Morning News 16-Dec-2021

MCB-ARIF HABIB Savings and Investments Limited

- **WB indicates USD225mn for 'digital economy' project | BR:** The World Bank has indicated USD225mn for "Digital Economy Enhancement Project" to strengthen digital connectivity as a key foundation for digital economy development and enhance the government's capacity for digitally-enabled public services delivery.
- **Small and Medium Enterprises Policy: PKR10m collateral-free loans for new SMEs | The News:** Federal Minister for Industries and Production Makhdoom Khusro Bakhtiar unveiled the Small and Medium Enterprises (SME) Policy here on Wednesday, with special focus on promoting around 5 million businesses through facilitation in registration, streamlining of taxes, access to credit and provision of land.
- **IMF projects gross debt at 83.4% of GDP | BR:** The International Monetary Fund (IMF) has projected Pakistan's government gross debt at 83.4% of GDP in 2021. The Fund in its updated Global Debt Database, estimated Pakistan' private debt, loans and debt securities at 27.39% of GDP. The household debt, loans, and debt securities is estimated at 3.67% of GDP.
- **Changes in USD rate, CPI and fuel mix: Circular debt management plan recalibrated | BR:** The Power Division has recalibrated Circular Debt Management Plan (CDMP) 2021-23 due to changes in dollar rate, Consumer Price Index (CPI), variation in fuel mix and not meeting commitments on the time agreed with the international financial institution with respect to increase in electricity tariff. For instance, the government had given commitment to IMF and World Bank in writing that PKR1.39 per unit hike in base tariff will be notified on June 1, 2021 but it was increased in November 2021.
- **Govt raises PKR1.37tr with no change in T-bills yields | Dawn:** The cut-off yields on treasury bills remained flat in a crucial auction on Wednesday despite another 100 basis points hike in the policy rate by the State Bank of Pakistan (SBP) on Tuesday making the total increase of 250bps to 9.75% within a short span of 25 days. The previous auction held on Dec 1 had seen a quick reaction and the cut-off yields in all three tenures were increased while the highest jump of 229bps was noted in three-month papers.
- **PSX, German bourse sign agreement | Dawn:** The Pakistan Stock Exchange (PSX) has signed an agreement with Deutsche Börse under which the German stock exchange will act as the exclusive licensor of the PSX market data to all current and prospective international data consumers for five years. Speaking to Dawn on Wednesday, a PSX official said the national stock exchange already has "tens of data clients around the world".
- **Banks' deposits rise 17% to PKR19.7tr in November | The News:** Driven mostly by higher inflows of remittances from overseas, banking sector deposits swelled 17% to PKR19.7 trillion in November from PKR16.8 trillion a year ago, the central bank data showed on Wednesday. Remittances rose 9.7% to USD12.9b in July-November FY2022. The money sent home by Pakistani citizens employed abroad translated into local currency and was kept in bank accounts.
- **CCoE all set to mull over revised oil refining policy | BR:** The Cabinet Committee on Energy (CCoE) is all set to consider revised Oil Refining Policy 2021, along with incentives proposed by the Petroleum Division on Thursday (today), sources close to Minister for Energy told.
- **Exports of value-added textiles post double-digit growth | Dawn:** Eight export-oriented sectors including value-added textiles posted double-digit growth in November compared to the same month a year ago, data compiled by the Ministry of Commerce showed on Wednesday. Growth in the value-added sectors contributed to an increase in overall exports from the sectors.
- **Power, gas supply to Punjab textile sector suspended | The News:** The government has cut off gas supply to all textile mills located in Punjab, exposing the export-oriented sectors to massive losses during the current fiscal year. The government's target to increase exports to USD30bn will also fall into jeopardy because the textile sector would face heavy losses in the wake of disconnection of gas supply.
- **Petrol and diesel prices slashed by PKR5 per litre | The News:** The government on Wednesday slashed the prices of petrol and diesel by PKR5 per litre each. While the petroleum levy has remained unchanged it has, however, increased the sales tax on both the petrol and diesel by 4.77pc per litre and diesel 9.08pc respectively.
- **Govt should open up import of sugar all time | The News:** The Sugar Sector Reforms Committee, constituted by the federal cabinet, has come up with its recommendations and asked the government to open up import of sugar all the time and allow exports in times of high production without any government subsidy. The Sugar Sector Reforms Committee recommended that the sales tax should be charged at the actual cost of production of sugar.
- **SNGPL suspends gas supply to captive power plants | The News:** Government has decided to cut off gas supply to captive power plants for the next 15 days in view of the rising heating and cooking demand from the domestic sector. Gas supply to industries for processing purposes would however continue as usual. According to a senior official of the Ministry of Energy, out of 2,300 industries in total, 1,890 process industries would be operative, while 375 industries with captive power mainly on tail-end would switch to alternative sources.
- **PSM's majority stake sale bidding set for March-April | The News:** The government is expecting to complete the handover of up to 74% stake in loss-making Pakistan Steel Mills Corporation (PSMC) to private sector soon, while targeting to hold bidding in March-April 2022, officials said on Wednesday. Eight interested parties/investors have shown interest in participating in it and six of them have submitted their statements of qualification (SoQs).
- **Ministry awards contracts for broadband on M3, M5 motorways | The News:** Ministry of IT and Telecom through Universal Service Fund (USF) has awarded contracts worth approximately PKR300mn for providing high speed mobile broadband services on M3 and M5 Motorways, a statement said on Wednesday.

Market Indices			
	15-Dec-21	**14-Dec-21**	**30-Jun-21**
KSE 100	44,367	43,247	47,356
KSE 30	17,473	17,045	18,962
KMI 30	71,901	69,490	76,622
KSE All Shares	30,390	29,630	32,480
Volume (mn Shares)			
	15-Dec-21	**FYTD (Average)**	
KSE 100	178.3	130.0	
KSE 30	70.1	51.8	
KMI 30	78.0	49.3	
KSE All Shares	398.0	357.8	
Commodity Rates			
	15-Dec-21	**Daily Change**	**FYTD Change**
Crude Oil-Brent (USD/BBL)	73.9	0.2%	-1.7%
Crude Oil-Arab Light (USD/BBL)	74.9	0.0%	4.2%
Coal (USD/Tonne)	140.2	-0.3%	35.7%
Copper(USD/Lbs)	4.2	-1.8%	-2.5%
Cotton (USD/Lbs)	103.2	-0.1%	26.8%
CRC Steel (USD/Tonne)	912.5	0.0%	-23.0%
Currency (Interbank)			
	15-Dec-21	**Daily Change**	**FYTD Change**
US Dollar	177.9	0.0%	12.9%
UK Pound	235.9	0.2%	8.3%
Euro	200.7	0.3%	7.5%
UAE Dirham	48.5	0.0%	12.6%
Chinese Yuan	27.9	0.0%	14.5%
Fund Flows (USD mn)			
	15-Dec-21	**FYTD**	
FOREIGN INDIVIDUAL	0.00	4.21	
FOREIGN CORPORATES	-0.44	-310.85	
OVERSEAS PAKISTANI	0.21	48.82	
FIPI NET	**-0.23**	**-257.82**	
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			
	15-Dec-21	**14-Dec-21**	**30-Jun-21**
SBP Policy Rate	9.75	9.75	7.00
CPI Inflation	11.5%	9.2%	9.7%
3 Month T-Bill	10.49	10.67	7.28
6 Month T-Bill	11.00	11.26	7.53
12 Month T-Bill	11.17	11.50	7.81
3 Year Government Bond	11.60	11.91	8.99
5 Year Government Bond	11.63	11.90	9.49
10 Year Government Bond	11.83	11.98	9.94
3 Month KIBOR	10.74	10.87	7.45
6 Month KIBOR	11.26	11.54	7.69

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