Morning News 03-Dec-2021

MCB-ARIF HABIB
Savings and Investments Limited

- **'Mini-budget' with adjustments worth Rs600bn finalized | Dawn:** The government on Thursday finalised a 'mini-budget' involving fiscal adjustments and expenditure cuts worth about Rs600 billion as part of an understanding with the International Monetary Fund (IMF) to cool down the over-heating economy. The steps will serve to reverse the effects of the federal government's 'pro-growth budget' for Fiscal Year 2022 adopted only five months ago, according to some analysts.
- **Dollar hits new high amid depleting SBP reserves | Dawn:** The US dollar has appreciated further to set a new record while foreign exchange reserves of the State Bank of Pakistan (SBP) have been declining on a weekly basis. The dollar closed at Rs176.42 on Thursday as it gained 94 paisa. Well-informed analysts and brokerage houses are of the view that the dollar would soon touch the mark of Rs180.
- **Cut-off yields on T-bills increased by up to 229bps | Dawn:** Cut-off yields on market treasury bills were increased by up to 229 basis points in the first auction held on Wednesday after the interest rate hike on Nov 19. The State Bank of Pakistan (SBP) on Thursday announced that the government raised Rs504.33 billion through T-bills auction against the target of Rs740bn. It also raised Rs22.5bn through non-competitive bids.
- **Forex reserves down $275m | BR:** The country's total liquid foreign exchange reserves declined by $275 million during last week. According to the State Bank of Pakistan (SBP) weekly report issued on Thursday, total liquid foreign exchange reserves held by the country stood at $ 22.499 billion on November 26, 2021. During the week under review, the SBP's reserves decreased by $ 244 million to $ 16.01 billion.
- **EU fines HSBC, Credit Suisse, others over 'Sterling Lads' forex cartel | BR:** EU antitrust regulators on Thursday fined Barclays, Credit Suisse, HSBC and NatWest 344 million euros ($390 million) for foreign exchange market rigging, closing a key chapter in a high-profile investigation. UBS avoided a 94 million euro fine by alerting the European Commission to the cartel, which was set up via a chatroom known as "Sterling Lads".
- **DRP criteria relaxed: MFBs to extend relief to Covid-hit borrowers | BR:** The State Bank of Pakistan (SBP) Thursday relaxed the criteria for classification of assets and provisioning requirements for Deferred and Restructured Portfolio (DRP) to enable the Microfinance Banks (MFBs) to extend relief measures to the affected borrowers of Covid-19.
- **Govt reviews 5MFY22 import bill | BR:** As trade deficit witnessed a steep rise, the Adviser to the Prime Minister on Finance, Shaukat Tarin Thursday asked the concerned authorities to take effective policy measures to reduce unnecessary imports of luxury items. The adviser presided over a meeting to review the balance of trade on Thursday, which was attended by several Federal Ministers as well.
- **Circular debt rising by Rs35bn a month | Dawn:** With gas shortfall estimated to peak closer to one billion cubic feet per day in January, the ministry of energy on Thursday reported the power sector circular debt at Rs2.419 trillion at the end of October, rising at the rate of about Rs35 billion per month. This was the crux of a meeting of the Cabinet Committee on Energy (CCoE) presided over by Minister for Planning, Development, and Special Initiatives Asad Umar.
- **KE allowed Rs1.08 per unit additional fuel cost for October | Dawn:** The National Electric Power Regulatory Authority (Nepra) on Thursday allowed K-Electric (KE) to charge about Rs1.08 per unit additional fuel cost on account of electricity consumed in October. The Nepra hearing – presided over by its Chairman Tauseef H. Farooqui – held a public hearing on KE's petition on Fuel Charges Adjustments (FCA) for the month of October seeking an increase of Rs1.38 per unit.
- **Oil sales on the rise | BR:** Petroleum consumption goes unabated amid rising inflation. The petroleum products and lubricants sold by the oil marketing companies (OMCs) continue its growth trajectory despite rising prices. In 5MFY22 (first five months of FY22), OMCs sales soared by 17.6 percent year-on-year. Of the three key petroleum products, furnace oil led the double digit growth in petroleum products with over 29 percent year-on-year growth.
- **Worst PSX sell-off since March 2020: KSE-100 plummets 4.7% | BR:** Pakistan stocks got a hammering on Thursday with the benchmark KSE-100 index losing over 2,100 points or nearly 4.7% during the trading session as the market reacted sharply to the widening trade deficit data and expectations of a hike in interest rate in coming months.
- **OPEC+ agrees to go ahead with oil output rise, as US pressure trumps virus scare | BR:** OPEC and its allies agreed on Thursday to stick to their existing policy of monthly oil output increases despite fears that a US release from crude reserves and the new Omicron coronavirus variant would lead to a fresh oil price rout. OPEC+ agrees to add another 400,000 bpd in January.

Market Indices	2-Dec-21	1-Dec-21	30-Jun-21
KSE 100	43,234	45,369	47,356
KSE 30	16,698	17,576	18,962
KMI 30	69,550	73,745	76,622
KSE All Shares	29,629	30,954	32,480

Volume (mn Shares)	2-Dec-21	FYTD (Average)
KSE 100	213.4	132.2
KSE 30	98.7	51.7
KMI 30	92.9	49.7
KSE All Shares	386.6	367.3

Commodity Rates	2-Dec-21	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	69.7	1.2%	-7.3%
Crude Oil-Arab Light (USD/BBL)	68.6	-3.7%	-4.5%
Coal (USD/Tonne)	128.2	0.8%	24.1%
Copper(USD/Lbs)	4.3	1.1%	0.2%
Cotton (USD/Lbs)	101.1	-7.4%	24.2%
CRC Steel (USD/Tonne)	935.0	0.0%	-21.1%

Currency (Interbank)	2-Dec-21	Daily Change	FYTD Change
US Dollar	176.5	0.9%	12.0%
UK Pound	234.9	1.1%	7.8%
Euro	199.4	0.7%	6.8%
UAE Dirham	48.3	1.0%	12.1%
Chinese Yuan	27.7	0.7%	13.4%

Fund Flows (USD mn)	2-Dec-21	FYTD
FOREIGN INDIVIDUAL	-0.18	4.04
FOREIGN CORPORATES	0.42	-308.18
OVERSEAS PAKISTANI	0.50	47.73
FIPI NET	**0.74**	**-256.41**

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	2-Dec-21	1-Dec-21	30-Jun-21
SBP Policy Rate	8.75	8.75	7.00
CPI Inflation	11.5%	9.2%	9.7%
3 Month T-Bill	10.54	9.77	7.28
6 Month T-Bill	11.34	10.20	7.53
12 Month T-Bill	11.51	10.72	7.81
3 Year Government Bond	11.89	11.55	8.99
5 Year Government Bond	12.00	11.59	9.49
10 Year Government Bond	12.27	11.94	9.94
3 Month KIBOR	10.74	9.98	7.45
6 Month KIBOR	11.46	10.30	7.69

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