Morning News 17-Nov-2021

MCB-ARIF HABIB
Savings and Investments Limited

- **IMF programme: Pakistan will have to accomplish five major prior actions, says Tarin | ThE News:** Prime Minister's Adviser on Finance Shaukat Tarin has said that Pakistan will have to accomplish five major prior actions for paving the way to sign the IMF deal under the USD6bn Extended Fund Facility (EFF). The five prior actions going to be implemented by Pakistan include submission of abolishing of Tax Exemption bill 2021, State Bank of Pakistan (SBP) Amendment bill 2021, and already hiked electricity tariff besides two other minor actions.
- **MPC to meet ahead of schedule: 100-200bps hike in policy rate expected | BR:** The Monetary Policy Committee (MPC) of the State Bank of Pakistan (SBP) has decided to convene its meeting before the announced schedule in order to review the monetary policy and address the economic challenges. The committee is expected to further tighten the monetary policy due to rising inflationary pressure on the economy and higher current account deficit. The market is expecting an increase of 100 to 200 basis points in the key policy rate in its rescheduled meeting to be held on Friday.
- **PKR depreciation: Inflationary impact to be visible in a few months: Deputy Governor SBP | BR:** The government has conceded that inflationary impact of the current rupee depreciation would become visible in the next few months – two months to six months – as the members of the committee expressed serious concerns over the dearness in the county. This was stated by the Deputy Governor State Bank of Pakistan (SBP), Dr Inayat Hussain, during a meeting of the National Assembly Standing Committee on Finance.
- **Textile sector accounts for 3.4% of GDP: ADB | BR:** Textile sector accounts for 3.4% of the Gross Domestic Product (GDP) compared to 7.5% for Bangladesh, 5.1% for Sri Lanka, 12% for Cambodia and 3.5% for Turkey, says the Asian Development Bank (ADB). The ADB in its report, “Global Value Chain, Development Report 2021, Beyond Production,” stated that the textile sector accounts for 54.7% of Pakistan’s gross exports and 3.4% of its GDP compared to 79.7% and 7.5% for Bangladesh.
- **Top OMC in economic mess: PSO’s receivables surge to PKR398bn | The News:** The receivables of the Pakistan State Oil (PSO) have gone up to a whooping figure of PKR398bn the highest ever in the entity’s history with a major chunk of PKR192.5bn from the power sector. However, the Sui Northern owes PKR161.03bn to the PSO in the head of RLNG and the PIA is required to pay PKR21.98bn for using jet fuel. The non-recovery of PKR398bn receivables has triggered the rise in the cash flow situation, resulting in financial miseries for the state-owned entity.
- **CNG stations raise fuel prices by PKR10.50/kg | BR:** CNG stations all over the country have raised the prices of alternative fuel by PKR10.50 per kg, subsequent to increase in general sales tax (GST). The Federal Board of Revenue (FBR), the other day, increased the value of supply to the CNG consumers for the purpose of charging of sales tax from CNG stations by the gas transmission and distribution companies.
- **KE achieves ‘Black Start’ facility at Korangi Power Complex | BR:** Continuing its mission to secure Karachi’s energy future and provide its 3.2mn consumers with safe and reliable power, K-Electric (KE) has successfully implemented a ‘Black Start’ capability for the first time in their generation fleet at the Korangi Power Complex (KPC) that is responsible for generating 247 MW of electricity for Karachi. The technology allows power plants to go from shutdown mode to generating power without any assistance from the external power grid, making the utility self-sufficient in restoring power in the case of black outs.
- **Dry-docking controversy: Action suggested against SSGCL for not issuing letter to EETPL | BR:** Minister for Maritime Affairs Ali Zaidi has reportedly proposed action against officials of Sui Southern Gas Company Limited (SSGCL) for not issuing a letter to Engro Elengy Terminal Private Limited (EETPL), the terminal operator, meant to delay dry-docking that would have helped the government take legal recourse, well informed sources told Business Recorder.
- **Parliament’s joint session: Treasury, opposition face real power test today | The News:** The joint session of the Parliament, summoned by President Arif Alvi for Wednesday (today) at 12pm, would prove to be a real test for both the treasury and the opposition. The government eyes passing more than two dozen bills with the help of its allied parties, while the opposition parties have vowed to foil the treasury’s attempt to get ‘the black laws’ passed at all costs. The bills to be taken up for passage were referred to the joint sitting by the National Assembly after those were not okayed within the stipulated 90 days.
- **IEA lifts 2022 average crude oil price assumption to USD79.40/bbl | The News:** The International Energy Agency (IEA) on Tuesday upped its average Brent crude oil price assumption for 2022 to USD79.40 a barrel, but predicted a rally may ease off as prices that hit a three-year high last month push up global production. Brent is expected to average USD71.50 a barrel this year, it added, in a rarely published take on oil prices. The average annual oil price last broke above USD80 in 2014.
- **PM to launch tracking system for sugar industry on 23rd | Dawn:** Prime Minister Imran Khan will inaugurate the Track and Trace System (TTS) of the Federal Board of Revenue (FBR) on Nov 23 under which movement of sugar bags will be monitored in order to check tax evasion in the sugar industry. So, sugar industry will emerge as the second sector to be brought under electronic monitoring.

Market Indices			
	16-Nov-21	**15-Nov-21**	**30-Jun-21**
KSE 100	46,543	45,736	47,356
KSE 30	18,098	17,746	18,962
KMI 30	75,399	73,769	76,622
KSE All Shares	31,649	31,181	32,480
Volume (mn Shares)			
	16-Nov-21	**FYTD (Average)**	
KSE 100	96.4	132.3	
KSE 30	61.2	49.1	
KMI 30	46.4	49.5	
KSE All Shares	243.1	376.1	
Commodity Rates			
	16-Nov-21	**Daily Change**	**FYTD Change**
Crude Oil-Brent (USD/BBL)	82.4	0.5%	9.7%
Crude Oil-Arab Light (USD/BBL)	79.7	-0.2%	10.9%
Coal (USD/Tonne)	129.7	0.1%	20.5%
Copper(USD/Lbs)	4.3	-0.9%	1.8%
Cotton (USD/Lbs)	112.2	-1.3%	37.8%
CRC Steel (USD/Tonne)	965.0	0.0%	-18.6%
Currency (Interbank)			
	16-Nov-21	**Daily Change**	**FYTD Change**
US Dollar	174.3	0.0%	10.6%
UK Pound	234.0	0.1%	7.4%
Euro	197.2	-0.4%	5.6%
UAE Dirham	47.6	-0.5%	10.5%
Chinese Yuan	27.3	-0.1%	11.7%
Fund Flows (USD mn)			
	16-Nov-21	**FYTD**	
FOREIGN INDIVIDUAL	0.02	2.94	
FOREIGN CORPORATES	-3.45	-177.69	
OVERSEAS PAKISTANI	0.06	39.32	
FIPI NET	**-3.37**	**-135.43**	
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			
	16-Nov-21	**15-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	8.56	8.56	7.28
6 Month T-Bill	8.97	8.97	7.53
12 Month T-Bill	9.65	9.65	7.81
3 Year Government Bond	10.22	10.34	8.99
5 Year Government Bond	10.40	10.47	9.49
10 Year Government Bond	11.07	11.10	9.94
3 Month KIBOR	8.69	8.67	7.45
6 Month KIBOR	9.00	8.97	7.69

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