Morning News 29-Oct-2021

MCB-ARIF HABIB
Savings and Investments Limited

- **MoF update, outlook: Jul-Aug fiscal deficit stands at 0.9% of GDP | BR:** The fiscal deficit during the first two months of the current fiscal year (Jul-Aug 2022) was recorded at 0.9% of the GDP, the same as in the comparable period of last year, stated the Finance Ministry on Thursday. Monthly economic update and outlook for October 2021 released by the Finance Ministry; however, noted that in absolute terms, the fiscal deficit stood at PKR462bn for the first two months of the current fiscal year compared to PKR415bn for the same period a year before.

- **Pakistan plans to issue dollar sukuk in two months | The News:** Pakistan plans to issue a dollar-denominated sukuk of USD1bn within the next two months as it seeks new funding sources to shore up the country's finances, an official said on Thursday. The government has geared up to raise a fresh financing via Shariah-compliant papers after it repaid USD1bn sukuk matured on October 13 and the federal cabinet is expected to approve a summary to allow the launch of the sovereign Islamic bond.

- **Germany signs Euro 26.213m DSSI | BR:** The government of Germany, through KfW (the German Development Bank) and the government of Pakistan, represented by the Ministry of Economic Affairs signed an agreement for the Debt Service Suspension Initiative (DSSI Phase-II) for Euro 26.21mn. Following the original request of the Government of Pakistan for a time-bound suspension of debt service in order to mitigate the health, economic and social impact of the Covid19-crisis.

- **WB says inflation to edge up in FY22 | BR:** The World Bank projected on Thursday that inflation would edge up in FY22 with domestic electricity tariff hike announced in October 2021, and higher oil and commodity prices before moderating in FY23. The Bank stated that despite inflation slowing to 8.9% in FY21 from 10.7% in FY20, headline consumer price inflation remained elevated – mostly because of high food inflation.

- **SBP loses around USD2bn in reserves in two weeks | Dawn:** Foreign exchange reserves of the State Bank of Pakistan (SBP) fell by almost USD2bn in the last two weeks to settle at USD17.15bn until Thursday. The SBP reported that the foreign exchange reserves fell by USD346mn during the week ended on October 22. Last week the reserves fell by USD1.6bn.

- **THE RUPEE: PKR begins to show resilience | BR:** Pakistan's rupee showed strength against the US dollar for the second successive day, closing at 172.26 in the inter-bank market on Thursday. The rupee appreciated to as much as 171.5 in intra-day trading, but ended with clipped gains. As per the State Bank of Pakistan (SBP), the rupee finished with a gain of 0.3% or 52 paisas day-on-day against the US dollar.

- **Heavy loss-making SOEs: Sell-off scope to be widened, says Soomro | BR:** Privatisation Minister Mohammed mian Soomro Thursday chaired a review meeting at the ministry. The federal minister said that a detailed meeting held with the prime minister about the current status of the privatisation process, advisor to PM on Finance Shaukat Tarin was also present in the meeting.

- **PSX issues statement on new trading system | BR:** Pakistan Stock Exchange (PSX) said on Thursday that its IT team is constantly working to address the concerns and issues in Jade Trading Terminal (JTT) that connect to the new trading system (NTS). PSX on Thursday issued a detailed statement on the NTS that was fully operational on Monday. According to PSX, new trading engine was procured from the Shenzhen Stock Exchange (SZSE), China.

- **Qatar to Invest in Pakistan's Upcoming LNG Terminal | Pro Paksitani:** Qatar, the world's largest exporter of liquefied natural gas (LNG), will invest in Pakistan's next import terminal to serve one of the fastest-growing markets for supercooled fuel. According to persons acquainted with the situation, Qasim Terminal Holding Co., a subsidiary of Qatar Energy, has approached the government of Pakistan for permission to acquire stakes in Energas Terminal Pvt, reported BloombergNEF.

- **Auto sales to hit a bump from January as loans dry up | The News:** Major automakers expect a sharp slowdown in sales from January after the central bank tightened lending terms to bring down the spike in auto loans amid wider concerns about growing current account deficit, industry officials said. "Auto financing has already been reduced by around 40% after the State Bank of Pakistan's (SBP) restrictions," said a senior banker.

- **Higher energy uptake seen igniting FY22 GDP growth | The News:** The government is expecting a robust GDP growth in fiscal year 2021-22, as the energy consumption has shown a more than double-digit growth over the previous fiscal. "Demand of high-speed diesel has increased by 26^ whilst petrol consumption has risen by 14 percent during first quarter of FY22. Similarly, electricity consumption has risen by 13% during this calendar year. All signs of robust economic growth that may be even higher than last year's," said Hamad Azhar Minister of Energy said in a tweet.

- **Pakistan to export meat to Jordan | The News:** Jordan has notified three Pakistani slaughterhouses for exporting bovine, sheep, goat and camel meat to Jordan. Abdul Razak Dawood, Adviser to PM on Commerce and Investment, said, "I would like to urge our exporters to take advantage of the opportunities offered by this non-traditional market for the meat and to seek other sectors like potato, mango, kinnows and onions to diversify exports from Pakistan."

Market Indices

	28-Oct-21	27-Oct-21	30-Jun-21
KSE 100	45,991	45,851	47,356
KSE 30	17,942	17,911	18,962
KMI 30	74,183	74,088	76,622
KSE All Shares	31,509	31,356	32,480

Volume (mn Shares)

	28-Oct-21	FYTD (Average)
KSE 100	95.4	133.5
KSE 30	41.6	47.8
KMI 30	41.2	49.1
KSE All Shares	197.7	381.3

Commodity Rates

	28-Oct-21	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	84.3	-0.3%	12.2%
Crude Oil-Arab Light (USD/BBL)	82.9	-2.1%	15.4%
Coal (USD/Tonne)	164.8	-0.5%	53.2%
Copper(USD/Lbs)	4.4	0.6%	2.4%
Cotton (USD/Lbs)	110.6	3.0%	35.8%
CRC Steel (USD/Tonne)	955.0	0.0%	-19.4%

Currency (Interbank)

	28-Oct-21	Daily Change	FYTD Change
US Dollar	171.8	-1.2%	9.0%
UK Pound	236.8	-0.9%	8.7%
Euro	200.6	-0.5%	7.4%
UAE Dirham	46.9	-0.9%	8.9%
Chinese Yuan	26.9	-1.1%	10.1%

Fund Flows (USD mn)

	28-Oct-21	FYTD
FOREIGN INDIVIDUAL	0.00	2.94
FOREIGN CORPORATES	-0.75	-153.34
OVERSEAS PAKISTANI	-0.40	36.62
FIPI NET	**-1.15**	**-113.77**

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

	28-Oct-21	27-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	8.78	8.79	7.53
12 Month T-Bill	9.13	9.23	7.81
3 Year Government Bond	9.90	10.00	8.99
5 Year Government Bond	10.17	10.28	9.49
10 Year Government Bond	10.98	11.00	9.94
3 Month KIBOR	8.34	8.36	7.45
6 Month KIBOR	8.83	8.83	7.69

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