

NEWS

Power firms losing around \$1bn a year due to line losses, theft

- Pakistan's power distribution companies (DISCOs) lose around \$1 billion annually due to line losses, theft, and inefficiencies, worsening the circular debt crisis.
- A Ministry of Finance report highlights that poor recovery rates, outdated infrastructure, and delayed government subsidies are key issues.
- Loss-making SOEs, including DISCOs, reported combined losses of Rs851 billion, while some entities remained profitable.
- Frequent government interventions and tariff delays prevent DISCOs from covering operational costs.
- Addressing these issues requires infrastructure upgrades, advanced metering, and timely tariff adjustments to ensure financial stability.

SOEs post 14pc decrease in losses YoY

- Pakistan's state-owned enterprises (SOEs) reported aggregate losses of Rs851 billion for the fiscal year ending June 2024, marking a 14.03% year-on-year decrease. Despite this improvement, accumulated losses since 2014 have reached Rs5.9 trillion.
- The National Highway Authority (NHA) led the losses with Rs295.5 billion, followed by Quetta Electric Supply Company (QESCO) at Rs120.4 billion, and Peshawar Electric Supply Company (PESCO) at Rs88.7 billion.
- Conversely, profit-making SOEs contributed to an aggregate profit of Rs820 billion, a 14.61% increase from the previous year. The Oil and Gas Development Company Limited (OGDCL) topped the profit chart with Rs208.9 billion.

8 Development Finance Institutions caution govt

- Eight Development Finance Institutions (DFIs) warned Pakistan against unilaterally renegotiating Power Purchase Agreements (PPAs) with wind and solar IPPs.
- They stressed that such moves could hurt investor confidence and deter private investment in the renewable energy sector.
- DFIs have invested \$2.7 billion in Pakistan's power sector over 25 years and emphasized honoring existing contracts. They highlighted that IPPs cannot alter major agreements without lender approval.
- The government was urged to find alternative solutions to energy sector challenges.

Govt secures Rs. 259 billion in T-Bill auction, yields edge up slightly

- In a recent auction, the Pakistani government raised Rs. 259 billion through Treasury Bills, falling short of the Rs. 350 billion target.
- The auction attracted bids totaling Rs. 737 billion, indicating strong investor interest.
- Cut-off yields experienced slight increases: the 3-month yield rose by 17 basis points to 11.7998%, the 6-month by 15 basis points to 11.5048%, and the 12-month by 10 basis points to 11.5898%.
- These adjustments suggest a modest uptick in short-term borrowing costs for the government.

Auto financing rises to Rs241.6bn in January as interest rates decline

- In January 2025, Pakistan's auto financing reached Rs241.6 billion, up from Rs235.45 billion in December 2024, as per State Bank of Pakistan data.
- This 2.61% month-on-month increase is attributed to the central bank's reduction of interest rates from 22% to 12% over the past seven months, enhancing the appeal of vehicle loans.
- Despite this growth, auto financing remains 1.89% lower than the Rs246.26 billion recorded in January 2024, due to previous high borrowing costs and vehicle prices.
- Analysts anticipate a further 100-basis-point rate cut in the near future, which could stimulate additional demand in the auto financing sector.

Pakistan-Russia freight train service set to begin by March 15, 2025

- Pakistan and Russia are set to launch a trial freight train service by March 15, 2025, aiming to enhance regional trade connectivity.
- The route will traverse Iran, Turkmenistan, and Kazakhstan, facilitating the exchange of goods such as Pakistani textiles and agricultural products for Russian oil, gas, and industrial materials.
- This development follows a memorandum of understanding signed in mid-2024, underscoring the strengthening economic ties between the two nations.
- The Pakistan Railways Freight Transportation Company (PRFTC) has reached out to the business community for containerized cargo commitments for the inaugural run.
- Officials anticipate that this rail link will significantly boost trade and economic cooperation across the involved regions.

Until JV firm is formed: PSO to leverage SOCAR's network in Singapore

- Pakistan State Oil (PSO) plans to utilize the trading network of the State Oil Company of Azerbaijan Republic (SOCAR) in Singapore until their joint venture is fully operational.
- This collaboration aims to enhance PSO's access to international markets and reduce Pakistan's foreign exchange expenditures.
- The Economic Coordination Committee (ECC) has approved the incorporation of the joint trading company in Singapore, with the Ministry of Petroleum tasked to ensure due diligence regarding investment approvals and operational timelines.
- PSO's Board had previously approved this initiative in April 2022, and the joint venture is expected to leverage SOCAR's international market experience for mutual benefit.

Pakistan's cement exports witness 25% growth in seven months

- Pakistan's cement exports surged by 25% in the first seven months of the fiscal year 2024-25, totaling \$188.091 million compared to \$150.653 million the previous year.
- This increase is attributed to favorable exchange rates and declining international coal prices, enhancing competitiveness.
- Export volume rose by 35.34%, reaching 5.3 million tons during the same period. The positive trend is expected to continue, with projections indicating a 2.4% year-on-year growth in dispatches.
- This growth is notable amid challenges in the domestic market, highlighting the industry's resilience.

Discos' consumers set to get Rs2/unit relief in March bills

- Power consumers across Pakistan are set to receive a Rs2 per unit relief in their March electricity bills. Ex-Wapda distribution companies (XWDiscos) have petitioned the National Electric Power Regulatory Authority (Nepra) to refund this amount, following higher charges in the previous month.
- The Central Power Purchasing Agency (CPPA) filed the application on behalf of these utilities to finalize the monthly fuel price adjustment (FCA) for January 2025.
- Nepra has scheduled a public hearing on February 27 to assess the justification of the requested fuel charges variation and to ensure adherence to the economic merit order in power dispatch.
- Notably, K-Electric had previously filed a petition with Nepra to refund Rs4.95 per unit to its consumers in March bills, accounting for the December FCA.

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