Morning News 04-Nov-2021

MCB-ARIF HABIB
Savings and Investments Limited

- **PM unveils PKR120bn relief package | Dawn:** Prime Minister Imran Khan on Wednesday announced a PKR120bn relief package providing subsidy on essential food items but warned people of another increase in petroleum prices in the near future. In an address to the nation, the prime minister promised to reduce prices of food items by 50% if the opposition leaders' families brought back even half of the money to the country they had looted over the last three decades.
- **Yield of three-month T-bills hiked by 25bps | Dawn:** The cut-off yields on three-month treasury bills (T-bills) were further increased by 25 basis points in the auction on Wednesday, leading to a 127-basis point increase since the last monetary policy announced in August. The government had rejected the six-month T-bills in the previous auction. However, on Wednesday it accepted higher returns as it increased the cut-off yields by 31 basis points — the rate increased by 101 basis points since the last monetary policy.
- **SBP Amend Bill 2021: Pakistan, IMF struggling to find out solution | The News:** The outstanding settlement on the State Bank of Pakistan's Amendment Bill 2021 can make or break the IMF deal while the two sides are still struggling to find out a solution acceptable to them. The IMF staff is finding it really hard for convincing the Fund's Executive Board for continuation of the lingering outstanding issue in the shape of SBP's autonomy.
- **Rupee continues to strengthen, closes at over one-month high | BR:** Pakistan's rupee continued to recover against the US dollar, closing below the 170 level for the first time in over a month in the inter-bank market on Wednesday. As per the State Bank of Pakistan (SBP), the PKR settled at 169.97 against the USD after a day-on-day appreciation of PKR0.57 or 0.34%.
- **Collateral-free lending: 8 banks picked to facilitate SMEs | BR:** Some eight banks have been selected for collateral-free SME (Small and Medium Enterprise) lending scheme, launched by the State Bank of Pakistan (SBP) for the first time, to facilitate the Small and Medium Enterprises (SMEs) sector for getting credit from banks. SMEs were facing a number of challenges in getting credit from banks; ie, lack of collateral and high delivery costs that are considered the biggest challenges.
- **OGRA suggests 25% pay cut to producers if price notification not issued | Pakistan Today:** Oil and Gas Regulatory Authority (OGRA) has advised sui gas companies Sui Northern Gas Pipelines Limited (SNGPL) and Sui Southern Gas Company Limited (SSGCL) that payments to producers of local natural gas be restricted to 75% in case of a price notification is not issued. In a letter to the managing directors (MDs) of the two gas utilities, the authority has advised that payment to producers of natural gas be made strictly on price notifications.
- **Committee to submit proposal for revision in dealers' margin | Pakistan Today:** A committee comprising members of the Pakistan Petroleum Dealers Association (PPDA), petroleum division and Oil and Gas Regulatory Authority (OGRA) will suggest a proposal for revising dealer's margin within 10 working days, Profit learnt on Wednesday. Well-informed sources disclosed that Minister for Energy Hammad Azhar chaired a meeting with the PPDA delegation to discuss the matter in this regard.
- **Incremental consumption: Nepra approves PKR12.96/unit winter package | BR:** National Electric Power Regulatory Authority (Nepra) has approved winter package of PKR12.96 per unit on incremental consumption. According to the determination, the package shall be applicable for winter months, i.e., from November 1, 2021 till Feb 28, 2022. The reference period will be November 2020 to February 2021.
- **FCA for September: NEPRA likely to allow KE PKR3 hike | BR:** National Electric Power Regulatory Authority (NEPRA) is expected to allow Karachi Electric (KE) to increase its tariff by over PKR3 per unit for September 2021 under monthly Fuel Cost Adjustment (FCA) mechanism. The power utility has sought positive adjustment of PKR3.454 per unit in tariff for September under FCA mechanism to recover PKR6.64bn, but NEPRA's tariff wing and Monitoring and Enforcement (M&E) wing have proposed deductions of PKR1.28bn due to different variations and violations of Economic Merit Order (EMO).
- **Ufone signs PKR21bn syndicated financing for 4G services | BR:** Pakistani Telecom Company, Ufone has secured its largest syndicated financing facility jointly led by MCB Bank Limited (MCB) (Agent bank), Allied Bank Limited (ABL), Bank of Punjab (BoP), National Bank of Pakistan (NBP), and United Bank Limited (UBL) to fund the acquisition and rollout of its 4G services across Pakistan. President and Group CEO, PTCL and Ufone, Hatem Bamatraf signed the agreement for the syndicated financing of PKR21bn at a ceremony held here on Wednesday, which was also attended by President MCB Bank Imran Maqbool.
- **Urea prices have no impact on food inflation: Engro Fertilisers official | Dawn:** Engro Fertilisers Ltd CFO Imran Ahmed said on Wednesday urea prices had no impact on food inflation. Speaking at a press conference, Mr Ahmed said an increase of PKR50 in the price of a urea bag had an impact of only one paisa on the price of roti. The impact of a PKR50 increase in the price of a urea bag on commodities like rice, sugar, maize, potato, tomato and banana is also within 10 paisa per kilogram, he said.

Market Indices

	3-Nov-21	2-Nov-21	30-Jun-21
KSE 100	47,032	47,113	47,356
KSE 30	18,274	18,343	18,962
KMI 30	76,115	76,442	76,622
KSE All Shares	32,054	32,096	32,480

Volume (mn Shares)

	3-Nov-21	FYTD (Average)
KSE 100	165.9	134.5
KSE 30	74.1	48.8
KMI 30	57.5	49.8
KSE All Shares	380.5	379.7

Commodity Rates

	3-Nov-21	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	82.0	-3.2%	9.1%
Crude Oil-Arab Light (USD/BBL)	82.3	0.0%	14.6%
Coal (USD/Tonne)	138.4	14.5%	28.6%
Copper(USD/Lbs)	4.3	-0.6%	0.2%
Cotton (USD/Lbs)	115.2	1.4%	41.5%
CRC Steel (USD/Tonne)	975.0	0.0%	-17.7%

Currency (Interbank)

	3-Nov-21	Daily Change	FYTD Change
US Dollar	169.5	-0.2%	7.6%
UK Pound	232.0	0.3%	6.5%
Euro	196.8	0.1%	5.4%
UAE Dirham	46.5	0.0%	7.9%
Chinese Yuan	26.5	-0.3%	8.5%

Fund Flows (USD mn)

	3-Nov-21	FYTD
FOREIGN INDIVIDUAL	0.05	2.92
FOREIGN CORPORATES	-3.92	-161.01
OVERSEAS PAKISTANI	0.75	35.93
FIPI NET	**-3.12**	**-122.17**

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

	3-Nov-21	2-Nov-21	30-Jun-21
SBP Policy Rate	7.25	7.25	7.00
CPI Inflation	9.2%	9.0%	9.7%
3 Month T-Bill	8.18	8.18	7.28
6 Month T-Bill	8.75	8.75	7.53
12 Month T-Bill	9.09	9.11	7.81
3 Year Government Bond	9.81	9.82	8.99
5 Year Government Bond	10.02	10.03	9.49
10 Year Government Bond	10.99	10.98	9.94
3 Month KIBOR	8.35	8.32	7.45
6 Month KIBOR	8.81	8.79	7.69

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