Morning News 13-Dec-2021

MCB-ARIF HABIB
Savings and Investments Limited

- **ADB approves USD685mn for energy, health sectors | BR:** The Asian Development Bank (ADB) has approved USD685mn for two different sectors, including strengthening Pakistan's energy sector and improve its financial sustainability and financing to help improve the livability and community health. The bank approved a USD300mn policy-based loan to support financial, technical, and governance reforms to strengthen Pakistan's energy sector and improve its financial sustainability.
- **IFC to provide USD1.2bn to companies | Tribune:** A high-level delegation of the International Finance Corporation (IFC) of the World Bank Group has confirmed that USD1.2bn will be provided to 47 companies in Pakistan. In a meeting with Federal Minister for Economic Affairs Omar Ayub Khan, IFC Senior Vice President (Operations) Stephanie von Friedeburg appreciated Pakistan government for enhancing climate investment, improving ease of doing business ranking and achieving Universal Financial Access targets, according to a statement issued on Friday.
- **Food items to remain tax exempted: 'Mini-budget' to be announced next week, says Tarin | BR:** Adviser to the Prime Minister on Finance and Revenue Shaukat Tarin Friday said that the government is bringing a 'mini budget' next week under an agreement with the International Monetary Fund (IMF), but it will not end the tax exemption on food items. In an interview, Shaukat Tarin said that in the 'mini budget', customs duty on make-up items, clothes, shoes and other imported luxury items including perfumes will be increased.
- **PKR records new low against USD | BR:** Pakistan's rupee recorded a new low against USD in the inter-bank last week, falling below 180 in open market. On Monday, the PKR started in the green as market reacted positively to news of State Bank of Pakistan (SBP) receiving USD3bn 1-year deposit from Saudi Funds for Development. However, that positivity proved to be short-lived as PKR started to depreciate again on Tuesday as terms and conditions of SFD deposit became clearer.
- **Proposed Tax Laws (Fourth) Amendment Bill: FBR seeks to slap 17% ST on various items | BR:** The Federal Board of Revenue (FBR) has proposed to impose sales tax worth PKR350bn on a wide range of items including 17% sales tax on the import of LPG, mobile phones, computers, plant, machinery/equipment, and a lower rate of sales tax on the import of raw materials used in the manufacturing of medicines under the Tax Laws (Fourth) Amendment Bill, 2021.
- **Weekly inflation eases, but still in double digits | The News:** Weekly inflation eased for third straight week, but has remained in double digits for most of the period of current fiscal year, squeezing the middle and low income groups. Weekly Sensitive Price Indicator (SPI) for the week ended on December 9, recorded at 18.58 percent over corresponding week a year ago, data from Pakistan Bureau of Statistics (PBS) showed on Friday.
- **Energy sector not out of the woods yet | BR:** The country's entire energy sector is still in hot waters due to its financial woes, and mismanagement on the part of Ministry of Energy, which also administers nuclear energy power plants. Official documents and background interaction with officials dealing with energy sector indicate that financial position of the sector has already been deteriorated.
- **13 previously approved RE projects to face open competitive bidding | BR:** The Cabinet Committee on Energy (CCoE) has almost closed the chapter on 13 Renewable Energy (RE) projects of 600MW with the clear decision that no exceptions are admissible to any Alternative and Renewable Energy (ARE) project and all such projects will be treated in line with the approved policy, well informed sources told Business Recorder.
- **Approval to SME policy delayed: Gas from UEP's fields to SSGCL approved by ECC | BR:** The Economic Coordination Committee (ECC) of the Cabinet has approved allocation of gas under commercial production from United Energy Pakistan's (UEP's) fields to the SSGCL but delayed approval of SME policy subsequent to concern of the Federal Board of Revenue (FBR) on proposed tax relaxations and the State Bank of Pakistan (SBP) on PKR30bn development Fund.
- **Electric vehicles, kits: sales tax exemptions retained | BR:** The government has decided to retain sales tax exemptions on electric vehicles and kits imported by local manufacturers of electric cars under the Tax Laws (Fourth) Amendment Bill, 2021. The Federal Board of Revenue (FBR) has also decided to retain sales tax exemption on the import of plant, machinery and equipment imported for setting up industries in erstwhile FATA subject to the same conditions and procedure as are applicable for import of such plant, machinery and equipment under the Customs Act, 1969.
- **17% ST on cell phones valuing above USD200 on the cards | BR:** The government is planning to impose a standard rate of 17% sales tax on import of mobile phones having value above USUSD200 under the Tax Laws (Fourth) Amendment Bill, 2021. Sources told Business Recorder here on Thursday that the government has almost finalized the new sales tax structure on the import of mobile phones.
- **PM calls for 'deeper' Pak-US engagement | BR:** Prime Minister Imran Khan on Saturday called on the United States to play its due role in maintaining peace and stability in the region as the situation evolves in Afghanistan, and India continues its barbarity in occupied Kashmir. A statement issued by from the PM's Office said that the Prime Minister stressed America's role during a meeting with a four-member delegation of the US Senate, which included senators, Angus King, Richard Burr, John Cornyn, and Benjamin Sasse.

Market Indices

	10-Dec-21	9-Dec-21	30-Jun-21
KSE 100	43,396	43,519	47,356
KSE 30	16,901	16,957	18,962
KMI 30	69,790	70,080	76,622
KSE All Shares	29,769	29,785	32,480

Volume (mn Shares)

	10-Dec-21	FYTD (Average)
KSE 100	82.5	130.3
KSE 30	45.9	51.9
KMI 30	33.1	49.3
KSE All Shares	179.1	360.3

Commodity Rates

	10-Dec-21	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	75.2	1.0%	0.0%
Crude Oil-Arab Light (USD/BBL)	74.4	-1.5%	3.6%
Coal (USD/Tonne)	136.9	1.3%	32.5%
Copper(USD/Lbs)	4.3	-0.9%	0.0%
Cotton (USD/Lbs)	103.7	-0.3%	27.3%
CRC Steel (USD/Tonne)	912.5	-1.4%	-23.0%

Currency (Interbank)

	10-Dec-21	Daily Change	FYTD Change
US Dollar	177.5	0.3%	12.7%
UK Pound	235.5	0.6%	8.1%
Euro	200.8	0.4%	7.5%
UAE Dirham	48.5	0.0%	12.6%
Chinese Yuan	27.9	0.4%	14.2%

Fund Flows (USD mn)

	10-Dec-21	FYTD
FOREIGN INDIVIDUAL	0.10	4.20
FOREIGN CORPORATES	-0.91	-311.25
OVERSEAS PAKISTANI	0.04	48.38
FIPI NET	**-0.76**	**-258.67**

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

	10-Dec-21	9-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	10.64	10.64	7.28
6 Month T-Bill	11.25	11.26	7.53
12 Month T-Bill	11.50	11.51	7.81
3 Year Government Bond	11.83	11.95	8.99
5 Year Government Bond	11.86	11.94	9.49
10 Year Government Bond	11.97	11.96	9.94
3 Month KIBOR	10.82	10.83	7.45
6 Month KIBOR	11.52	11.53	7.69

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