Morning News 31-Dec-2021

MCB-ARIF HABIB
Savings and Investments Limited

- **PSX proposes amendments to GEM regulations:** Responding to the concerns raised by stockbrokers, the Pakistan Stock Exchange (PSX) has proposed amendments to the regulations with respect to the definition of accredited individual investors and their eligibility to trade on the recently launched Growth Enterprise Market (GEM) board. (Dawn)
- **'Mini-budget' approved by Cabinet:** Federal cabinet on Thursday approved a supplementary budget that plans to end exemptions on sales tax and levy new duties as part of fiscal tightening measures aimed at winning funding from the International Monetary Fund (IMF). (Business Recorder)
- **Finance (Suppl) Bill: 17% GST proposed to be levied on over 150 items:** The government has proposed to impose 17% sales tax worth PKR343bn on over 150 items including imported plant and machinery, luxury items, dairy products, meat/poultry, pharmaceutical raw materials, beauty products/food supplements, computers, baggage of overseas Pakistanis, cotton/sunflower/canola seeds, mobile phones (exceeding USUSD200), branded iodized salt, energy saver lamps/tube lights, and imported re-meltable scrap. (Business Recorder)
- **Only PKR2bn impact on the common man: Tarin says IMF programme 'vital for economy':** Finance Minister Shaukat Tarin on Thursday said that the International Monetary Fund (IMF) programme is very important for the economy of the country and it is not about USD1bn tranche but it brings in other bilateral and multilaterals, as well. (Business Recorder)
- **Liquidity for interbank market: ECs may be offered Re1 incentive against each USD:** The government is likely to offer fiscal incentive of Re1 against each US dollar to forex companies to be surrendered to interbank being mobilized from inward remittances. (Business Recorder)
- **Foreign exchange: SBP reserves fall USD298mn to USD17.86bn:** The foreign exchange reserves held by the central bank fell 1.64% on a weekly basis, according to data released by the State Bank of Pakistan (SBP) on Thursday. (Tribune)
- **Petrol demand hits record 8.35mn tonnes in FY21:** Despite massive price hikes, petrol has emerged as one of the most consumed fuel in Pakistan as its demand hit an all-time high of 8.35mn tonnes in FY21 as compared to an unstable pattern of usage witnessed in other fuels in the last five years. (Dawn)
- **Auto sector stakeholders fear slump in sales:** With no clarity whether decisions taken while making the mini-budget would end after the announcement of Federal Budget 2022-23 or stay in place till December 2022, auto sector stakeholders said an increase in taxes and duties on locally-assembled and imported vehicles will definitely bring booming auto sales under pressure. (Dawn)
- **Mobile phone calls: 10% to 15% WHT hike proposed:** The government has proposed to increase withholding tax on mobile telephone calls from 10 to 15%. (Business Recorder)
- **Winter 2021: 500mmcfd of gas shortfall estimated:** Gas shortfall in winter 2021 has been estimated at 500 mmcfd (with 9% depletion of natural gas reserves each year) against 300 mmcfd in winter 2020. The RLNG price for consumers of both gas companies - SNGPL and SSGCL was raised by USD38 per mmbtu in December 2021 as compared with January 2021. (Business Recorder)
- **Loan for Sui gas companies: MoF urged to extend PKR24.19bn sovereign guarantee:** Petroleum Division has requested Ministry of Finance (MoF) to extend sovereign guarantee amounting to PKR24.19bn in favour M/s Habib Metropolitan Bank Ltd (HMPB) and a syndicate of two banks led by United Bank Ltd (UBL) along with Faysal Bank in favour of Sui gas companies. (Business Recorder)
- **Burden of PKR650bn shifted to consumers: Govt fails to improve power sector's performance:** The Federal Government failed to bring any significant improvement in performance of power sector during 2021 and retained its focus on increase in tariff to enhance recoveries of Discos. (Business Recorder)
- **Pharma sector hints at raising medicine prices:** The pharmaceutical sector has hinted at the rise in prices of medicines following the imposition of General Sales Tax (GST) on raw materials for medicines in the mini-budget. (Profit Pakistan)
- **SNGPL-based plants: Ministry suggests PKR839/MMBtu rate for operation:** The Ministry of Industries and Production (MoI&P) has proposed a rate of PKR839/MMBTU for operations of SNGPL-based plants, ie, Fatima Fertilizer (Sheikhupura plant) and Agritech for the period October 2021 to January 2022, official sources told. (Business Recorder)
- **Dec 31, 2021: PTI government procures USD42.748bn foreign loans; USD32.7bn repaid:** The PTI government procured USD42.75bn foreign loans during its tenure (August 2018 to December 2021) and repaid USD32.7bn (including repayment of short term debt borrowed by the Khan Administration) with the government net borrowing of over USD10bn. (Business Recorder)

Market Indices

	30-Dec-21	29-Dec-21	30-Jun-21
KSE 100	44,416	44,260	47,356
KSE 30	17,432	17,369	18,962
KMI 30	71,332	71,182	76,622
KSE All Shares	30,475	30,358	32,480

Volume (mn Shares)

	30-Dec-21	FYTD (Average)
KSE 100	121.3	127.2
KSE 30	58.2	51.6
KMI 30	50.4	48.9
KSE All Shares	243.0	347.1

Commodity Rates

	30-Dec-21	Daily Change	FYTD Change
Crude Oil-Brent (USD/BBL)	79.3	0.1%	5.6%
Crude Oil-Arab Light (USD/BBL)	77.2	1.4%	6.8%
Coal (USD/Tonne)	115.4	-7.8%	11.7%
Copper(USD/Lbs)	4.4	-0.2%	2.3%
Cotton (USD/Lbs)	111.2	3.8%	36.6%
CRC Steel (USD/Tonne)	900.0	0.0%	-24.1%

Currency (Interbank)

	30-Dec-21	Daily Change	FYTD Change
US Dollar	177.9	-0.1%	12.9%
UK Pound	240.1	-0.1%	10.2%
Euro	201.4	-0.4%	7.9%
UAE Dirham	48.5	-0.5%	12.6%
Chinese Yuan	27.9	-0.3%	14.4%

Fund Flows (USD mn)

	30-Dec-21	FYTD
FOREIGN INDIVIDUAL	0.00	4.23
FOREIGN CORPORATES	3.60	-306.65
OVERSEAS PAKISTANI	0.53	52.37
FIPI NET	**4.13**	**-250.05**

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

	30-Dec-21	29-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	10.45	10.25	7.28
6 Month T-Bill	11.35	11.05	7.53
12 Month T-Bill	11.40	11.34	7.81
3 Year Government Bond	11.44	11.40	8.99
5 Year Government Bond	11.46	11.44	9.49
10 Year Government Bond	11.61	11.60	9.94
3 Month KIBOR	10.54	10.42	7.45
6 Month KIBOR	11.47	11.14	7.69

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