Morning News 02-Sep-2021

MCB-ARIF HABIB
Savings and Investments Limited

- Aug CPI up 8.4% YoY | BR: The Consumer Price Index (CPI) witnessed an increase of 8.4% on year-on-year basis in August 2021 as compared to an increase of 8.4% in the previous month and 8.2% in August 2020, says the Pakistan Bureau of Statistics (PBS). The National Consumer Price Index for August 2021 increased by 0.58% over July 2021 and increased by 8.35% over corresponding month of the last year i.e. August 2020.
- Aug trade deficit widens 133% YoY | BR: The country's trade deficit has ballooned by 133% to USD4.06bn in August 2021 from USD1.74bn in August 2020. According to provisional trade figures, imports of first two months (July-August) of 2021-22 reached USD11.91bn as compared to USD6.99bn in the corresponding period of 2020-21, posting a growth of over 70%. Last month, Prime Minister Imran Khan had directed the Commerce Ministry to check the increase in the import of non-essential items. Exports constituted a growth of over 28% to USD4.60bn during the first two months, i.e. July-August 2021-22, as compared to USD3.58bn in the same period of FY 2020-21. Exports posted a negative growth of over 3.5% to USD2.256bn in August 2021 as compared to 2.34bn in July 2021, and rose by 42.5% against August 2020 with USD1.58bn.
- From EMI to FMI: Potential downgrade could prove beneficial to capital market: experts | BR: A potential downgrade to Frontier Market Index from Emerging Market Index could prove beneficial for the Pakistani capital market as it is expected this would lead to increase in foreign inflows due to Pakistan's potential weight in the Frontier Index, experts said. Morgan Stanley Capital International (MSCI) will announce its decision to re-classify Pakistan from Emerging Markets Index to Frontier Markets Index (FM) on September 07, 2021.
- Dollar hits 167 in interbank | Mettis Global: The US Dollar (USD) continued its upward journey against the Pakistani Rupee (PKR) as it hit 167 in early trade on Wednesday in an interbank market, last seen on August 27, 2020. Since its highest point in May 2021, the domestic unit has depreciated by 8.76%.
- Refinery policy: modified draft finalized | BR: Ministry of Energy (Petroleum Division) has finalized the modified draft Refinery Policy 2021 after incorporation of the recommendations of Cabinet Committee on Energy (CCoE).
- Cotton production to miss FY 2021/22 target by 19.42% | The News: The cotton output in the current crop year of 2021/22 is likely to be 19.42% lower than the government's estimate of 10.5mn bales. The cotton output for the current year has been estimated at 8.46mn bales. The country's cotton output will remain short of the textile industry's demand of about 14-15mn bales despite prospects of relatively higher production this year than the output of last year. The latest estimates of cotton output for the current year was shared in a meeting of newly constituted Cotton Crop Assessment Committee (CCAC), which was held on Wednesday.
- PSO gets no bid for LNG supply | Dawn: Amid unending liquefied natural gas (LNG) difficulties, the country's pioneer importer — Pakistan State Oil — did not get even a single bid for Oct 22-24 delivery window due to supply constraints in the international market. When contacted, a PSO spokesperson confirmed that the company was scheduled on Wednesday to technically qualify bidders for LNG supply, but did not receive any bid. This comes a day after PSO awarded an LNG cargo to commodity trader Vitol at 24.5456 per cent of Brent (about USD17.86 per mmBtu) — the most expensive so far — for delivery on Sept 26-27.
- Nepra agrees to allow Discos PKR1.38/unit hike | BR: National Electric Power Regulatory Authority (Nepra) in a hearing has agreed in principle to allow an increase of PKR1.38 per unit in Discos' tariffs for July 2021 under monthly fuel price adjustment mechanism.
- AIDP 2021-26: EDB seeks cost structure from auto industry | BR: The Engineering Development Board (EDB) has sought cost structure from the auto industry and its concerns to raise them at an appropriate forum. Presided over by the Chief Executive Officer (CEO) EDB, Raza Abbas Shah, a meeting discussed "Implementation of Automotive Policy (AIDP 2021-26)". The representative bodies of the OEMs and the vendors, PAMA and PAAPAM were present in the meeting. The sources said, meeting turned into a discussion forum on the price control notifications issued by the MOI&P. SRO 1062 and SRO 1065 received much criticism.
- First CPEC power transmission project gets under way | Dawn: The first China-Pakistan Economic Corridor (CPEC) project in the power evacuation and transmission sector, the 660kV High-Voltage Direct Current (HVDC) Matiari-Lahore transmission line, started commercial operations on Wednesday on its scheduled date.
- Avanceon signs USD3.6mn contract with Dubai Metro | Dawn: Avanceon FZE, a wholly owned subsidiary of Avanceon Ltd established in the Middle East, has signed a USD3.6mn nine-year contract with Dubai Metro to maintain and support its operations. The after-market support arm of Octopus Digital, an Avanceon subsidiary company, will maintain end-to-end integrated control systems installed base across the Green and Red Lines for Dubai Metro and emergency operational support through September 2030.
- UK Foreign Secretary to visit Pakistan | The News: The UK Foreign Secretary Dominic Raab will be visiting Pakistan to hold high level talks with Pakistani officials against the backdrop of the Taliban takeover of Afghanistan.

Market Indices

	1-Sep-21	31-Aug-21	30-Jun-21
KSE 100	47,413	47,420	47,356
KSE 30	19,029	19,028	18,962
KMI 30	77,664	77,642	76,622
KSE All Shares	32,461	32,394	32,480

Volume (mn Shares)

	1-Sep-21	FYTD (Average)
KSE 100	111.9	132.2
KSE 30	48.6	40.9
KMI 30	50.9	49.0
KSE All Shares	536.6	407.4

Commodity Rates

	1-Sep-21	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	71.6	-1.9%	-4.7%
Crude Oil-Arab Light (USD/BBL)	69.6	-3.1%	-3.1%
Coal (USD/Tonne)	151.0	2.8%	34.8%
Copper(USD/Lbs)	4.3	-2.2%	-0.6%
Cotton (USD/Lbs)	90.3	0.3%	10.9%
CRC Steel (USD/Tonne)	1,115.0	0.0%	-5.9%

Currency (Interbank)

	1-Sep-21	Daily Change	FYTD Change
US Dollar	166.5	0.2%	5.7%
UK Pound	229.2	0.3%	5.2%
Euro	197.1	0.4%	5.5%
UAE Dirham	45.7	0.0%	5.9%
Chinese Yuan	25.8	0.1%	5.6%

Fund Flows (USD mn)

	1-Sep-21	FYTD
FOREIGN INDIVIDUAL	0.01	2.82
FOREIGN CORPORATES	-1.45	-49.04
OVERSEAS PAKISTANI	-0.62	5.70
FIPI NET	**-2.07**	**-40.53**

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

	1-Sep-21	31-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	7.40	7.40	7.53
12 Month T-Bill	7.59	7.60	7.81
3 Year Government Bond	8.64	8.68	8.99
5 Year Government Bond	9.25	9.28	9.49
10 Year Government Bond	9.90	9.90	9.94
3 Month KIBOR	7.37	7.37	7.45
6 Month KIBOR	7.54	7.54	7.69

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