Morning News 15-Dec-2021

MCB-ARIF HABIB
Savings and Investments Limited

- **Policy rate now soars to 9.75% | BR:** Monetary Policy Committee (MPC) of the State Bank of Pakistan (SBP) has announced to further increase the key policy rate by 100 basis points (bps) to 9.75%, aimed to address rising inflationary pressure on economy and achieve a sustainable growth. This is the second and cumulatively 250 bps increase in the policy rate during the last 26 days. Previously, the committee in its meeting held on 19th November 2021 had raised the rate by 150 bps to 8.75%.
- **ADB forecasts higher inflation | BR:** The Asian Development Bank (ADB) forecast higher inflation projection for Pakistan, while saying that adjustments to energy tariffs and higher global commodity prices are expected to exert upward pressure on domestic prices. The bank in its latest report, "Asian Development Outlook supplement 2021", however, stated that in Pakistan, cotton and sugarcane production increased with favorable weather, while services bounced back as mobility tracking measures recovered beyond levels in March 2020, before the pandemic.
- **CAD to go up for two months, then come down gradually | The News:** State Bank of Pakistan (SBP) Governor Dr Reza Baqir has said the current account deficit (CAD) will further go up for next two months and then start coming down gradually. Speaking in Geo News programme 'Aaj Shahzeb Khanzada Ke Saath' on Tuesday, he said he was not seeing the 13.25% interest rate like situation again in the country. He said last time when interest rate reached 13.25%, there was a severe financial crisis in the country.
- **FBR reviews draft bill on withdrawal of ST exemptions | BR:** The Federal Board of Revenue (FBR), Tuesday, reviewed in detail, the draft of the Tax Laws (Fourth) Amendment Bill, 2021, on the withdrawal of the sales tax exemptions and zero-rating to the tune of around PKR350bn. Sources told Business Recorder here on Tuesday that a meeting was held at the FBR Headquarters on the said bill, which was attended by the relevant officials of the board.
- **Chinese B2B platform GBM to invest USD50mn in Pakistan | BR:** Chinese internet based B2B platform, Global Building Material (GBM), on Tuesday announced its ambitious plan to invest USD50mn dollars in Pakistan, which include setting up of a digital port zone consisting of a warehouse, digital centre, data centre and small warehouses across Pakistan. Under the investment plan, it will open its first branch in Lahore (Pakistan) during the current month to introduce its new one-stop shopping experience for Pakistani building material retailers, and for the purpose it will launch an app.
- **Ogra proposes up to PKR10.30 cut in petroleum prices | Dawn:** For a change, the prices of petroleum products may go down by up to PKR10.30 per litre for the next fortnight on Wednesday if the calculations of the Oil and Gas Regulatory Authority (Ogra) are accepted by the government. Petroleum Division sources said the working paper on the prices of petroleum products from the Ogra had been delivered to the Ministry of Finance.
- **Govt decides to deregulate gas sector | BR:** Federal Minister for Information and Broadcasting Fawad Chaudhary said on Tuesday that deregulation of gas sector is going to take place and private companies would provide gas to the people after importing it. While briefing the media about the decisions taken by the federal cabinet chaired by Prime Minister Imran Khan, he said the Oil and Gas Regulatory Authority's (OGRA's) annual report 2019-20 was presented to the federal cabinet and for the first time a major reform has been taken by issuing license to 10 companies for supplying gas to the people after its import.
- **Arbitrations before LCIA: SNGPL loses PKR19bn claims against NPPMCL | BR:** Sui Northern Gas Pipeline Limited (SNGPL) has lost claims of approximately PKR19bn against National Power Parks Management Company (Private) Limited (NPPMCL) in two arbitrations before the London Court of International Arbitration (LCIA). NPPMCL owns and operates two 1200MW RLNG-based power plants in Punjab, situated in Haveli Bahadur Shah, (Jhang), and Balloki, (Sheikhupura) and procures RLNG for power generation from SNGPL.
- **Shaukat Tarin shows interest for enhancing cooperation with Iraq in oil, gas sectors | AUGAF:** Adviser to the Prime Minister on Finance and Revenue, Shaukat Tarin on Tuesday expressed keen interest in deepening bilateral relations between Iraq and Pakistan, particularly enhancing cooperation in oil and gas sectors besides boosting the quantum of trade between the two counties. The adviser was talking to Ambassador of the Republic of Iraq to Pakistan, Hamid Abbas Lafta, who called on him here, according to press statement issued by the finance ministry.
- **Chery to launch latest generation Tiggo SUVs | BR:** Chery Automobile Co., Ltd., a leading automobile export company of China has partnered with Ghandhara Nissan Ltd., for local production of the latest generation Tiggo Series SUVs. The launching ceremony was held at a local hotel on Tuesday evening. CEO Ghandhara Nissan Ltd., Ahmad Kuli Khan Khattak and General Manager Chery Automobile Celix Hu and others spoke to the event, and briefed the media about their new venture.
- **Unity Foods announces schedule for rights issue | Dawn:** Unity Foods Ltd announced on Tuesday the schedule for its PKR5.4bn rights issue. Its shareholders must deposit the amount by Jan 21 to ensure a valid acceptance of the offer, the food seller said in a notice on the bourse website. Unity Foods Ltd announced on Nov 15 it would carry out a rights issue to generate equity of PKR5.4bn. It's issuing 200 million new shares at PKR27 apiece.
- **New policy on sugar 'reforms' presented to cabinet | BR:** The federal cabinet was presented a new policy on sugar reforms, envisaging mandatory registration of brokers, dealers, and wholesalers of sugar with the National Tax Number (NTN) and sales tax registration number (STRN) linked to their bank accounts with mandatory registration of godown and automated online inventory management system.

Market Indices			
	14-Dec-21	13-Dec-21	30-Jun-21
KSE 100	43,247	42,876	47,356
KSE 30	17,045	16,679	18,962
KMI 30	69,490	68,907	76,622
KSE All Shares	29,630	29,421	32,480
Volume (mn Shares)			
	14-Dec-21	FYTD (Average)	
KSE 100	92.6	129.6	
KSE 30	44.0	51.7	
KMI 30	39.6	49.1	
KSE All Shares	212.3	357.5	
Commodity Rates			
	14-Dec-21	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	73.7	-0.9%	-1.9%
Crude Oil-Arab Light (USD/BBL)	74.9	0.0%	4.2%
Coal (USD/Tonne)	140.7	0.6%	36.2%
Copper(USD/Lbs)	4.2	-0.7%	-0.7%
Cotton (USD/Lbs)	103.3	-0.4%	26.9%
CRC Steel (USD/Tonne)	912.5	0.0%	-23.0%
Currency (Interbank)			
	14-Dec-21	Daily Change	FYTD Change
US Dollar	177.8	0.0%	12.9%
UK Pound	235.4	0.2%	8.1%
Euro	200.1	-0.2%	7.2%
UAE Dirham	48.5	0.0%	12.6%
Chinese Yuan	27.9	0.0%	14.5%
Fund Flows (USD mn)			
	14-Dec-21	FYTD	
FOREIGN INDIVIDUAL	0.01	4.21	
FOREIGN CORPORATES	-2.12	-310.40	
OVERSEAS PAKISTANI	-0.11	48.61	
FIPI NET	**-2.21**	**-257.59**	
Economic Data (USD mn)			
	FY22E	FY21	FY20
GDP Growth	4.8%	3.9%	-0.5%
	Nov-21	Oct-21	
Exports	2,884	2,464	
Imports	7,847	6,372	
Remittances	2,352	2,518	
Foreign Exchange Reserves	22,499	23,829	
Money Market Data			
	14-Dec-21	13-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	10.67	10.66	7.28
6 Month T-Bill	11.26	11.25	7.53
12 Month T-Bill	11.50	11.49	7.81
3 Year Government Bond	11.91	11.95	8.99
5 Year Government Bond	11.90	11.89	9.49
10 Year Government Bond	11.98	11.96	9.94
3 Month KIBOR	10.87	10.83	7.45
6 Month KIBOR	11.54	11.53	7.69

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