Morning News 08-Sep-2021

MCB-ARIF HABIB
Savings and Investments Limited

- Back to the 'smaller pond': MSCI to reclassify Pakistan as Frontier Market | BR: Pakistan was downgraded from its status as an emerging market; a little over four years after Morgan Stanley Capital International (MSCI) reclassified it from the Frontier Markets (FM) Index. The announcement, made early Wednesday morning, will not surprise market followers, however, that expected the decision after MSCI, whose indexes are tracked by global investors to make investment decisions, said in June that it would begin consultation on a proposal for Pakistan's reclassification.
- RDA reaches USD2.11bn in 12 months | Mettis Global: Foreign Exchange inflows through Roshan Digital Accounts (RDA) reached USD2.11bn by end of August. It took six months to reach the first USD500mn, and two for the next USD500mn. So far, 220,806 accounts have been opened from around 175 counties across different Pakistani banks.
- FY21 exports stand at USD27.21bn: FBR | BR: Pakistan's total exports stood at USD27.21bn in 2020-21 compared to USD21.48bn in 2019-20, according to the data compiled by the Federal Board of Revenue (FBR). The FBR's (city-wise) export data available with Business Recorder further revealed that 15,648 companies exported USD27.21bn in 2020-21 compared to 14,747 companies exported USD21.48bn.
- Rupee dealt more blows by surging dollar demand | The News: Rupee on Tuesday suffered more losses versus dollar in the open market, pushing investors to take refuge in the greenback safe haven ahead of a deadline on encashment of prize bonds worth PKR40,000, this month, dealers said. The rupee was quoted at 168.70, but traders reported that some trades were concluded at 168.80 to the dollar
- Funds released for 17 aviation projects | Dawn: The government has so far released PKR374.42mn for the 17 ongoing aviation sector projects under the PSDP 2021-22. The total cost of these projects is PKR3,558.2mn, according to a Planning Commission document.
- OGDC discovers gas, condensate in KP | BR: Oil and Gas Development Company (OGDC) being the operator of Wali Exploration License with 100% working interest has made a gas and condensate discovery over Hangu Formation from its exploratory efforts at Wali#01 well which is located in FR Lakki, Khyber Pakhtunkhwa. Based on the good oil/gas shows during drilling, interpretation of open whole logs data, successfully testing was carried out in Kawagarh Formation, which proved to be gas/condensate discovery
- Govt set to increase power tariff from October | Dawn: The government on Tuesday appeared set to increase the electricity tariff it had put on hold in April as part of revised Circular Debt Management Plan (CDMP) and efforts to ensure continuous foreign inflows from lending agencies – particularly the IMF, the World Bank and the Asian Development Bank.
- Govt eager to adopt risk hedging for oil, petroleum products | The News: Finance minister on Tuesday hoped that the embattled government has enough reform zeal to allow oil options trade and hedge more of its fuel needs further into the future, though fears of anti-graft body undermines any such move.
- 'New technology' to reduce power consumption by 40-60pc | BR: Science and Technology Minister Shibli Faraz, on Tuesday, claimed that the government was working to develop a 'new technology' that would help reduce power consumption by 40 to 60 percent and result in significant reduction in electricity bills.
- Import of 'stolen' vehicles: FBR accused of running illegal 'scheme' | BR: The Federal Tax Ombudsman (FTO) has unearthed an illegal scheme being run by the Federal Board of Revenue (FBR) for the last 15 years regarding promotion of illegal import of stolen vehicles and facilitating international criminal activities.
- Asia's coal prices hit new highs as global utilities scramble for fuel | Mettis Global: Thermal coal prices across Asia hit new highs this week as China and India restock critically low inventories to meet robust power consumption, industry sources said. The most-traded thermal coal futures contract on the Zhengzhou Commodity Exchange jumped more than 4% on Tuesday to a record high of 979 yuan (USD151.63) a ton.
- IMF advice: Government scales down Kamyab Pakistan Program | BR: In the aftermath of objections raised by the IMF over the limit of guarantees for doling out small loans scheme under the Kamyab Pakistan Program (KPP), the government has scaled down KPP, which will be launched in two smaller provinces in the first phase.
- Taliban reveal interim cabinet | The News: The Taliban announced veteran Mullah Mohammad Hassan Akhund as the leader of their interim cabinet on Tuesday, while giving key positions to some of the movement's top officials. No woman has been included in the interim set-up.
- Pakistan to host virtual meeting of ministers from Afghanistan's neighbors | Dawn: Pakistan will host a virtual meeting of the foreign ministers of neighboring countries of Afghanistan on Wednesday (today) to discuss developments in the war-ravaged country. Foreign ministers of China, Iran, Tajikistan, Turkmenistan and Uzbekistan would attend the meeting.

Market Indices			
	7-Sep-21	6-Sep-21	30-Jun-21
KSE 100	46,730	46,919	47,356
KSE 30	18,747	18,848	18,962
KMI 30	76,470	77,039	76,622
KSE All Shares	32,119	32,221	32,480

Volume (mn Shares)		
	7-Sep-21	FYTD (Average)
KSE 100	126.0	131.8
KSE 30	26.8	40.3
KMI 30	35.3	48.1
KSE All Shares	423.7	411.0

Commodity Rates			
	7-Sep-21	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	71.7	-0.7%	-4.6%
Crude Oil-Arab Light (USD/BBL)	70.2	-0.3%	-2.2%
Coal (USD/Tonne)	152.1	-0.1%	35.8%
Copper(USD/Lbs)	4.3	-1.1%	-0.3%
Cotton (USD/Lbs)	91.6	-0.2%	12.5%
CRC Steel (USD/Tonne)	1,115.0	0.0%	-5.9%

Currency (Interbank)			
	7-Sep-21	Daily Change	FYTD Change
US Dollar	167.5	0.5%	6.3%
UK Pound	230.9	0.1%	6.0%
Euro	198.3	0.2%	6.2%
UAE Dirham	45.9	0.5%	6.4%
Chinese Yuan	25.9	0.4%	6.2%

Fund Flows (USD mn)		
	7-Sep-21	FYTD
FOREIGN INDIVIDUAL	0.03	2.70
FOREIGN CORPORATES	-1.82	-57.22
OVERSEAS PAKISTANI	-0.12	6.63
FIPI NET	**-1.90**	**-47.89**

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			
	7-Sep-21	6-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	7.24	7.28
6 Month T-Bill	7.42	7.42	7.53
12 Month T-Bill	7.61	7.59	7.81
3 Year Government Bond	8.70	8.68	8.99
5 Year Government Bond	9.24	9.23	9.49
10 Year Government Bond	9.85	9.85	9.94
3 Month KIBOR	7.38	7.39	7.45
6 Month KIBOR	7.54	7.53	7.69

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