Morning News 30-Aug-2021

MCB-ARIF HABIB
Savings and Investments Limited

- Investments in Pakistani startups cross USD258mn mark | BR: 2021 has been a remarkable year for Pakistani startups as far as investments are concerned. In whole of 2020, Pakistani startups had received investment of USD77mn whereas in just 8 months of 2021, investments in Pakistani startups have crossed USD258mn, according to Ignite.
- Monthly Economic Indicator: Finance Ministry warns of potential risks to Pak economy | TN: The Ministry of Finance on Saturday warned of potential risks to Pakistan's economy and stated that an increase in international commodity prices could build pressure on a country's domestic inflation as well as on the Balance of Payments (BoPs).
- Govt has no intention to come out of IMF programme: Shaukat Tarin | TN: Launching highly ambitious short, medium and long-term plans for achieving higher and sustained growth, Federal Minister for Finance Shaukat Tarin said on Friday that the government was ready to sign the Charter of Economy if the opposition parties decided to move ahead. The minister also said that the government did not have any intention to come out of the IMF programme as talks were expected to be held with the Fund by end of September while he would be visiting Washington in October this year to hold a face-to-face meeting.
- Primary balance clocks in at -1.4% in FY21 | Dawn: Failing to meet the performance criteria set by the International Monetary Fund (IMF), the country ran a primary budget deficit of PKR653.6bn in 2020-21, according to a summary of consolidated federal and provincial fiscal operations that the Ministry of Finance released on Thursday.
- PSM inches closer to privatisation as PC accords key approvals | TN: A Privatisation Commission (PC) Board meeting on Friday accorded a number of key approvals furthering the process of Pakistan Steel Mills Corp (PSMC) denationalisation.
- PC Board allows Services Hotel sell-off | ET: The board of Privatisation Commission on Friday approved to give away a prized property in the heart of Lahore at just PKR2mn above the downward revised minimum price of PKR1.94bn and also cleared 12 bidders to bid for an iconic building of Islamabad.
- Inflation likely to be over 9% | ET: The inflation may inch over 9% due to monetary expansion and a spike in international commodity prices and the current account deficit could remain over half a billion dollar in August, says a new report by the Ministry of Finance.
- Pakistan, Korea ink USD158mn loan agreement for IT Park in Karachi | Nation: Pakistan and Korea on Thursday signed a loan agreement worth USD158mn for establishment of IT Park in Karachi. The total cost of project is around USD199mn. Out of which, the EXIM Bank Korea will provide USUSD158mn. This project is aimed at providing IT enabled high tech infrastructure wherein IT companies can work together by leveraging each other's expertise, foster industry-academia cooperation and promote entrepreneurship in Pakistan.
- Car financing soars to record high in July | ET: Car financing by banks in Pakistan soared by a staggering PKR99bn (or 46%) in the past one year to an all-time high of PKR314bn in July, as the financing became affordable for more people in the wake of a significant reduction in the benchmark interest rate under the Covid-19 pandemic.
- Cotton prices hit 11-year high on panic buying | TN: Dwindling supplies and delayed imports lifted cotton prices to a fresh 11-year high of PKR14,500/40kg this week, traders said. As textile and spinning mills went on a stockpiling spree, cotton prices picked up by PKR200-300/40kg to PKR14,300/40kg, while Balochi cotton was sold at PKR14,500/40kg, the highest in over a decade. Similarly, seed-cotton prices also reached their highest ever level of PKR7,200/40kg.
- No threat to Pakistan's GSP plus status: Dawood | ET: Textile exporters should not pay attention to rumours regarding Pakistan's Generalized System of Preferences (GSP) status as the country will continue to benefit under this scheme, said Adviser to Prime Minister on Commerce Abdul Razak Dawood.
- Housing finance market regulatory body on the anvil | Dawn: The government plans to set up a regulatory body for the rapidly growing housing finance market in the country. Speaking to Dawn, Arif Habib, a member of the Economic Advisory Council (EAC), said the function of housing finance will be devolved "out of the commercial banking arena" through the formation of housing finance institutions/companies. The State bank of Pakistan (SBP) currently regulates the housing finance market.
- Mobile phone exports likely to cross USD1bn | ET: Adviser to Prime Minister on Commerce and Investment Abdul Razak Dawood has voiced hope that mobile phone exports will surpass the target of USD1bn owing to incentives given by the government during current fiscal year 2021-22.

Market Indices

	27-Aug-21	26-Aug-21	30-Jun-21
KSE 100	47,137	47,363	47,356
KSE 30	18,914	18,954	18,962
KMI 30	76,769	76,827	76,622
KSE All Shares	32,229	32,364	32,480

Volume (mn Shares)

	27-Aug-21	FYTD (Average)
KSE 100	181.8	132.4
KSE 30	43.8	40.7
KMI 30	50.3	49.2
KSE All Shares	382.1	406.0

Commodity Rates

	27-Aug-21	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	72.7	2.3%	-3.2%
Crude Oil-Arab Light (USD/BBL)	71.1	0.0%	-1.0%
Coal (USD/Tonne)	142.9	0.6%	27.6%
Copper(USD/mt)	4.3	1.7%	0.7%
Cotton (USD/Lbs)	92.4	1.0%	13.5%
CRC Steel (USD/Tonne)	1,115.0	0.0%	-5.9%

Currency (Interbank)

	27-Aug-21	Daily Change	FYTD Change
US Dollar	165.7	-0.2%	5.2%
UK Pound	228.0	0.2%	4.7%
Euro	195.4	0.2%	4.6%
UAE Dirham	45.7	0.0%	5.9%
Chinese Yuan	25.6	0.0%	4.9%

Fund Flows (USD mn)

	27-Aug-21	FYTD
FOREIGN INDIVIDUAL	0.08	2.77
FOREIGN CORPORATES	-2.94	-45.57
OVERSEAS PAKISTANI	0.67	6.09
FIPI NET	**-2.20**	**-36.72**

Economic Data (USD mn)

	FY22E	FY21	FY20
GDP Growth	4.8%	3.9%	-0.5%
	Jul-21	**Jun-21**	
Exports	2,330	2,728	
Imports	5,434	6,352	
Remittances	2,707	2,688	
Foreign Exchange Reserves	24,853	24,397	

Money Market Data

	27-Aug-21	26-Aug-21	30-Jun-21
SBP Policy Rate	7.00	7.00	7.00
CPI Inflation	8.4%	8.4%	9.7%
3 Month T-Bill	7.22	7.22	7.28
6 Month T-Bill	7.39	7.38	7.53
12 Month T-Bill	7.60	7.60	7.81
3 Year Government Bond	8.72	8.73	8.99
5 Year Government Bond	9.30	9.30	9.49
10 Year Government Bond	9.90	9.90	9.94
3 Month KIBOR	7.38	7.39	7.45
6 Month KIBOR	7.54	7.54	7.69

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