# Morning News 05-Nov-2021

MCB-ARIF HABIB Savings and Investments Limited

- **Pakistan largely meeting IMF'S quantitative and indicative structural targets | BR:** IMF's financial assistance is intended to fix underlying structural disorders & economic vulnerabilities for the borrowing country, seeking short to medium-term bailout packages. The IMF lending involves certain policy-level decisions and critical conditionalities. This structural disorder becomes even more complex and challenging for a borrowing country like Pakistan, if it is either deep-rooted or unaddressed by successive governments over a period of long time.
- **SBP's forex reserves up by USD53mn | BR:** The State Bank of Pakistan's forex reserves increased by USD53mn to USD17.20bn at the end of last week. According to the SBP, the country's total liquid foreign exchange reserves stood at USD23.93bn, down USD8mn during the week ended October 29, 2021. During the week under review, net foreign exchange reserves held by commercial banks declined by USD61mn USD6.73bn.
- **Export of services rises to USD1.57bn in Q1 | Dawn:** Pakistan's export of services posted growth of over 23% in the first quarter of the current financial year from a year ago, according to the latest data released by the Pakistan Bureau of Statistics. In absolute terms, the value of export of services reached USD1.57bn between July and September 2021 from USD1.28bn over the corresponding period of last year.
- **Cement despatches decline 9.07% in Oct | BR:** Cement despatches during the first four months of current fiscal year 2021-22; both domestic and exports were recorded at 18.04mn tons that calculates to 6.68% lower than 19.33mn tons despatched during the corresponding period of last fiscal year. Further analysis of the data released by the All Pakistan Cement Manufacturers Association (APCMA) indicates that domestic uptake of the commodity slightly increased by 1.1% to 15.88mn tons from 15.71mn tons during July-October 2020 whereas exports during the same period declined by a massive 40.4% to 2.1mn tons from 3.62mn tons during July-October 2020.
- **Petrol up by PKR8.03 per litre, diesel by PKR8.14 | The News:** The Oil and Gas Regulatory Authority (OGRA) on Thursday announced a new increase in prices of POL products across the country. The petrol (MS) price has been increased by PKR8.03 per litre, which would now sell at PKR145.82 per litre. Similarly, High Speed Diesel (HSD) has been increased by PKR8.14 per litre, which would now sell at PKR142.62. The Kerosene Oil would now sell for PKR116.53 per litre after an increase of PKR6.27 per litre.
- **Petroleum products' import on deferred payment: Pakistan gets Murabaha facility | BR:** Pakistan has secured International Islamic Trade Finance Corporation (ITFC) Murabaha Financing Facility of USD761.5mn for the import of petroleum products on deferred payment, said the Ministry of Economic Affairs. The ministry stated that the ITFC financing would help to ease pressure on exchange rate and stabilise foreign exchange reserves. It also reflects confidence of the IFIs in Pakistan's economy.
- **Fuel price adjustment: ECC approves PKR17.15bn recovery from power consumers | The News:** The Economic Coordination Committee (ECC) of the Cabinet has granted approval for recovery of an outstanding amount of PKR17.15bn on account of fuel price adjustment from electricity consumers. Official sources confirmed that in line with the International Monetary Fund (IMF) assessment, the government approved slapping PKR2.27 per unit fuel charge adjustment (FCA) for recovering the outstanding amount.
- **PKR203bn shortfall: Govt will have to raise PL to PKR30? | BR:** The federal government will have to raise the petroleum levy (PL) to PKR30 per litre, the maximum levy allowed under the existing legislation, if it is to minimise the shortfall of PKR203bn that it incurred under this head during July-October 2021. Prime Minister Imran Khan while chairing Pakistan Tehreek-e-Insaf core committee meeting on 20 October pledged to not only provide support to the less-privileged under the Ehsaas programme but also to provide subsidised petrol to motorcycle and rickshaws.
- **BoE holds interest rate | The News:** The Bank of England on Thursday kept its key interest rate at a record low 0.1%, but signalled a probable hike in the coming months to dampen soaring inflation. Following a regular meeting, the BoE also said in a statement that it was maintaining its vast stimulus programme supporting the pandemic-hit UK economy with cash totalling almost £1.0 trillion (USD1.4 trillion, 1.2 trillion euros).
- **'Goods transporters facing problems due to TLP protests in Punjab' | BR:** Chairman United Goods Transporters Alliance (UGTA) Ghulam Yasin Khan has said that goods transporters have been facing problems due to TLP protests in Punjab as many containers loaded with goods had been intercepted by police to use them for roadblocks, which has caused severe losses not only to truck owners but also to shipping lines, importers, exporters and suppliers of goods.
- **Cabinet snubs MoNFS&R for levelling accusation against local tractor makers | BR:** The Federal Cabinet has snubbed Ministry of National Food Security and Research (MoNFS&R) for accusing local tractor manufacturers of creating a monopoly and failing to comply with deletion programme.
- **SBP asks exchange firms to deploy BVS until January | The News:** State Bank of Pakistan (SBP) on Thursday asked the exchange companies to implement the biometric verification system (BVS) by January 30, 2022 in a bid to control the undesirable foreign currency outflows and strengthen the regulatory regime for these firms.
- **1,500 lecturers to be recruited: Sindh fixes sugarcane price at PKR250/40kg | BR:** The provincial cabinet held under the chairmanship of Sindh Chief Minister Syed Murad Ali Shah here at CM House on Thursday decided to fix sugarcane support price, appointing 1500 subject specialists, besides approving waste-to-energy policy. Provincial ministers, advisors to CM, Special assistants, chief secretary Mumtaz Shah and other officers, attended the meeting. CM Advisor on Agriculture Manzoor Wassan told the meeting that the government regulates the supply of sugarcane to mills and purchase price.

**Market Indices**

| | 4-Nov-21 | 3-Nov-21 | 30-Jun-21 |
|---|---|---|---|
| KSE 100 | 47,219 | 47,032 | 47,356 |
| KSE 30 | 18,347 | 18,274 | 18,962 |
| KMI 30 | 76,519 | 76,115 | 76,622 |
| KSE All Shares | 32,194 | 32,054 | 32,480 |

**Volume (mn Shares)**

| | 4-Nov-21 | FYTD (Average) |
|---|---|---|
| KSE 100 | 178.0 | 134.9 |
| KSE 30 | 72.9 | 49.0 |
| KMI 30 | 65.7 | 50.0 |
| KSE All Shares | 561.9 | 381.4 |

**Commodity Rates**

| | 4-Nov-21 | Daily Change | FYTD Change |
|---|---|---|---|
| Crude Oil-Brent (USD/BBL) | 80.5 | -1.8% | 7.2% |
| Crude Oil-Arab Light (USD/BBL) | 80.3 | -2.4% | 11.9% |
| Coal (USD/Tonne) | 145.0 | 4.8% | 34.8% |
| Copper(USD/Lbs) | 4.3 | 0.0% | 0.2% |
| Cotton (USD/Lbs) | 112.8 | -2.0% | 38.6% |
| CRC Steel (USD/Tonne) | 975.0 | 0.0% | -17.7% |

**Currency (Interbank)**

| | 4-Nov-21 | Daily Change | FYTD Change |
|---|---|---|---|
| US Dollar | 169.6 | 0.0% | 7.6% |
| UK Pound | 228.9 | -1.3% | 5.1% |
| Euro | 195.9 | -0.5% | 4.9% |
| UAE Dirham | 46.5 | 0.0% | 7.9% |
| Chinese Yuan | 26.5 | 0.2% | 8.7% |

**Fund Flows (USD mn)**

| | 4-Nov-21 | FYTD |
|---|---|---|
| FOREIGN INDIVIDUAL | 0.03 | 2.95 |
| FOREIGN CORPORATES | -1.79 | -162.80 |
| OVERSEAS PAKISTANI | -0.33 | 35.59 |
| **FIPI NET** | **-2.09** | **-124.25** |

**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**

| | 4-Nov-21 | 3-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 | 8.37 | 8.18 | 7.28 |
| 6 Month T-Bill | 8.72 | 8.75 | 7.53 |
| 12 Month T-Bill | 9.15 | 9.09 | 7.81 |
| 3 Year Government Bond | 9.83 | 9.81 | 8.99 |
| 5 Year Government Bond | 10.03 | 10.02 | 9.49 |
| 10 Year Government Bond | 10.97 | 10.99 | 9.94 |
| 3 Month KIBOR | 8.52 | 8.35 | 7.45 |
| 6 Month KIBOR | 8.84 | 8.81 | 7.69 |

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