

## **News Pulse (January 20, 2012)**



### ***World Bank loan for SSGCL, SNGPL: ECC to decide re-lending rates in today's meeting (BR)***

The Economic Co-ordination Committee (ECC) of the Cabinet will decide on Friday (today) about the re-lending rates of World Bank loan for SSGCL and SNGPL. Both the companies have already expressed reservations at the fixed effective re-lending rate, of 11.8 percent, of a \$200 million, as it might exceed the market rate. According to a official summary to be presented before the ECC, the two public sector gas utility companies are engaged in transmission, distribution and sale of natural gas in the country. They have transmission and distribution pipelines network of about 129,044 kms, serving almost 6.2 million customers. Their networks have become aged, and overloaded, with the passage of time, resulting in increased number of leaks, which is increasing gas losses. The companies are operating in a regulated environment with unaccounted for gas (UFG) benchmarks prescribed by the Oil & Gas Regulatory Authority (Ogra). The companies had to pay UFG related penalties, amounting to Rs 31 billion, during last eight years.

### ***Monetary policy announcement: SBP board meetings rescheduled (BR)***

The Central Board of Directors of the State Bank of Pakistan has decided to reschedule its meetings on monetary policy from the last week of the alternate month to the first half of the following month during a calendar year. This change in the schedule of board meetings has been made in order to take into consideration the latest data on inflation released by the Federal Bureau of Statistics (FBS). The data now becomes available at the beginning of a month instead of the second week. The board meetings on monetary policy, which were earlier scheduled to be held in the last week of January, March, May, July, September & November, have now been shifted to the first half of February, April, June, August, October & December. The announcement of Monetary Policy Statement in February & August will be made through a press conference by the Governor, State Bank of Pakistan while the other four monetary policy decisions in April, June, October & December will be announced through press releases.

### ***Better crop, growth in LSM sector: Economic growth can hit 4pc (Nation)***

Showing satisfaction on the economic outlook of the country, Monetary and Fiscal Coordination Board Thursday observed that country's growth target could go to four per cent at the end of June due to better crop position and positive growth in Large Scale Manufacturing sector. Federal Minister for Finance, Economic Affairs, Statistics and Planning & Development Dr Abdul Hafeez Shaikh has chaired the meeting of Monetary and Fiscal Coordination Board. Other members of the Board present in the meeting were Minister for Commerce Deputy Chairman Planning Commission, Governor SBP and Secretary Finance.

### ***Circular debt to be converted into TFCs (TN)***

The government has decided to provide relief to the energy sector by converting loans of the energy companies into term finance certificates (TFCs) by the end of January, analysts said on Thursday. However, this step would be a timely shot in the arm of the energy companies as the circular debt has substantially restricted their liquidity position, they said. "Pakistan State Oil (PSO) is likely to benefit by Rs27 billion, Kot Addu Power Company (KAPCO) by Rs17 billion and Hub Power Company (HUBCO) by Rs15.5 billion directly from this transaction," said Atif Zafar, an analyst at JS Global. "The full impact on PSO is anticipated to be much larger, owing to pass through from the power companies," said Bilal Qamar, another analyst at JS Global. However, the analysts remain wary of accumulation of the circular debt going forward as it accumulates at a rate of an estimated Rs15-20 billion per month, he said.

### ***Private LPG sellers accuse govt of cartelization (TN)***

Public sector LPG producers have formed a cartel for fixing price in an apparent bid to oust private sector competitors from the business under the alleged supervision of federal Ministry of Petroleum and Natural Resources, sources in the business claimed here on Thursday. Under pressure from the ministry, public sector producers of Liquefied Petroleum Gas (LPG) have cut their prices by Rs10,000 per ton while imposing recently notified Petroleum Development Levy of Rs11,486 per ton, said sources. The net impact will be increase in price by about Rs1,486 per ton. Public sector companies did not pass on financial impact of levy to consumers, which could result in distortion in the market, said officials of private LPG sellers.

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