prime Minister has sought time for a meeting of Chairman Power China, Ding Yanzhang during his forthcoming visit to Beijing. M/s Power Construction Corporation of China (Power China) is the chair company of All Pakistan Chinese Enterprises Association (APCEA) dedicated to endeavour and promote the social and economic development of Pakistan since 1987.

Market Indices

	10-Oct-22	7-Oct-22	30-Jun-22
KSE 100	42,212	42,085	41,541
KSE 30	15,889	15,857	15,805
KMI 30	70,092	69,999	68,766
KSE All Shares	28,644	28,586	28,582

Volume (mn Shares)

	10-Oct-22	FYTD (Average)
KSE 100	139.3	110.3
KSE 30	88.6	68.3
KMI 30	60.8	62.9
KSE All Shares	240.1	234.0

Commodity Rates

	10-Oct-22	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	96.2	-1.8%	-16.2%
Crude Oil-Arab Light (USD/BBL)	95.9	-1.7%	-11.2%
Coal (USD/Tonne)	242.0	-2.0%	-29.2%
Copper (USD/Lbs)	3.5	3.5%	-8.8%
Cotton (¢/Lbs)	89.1	6.4%	-19.2%
Gold (USD/Ounce)	1,668.0	-1.6%	-7.7%

Currency (Interbank)

	10-Oct-22	Daily Change	FYTD Change
US Dollar	217.4	-1.8%	6.3%
UK Pound	240.3	-2.1%	-3.5%
Euro	210.9	-2.2%	-1.6%
UAE Dirham	59.5	-1.8%	6.6%
Chinese Yuan	30.4	-2.3%	-0.5%

Fund Flows (USD mn)

	10-Oct-22	FYTD
FOREIGN INDIVIDUAL	0.00	19.50
FOREIGN CORPORATES	6.98	-2.00
OVERSEAS PAKISTANI	0.14	11.01
FIPI NET	**7.12**	**28.52**

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

	10-Oct-22	7-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	15.57	14.98
6 Month T-Bill	15.61	15.63	15.15
12 Month T-Bill	15.61	15.62	15.30
3 Year Government Bond	13.66	13.64	13.45
5 Year Government Bond	13.00	13.00	12.93
10 Year Government Bond	12.80	12.80	12.92
3 Month KIBOR	15.73	15.74	15.16
6 Month KIBOR	15.78	15.80	15.35

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