

May 26,  
2022

## Economy

**No package until fuel, power subsidies revoked: IMF**

**Economy | Negative**

Pakistan and IMF talks have failed to strike a staff-level agreement mainly because of the government's inability to withdraw fuel and electricity subsidies. Now a deadlock persists between the two sides whereby the IMF has linked the revival of stalled \$6 billion Extended Fund Facility (EFF) programme to the removal of unfunded fuel and power subsidies as well as presenting the next budget for 2022-23 in line with the fund programme objectives. (The News) | [Click for more info.](#)

**Chinese company to invest \$ 50 million in Gwadar, Karachi**

**Economy | Positive**

Optima Integration Group of China on Monday joined hands with Asia Pak Investments of Pakistan to invest \$50 million in the first phase to develop agriculture power and logistics sectors in Gwadar and Karachi. (Augaf) | [Click for more info.](#)

**PKR slide continues, hits fresh low**

**Economy | Negative**

The rupee extended its fall for the 15th consecutive session against the US dollar on Wednesday, as escalating political tension and delay in resumption of the International Monetary Fund (IMF) programme took a toll on market sentiment. As per the State Bank of Pakistan (SBP), the currency closed at 201.92, the lowest in history, after a day-on-day depreciation of 51 paisas or 0.25%. (BR) | [Click for more info.](#)

**PIBs yields rise on policy rate hike**

**Economy | Negative**

Pakistan Investment Bonds (PIBs) yields rose on Wednesday, in line with market expectations, in the first auction since the central bank increased its key discount rate to 13.75 percent, dealers said. (The News) | [Click for more info.](#)

## Oil & Gas

**PSO circular debt closes up to Rs1 trillion mark**

**PSO | Negative**

In the midst of rapidly bleeding economy and rising uncertainty on account of PTI Long March, the state owned Pakistan State Oil (PSO) has virtually landed in hot water with its circular debt skyrocketing to a whopping Rs939.838 billion, just over Rs60 billion short of Rs1 trillion mark. (The News) | [Click for more info.](#)

**Global banks stop trade credit for oil imports by Pakistani firms**

**Oil | Negative**

Foreign banks have stopped offering trade credit for oil imports to Pakistani refineries, and some suppliers are seeking payment upfront to avoid potential problems resulting from political standoff in the country, industry sources said on Wednesday. (The News) | [Click for more info.](#)

## Autos

**Pak Suzuki Foresees a Big Decline in Sales**

**PSMC | Negative**

Pak Suzuki Motor Company (PSMC) held an analyst briefing earlier today that highlighted the company's financial results for the 1st quarter of 2022 (1Q 2022), and its future prospects. It expects a 5-10 percent drop in sales in the 2023 fiscal year (FY 2023) due to price hikes, interest rate hikes, and consumer finance tenure restrictions by the State Bank of Pakistan (SBP). (Propakistani) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	28,715.9	28,756.7	40.8	0.1%
KSE100	41,950.3	42,012.7	62.3	0.1%
KSE30	15,902.6	15,913.0	10.4	0.1%
KMI30	67,085.5	67,261.4	175.9	0.3%

### Top Five Gainers

	Open	Close	Chg.	%
COLG	2,152.0	2,200.0	48.0	2.2%
MARI	1,586.6	1,613.0	26.4	1.7%
SRVI	370.7	381.9	11.2	3.0%
THALL	318.4	327.2	8.8	2.8%
NRL	225.1	233.7	8.6	3.8%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
PRL	15.7	16.6	0.9	21.24
KEL	2.5	2.5	0.0	15.14
WTL	1.5	1.5	0.1	13.44
CNERGY	5.2	5.3	0.1	12.76
GGL	15.0	16.0	1.0	11.00

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	5.99	-9.94	-3.95
F-Corporates	101.04	-97.09	3.95
O/S Pakistanies	1.77	-1.60	0.17
<b>Net</b>	<b>2.45</b>	<b>-3.68</b>	<b>-1.23</b>
<b>LIPI</b>			
Individuals	27.96	-26.94	1.01
Companies	1.66	-1.66	0.01
Comm. Banks	3.81	-1.09	2.72
NBFC	0.01	-0.01	0.00
Mutual Funds	0.95	-3.13	-2.17
Other	0.33	-0.42	-0.09
Brokers Proprietary	8.15	-8.16	-0.01
Insurance	0.06	-0.29	-0.23
<b>Net</b>	<b>42.93</b>	<b>-41.70</b>	<b>1.23</b>

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	110.74	0.9%
Brent oil	USD/bbl.	111.48	0.5%
Gold	USD/t oz.	1853.21	-0.7%
Silver	USD/t oz.	21.99	-0.5%
Coal	USD/ton	329.15	-0.1%
Steel Scrap (LME)	USD/ton	486.00	0.0%
Steel Rebar (LME)	USD/ton	806.00	0.8%
USD/PKR	Interbank	201.92	0.3%

**News Source:** Local / Int'l Newspapers and websites

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## Toyota IMC Also Predicts a Massive Drop in Sales and More Price Hikes

**INDU | Negative**

Indus Motors held a corporate briefing session today to discuss its financial results for the 3rd quarter of the 2022 fiscal year (3QFY2022). The automaker expects a 25 to 30 percent drop in sales in FY2023 due to rising car prices, interest rate hikes, and consumer finance tenure restrictions. (Propakistani) | [Click for more info.](#)

## Fertilizer

**Govt reduces urea price to Rs1,769 per bag**

**Fertilizer | Negative**

The government has reduced the urea prices to Rs1,769 per 50 kg bag from the existing Rs1,900-2,000 till July 7. Provinces and federal agencies are allowed to add an allowance to the notified prices for extra transportation costs in remote or distant areas as per the notification. (Dawn) | [Click for more info.](#)

## Banks

**HBL gets approval for equity injection of Rs1.4bn in HBL Asset Management HBL | Neutral**

State Bank of Pakistan (SBP) has allowed Habib Bank Limited (HBL) to inject Rs1.4 billion into HBL Asset Management Limited. In a notice to Exchange, Bank said that it has received approval from SBP on its proposal for undertaking an equity injection of Rs1.4 billion. (Mettis) | [Click for more info.](#)

## Miscellaneous

**Govt takes step to avert wheat shortage**

**Food | Neutral**

In order to avoid wheat shortage in domestic market, the federal government has initiated the import of commodity and Trading Corporation of Pakistan (TCP) opened the first wheat import tender on Wednesday. In response to the TCP wheat import tender, some 7 (seven) bidders submitted tenders ranging from \$515.49 per metric ton to \$537 per metric ton. (BR) | [Click for more info.](#)

**Pakistan, France agree to strengthen trade ties**

**Economy | Neutral**

Pakistan and France agreed on Wednesday to strengthen and diversify bilateral trade and economic ties in the coming years. (Dawn) | [Click for more info.](#)

## Political News

**Army called in**

The federal government on Thursday called in the military for the protection of Islamabad's 'Red-Zone' after Pakistan Tehreek-e-Insaf (PTI) protesters started removing the shipping containers placed at D-Chowk in the wee hours of Thursday morning. (BR) | [Click for more info.](#)

## International News

**Asia Stocks to Rise as Fed Open to Being Nimble: Markets Wrap**

Stocks in Asia look set for a positive open after US equities advanced as Federal Reserve minutes struck a less hawkish note than markets had expected. (Bloomberg) | [Click for more info.](#)

**Oil edges higher on tight supply, rising U.S. refining activity**

Oil prices rose on Wednesday, buoyed by tight supplies and as U.S. refiners drove processing activity to their highest level since before the coronavirus pandemic started. (Reuters) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
KSA - Tadawul	12,588.9	288.03	2.34%
US - Dow 30	32,120.3	191.66	0.60%
Taiwan - TWII	16,104.0	140.40	0.88%
PAK (KSE-100)	42,012.7	62.34	0.15%
HK - Hang Seng	20,171.3	59.17	0.29%
US - S&P 500	3,978.7	37.25	0.95%
CHINA - Shanghai	3,107.5	36.53	1.19%
PHILP - PSEi	6,597.8	20.31	0.31%
INDONESIA - IDX	6,883.5	-30.64	-0.44%
INDIA - SENSEX	53,749.3	-303.35	-0.56%

### Board Meetings

Scrip	Day	Agenda	Time
HCAR	Thursday	ANN A/C - 31-Mar-22	9:00 AM
CWSM	Thursday	Multiple Period	10:00 AM
SIEM	Thursday	HYA/C - 31-Mar-22	10:00 AM
CHAS	Thursday	HYA/C - 31-Mar-22	11:00 AM
IML	Thursday	3QA/C - 31-Mar-22	11:00 AM
ALNRS	Thursday	HYA/C - 31-Mar-22	11:30 AM
MRNS	Thursday	HYA/C - 31-Mar-22	11:30 AM
PMRS	Thursday	HYA/C - 31-Mar-22	11:30 AM
KPUS	Thursday	HYA/C - 31-Mar-22	2:30 PM
HSM	Friday	HYA/C - 31-Mar-22	10:00 AM
JSML	Friday	HYA/C - 31-Mar-22	11:30 AM
SHJS	Friday	HYA/C - 31-Mar-22	11:30 AM
SANSM	Friday	HYA/C - 31-Mar-22	4:30 PM
SASML	Saturday	HYA/C - 31-Mar-22	12:30 PM
AGSML	Monday	HYA/C - 31-Mar-22	11:00 AM
JDWS	Monday	HYA/C - 31-Mar-22	11:00 AM

Source: PSX

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## Rating Criteria

**Rating** - Expected Total Return

**Buy** - Greater than 10%

**Hold** - Neither Buy nor Sell

**Sell** - Less than and equal to -10%

## Valuation Methodology

To arrive at our 12-months Price Target, ABA Ali Habib Research uses different valuation methods which include: 1). DCF methodology, 2). Relative valuation methodology, and 3). Asset-based valuation methodology. In this report, our PT is founded on FCF based DCF methodology.

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