Morning News 26-Oct-2021

MCB-ARIF HABIB
Savings and Investments Limited

- Friendly countries: IMF outcome thus hinges on debt rollover | BR: An International Monetary Fund (IMF) condition for the successful conclusion of the ongoing sixth review talks with Pakistan authorities is the rollover of debt from friendly countries, including USD1bn from Saudi Arabia. This was stated by an official of finance ministry on strict condition of anonymity who further clarified that the presence of Shaukat Tarin in Riyadh with the Prime Minister may be seen in the context of securing the rollover of the USD1bn debt and exploring the possibility of oil on deferred payment.
- July-September: USD3.20bn foreign debt incurred in 1Q | BR: Pakistan incurred foreign debt of USD3.20bn from multiple financing sources in the first quarter (July-September) of 2021-22 including USD457.54mn from foreign commercial banks (14%) against the total budgeted external loans of USD14.09bn for the entire fiscal year.
- Rupee free fall continues on IMF tranche limbo | The News: The Pakistani rupee continued on its downward trajectory on Monday, closing at 174.43 against the dollar due to uncertainty over resumption of the International Monetary Fund (IMF) USD6bn extended fund facility (EFF) programme. As expected, the dollar continued to appreciate against rupee with dealers anticipating the domestic currency to fall further in case Pakistan's talks with the IMF do not end soon.
- SBP invites bids for PKR100bn Islamic bonds | The News: The central bank on Monday invited tenders for the sale of five-year Islamic bonds worth PKR100bn against three highways in the country. State Bank of Pakistan invited the tenders for the sale of Government of Pakistan Ijara Sukuk (GIS) to raise PKR25bn on fixed rental rate (FRR) and PKR75bn on variable rental rate (VRR). The auction date for both – FRR and VRR – is October 26, 2021, while the settlement date is October 29, 2021.
- Circular debt reaches PKR2.29trn in July-August | BR: The country's circular debt has reached PKR2.29 trillion during the first two months (July-August) 2021-22 as compared to PKR2.2 trillion in the same period 2020-21. Of the total amount PKR1.27 trillion is related to power producers, PKR103bn to Gencos' payable to fuel suppliers and PKR926bn is parked in Power Holding Limited (PHL).
- Increase in electricity tariff: Nepra blames dollar indexation, capacity payment to power plants | BR: National Electric Power Regulatory Authority (NEPRA) said on Monday that the main reasons for the increase in electricity tariff are dollar indexation and capacity payments to power plants. Briefing the National Assembly Standing Committee on Power, Vice Chairman, NEPRA, Rafique Ahmad Shaikh criticised power Distribution Companies (Discos) for dismal performance despite getting approval of regulator for massive investment.
- Govt accepts rise in sugar, cooking oil, ghee prices | BR: An increase of 13.5% in the price of sugar has been recorded during the last 1-year (September 2020-2021), 37.3% in the price of cooking oil, and 40.7% in the price of vegetable ghee. This was stated by the Finance Ministry that said that per kilogram refined sugar price was increased to PKR107.59 in September 2021 from PKR94.79 per kg in September 2020 to PKR107.59.
- PM urges Saudi firms to invest in housing | BR: Prime Minister Imran Khan on Monday urged the Saudi companies and entrepreneurs to benefit from Pakistan's strategic location, as well as, huge investment potential in diverse areas of economy, including housing and construction for mutual benefit.
- IT export proceeds hit $635m in 1QFY22 | Dawn: Pakistan's exports of information technology grew by 42 per cent on a year-on-year basis in the first quarter of current fiscal year. In absolute terms, the export proceeds of Pakistan's IT & IT-enabled service reached $635 million from July to September this year against last year's $445m.
- Congestion at ports causes headache to petrol, oil shippers | Dawn: Port congestion and relating infrastructure constraints have put the shippers of strategically important supplies in a tough situation besides economic losses to the nation as the ministries of energy and maritime affairs like to run port operations to their preferences.
- AHL submits PAI on client's behalf to acquire 35.5% stake in Hum Network | Mettis Global: Arif Habib Limited (AHL) has submitted a Public Announcement of Intention (PAI) to acquire up to 332,146,260 ordinary shares of Hum Network Limited, on behalf of the acquirer, Mr. Duraid Qureshi. These shares represent 35.15% of the total issued paid-up capital of the Target Company (Hum Network Limited).
- Saudi Arabia pledges over USD1bn in climate initiatives | Dawn: Saudi Arabia on Monday pledged more than USD1bn for new environmental initiatives, as the world's top oil exporter took further steps to bolster its green credentials ahead of next week's COP26 climate summit. Two days after targeting carbon neutrality by 2060, Saudi Crown Prince Mohammed bin Salman announced two initiatives to fund the "circular carbon economy" and provide "clean fuel" to help feed 750 million people worldwide.
- Sheikh Hasina desires stronger trade ties between Bangladesh, Pakistan | Dawn: Prime Minister of Bangladesh Sheikh Hasina on Monday reiterated her government's desire for stronger trade ties and economic collaboration with Pakistan. She was talking to Pakistan's High Commissioner to Bangladesh Imran Ahmed Siddiqui during their meeting in Dhaka.

Market Indices			
	25-Oct-21	**22-Oct-21**	**30-Jun-21**
KSE 100	45,429	45,578	47,356
KSE 30	17,781	17,872	18,962
KMI 30	73,064	73,398	76,622
KSE All Shares	31,108	31,144	32,480
Volume (mn Shares)			
	25-Oct-21	**FYTD (Average)**	
KSE 100	48.9	135.1	
KSE 30	19.4	48.2	
KMI 30	14.8	49.7	
KSE All Shares	165.9	387.9	
Commodity Rates			
	25-Oct-21	**Daily Change**	**FYTD Change**
Crude Oil-Brent (USD/BBL)	86.0	0.5%	14.5%
Crude Oil-Arab Light (USD/BBL)	83.8	1.1%	16.7%
Coal (USD/Tonne)	184.1	1.4%	71.1%
Copper(USD/Lbs)	4.5	1.1%	4.5%
Cotton (USD/Lbs)	105.4	-2.0%	29.4%
CRC Steel (USD/Tonne)	955.0	0.0%	-19.4%
Currency (Interbank)			
	25-Oct-21	**Daily Change**	**FYTD Change**
US Dollar	174.3	0.2%	10.6%
UK Pound	240.0	0.3%	10.2%
Euro	202.3	-0.2%	8.3%
UAE Dirham	47.6	0.0%	10.5%
Chinese Yuan	27.3	0.2%	11.9%
Fund Flows (USD mn)			
	25-Oct-21	**FYTD**	
FOREIGN INDIVIDUAL	0.00	2.94	
FOREIGN CORPORATES	1.84	-149.93	
OVERSEAS PAKISTANI	0.17	37.42	
FIPI NET	**2.01**	**-109.57**	
Economic Data (USD mn)			
	FY22E	**FY21**	**FY20**
GDP Growth	4.8%	3.9%	-0.5%
	Sep-21	**Aug-21**	
Exports	2,380	2,247	
Imports	6,479	6,577	
Remittances	2,670	2,658	
Foreign Exchange Reserves	26,151	27,068	
Money Market Data			
	25-Oct-21	**22-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	8.18	8.18	7.28
6 Month T-Bill	8.80	8.80	7.53
12 Month T-Bill	9.27	9.25	7.81
3 Year Government Bond	10.38	10.35	8.99
5 Year Government Bond	10.60	10.60	9.49
10 Year Government Bond	11.14	11.13	9.94
3 Month KIBOR	8.34	8.33	7.45
6 Month KIBOR	8.78	8.74	7.69

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