Morning News 18-Nov-2021

MCB-ARIF HABIB
Savings and Investments Limited

- **One-off effects of incentives fade: Remittances likely to remain flat in 2022: WB | BR:** The remittances in Pakistan are likely to remain flat at the presently high levels in 2022, as the one-off effects of government incentives to attract them fade, though the Afghanistan factor will continue to sustain flows, says the World Bank.
- **FDI declines 12% in 4 months | BR:** Foreign Direct Investment (FDI) continued to post negative growth and declined by 12% during the first four months of this fiscal year (FY22). The State Bank of Pakistan (SBP) reported on Wednesday that Pakistan fetched FDI amounting to USD662mn during July-Oct of FY22 as against USD751mn in the same month of the previous fiscal year (FY21), showing a decline of USD88.5mn. During the period under review, overall FDI inflows were USD965.4mn against USD303.3mn outflow.
- **Joint session: Pakistan approves central bank bill, clears another hurdle to IMF loan | BR:** Pakistan has approved a bill that will pave way for increasing the central bank's autonomy, bringing it a step closer to reviving the stalled USD6-billion International Monetary Fund loan. In a high-voltage joint session of the Parliament on Wednesday, lawmakers on Prime Minister Imran Khan's side voted in favor of the bill - the Banking Services Cooperation (Amendment) Bill, 2021 - in a joint meeting.
- **New SBP amendment not linked to IMF terms: Farogh | Dawn:** The joint session of parliament on Wednesday approved an amendment to the State Bank of Pakistan (SBP) Banking Services Corporation Ordinance 2001 to enable the central bank to meet emerging operational needs of the banking sector. However, the amendment is different from the bill to grant autonomy to the State Bank, which is under negotiations with the International Monetary Fund.
- **Govt raises PKR56bn against PKR600bn target | Dawn:** The government rejected almost all competitive bids in the auction of treasury bills held on Wednesday while it accepted only PKR0.5bn for three-month tenor. However, the government raised PKR55.258bn through non-competitive bids for three-month making the total as PKR55.8bn. The cut-off yield remained unchanged at 8.5%. The early monetary policy call by the State Bank has already alerted the investors who believe an increase in the interest rate is in the offing.
- **Double-digit inflation likely to persist till 1HFY23 | The News:** Inflation may hover around 10-10.5% for FY2022 and 11-11.5% for the first half of FY2023 and this uptrend calls for a prompt adjustment in policy rate by at least 75 basis points (bps). Pakistan Institute of Development Economics (PIDE) suggested it in its latest publication. It said year-on-year (YoY), inflation was expected to remain in the range of 11.5 to 12.0% for end-June 2022 and 8.5 to 9.0% for December 2022.
- **FBR shares reform progress with ADB | Dawn:** The Federal Board of Revenue (FBR) and Asian Development Bank (ADB) on Wednesday reviewed progress of various tax reform projects to increase the revenue potential. An official announcement said FBR chairman Ashfaq Ahmed shared the progress made on Integrated Transit Trade Management System with ADB delegation headed by John Hurley.
- **Oil, gas sector; Liquidity crunch hurdle to investment: Tarin | BR:** Prime Minister's Advisor on Finance and Revenue, Shaukat Tarin has termed liquidity crunch as a major constraint in investment at the moment in oil and gas sector despite high returns, well-informed sources told Business Recorder. He shared his views at a recent meeting of Cabinet Committee on Energy (CCOE), during deliberations on development plan of Pakistan's oil and gas sector.
- **Govt plans to slash import duties for export-oriented industries | The News:** Adviser to Prime Minister on Commerce Razzak Dawood on Wednesday said the federal government wants to reduce the regulatory duties on raw materials imported for the export-oriented sectors in the next budget. Currently, up to 40% raw materials were being imported on zero-duty in Pakistan, which was not sufficient and a high percentage of imported raw materials should benefit from zero duty, he said.
- **SYS subsidiary receives investment from Bill & Melinda Gates Foundation | Mettis Global:** Systems Limited (SYS) has announced today that its subsidiary E-Processing Systems B.V. has received an investment from the Bill & Melinda Gates Foundation in order to increase digital transaction usage among low-income individuals. E-Processing Systems owns and operates OneLoad, Pakistan's leading micro-retailer digitization and payment platform used by over 50,000 small shops across Pakistan.
- **Govt-backed bills pass in Parliament, allowing use of EVMs, voting rights to overseas Pakistanis | The News:** The PTI-led government-backed bills on Wednesday smoothly sailed through the Parliament's joint sitting amid strong protests by the Opposition lawmakers. The government successfully passed amendments to the Elections Act, 2017, allowing the use of electronic voting machines (EVMs) and giving overseas Pakistanis the right to vote in general elections.
- **Authority activated to recover federal properties | Dawn:** The government is trying to functionalise at the earliest the Federal Government Properties Management Authority (FGPMA) that would be tasked with the recovery of prime federal government properties all over the country and eventually ensure their disposal to generate funds. The government had introduced an ordinance in August this year under a cabinet decision in July to set up the FGPMA to deal with the properties of the federal government, federal ministries and allied departments located all over the country for their better utilisation.

Market Indices			
	17-Nov-21	16-Nov-21	30-Jun-21
KSE 100	46,194	46,543	47,356
KSE 30	17,952	18,098	18,962
KMI 30	74,654	75,399	76,622
KSE All Shares	31,444	31,649	32,480

Volume (mn Shares)		
	17-Nov-21	FYTD (Average)
KSE 100	93.6	131.9
KSE 30	53.5	49.1
KMI 30	28.5	49.3
KSE All Shares	238.5	374.9

Commodity Rates			
	17-Nov-21	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	80.3	-2.6%	6.9%
Crude Oil-Arab Light (USD/BBL)	80.0	0.5%	11.4%
Coal (USD/Tonne)	131.5	1.4%	22.2%
Copper(USD/Lbs)	4.3	-2.0%	-0.2%
Cotton (USD/Lbs)	114.0	1.6%	40.0%
CRC Steel (USD/Tonne)	965.0	0.0%	-18.6%

Currency (Interbank)			
	17-Nov-21	Daily Change	FYTD Change
US Dollar	174.3	0.0%	10.6%
UK Pound	234.9	0.4%	7.8%
Euro	197.2	0.0%	5.6%
UAE Dirham	47.8	0.5%	11.0%
Chinese Yuan	27.3	0.2%	12.0%

Fund Flows (USD mn)		
	17-Nov-21	FYTD
FOREIGN INDIVIDUAL	0.00	2.94
FOREIGN CORPORATES	-6.43	-184.12
OVERSEAS PAKISTANI	0.90	40.22
FIPI NET	**-5.52**	**-140.95**

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			
	17-Nov-21	16-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	8.59	8.56	7.28
6 Month T-Bill	8.98	8.97	7.53
12 Month T-Bill	9.72	9.65	7.81
3 Year Government Bond	10.31	10.22	8.99
5 Year Government Bond	10.43	10.40	9.49
10 Year Government Bond	11.09	11.07	9.94
3 Month KIBOR	8.75	8.69	7.45
6 Month KIBOR	9.05	9.00	7.69

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