Morning News 15-Oct-2021

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- EU to decide on Pakistan's GSP+ status after two-year review | Dawn: The European Union (EU) will decide about extending the Generalised Scheme of Preferences Plus (GSP+) status for 2024 to Pakistan after reviewing the country's two-year performance report on exports for the years 2020 and 2021, EU Ambassador to Pakistan Androulla Kaminara said on Thursday. "The last two-year report (2018-19) was issued in February 2020. Pakistan's performance report (for the years 2020 and 2021) is under compilation these days.
- Tarin optimistic about IMF response | BR: Federal Minister for Finance and Revenue Shaukat Tarin on Thursday expressed hope for successful outcome of top level negotiations with International Monetary Fund (IMF), for putting the USD6bn Extended Fund Facility (EFF) back on track. The minister said the concluding 6th round of talks with IMF was the most important part of his visit to US, adding that many virtual meetings already took place while the technical level discussions had also been concluded.
- FBR considers withdrawing PKR334bn GST exemptions | The News: The Federal Board of Revenue (FBR) is contemplating different options for withdrawal of PKR334bn General Sales Tax (GST) exemptions in a staggered manner. The withdrawal of exemptions on imports having an estimated cost of PKR178bn and on local supplies that cost PKR156bn are in order to strike a staff-level agreement with the IMF.
- Foreign exchange: SBP reserves fall USD31mn to USD19.1bn | Tribune: The foreign exchange reserves held by the central bank fell 0.16% on a weekly basis, according to data released by the State Bank of Pakistan (SBP) on Thursday. On October 8, the foreign currency reserves held by the SBP were recorded at USD19,138.4mn, down USD31mn compared with USD19,169.1mn on October 1. The central bank cited no reason behind the decrease in the reserves.
- THE RUPEE: PKR declines further | BR: Pakistan's rupee fell for the fourth successive time, depreciating to a record low against the US dollar in the inter-bank market on Thursday. As per the State Bank of Pakistan (SBP), the PKR closed at 171.20 against the USD, a day-on-day depreciation of seven paisas or 0.04%. On Wednesday, the PKR had dropped to the then-record low of 171.13.
- Bank deposits hit record PKR20tr in FY21 | Dawn: The bank deposits reached an all-time high of PKR20 trillion in FY21 creating a need for higher protection, said the Deposit Protection Corporation (DPC) which issued its first Annual Report on Thursday.
- Cement makers likely to raise prices by PKR25-30/bag | The News: Cement makers are mulling to increase prices by PKR25 to PKR30 per 50kg bag to absorb the impact of rupee depreciation and rising coal prices in the international market. The current price of a bag of cement stands at PKR670 to PKR710. The impact of this rise in coal prices from July 1, 2021 in rupee works out to PKR142/ bag, which has so far been absorbed by the manufacturers.
- Urea being provided at one-fourth of global rate? | BR: The fertiliser industry of Pakistan is providing urea at around 75% discount, equivalent to PKR5,000 per bag, to international prices owing to a farsighted and consistent government policy. Fertiliser industry expresses its gratitude to the prime minister of Pakistan and his team for creating enabling environment for indigenous fertiliser production at sustained affordable prices leading to improved economic well-being of the farmers.
- Ogra works out another hike in POL products | BR: The Oil and Gas Regulatory Authority (Ogra) has worked out another increase in the ex-depot prices of petroleum products for the second half of October owing to price spike globally. Sources said that the Ogra recommended PKR8 per litre raise in rate of petroleum and another increase by PKR11 per litre in price of High Speed Diesel (HSD).
- Eying USD3bn investment, govt may frame petrochemical policy | BR: The federal government is likely to frame a petrochemical policy aimed at attracting an investment of USD3bn in this sector on the same lines as in India and other countries, well-informed sources told Business Recorder.
- Local goods, materials for GIA, GFEZ: Steel sector urges Tarin to stop allowing duty-free import | BR: The documented steel sector has approached Finance Minister Shaukat Tarin to stop allowing duty-free import of locally manufactured goods and materials for construction of Gwadar International Airport and development of Gwadar Free Economic Zone projects. In this connection, an appeal has been filed with the finance minister to ensure usage of locally produced steel for construction of Gwadar Airport, SEZs, Free Economic Zone as well as the CPEC projects.
- Dasu Hydropower Project: China links resumption of work to payment of compensation? | BR: China has reportedly sought compensation of USD38mn (PKR6.5bn) from Pakistan for the dead and injured Chinese engineers working on Dasu Hydropower Project, prior to resuming work on the stalled project, well informed sources told Business Recorder.
- PSO's receivables soar to PKR374.5bn | The News: Inefficient power and RLNG sectors continue to haunt the Pakistan State Oil (PSO) as its receivables have touched a new high of PKR374.5bn which are feared to further swell to a staggering PKR400bn, making the entity's cash flow situation worse. And this has also made the PSO unable to clear its payables under the head of letter of credit for import of oil and LNG amounting to PKR172.73bn.
- Appointment of DG ISI 'Technical issues' to be resolved soon: PM | BR: Prime Minister Imran Khan on Thursday said that the "technical issue" in the appointment of new director-general Inter-Services Intelligence (ISI) would soon be resolved.

Market Indices			
	14-Oct-21	**13-Oct-21**	**30-Jun-21**
KSE 100	44,334	43,222	47,356
KSE 30	17,343	16,881	18,962
KMI 30	70,880	69,136	76,622
KSE All Shares	30,505	29,851	32,480

Volume (mn Shares)		
	14-Oct-21	**FYTD (Average)**
KSE 100	150.1	135.6
KSE 30	81.8	46.9
KMI 30	71.6	49.3
KSE All Shares	388.5	395.1

Commodity Rates			
	14-Oct-21	**Daily Change**	**FYTD Change**
Crude Oil-Brent (USD/BBL)	84.0	1.0%	11.8%
Crude Oil-Arab Light (USD/BBL)	81.5	0.2%	13.5%
Coal (USD/Tonne)	244.0	1.5%	126.7%
Copper(USD/Lbs)	4.5	2.5%	6.0%
Cotton (USD/Lbs)	103.9	3.2%	27.7%
CRC Steel (USD/Tonne)	920.0	0.0%	-22.4%

Currency (Interbank)			
	14-Oct-21	**Daily Change**	**FYTD Change**
US Dollar	171.0	0.1%	8.6%
UK Pound	233.8	0.3%	7.3%
Euro	198.3	0.2%	6.2%
UAE Dirham	46.7	0.0%	8.4%
Chinese Yuan	26.5	0.0%	8.8%

Fund Flows (USD mn)		
	14-Oct-21	**FYTD**
FOREIGN INDIVIDUAL	0.03	2.90
FOREIGN CORPORATES	-4.12	-137.34
OVERSEAS PAKISTANI	0.14	35.67
FIPI NET	**-3.95**	**-98.78**

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			
	14-Oct-21	**13-Oct-21**	**30-Jun-21**
SBP Policy Rate	7.25	7.25	7.00
CPI Inflation	9.0%	8.4%	9.7%
3 Month T-Bill	7.78	7.78	7.28
6 Month T-Bill	8.24	8.21	7.53
12 Month T-Bill	8.90	8.90	7.81
3 Year Government Bond	9.90	9.90	8.99
5 Year Government Bond	10.26	10.26	9.49
10 Year Government Bond	10.75	10.75	9.94
3 Month KIBOR	7.96	7.96	7.45
6 Month KIBOR	8.33	8.31	7.69

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