Morning News 13-Oct-2022

MCB-ARIF HABIB Savings and Investments Limited

- **IMF projects decline in govt gross debt | BR:** The International Monetary Fund (IMF) has projected a decline in the government gross debt for Pakistan from 77.8% of Gross Domestic Product (GDP) in 2022 to 71.1% in 2023. However, the fiscal year 2022-23 projections for Pakistan are based on information available as of the end of August 2022 and do not include the impact of the recent floods.
- **IMF warns against 'costly' tax cuts to fight inflation | The News:** Soaring food and energy prices are raising the risk of social unrest, but attempting to tame costs through tax cuts, subsidies and price controls would be too costly, the International Monetary Fund (IMF) said Wednesday. The fund's comments, in its latest Fiscal Monitor report, come as food prices have surged by half since 2019 while energy bills soared in the wake of Russia's invasion of Ukraine.
- **Govt will borrow over PKR7trn during Q2FY23 | BR:** In the absence of sufficient foreign inflows, the federal government has enhanced its reliance on borrowing from the domestic banking system to finance the fiscal deficit. According to the State Bank of Pakistan (SBP), the federal government will borrow over PKR7 trillion from the banking sector during the second quarter (Oct-Dec) of the current fiscal year (FY23).
- **PIBs' yields fall | The News:** Pakistan Investment Bonds (PIBs) yields dropped on Wednesday as investors expect that the interest rates would remain steady in the coming months. The yield on five-year paper decreased by 30 basis points (bps) to 13.09%, while bids for a 10-year paper got rejected. Moreover, bids were not received for 15, 20, and 30 years PIBs, according to the auction result issued by the State Bank of Pakistan.
- **THE RUPEE: PKR's winning streak ends | BR:** Pakistan's rupee finally ended its 13-session appreciation run against the US dollar, and registered a marginal decline of 0.04% in the inter-bank market on Wednesday. As per the State Bank of Pakistan (SBP), the rupee closed at 217.88 after depreciating Re0.09 or 0.04%. In the last fourteen trading sessions, the rupee has cumulatively appreciated PKR21.82 or 10%.
- **Car sales plunge 51% in September | The News:** Passenger car sales hit various bumps in the road to plunge by a massive 51% in September 2022, compared to the same month last year, data showed on Wednesday, driven drastically down by surging vehicle prices, big-ticket bank financing, and production hiccups. According to data released by Pakistan Automotive Manufacturers Association (PAMA), the number of car sales by its members decreased to 9,213 units in September compared with 18,971 units sold in the same month last year.
- **Curbs on CKD imports: Govt may lose around PKR327bn in revenue, says IMC CEO | BR:** The government is expected to lose around PKR327bn or USD1.5bn in revenue during the ongoing financial year (2022-23), following the restrictions on CKD imports that shrunk the production volume up to 50%. Talking to the media, Ali Asghar Jamali, CEO, Indus Motor Company (IMC) denied laying off any employee due to a significant dip (50%) in production volume, saying that "IMC has not laid off any employee while production halts due to restrictions on CKD imports, decline in demand and flood impact that led to the volumes drop up to 50%."
- **PPL finds gas in Gambat | Dawn:** Pakistan Petroleum Ltd (PPL) has made a gas and condensate discovery from the exploration well of Shahpur Chakar North X-1 in the Gambat area of Sanghar, Sindh. The exploration well was drilled to a depth of 3,560 metres to test the hydrocarbon potential.
- **Supply of power to 5 export-oriented sectors | BR:** Federal Government is to arrange PKR100bn from federal budget to ensure supply of electricity to five export-oriented sectors at PKR19.90 per unit during the financial year 2022-23.
- **PSO wins arbitration case against Gunvor | BR:** Pakistan State Oil (PSO) has won an arbitration case against global LNG trader Gunvor Group Limited pertaining to excess payments for natural gas shipments. The London Court of International Arbitration gave a verdict in favour of Pakistan's PSO which had reduced payments to Gunvor due to overcharged shipments.
- **KES shares deal: puts out feelers | BR:** Securities and Exchange Commission (SECP) has reportedly sought explanation from Karachi Electric (KE) on purported deal of sale of shares of KES to Sheryar Chishiti, who owns M/s Daewoo in Pakistan. Background interaction with senior officials in Power Division, SECP and KE indicate that they are not aware of the deal of KES stakes through British court, but strong rumours have already been circulating in the market.
- **Thar coal project to start generating 1,320MW by Dec, says minister | BR:** Federal Minister for Power Khurram Dastgir Wednesday said the Thar Coal Power project would start generating 1,320 MW of electricity by December this year, whereas, the total potential to generate power in Thar is 3,640 MW. "Another 1,320 MW Thar Coal Power project under the China-Pakistan Economic Corridor (CPEC) would start generation before the next summer which would help double electricity generation to 2,640 MW.
- **SECP enhances sales load limit for AMCs | BR:** In order to encourage third-party distribution and increase competition in the non-banking financial sector, the Securities and Exchange Commission of Pakistan (SECP) has enhanced sales load limit for Asset Management Companies (AMCs).
- **Pakistan's civil govt 'primary interlocutor' in bilateral ties: US | Tribune:** The United States Department of State Spokesperson Ned Price on Tuesday said that the civilian government of Pakistan is the "primary interlocutor" in bilateral ties between Islamabad and Washington as he answered questions related to the country and the army chief's recent visit.
- **Lahore court acquits PM Shahbaz, Hamza in PKR16bn money laundering case | The News:** A special court in Lahore Wednesday acquitted Prime Minister Shahbaz Sharif and Hamza Shahbaz in the PKR16bn money laundering case. The Special Court, Central, reserved the verdict on the acquittal pleas of PM Shahbaz and Hamza earlier today.

Market Indices			
	12-Oct-22	**11-Oct-22**	**30-Jun-22**
KSE 100	42,007	42,155	41,541
KSE 30	15,570	15,623	15,805
KMI 30	70,274	70,268	68,766
KSE All Shares	28,574	28,618	28,582
Volume (mn Shares)			
	12-Oct-22	**FYTD (Average)**	
KSE 100	113.2	111.0	
KSE 30	79.0	68.8	
KMI 30	74.0	63.6	
KSE All Shares	237.5	235.0	
Commodity Rates			
	12-Oct-22	**Daily Change**	**FYTD Change**
Crude Oil-Brent (USD/BBL)	92.5	-2.0%	-19.5%
Crude Oil-Arab Light (USD/BBL)	89.9	-4.1%	-16.7%
Coal (USD/Tonne)	266.3	7.1%	-22.1%
Copper (USD/Lbs)	3.4	-1.2%	-9.6%
Cotton (¢/Lbs)	85.8	-4.4%	-22.2%
Gold (USD/Ounce)	1,672.5	0.4%	-7.4%
Currency (Interbank)			
	12-Oct-22	**Daily Change**	**FYTD Change**
US Dollar	217.5	0.3%	6.4%
UK Pound	241.3	1.5%	-3.1%
Euro	211.1	0.3%	-1.5%
UAE Dirham	59.5	0.6%	6.6%
Chinese Yuan	30.3	0.2%	-0.7%
Fund Flows (USD mn)			
	12-Oct-22	**FYTD**	
FOREIGN INDIVIDUAL	0.00	19.51	
FOREIGN CORPORATES	-0.17	-2.22	
OVERSEAS PAKISTANI	-0.08	11.25	
FIPI NET	**-0.26**	**28.54**	
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			
	12-Oct-22	**11-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	15.52	15.53	14.98
6 Month T-Bill	15.61	15.61	15.15
12 Month T-Bill	15.62	15.62	15.30
3 Year Government Bond	13.65	13.65	13.45
5 Year Government Bond	13.05	13.00	12.93
10 Year Government Bond	12.81	12.80	12.92
3 Month KIBOR	15.72	15.72	15.16
6 Month KIBOR	15.77	15.78	15.35

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