Morning News 21-Sep-2021

MCB-ARIF HABIB
Savings and Investments Limited

- Monetary policy: SBP hikes interest rate by 25 bps to 7.25% | Tribune: The State Bank of Pakistan (SBP) on Monday increased the benchmark interest rate by 25 basis points to 7.25% for the next two months. A small number of experts expected the central bank to surprise the market by hiking the rate while considering the vulnerabilities in current account balance, uptrend in weekly sensitive price index and resumption of the International Monetary Fund's (IMF) loan Programme.
- Experts say hike aimed at 'appeasing' IMF | BR: The decision to raise the discount rate by 25 basis points may have been taken to appease the International Monetary Fund (IMF) ahead of the forthcoming sixth review meeting that the authorities are taking mitigating action to suppress excess demand.
- Fitch Solutions sees real GDP growth at 4.2% | BR: Pakistan's economy is expected to record real GDP growth of 4.2% in the fiscal year 2021-22, up from 3.9% in fiscal year 2020-21, says Fitch Solutions. "We note that improving vaccination rates will buoy private consumption growth while supportive monetary and fiscal conditions will serve as tailwinds for gross fixed capital formation.
- IMF says Govt working on law to bring about improvements in SOEs | BR: The Pakistani authorities have been working on a State-Owned Enterprise (SOE) Governance and Operations Act that is aimed at enhancing the governance framework, management, and financial efficiency of the SOEs in the country, said the International Monetary Fund (IMF).
- Pakistan ready to issue new international Sukuk as soon as Oct | The News: Pakistan has planned to raise up to USD1.5bn with an international issue of Islamic bonds as soon as October. The government has decided to launch the Sukuk bond to raise USD1 to USD1.5bn by pledging asset-backed guarantees of international airports of Lahore and Islamabad.
- Privatization of Heavy Electrical Complex: PC may fix PKR81.06 as reserve price per share | BR: Privatization Commission (PC) is likely to approve Reserve Price of PKR 81.08 per share of Heavy Electrical Complex (HEC) for 96.6 per cent (114,100,012) share of Federal Government, sources close to Minister for Industries and Production (MoI&P) told Business Recorder.
- Import of LNG in November: Private sector allowed to use PLL's unutilized capacity | The News: Pakistan LNG Limited (PLL) has allowed the private sector to import LNG for the month of November 2021 by using its underutilized capacity amid the forecast that the LNG rates in the international open market for the said month will stand at USD27.75 per MMBtu.
- Govt to Pay Off USD1.4bn in accounts payable to Chinese CPEC Investors | Pro Pakistani: The government is aiming to partially pay off about USD1.4bn in accounts payable to Chinese companies that invested in or are working on projects linked to the China-Pakistan Economic Corridor. According to a report by a national daily, the government is "working hard to clear at least some of the payments at the earliest".
- Govt expects cotton to surpass 8.46mn bales target | The News: The government is expecting cotton production to surpass 8.46mn bales target in view of an uptrend in the cotton arrivals, country's top agriculture executive said on Monday. Cotton Crop Assessment Committee (CCAC) had revised the cotton production target downward by 19% from 10.5mn to 8.46mn bales at the start of this month.
- Divestment of PRCL shares: PC completely ready to approve three pricing options | BR: The Privatization Commission (PC) Board is all set to approve three pricing options for divestment of 20% share of Pakistan Reinsurance Company Ltd (PRCL), sources close to Commerce Advisor told Business Recorder. The PC Board, which is scheduled to meet on Tuesday (today), will approve share price ranging from PKR20 to PKR24.12 per share.
- GST on petrol maintained at 10.54% | BR: The Federal Board of Revenue (FBR) has maintained sales tax rate of 10.54% on petrol from September 18, 2021. The FBR has issued an SRO1225(I)/2021 to amend SRO57(I)/2016, here on Monday in August 2021, the sales tax rate on petrol was 10.54%, which has been maintained in September.
- FPCCI slams 'unfair' tax laws ordinance | Dawn: KARACHI: The Federation of Pakistan Chambers of Commerce and Industry (FPCCI) on Monday termed 'The Tax Laws (Third Amendment) Ordinance 2021' unfair and called upon the government to hold it in abeyance until all stakeholders were consulted.
- Auto makers ink MoU | The News: KARACHI: The Pakistan Association of Automotive Parts and Accessories Manufacturers (PAAPAM) has signed a memorandum of understanding with its counterpart association in Mexico to pave a future for mutual understanding and cooperation.
- CDWP gives go-ahead to two projects worth Rs54bln | The News: ISLAMABAD: Central Development Working Party (CDWP) in a meeting on Monday cleared one development project worth Rs2.66 billion and referred another Rs51.29 billion project to the Executive Committee of the National Economic Council (ECNEC) for further consideration.

Market Indices			
	20-Sep-21	17-Sep-21	30-Jun-21
KSE 100	46,528	46,636	47,356
KSE 30	18,422	18,480	18,962
KMI 30	74,427	74,816	76,622
KSE All Shares	31,860	32,010	32,480
Volume (mn Shares)			
	20-Sep-21	FYTD (Average)	
KSE 100	75.3	132.4	
KSE 30	31.3	42.0	
KMI 30	23.9	47.8	
KSE All Shares	194.6	408.1	
Commodity Rates			
	20-Sep-21	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	73.9	-1.9%	-1.6%
Crude Oil-Arab Light (USD/BBL)	73.6	-0.4%	2.5%
Coal (USD/Tonne)	154.3	-0.3%	37.8%
Copper(USD/Lbs)	4.1	-3.0%	-4.0%
Cotton (USD/Lbs)	85.8	-3.7%	5.4%
CRC Steel (USD/Tonne)	970.0	0.0%	-18.1%
Currency (Interbank)			
	20-Sep-21	Daily Change	FYTD Change
US Dollar	168.5	0.6%	7.0%
UK Pound	230.1	0.0%	5.7%
Euro	197.6	0.6%	5.8%
UAE Dirham	46.3	0.9%	7.4%
Chinese Yuan	26.1	0.6%	6.8%
Fund Flows (USD mn)			
	20-Sep-21	FYTD	
FOREIGN INDIVIDUAL	-0.04	2.80	
FOREIGN CORPORATES	0.06	-79.25	
OVERSEAS PAKISTANI	0.89	5.28	
FIPI NET	**0.91**	**-71.17**	
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			
	20-Sep-21	17-Sep-21	30-Jun-21
SBP Policy Rate	7.25	7.00	7.00
CPI Inflation	8.4%	8.4%	9.7%
3 Month T-Bill	7.39	7.35	7.28
6 Month T-Bill	7.62	7.61	7.53
12 Month T-Bill	8.11	8.10	7.81
3 Year Government Bond	9.00	8.95	8.99
5 Year Government Bond	9.51	9.48	9.49
10 Year Government Bond	9.90	9.90	9.94
3 Month KIBOR	7.57	7.55	7.45
6 Month KIBOR	7.75	7.76	7.69

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