Morning News 20-Sep-2021

MCB-ARIF HABIB
Savings and Investments Limited

- Jul-Aug period: CA posts USD2.2bn deficit on higher import bill | BR: The country's current account posted a USD2.2bn deficit during the first two months of this fiscal year on the back of higher import bill. Pakistan's imports continue to increase due to rising commodity prices in the world market. According to the State Bank of Pakistan (SBP), the recent rise in current account deficit reflects both the strong domestic recovery and higher international commodity prices.
- FDI falls 20% to USD203mn in Jul-Aug | Tribune: Foreign direct investment (FDI) in different sectors of Pakistan's economy fell 20.3% to USD203.1 million in the first two months (July-August) of the ongoing fiscal year largely due to global travel disruptions and the volatile political situation in Afghanistan.
- FBR to get operational, financial autonomy: Tarin | BR: The government is fully committed to granting operational and financial autonomy to the Federal Board of Revenue (FBR) to rule out the possibility of political interference. He stated that the FBR was on track for achievement of this year's target of PKR5,829bn as the FBR had already surpassed the target with a margin of PKR160bn in the first two months.
- Monetary Policy Statement (MPS) today | BR: The State Bank of Pakistan (SBP) will unveil its monetary policy today (Monday) for the next two months. The Monetary Policy Committee of SBP will meet on September 20, 2021 at SBP Karachi to review the performance of key economic indicators and decide about the Monetary Policy.
- Private sector retiring debt slows economic growth | Dawn: The government expects higher economic growth in the current fiscal year (FY22) though the private sector seems to have slowed down its activities as reflected from its bank borrowing and debt retirement, the State Bank of Pakistan (SBP) reported for the current week.
- USD smuggling adds to pressure on weaker rupee | BR: Smuggling of the US dollars from Pakistan to Afghanistan continues through carriers – agents, truck drivers and sometimes children – further ongoing pressure on weakening Pakistani currency.
- Tax Laws (Third Amendment) Ordinance, 2021: 7 new measures introduced to broaden tax base | BR: The government has introduced seven new measures for broadening the tax base through the Tax Laws (Third Amendment) Ordinance, 2021.
- Textile, clothing exports grow 29% in 2MFY22 | Dawn: Pakistan's textile and clothing exports posted impressive growth in the first two months of this year increasing by 28.67% to USD2.93bn compared to USD2.28bn over the year, data released by the Pakistan Bureau of Statistics (PBS) showed on Friday.
- APTMA expects addition of 100 new companies, USD20bn in exports | The News: All Pakistan Textile Mills Association (APTMA) has said that implementation of the new textile policy measures would add 100 more textile companies and increase exports by USD20bn for the country.
- Punjab issues 22 NOCs for setting up cement factories | Dawn: The Punjab government has regulated the cement sector and issued 22 no-objection certificates (NOCs) for the setting up of new cement factories while ensuring that no more unit is established in the areas declared "negative".
- 11 IPPs may get PKR131bn as first instalment | BR: Power Division is all set to send a summary to the Economic Coordination Committee (ECC) of the Cabinet in its forthcoming meeting for payment of PKR131bn, first instalment of 40% of agreed amount to 11 Independent Power Producers (IPPs) of Power Generation Policy 2002.
- Additional tax imposed on non-filer entities | Dawn: The federal government has imposed additional sales tax ranging between 5 and 17% on supply of electricity and gas to the non-filer industrial and commercial entities in an attempt to broaden the tax base.
- CCoE members reject incentives for refineries | BR: The top members of Cabinet Committee on Energy (CCoE) including Minister for Energy, Hammad Azhar has rejected incentives for existing refineries, saying that paying upfront money, collected from the tax payers, without having any stake of the Government is not a recommended option, well informed sources told Business Recorder.
- Govt proposes up to 37% hike in gas tariff | Dawn: The government's proposed inverse gas tariff plan seeks to massively increase prices for 43% of sale volumes to partially finance the cost of gas supplies to "protected" lower-end consumers.
- Soaring freight cost impacts exports | Tribune: The Pakistan Tehreek-e-Insaf (PTI) government is facing another hurdle in its endeavours to enhance exports as a hike in freight cost kept textile exports stagnant in August 2021. Textile exports of the country came in at USD1.46bn in August 2021, registering a meagre rise of 2% on a month-on-month basis in rupee terms.
- Technology exports surge 80.6% in August | The News: Pakistan' technology exports have increased by 80.6% in August 2021 over the same month last year, the Ministry of Commerce said on Friday. During the month under review, technology exports recorded at USD224mn against USD124mn in August 2020.

Market Indices

	17-Sep-21	16-Sep-21	30-Jun-21
KSE 100	46,636	46,920	47,356
KSE 30	18,480	18,658	18,962
KMI 30	74,816	75,600	76,622
KSE All Shares	32,010	32,172	32,480

Volume (mn Shares)

	17-Sep-21	FYTD (Average)
KSE 100	163.2	133.2
KSE 30	73.9	42.2
KMI 30	51.0	48.1
KSE All Shares	387.2	411.2

Commodity Rates

	17-Sep-21	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	75.3	-0.4%	0.3%
Crude Oil-Arab Light (USD/BBL)	74.0	0.3%	3.0%
Coal (USD/Tonne)	154.8	2.5%	38.2%
Copper(USD/Lbs)	4.2	-0.8%	-1.0%
Cotton (USD/Lbs)	89.1	-0.6%	9.4%
CRC Steel (USD/Tonne)	970.0	-1.3%	-18.1%

Currency (Interbank)

	17-Sep-21	Daily Change	FYTD Change
US Dollar	167.5	0.0%	6.3%
UK Pound	230.1	-0.4%	5.7%
Euro	196.3	-0.4%	5.1%
UAE Dirham	45.9	0.5%	6.4%
Chinese Yuan	25.9	-0.1%	6.2%

Fund Flows (USD mn)

	17-Sep-21	FYTD
FOREIGN INDIVIDUAL	0.07	2.84
FOREIGN CORPORATES	4.16	-79.32
OVERSEAS PAKISTANI	-0.03	4.39
FIPI NET	**4.20**	**-72.08**

Economic Data (USD mn)

	FY22E	FY21	FY20
GDP Growth	4.8%	3.9%	-0.5%
	Aug-21	**Jul-21**	
Exports	2,234	2,340	
Imports	6,463	5,601	
Remittances	2,658	2,707	
Foreign Exchange Reserves	27,228	24,777	

Money Market Data

	17-Sep-21	16-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	7.35	7.35	7.28
6 Month T-Bill	7.61	7.66	7.53
12 Month T-Bill	8.10	8.09	7.81
3 Year Government Bond	8.95	8.90	8.99
5 Year Government Bond	9.48	9.40	9.49
10 Year Government Bond	9.90	9.90	9.94
3 Month KIBOR	7.55	7.53	7.45
6 Month KIBOR	7.76	7.76	7.69

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