# Morning News 03-Sep-2021

MCB-ARIF HABIB
Savings and Investments Limited

- Forex reserves hit all-time high of USD27bn | BR: The country's total liquid foreign exchange reserves reached all-time high level of USD27bn supported by the International Monetary Fund (IMF) inflows. On August 24, Pakistan had received inflows amounting to USD2.75bn from the IMF for economic support in the wake of Covid-19 pandemic. These inflows were part of the IMF's fresh allocation of Special Drawing Rights (SDR) 456bn equivalent to USD650bn for Pakistan and other member countries to help them combat the challenges arising from the Covid-19 pandemic.
- PKR234.32bn new projects included in PSDP | BR: The Ministry of Planning, Development and Special Initiatives reviewed the progress of new projects to be funded through the federal PSDP and observed that 90% of the projects have been approved and included in federal PSDP 2021-22 at PKR234.32bn out of which PKR25.72bn have been allocated in the current financial year.
- OMCs: Sales up by 26% YoY in Aug, APL leads the growth chart | Mettis Global: The overall sales volume of the Oil and Marketing industry has increased by 26% YoY to stand at 1.96MTs in the month of August'21 as compared to 1.55MTs in the same month a year ago. However, on a monthly basis, the sale of Petroleum and Lubricants was down by 1% amid a decline in retail fuel sales due to lesser working days.
- Cabinet Secretariat body approves Ogra bill | BR: The Standing Committee on Cabinet Secretariat has approved the Oil and Gas Regulatory Authority (Amendment) Bill, 2021. The Committee met with MNA Kishwar Zehra in the chair at the Parliament House, on Thursday. The Committee has asked the Oil and Gas Regulatory Authority (OGRA) to assert its regulatory authority and address the issue of overbilling by the gas distribution companies. The committee after discussion approved the Oil and Gas Regulatory Authority (Amendment) Bill, 2021, which aims to ensure natural gas pricing on a regular basis.
- NEPRA initiates proceedings to determine tariff for EV | Mettis Global: The National Electric Power Reguatory Authority (NEPRA) has decided to commence proceedings to determine tariff to be charged from Electric Vehicles (EV) by Electirc Vehicles Charging Station. The decision was made in view of the National Electric Vehicle Policy which provides that "NEPRA shall develop a policy to enact EV tariffs and to ensure compliance with EV standards and specifications." In A-2 Commercial, following may be added for tariff applicable for; "ix) Electric Vehicle Charging Stations.
- CCP raids premises of two tractor makers | BR: As part of an investigation against tractor manufacturers for prima facie violation of Sections 3 and 4 of the Competition Act, 2010, the Competition Commission of Pakistan Thursday entered and searched the premises of Millat Tractors Ltd (MTL) Lahore and Al-Ghazi Tractors Ltd (AGTL) Karachi. The search inspections were carried out under Section 34 of the Act. Both the undertakings fully cooperated by providing the relevant record, documents, meeting minutes and computer-stored information to the two CCP search teams. Some critical data has been impounded during the search and inspections.
- Delay in ST refunds: Tractor industry reduces production | BR: Amidst long delay in sales tax refunds, the tractor industry has reduced its production substantially, which is likely to be halted totally by next week.
- Pakistan gets EETL notice to give up sovereign right to take over its ship | Dawn: In what appears to be increasing mess in liquefied natural gas (LNG) business, Pakistan on Thursday got one-day notice from Engro Elengy Terminal Limited (EETL) to give up its sovereign right to take over its ship and commit full "take or pay" for larger capacity as the government received more expensive bids for five LNG cargos in October and November. On top of that, the country would be facing about 300 million to 600m cubic feet of gas shortage for two to four days starting this weekend. In case the government decides to retain Engro's regasification terminal currently in use and has greater capacity, the shortage would last for two days and 300 mmcfd. In case the original contracted terminal resumes operations, the shortfall would be for four days and up to 600mmcfd.
- Nepra reserves judgement on PKR1.26 per unit increase for KE | Dawn: The National Electric Power Regulatory Authority (Nepra) on Thursday reserved its judgement about PKR1.26 per unit additional charge to consumers on account of monthly fuel price adjustment and quarterly adjustment for April-June 2021.
- Liabilities clearance: ECC allows PIA Roosevelt Corp to use USD10mn from pension fund | BR: A meeting of the Economic Coordination Committee (ECC) of the Cabinet has allowed the PIA Roosevelt Investment Corporation to utilise USD10mn from the pension fund to clear liabilities to avoid penal action by the local authorities.
- Coal importers say they're happy over cut in port charges | BR: Local coal importers have appreciated the decision of the Cabinet Committee on Transportation and Logistics (CCoTL) regarding reduction in wet and dry port charges by 50%. According to coal importers, current coal vessel line-up indicates that reliance on the only exclusive terminal with just one berth for imported coal handling is insufficient to meet the current coal demand for industries. According to an estimate, coal importers have paid USD150mn as demurrage in the last six months due to the inefficiency and limited capacity to handle imported coal by the Pakistan International Bulk Terminal (PIBTL).

**Market Indices**

| | 2-Sep-21 | 1-Sep-21 | 30-Jun-21 |
|---|---|---|---|
| KSE 100 | 46,903 | 47,413 | 47,356 |
| KSE 30 | 18,806 | 19,029 | 18,962 |
| KMI 30 | 76,898 | 77,664 | 76,622 |
| KSE All Shares | 32,200 | 32,461 | 32,480 |

**Volume (mn Shares)**

| | 2-Sep-21 | FYTD (Average) |
|---|---|---|
| KSE 100 | 168.4 | 132.8 |
| KSE 30 | 41.5 | 40.9 |
| KMI 30 | 42.6 | 48.9 |
| KSE All Shares | 544.4 | 409.8 |

**Commodity Rates**

| | 2-Sep-21 | Daily Change | FYTD Change |
|---|---|---|---|
| Crude Oil-Brent (USD/BBL) | 73.0 | 2.0% | -2.8% |
| Crude Oil-Arab Light (USD/BBL) | 69.9 | 0.4% | -2.7% |
| Coal (USD/Tonne) | 153.0 | 1.4% | 36.7% |
| Copper(USD/Lbs) | 4.3 | 0.6% | 0.0% |
| Cotton (USD/Lbs) | 91.3 | 1.1% | 12.1% |
| CRC Steel (USD/Tonne) | 1,115.0 | 0.0% | -5.9% |

**Currency (Interbank)**

| | 2-Sep-21 | Daily Change | FYTD Change |
|---|---|---|---|
| US Dollar | 167.0 | 0.3% | 6.0% |
| UK Pound | 231.0 | 0.8% | 6.0% |
| Euro | 198.3 | 0.6% | 6.2% |
| UAE Dirham | 45.7 | 0.0% | 5.9% |
| Chinese Yuan | 25.9 | 0.4% | 6.0% |

**Fund Flows (USD mn)**

| | 2-Sep-21 | FYTD |
|---|---|---|
| FOREIGN INDIVIDUAL | -0.11 | 2.70 |
| FOREIGN CORPORATES | -2.41 | -51.46 |
| OVERSEAS PAKISTANI | 0.80 | 6.51 |
| **FIPI NET** | **-1.72** | **-42.25** |

**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**

| | 2-Sep-21 | 1-Sep-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 | 7.24 | 7.22 | 7.28 |
| 6 Month T-Bill | 7.40 | 7.40 | 7.53 |
| 12 Month T-Bill | 7.59 | 7.59 | 7.81 |
| 3 Year Government Bond | 8.65 | 8.64 | 8.99 |
| 5 Year Government Bond | 9.25 | 9.25 | 9.49 |
| 10 Year Government Bond | 9.85 | 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**