Morning News 12-Oct-2022

MCB-ARIF HABIB
Savings and Investments Limited

- **IMF's FY23 projections for Pakistan fail to account for flood impact | Dawn:** The International Monetary Fund (IMF) on Tuesday further lowered its global economic growth forecast to below 2% amid stubborn higher inflation with a warning that the worst was yet to come. In its World Economic Outlook (WEO) 2023 – Countering the Cost-of-Living Crisis, the global lender of last resort forecast Pakistan's GDP growth rate at 3.5% and inflation at around 20% with a disclaimer –- "the 2022 projections for Pakistan are based on information available as of the end of August and do not include the impact of the recent floods".
- **Dar leaves for US to hold meetings with IMF, World Bank | BR:** Federal Minister for Finance and Revenue Ishaq Dar left for the United States on Tuesday for talks with the International Monetary Fund (IMF) and World Bank (WB). Dar will hold meetings with the IMF and the World Bank attend and the annual gathering of the Bretton Woods Institutions, reported Aaj News.
- **Germany scales up its support to flood-hit people | BR:** The Federal Republic of Germany has scaled up its support for the flood-hit Pakistan by another € 10 million and the total assistance now stands over €60mn. The German Consul General in Karachi Dr Rüdiger Lotz while talking to media during his visit to the flood affectees in Tando Jan Mohammad, Mirpur Khas district, vowed to accelerate the assistance for Pakistan saying the problem is not over, as large part of fertile land is still under waters.
- **Remittances fall over 12% in September | Dawn:** Remittances sent by overseas Pakistanis declined to USD2.4bn in September as the open and grey markets were offering much higher rates than interbank. The State Bank of Pakistan (SBP) on Tuesday said remittances decreased by 10.5% month-on-month and 12.3% year-on-year in September. The inflows in August were USD2.72bn while they were USD2.78bn in September 2021.
- **Moody's cuts five Pakistani banks' long-term deposit ratings | Tribune:** Moody's Investors Service has downgraded the long-term deposit ratings of five Pakistani commercial banks — Allied Bank Limited (ABL), Habib Bank Ltd, (HBL), MCB Bank Limited (MCB), National Bank of Pakistan (NBP) and United Bank Ltd (UBL) — to Caa1 from B3. The rating agency has also downgraded the five banks' long-term foreign currency Counterparty Risk Ratings (CRRs) to Caa1 from B3, according to Moody's statement issued on Tuesday.
- **Pakistan urgently needs debt relief | BR:** Cascading global crises have left 54 countries — home to more than half of the world's poorest people — in dire need of debt relief, the UN said Tuesday. In a new report, the United Nations Development Programme warned that dozens of developing nations were facing a rapidly deepening debt crisis and that "the risks of inaction are dire".
- **Unemployment, inflation to rise | The News:** Without incorporating the impact of recent floods, the International Monetary Fund (IMF) has kept Pakistan's GDP growth projection at 3.5% for the current fiscal year 2022-23 against 6% growth achieved in the last financial year.
- **THE RUPEE: PKR strengthens further | BR:** Pakistan's rupee continued to gain against the US dollar for the 13th successive session, and appreciated nearly 0.1% in the inter-bank market on Tuesday. As per the State Bank of Pakistan (SBP), the rupee closed at 217.79 after appreciating Re0.18 or 0.08%. In the last thirteen trading sessions, the rupee has cumulatively appreciated PKR21.91 or 10.1%.
- **July non-tax revenue down 13% to PKR40.82bn YoY | BR:** A decline of around 13% has been recorded in non-tax revenue in the first month of the current fiscal year with collection decreasing to PKR40.82bn in July 2022 from PKR46.93bn in July 2021. Sources in the Finance Ministry said that collection in petroleum levy in July 2022 was PKR4.35bn as opposed to PKR4.8bn for the same month of last fiscal year.
- **Deadline for adopting IFRS-9 extended | Dawn:** The Securities and Exchange Commission of Pakistan (SECP) has extended the effective date for applicability of the International Financial Reporting Standard (IFRS-9) for non-banking finance companies (NBFCs), including non-bank microfinance companies (NBMFCs) and modarabas, until June 30, 2024. Currently, only 17 out of 42 members of NBFI and Modaraba Association of Pakistan and only two NBMFCs have adopted the standard.
- **European thirst for LNG puts Pakistan, Bangladesh in dark | The News:** European countries have already bought more liquefied natural gas (LNG) in 2022 than in any year previously. The surge in demand followed Russia's invasion of Ukraine, with various European governments rushing to end their dependence on Russian energy as quickly as possible.
- **KE's controlling stake sale nears completion abroad, unbeknown to Pakistan | The News:** The sale of a large part of the controlling stake in Karachi Electric (KE) held by KES Power outside Pakistan appears to be in advanced stages, awaiting approval from a Cayman Islands court, but the government of Pakistan is not aware of the deal as it kept completely secret, according to trusted inside information.
- **SC summons records of last 23 years from NAB in Imran's plea challenging NAB amendments | Dawn:** The Supreme Court on Tuesday summoned 23 years' worth of case records — from 1999 to June 2022 — from the National Accountability Bureau (NAB) on a petition filed by PTI chief Imran Khan challenging the recent amendments to anti-graft laws. Chief Justice of Pakistan Umar Ata Bandial passed the orders after a three-member bench, comprising the CJP, Justice Ijazul Ahsan and Justice Syed Mansoor Ali Shah, heard the plea that called the new act a "violation of fundamental rights".

Market Indices			
	11-Oct-22	**10-Oct-22**	**30-Jun-22**
KSE 100	42,155	42,212	41,541
KSE 30	15,623	15,889	15,805
KMI 30	70,268	70,092	68,766
KSE All Shares	28,618	28,644	28,582

Volume (mn Shares)		
	11-Oct-22	**FYTD (Average)**
KSE 100	151.2	110.9
KSE 30	89.7	68.6
KMI 30	99.6	63.4
KSE All Shares	304.8	235.0

Commodity Rates			
	11-Oct-22	**Daily Change**	**FYTD Change**
Crude Oil-Brent (USD/BBL)	94.3	-2.0%	-17.9%
Crude Oil-Arab Light (USD/BBL)	93.7	-2.3%	-13.2%
Coal (USD/Tonne)	248.5	2.7%	-27.3%
Copper (USD/Lbs)	3.4	1.1%	-8.5%
Cotton (¢/Lbs)	89.7	0.7%	-18.6%
Gold (USD/Ounce)	1,665.3	-0.2%	-7.8%

Currency (Interbank)			
	11-Oct-22	**Daily Change**	**FYTD Change**
US Dollar	216.8	-0.3%	6.0%
UK Pound	237.7	-1.1%	-4.5%
Euro	210.4	-0.3%	-1.9%
UAE Dirham	59.2	-0.6%	5.9%
Chinese Yuan	30.2	-0.4%	-0.9%

Fund Flows (USD mn)		
	11-Oct-22	**FYTD**
FOREIGN INDIVIDUAL	0.01	19.51
FOREIGN CORPORATES	-0.05	-2.05
OVERSEAS PAKISTANI	0.32	11.33
FIPI NET	**0.28**	**28.79**

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			
	11-Oct-22	**10-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	15.53	15.57	14.98
6 Month T-Bill	15.61	15.61	15.15
12 Month T-Bill	15.62	15.61	15.30
3 Year Government Bond	13.65	13.66	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	15.72	15.73	15.16
6 Month KIBOR	15.78	15.78	15.35

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