Morning News 12-Nov-2021

MCB-ARIF HABIB Savings and Investments Limited

- **Forex reserves exceed USD24bn mark on official inflows | BR:** The country's total liquid foreign exchange reserves crossed the USD24bn mark during the last week supported by arrival of official inflows. According to State Bank of Pakistan's weekly report issued Thursday, total liquid foreign exchange reserves held by the country rose by USD100mn to stand at USD 24.03bn during the week ended November 5, 2021 against USD23.93bn a week earlier.
- **Saudi Arabia to 'soon' transfer cash assistance to Pakistan: Nawaf Al-Malki | Pakistan Today:** Saudi Arabia will soon disburse cash deposit to Pakistan under the pledged financial assistance after approval of the Royal Court and signing of a Memorandum of Understanding (MoU) in a few days, Saudi Ambassador Nawaf Bin Said Al-Malki said on Thursday. Saudi Arabia had recently announced to provide Pakistan USD3bn as a cash deposit with the State Bank to address its balance-of-payments crisis.
- **Markets. Rates RUPEE: Rupee falls | BR:** Negative sentiment regarding resumption of the International Monetary Fund (IMF) programme further contributed to weakness in the rupee that depreciated to cross the 174 level against the US dollar in the inter-bank market on Thursday. This was the fourth consecutive day the rupee fell against the US dollar. As per the State Bank of Pakistan (SBP), the PKR closed at 174.19 against the USD after a day-on-day depreciation of PKR1.26 or 0.72%.
- **Eight sectors record double-digit growth in exports | Dawn:** Pakistan's exports of eight sectors including value-added textiles posted a double-digit growth in the four months of 2021-22 compared to the same period a year ago, data compiled by the Ministry of Commerce showed on Thursday. Growth in value-added sectors contributed to an increase in overall exports from the sectors. One of the reasons for growth in these sectors is due to depreciation of the rupee and greater demand from the international market.
- **Imports: share of sales tax remains 56.4% | BR:** The share of sales tax on imports remained 56.4%, while domestic sales tax contributed 43.6% of the total sales tax collection during 2020-21. According to the Federal Board of Revenue (FBR) biannual review issued Thursday, the FBR has recommended measures to enhance domestic share of sales tax collection for greater stability in revenue collection growth. The net collection of sales tax domestic (STD) was PKR863.2bn against PKR720.5bn in the PFY and net collection grew by 19.8%.
- **Rising exports set to spur new investment in textiles | The News:** With textile exports, especially value-added, marking a significant growth in first four months of this fiscal year, industry officials on Thursday said a wave of new investment in the sector was on cards. Officials said the sector invested USD3-3.5bn on modernisation and expansion in the last few years and the investment is likely to match USD5bn, witnessed during Musharraf era when the sector was undergoing major modernisation, balancing and replacement (BMR).
- **October car sales jump; growth seen moderating | The News:** Car sales climbed 45% in October versus a year on the back of an expanding economy, industry data showed on Thursday, but growth is seen moderating on rising borrowing cost and tight credit conditions. October car sales increased 45% year-on-year and declined 8.2% month-on-month, with central bank decision on car financing to slowdown off-take in the near-term.
- **Winter 2021-22: Govt to continue gas supply to power and fertiliser sectors | The News:** In the wake of a massive gas shortfall predicted for the ongoing winter season, the Cabinet Committee on Energy (CCOE) has decided to continue gas supply to top dedicated sectors i.e. power and fertilizer while domestic and industrial consumers will have to face shortages. The power plants on SNGPL supply will be provided RLNG during 2021-22 with additional supply.
- **No more guaranteed rate of return available for three oil refineries | The News:** The Petroleum Division has decided to abolish in the revised proposed draft of Pakistan Refinery Policy 2021 the minimum 10% rate of return guaranteed for the National Refinery Limited (NRL), Pakistan Refinery Limited (PRL)and Attock Refinery Limited (ARL) allowing them to compete in the market through (the deemed duty) tariff protection formula.
- **Sales tax on petrol reduced | BR:** The Federal Board of Revenue (FBR) has reduced the sales tax rate from 6.84% to 1.43% on petrol from November 11, 2021. According to a notification issued by the FBR here on Thursday, the sales tax rate on high-speed diesel oil (HSD) has been reduced from 10.32% to 6.75%. Sales tax on kerosene and light diesel oil remained unchanged at 6.70% and 0.20%, respectively.
- **Sugarcane support price PKR225 per maund, crushing season to start from 15th | The News:** The talks between the Punjab government and the Pakistan Sugar Mills Association have remained successful, and the PSMA will start crushing season from Nov 15. Sources said here Thursday the government would issue no-objection certificates (NOCs) to the mills, which would be able to get bank loans.
- **Gold price soars to PKR129,100 per tola | BR:** Gold prices on Thursday continued to mount on the local market, traders said. With a fresh surge of PKR3300, gold price reached PKR129100 per tola. It was traded for PKR110682 per 10 grams after surging by PKR2829. The price of gold on the world market was quoted for USD1863 an ounce.

Market Indices

	11-Nov-21	10-Nov-21	30-Jun-21
KSE 100	46,348	46,630	47,356
KSE 30	17,981	18,089	18,962
KMI 30	75,000	75,471	76,622
KSE All Shares	31,549	31,791	32,480

Volume (mn Shares)

	11-Nov-21	FYTD (Average)
KSE 100	84.0	133.8
KSE 30	34.9	49.2
KMI 30	33.2	49.9
KSE All Shares	269.5	381.0

Commodity Rates

	11-Nov-21	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	82.9	0.3%	10.3%
Crude Oil-Arab Light (USD/BBL)	80.3	-2.1%	11.8%
Coal (USD/Tonne)	137.0	-1.7%	27.3%
Copper(USD/Lbs)	4.4	1.5%	2.2%
Cotton (USD/Lbs)	114.8	0.0%	41.0%
CRC Steel (USD/Tonne)	975.0	0.0%	-17.7%

Currency (Interbank)

	11-Nov-21	Daily Change	FYTD Change
US Dollar	173.5	0.7%	10.1%
UK Pound	232.0	0.5%	6.5%
Euro	198.7	0.5%	6.4%
UAE Dirham	47.4	1.0%	10.0%
Chinese Yuan	27.1	0.7%	11.3%

Fund Flows (USD mn)

	11-Nov-21	FYTD
FOREIGN INDIVIDUAL	0.00	2.91
FOREIGN CORPORATES	-2.29	-172.81
OVERSEAS PAKISTANI	0.17	38.61
FIPI NET	**-2.12**	**-131.29**

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

	11-Nov-21	10-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	8.51	8.50	7.28
6 Month T-Bill	8.88	8.86	7.53
12 Month T-Bill	9.46	9.46	7.81
3 Year Government Bond	10.25	10.21	8.99
5 Year Government Bond	10.30	10.27	9.49
10 Year Government Bond	11.00	11.00	9.94
3 Month KIBOR	8.64	8.63	7.45
6 Month KIBOR	8.91	8.90	7.69

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