Morning News 23-Nov-2021

MCB-ARIF HABIB
Savings and Investments Limited

- **Austerity plan for revival of IMF package outlined | Dawn:** The government on Monday committed to introducing a supplementary budget as part of an agreement with the International Monetary Fund (IMF) for a net fiscal adjustment of almost Rs550 billion during the remaining part of the current fiscal year through a 22 per cent cut in development funds, about Rs300bn increase in tax target and a Rs4 per litre monthly hike in petroleum levy on major petroleum products.
- **SBP autonomy, Sales Tax exemptions | BR:** Allies of the ruling party, Pakistan Tehreek-e-Insaf (PTI), have conveyed to it that they would first review two crucial bills — grant of autonomy to State Bank of Pakistan (SBP) and withdrawal of sales tax exemptions of Rs330 billion— and then decide, accordingly.
- **PM Imran okays Rs5bn humanitarian aid for Afghanistan | Dawn:** Prime Minister Imran Khan on Monday approved Rs5 billion humanitarian aid for Afghanistan, besides allowing transportation of Indian food assistance for the war-torn country through Pakistan. The decision was taken at the first meeting of the apex committee of the newly established Afghanistan Inter-Ministerial Coordination Cell (AICC).
- **Tarin says 'prior actions' required to be taken | BR:** Adviser to Prime Minister on Finance Shaukat Tarin on Monday said "prior actions" – withdrawal of exemption of Rs350 billion, petroleum levy increase of Rs4 monthly, as well as, ex-post audit of Covid expenditure and amendments in SBP Act would be taken to pave the way for International Monetary Fund (IMF) Board meeting for approval of sixth review.
- **Govt eyes further Rs2/unit hike in base power tariff | BR:** The Federal Government is to further raise the base power tariff by over Rs2 per unit in months to come, aimed at trimming existing level of subsidies as per agreement with the International Monetary Fund (IMF) and adjustment in Discos' tariffs in accordance with their annual revenue requirements.
- **FBR to withdraw Rs330bn ST exemptions | BR:** "The Income Tax (Second Amendment) Bill, 2021" issued subsequent to its passage through the Finance Act, 2021, has a revenue impact of Rs 140 billion and sales tax/federal excise duty (FED) exemptions deferred on June 30, 2021 amounted to Rs 100 billion. The Income Tax (Second Amendment) Bill, 2021 has withdrawn income tax exemptions and concessions to the tune of Rs140 billion in March 2021.
- **Kibor surges to double-digit | BR:** The benchmark six-month Karachi Inter Bank Offered Rate (Kibor) Monday surged to double-digit owing to sharp increase in the key policy rate by the State Bank of Pakistan (SBP). Kibor is a daily reference rate based on the interest rates at which banks offer to lend unsecured funds to other banks in money market.
- **Central bank wants savings accounts profit rate hiked to 7.25pc | Dawn:** The profit rate on savings accounts will rise by 1.5 percentage points to a minimum of 7.25 per cent by Dec 1, the State Bank said on Monday. The announcement came after the central bank raised the policy rate last week to 8.75pc from 7.25pc. The central bank through a social media platform also asked customers to file a complaint with their bank if it gives less profit on the savings account.
- **SC suspends IHC order axing probe against cooking oil, ghee firms | Dawn:** The Supreme Court on Monday suspended the Islamabad High Court's September 14 order quashing an inquiry initiated by the Competition Commission of Pakistan (CCP) into the spike in prices of cooking oil and ghee in 2020.
- **ECC scraps two wheat import tenders | Dawn:** The Economic Coordination Committee (ECC) of the Cabinet on Monday scrapped two international tenders for the import of wheat over higher prices and allowed the floating of a fresh one. The ECC meeting presided over by Economic Affairs Minister Omar Ayub Khan cancelled the wheat tenders on the recommendation of the Ministry of Food Security and Research.
- **Cabinet to exempt urea import tender from PPRA Rules | BR:** The Cabinet is to exempt 0.1 million tons of urea import tender from PPRA Rules in view of the emergency related to food security, official sources told Business Recorder.
- **Stocks tumble 744 points on interest rate hike | Dawn:** A higher-than-expected increase in the benchmark interest rate by the State Bank of Pakistan unnerved stock investors on the first day of the rollover week. According to Arif Habib Ltd, bearish sentiments dominated trading despite the long-awaited news of Pakistan and the International Monetary Fund (IMF) reaching a staff-level agreement.
- **Cabinet to meet today | BR:** The Federal Cabinet that is scheduled to meet on Tuesday (today) with Prime Minister Imran Khan in the chair will discuss the country's economic and political situation and other related issues. Use of electronic voting machine (EVM) in elections and I-voting will be discussed in the light of recent legislation during the joint sitting of Parliament.

Market Indices			
	22-Nov-21	19-Nov-21	30-Jun-21
KSE 100	45,745	46,489	47,356
KSE 30	17,714	18,038	18,962
KMI 30	74,068	75,477	76,622
KSE All Shares	31,309	31,728	32,480
Volume (mn Shares)			
	22-Nov-21	FYTD (Average)	
KSE 100	126.4	131.5	
KSE 30	66.5	49.3	
KMI 30	33.2	49.2	
KSE All Shares	261.9	372.3	
Commodity Rates			
	22-Nov-21	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	79.7	1.0%	6.1%
Crude Oil-Arab Light (USD/BBL)	76.5	-3.0%	6.5%
Coal (USD/Tonne)	137.5	0.9%	27.8%
Copper(USD/Lbs)	4.4	0.1%	2.6%
Cotton (USD/Lbs)	113.3	0.7%	39.2%
CRC Steel (USD/Tonne)	955.0	0.0%	-19.4%
Currency (Interbank)			
	22-Nov-21	Daily Change	FYTD Change
US Dollar	174.5	-0.1%	10.8%
UK Pound	233.8	-0.6%	7.3%
Euro	196.0	-0.6%	5.0%
UAE Dirham	47.8	0.0%	11.0%
Chinese Yuan	27.3	-0.1%	12.0%
Fund Flows (USD mn)			
	22-Nov-21	FYTD	
FOREIGN INDIVIDUAL	-0.03	2.90	
FOREIGN CORPORATES	-9.39	-208.89	
OVERSEAS PAKISTANI	-0.21	40.67	
FIPI NET	**-9.63**	**-165.32**	
Economic Data (USD mn)			
	FY22E	FY21	FY20
GDP Growth	4.8%	3.9%	-0.5%
	Oct-21	Sep-21	
Exports	2,466	2,409	
Imports	6,386	6,563	
Remittances	2,518	2,670	
Foreign Exchange Reserves	23,926	25,983	
Money Market Data			
	22-Nov-21	19-Nov-21	30-Jun-21
SBP Policy Rate	8.75	8.75	7.00
CPI Inflation	9.2%	9.2%	9.7%
3 Month T-Bill	9.75	8.61	7.28
6 Month T-Bill	10.14	9.12	7.53
12 Month T-Bill	10.57	9.76	7.81
3 Year Government Bond	11.29	10.45	8.99
5 Year Government Bond	11.45	10.55	9.49
10 Year Government Bond	12.02	11.13	9.94
3 Month KIBOR	9.74	8.80	7.45
6 Month KIBOR	10.03	9.16	7.69

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