Morning News 17-Dec-2021

MCB-ARIF HABIB
Savings and Investments Limited

- **Jul-Oct LSMI output up 3.56% YoY | BR:** The growth in Large Scale Manufacturing Industries moderated to 3.56% in the first four months of current fiscal year, as the industries were poised to face the impact of high input prices and shortage of gas in the winter. The overall output of the LSMI increased by 3.56% for July-October 2021-22 compared to July-October 2020-21, says the Pakistan Bureau of Statistics (PBS) data released on Thursday. In the first two months of the current fiscal year, the LSM sector had registered a growth of 7.3% that slowed down in September and October.
- **Forex reserves decline by USD12.3mn in a week | Mettis Global:** The foreign exchange reserves held by the country dipped by USD12.3mn to stand at USD25.02bn during the week ended on December 10, 2021, weekly data released by the State Bank of Pakistan (SBP) showed on Thursday. The State Bank of Pakistan (SBP) also witnessed a meager drop of USD1.2mn in its reserves to USD18.56bn during the week under review. Furthermore, the reserves held by the commercial banks saw a decline of USD3.3mn to stand at USD6.45bn.
- **UAE firm to invest USD15mn | The News:** Adviser to PM on Commerce and Investment, Abdul Razak Dawood on Thursday informed that Brothers Gas, a United Arab Emirates (UAE) energy group, has announced investment worth USD15mn in Faisalabad special economic zones (SEZ). "I am pleased to share that Brothers Gas UAE has announced investment worth USD15M in Faisalabad SEZ," Abdul Razak Dawood shared via his official Twitter handle.
- **Tax Laws (Fourth) Amendment Bill, 2021: Nearly PKR350bn sales tax to be imposed, FBR tells Tarin | BR:** The Federal Board of Revenue (FBR), Thursday, informed Finance Adviser Shaukat Tarin that the Tax Laws (Fourth) Amendment Bill, 2021 will impose sales tax of nearly PKR350bn and remove distortions in the sales tax regime such as special tax treatments, lower rates, and zero-ratings. However, on Thursday, the draft of the Tax Laws (Fourth) Amendment Bill, 2021 was not presented before the meeting of the Economic Coordination Committee of the Cabinet.
- **Textile, auto policies approved by ECC | BR:** A meeting of the Economic Coordination Committee (ECC) of the Cabinet has approved Textile and Apparel Policy, 2020-25 as well as Auto Industry Development and Export Policy (AIDEP), 2021-26. The meeting, presided over by Minister for Economic Affairs Division, Omar Ayub Khan Thursday, on a summary moved by the Ministry of Commerce approved the Textile and Apparel Policy 2020-25 with directions to incorporate inputs of the FBR and the Finance Division and meet the observations of the Power Division.
- **Govt all set to increase power base tariff | BR: T**he Federal Government is all set to increase electricity base tariff by up to Paisa 95 per unit under the garb of second phase of subsidy reforms agreed with International Monetary Fund (IMF) and World Bank (WB), which according to Chairman Nepra will further erode the quality of life of the public. Sharing the details, sources said, ECC considered the principles and three phases of subsidy reforms on a summary submitted by the Ministry of Energy (Power Division) on April 30, 2021 and cleared mechanism for the first phase of the subsidy reform.
- **CNG sector to remain shut till Feb 15: Gas load-shedding management plan approved | BR:** The Cabinet Committee on Energy (CCoE) has approved gas load management plan (2021-22), under which the CNG sector will remain closed with effect from December 1, 2021 to February 15, 2022. According to a recent letter of the Petroleum Division to the managing director, Sui Northern Gas Pipelines Limited, Lahore and Sui Southern Gas Company Limited, the gas/RLNG shall be supplied uninterrupted to export-oriented industries including top 50 exporters, in addition to zero-rated industry, unless there are technical constraints in the system.
- **OGDCL injects additional 69,770 bbl oil | Mettis Global:** The Oil and Gas Development Company Limited (OGDCL) has injected four operated wells, producing 69,770 barrels (BBL) crude oil and 184mn cubic feet (MMCF) gas, in its production gathering system during the first quarter of the current fiscal year, as reported by APP. In line with its production strategy to boost oil and gas production, the company injected wells including Tando Alam-21, Sial-1, Pasakhi12 and Mangrio-2 which cumulatively yielded gross crude oil and gas production of 69,770 barrels and 184 MMcf respectively.
- **New single GST portal: Telecom and courier companies to be main beneficiaries | BR:** The telecommunication companies, courier companies and other service providers would be the major beneficiary of the new single sales tax portal for filing of single sales tax returns by all federal and provincial sales taxpayers. Prime Minister Imran Khan is expected to launch the Federal Board of Revenue's new single sales tax portal for filing of single sales tax returns by all federal and provincial sales taxpayers from January 2022.
- **Oil prices likely to hit USD150/barrel in 2022 | DAWN:** Oil price in 2022 is expected to more than double to USD150 per barrel, said Dr Salman Ahmed, head of macro and strategic asset allocation at Fidelity International, a global investment management firm. Speaking at the KTrade Annual Investor Summit on Thursday, Dr Ahmed said there has been no investment on the supply side in the last seven years while demand for oil is coming down "very gradually".

Market Indices			
	16-Dec-21	15-Dec-21	30-Jun-21
KSE 100	43,731	44,367	47,356
KSE 30	17,214	17,473	18,962
KMI 30	70,772	71,901	76,622
KSE All Shares	29,949	30,390	32,480
Volume (mn Shares)			
	16-Dec-21	FYTD (Average)	
KSE 100	124.2	129.9	
KSE 30	69.3	52.0	
KMI 30	52.4	49.3	
KSE All Shares	312.0	357.5	
Commodity Rates			
	16-Dec-21	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	75.0	1.5%	-0.1%
Crude Oil-Arab Light (USD/BBL)	73.6	-1.7%	2.5%
Coal (USD/Tonne)	143.8	2.5%	39.2%
Copper(USD/Lbs)	4.3	2.8%	0.3%
Cotton (USD/Lbs)	107.1	3.7%	31.5%
CRC Steel (USD/Tonne)	912.5	0.0%	-23.0%
Currency (Interbank)			
	16-Dec-21	Daily Change	FYTD Change
US Dollar	177.9	0.0%	12.9%
UK Pound	236.9	0.5%	8.8%
Euro	201.5	0.4%	7.9%
UAE Dirham	48.5	0.0%	12.6%
Chinese Yuan	27.9	0.0%	14.5%
Fund Flows (USD mn)			
	16-Dec-21	FYTD	
FOREIGN INDIVIDUAL	0.00	4.21	
FOREIGN CORPORATES	-2.31	-313.16	
OVERSEAS PAKISTANI	0.34	49.16	
FIPI NET	**-1.97**	**-259.79**	
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			
	16-Dec-21	15-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	10.68	10.49	7.28
6 Month T-Bill	11.41	11.00	7.53
12 Month T-Bill	11.50	11.17	7.81
3 Year Government Bond	11.66	11.60	8.99
5 Year Government Bond	11.66	11.63	9.49
10 Year Government Bond	11.86	11.83	9.94
3 Month KIBOR	10.81	10.74	7.45
6 Month KIBOR	11.53	11.26	7.69

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