



May 30,
2022

Economy

Miftah pins hopes on sealing IMF deal by June

Economy | Neutral

The government expects to reach a staff-level agreement with the International Monetary Fund (IMF) next month, Finance Minister Miftah Ismail said on Saturday, a day after the government ended a months-old freeze on fuel prices, reviving hopes that the country can unlock funding. "We are expecting a staff-level agreement with the IMF in June. What matters is the agreement, after which money can be deposited any time," he told. (Dawn) | [Click for more info.](#)

IMF programme: Raise in base power tariff by Rs7-7.5/unit on the cards

Economy | Neutral

To ensure restoration of the IMF program, a massive increase in electricity base tariff by up to Rs7-7.50 per unit is on the cards within the next 2-3 weeks, which is to be enforced from July 1, 2022, top official sources told The News. "The current average base tariff stands at Rs16.64 per unit, which will go up to Rs24.14 per unit with the expected raise of Rs7-7.50 per unit." (The News) | [Click for more info.](#)

Pakistan says it's shut out of Bond Markets with IMF only resort

Economy | Negative

Pakistan's government is unable to secure funding from the global bond market and commercial banks, making it even more important to secure an agreement with the International Monetary Fund, Finance Minister Miftah Ismail said. (Bloomberg) | [Click for more info.](#)

Pakistan's external financing gap could rise to \$8bn: Morgan Stanley

Economy | Negative

The real problem begins in the absence of an IMF program. "If Pakistan does not get the rest of the EFF loans from the IMF, it would add \$2.8bn of funding pressure. And if Pakistan is not able to roll over the global sukuk bond due in December 2022 it adds another \$1bn of funding pressure. In this case we estimate the funding gap to be \$8bn". (PT) | [Click for more info.](#)

Country needs \$36b in foreign loans

Economy | Neutral

Finance Minister Miftah Ismail has announced that Pakistan is expected to reach an agreement with the International Monetary Fund (IMF) in June, as the country is projected to need \$36-37 billion in foreign financing in the next fiscal year. (ET) | [Click for more info.](#)

Outflows from bonds hit \$99m in May

Economy | Negative

Uncertainty for foreign investors remained high in May as the outflows from domestic bonds reached over \$99 million against an inflow of just \$15m in the treasury bills (T-bills). (Dawn) | [Click for more info.](#)

Economy may not sustain 6% growth in FY23

Economy | Negative

Pakistan's economy faces strong headwinds and may not sustain 6% economic growth in the next fiscal year, as it is caught in a vicious cycle of inflation and currency depreciation, said the Ministry of Finance on Saturday. (ET) | [Click for more info.](#)

Rs13tr budget for next FY set to be proposed

Economy | Neutral

The federal government is expected to present a budget of Rs12.994 trillion for the next fiscal year 2022-23 on June 10 in the National Assembly. (ET) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	29,026.9	29,257.5	230.7	0.8%
KSE100	42,541.7	42,861.5	319.7	0.8%
KSE30	16,143.0	16,276.1	133.1	0.8%
KMI30	68,457.8	69,055.4	597.6	0.9%

Top Five Gainers

	Open	Close	Chg.	%
RMPL	9,600.0	9,990.0	390.0	4.1%
SAPT	1,000.0	1,074.3	74.2	7.4%
SFL	1,011.0	1,079.9	68.8	6.8%
MEHT	880.0	945.0	65.0	7.4%
PMRS	510.0	548.3	38.3	7.5%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
CENERGY	5.6	5.7	0.1	64.00
PRL	17.9	17.8	-0.1	55.64
WTL	1.6	1.6	0.0	21.51
HUMNL	6.7	7.0	0.4	21.35
GGL	17.0	17.0	0.1	19.59

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
Net	2.45	-3.68	-1.23
LIPI			
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
Net	42.93	-41.70	1.23

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	115.07	0.9%
Brent oil	USD/bbl.	119.43	4.6%
Gold	USD/t oz.	1853.72	0.2%
Silver	USD/t oz.	22.11	0.4%
Coal	USD/ton	301.00	-8.8%
Steel Scrap (LME)	USD/ton	484.50	-0.3%
Steel Rebar (LME)	USD/ton	804.50	-0.1%
USD/PKR	Interbank	199.76	-1.1%

News Source: Local / Int'l Newspapers and websites

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Ministries face steep budget cut

Economy | Neutral

The cash-starved government has proposed a steep reduction in the development budget allocation for the ministries in the next fiscal year against the original spending plans for the outgoing year but has kept Rs40 billion for the parliamentarians' schemes despite fiscal constraints. (ET) | [Click for more info.](#)

Rupee gains as hopes rise for IMF tranche

Economy | Neutral

The greenback on Friday traded against the previous trend and lost Rs2.25 in a single session to Rs199.76 from Rs202.01 on Thursday. In the open market, the dollar was traded at Rs201 against Rs203 a day earlier. (Dawn) | [Click for more info.](#)

Oil & Gas

PDCs: ECC approves Rs62.27bn for energy ministry

OMC's, Refineries | Positive

The Economic Coordination Committee (ECC) of the Cabinet has approved Rs62.27 billion for the Ministry of Energy (Petroleum Division) for making payment of price differential claims (PDCs) to the OMCs and refineries for the second fortnight of May 2022. (BR) | [Click for more info.](#)

Oil price hike: experts say OMCs' cash flows will improve

OMCs | Neutral

The government's decision to increase petroleum products' prices is likely to improve cash flows of Oil Marketing Companies (OMCs), experts said. (BR) | [Click for more info.](#)

Pakistan is open to buy cheap oil from Russia: Miftah Ismail

Oil | Neutral

There was no response from Moscow to Hamad Azhar's letter but the new government will try to get wheat from Russia. And if Russia finds a way, cheap oil will also be bought. Regarding petroleum prices he said subsidy on petroleum products will be further abolished. (Augaf) | [Click for more info.](#)

Hike in gas tariff by 40-50pc likely soon

SNGP, SSGC | Positive

In a bid to restore the \$6 billion IMF programme, this time the government is left with no option but to increase the system gas tariff by around 40-50 percent as it is expecting the revenue requirement determination for financial year 2022-23 by OGRA in mid-June, a senior official at the Energy Ministry told. (The News) | [Click for more info.](#)

ECC's nod needed to convert Rs202.8bn OGDCL TFCs into PIBs

OGDC | Neutral

Petroleum Division has sought ECC nod to convert Term Finance Certificates (TFCs) of Rs 202.8 billion of Oil and Gas Development Company Limited (OGDCL) owed by Power Holding Private Limited (PHPL) into Pakistan Investment Bonds (PIBs), sources close to Secretary Petroleum told. (BR) | [Click for more info.](#)

Targeted fuel subsidies; Govt may make allocations in FY23 budget

Oil | Neutral

The government may make a budgetary allocation in the federal budget for the financial year 2022-23 for targeted fuel subsidies as Rs56.71 subsidy per litre on High-Speed Diesel (HSD) and Rs17.02 per litre on petrol are yet to pass on to consumers. (BR) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	54,884.7	632.13	1.17%
HK - Hang Seng	20,697.4	581.16	2.89%
US - Dow 30	33,213.0	575.77	1.76%
PAK (KSE-100)	42,861.5	319.74	0.75%
Taiwan - TWII	16,266.2	297.39	1.86%
KSA - Tadawul	12,689.0	158.67	1.27%
INDONESIA - IDX	7,026.3	142.76	2.07%
US - S&P 500	4,158.2	100.40	2.47%
PHILIP - PSEi	6,726.1	80.62	1.21%
CHINA - Shanghai	3,130.2	7.13	0.23%

Board Meetings

Scrip	Day	Agenda	Time
AGSML	Monday	HYA/C - 31-Mar-22	11:00 AM
JDWS	Monday	HYA/C - 31-Mar-22	11:00 AM
SML	Monday	HYA/C - 31-Mar-22	11:00 AM
FRSM	Monday	HYA/C - 31-Mar-22	11:45 AM
NONS	Monday	HYA/C - 31-Mar-22	12:30 PM
ADAMS	Monday	HYA/C - 31-Mar-22	3:00 PM
HWQS	Monday	HYA/C - 31-Mar-22	4:00 PM
DWSM	Monday	HYA/C - 31-Mar-22	4:30 PM

Source: PSX



Oil importers press govt to fix trade credit issues

Oil | **Neutral**

Cash-strapped oil sector has moved the government to help resolve the issue of foreign banks' reluctance to offer trade credit, which is slowing down the petroleum imports at a time when the country needs them the most. (The News) | [Click for more info.](#)

Power

Power tariff for Karachities raised by Rs4.83 for March

KEL | **Neutral**

The National Electric Power Regulatory Authority (Nepra) on Friday notified Rs4.83 per unit additional fuel cost adjustment (FCA) to K-Electric to be charged to consumers for electricity they consumed in March. This will help the Karachi-based private utility to mop up an additional amount of Rs7.86 billion from consumers in upcoming billing month of June. (Dawn) | [Click for more info.](#)

Liquidity crunch; KE seeks urgent payment of Rs25bn from TDS receivables

KEL | **Negative**

The cash strapped K-Electric (KE) has sought payment of Rs 25 billion urgently out of its Tariff Differential Subsidy (TDS) receivables, directly, to enable it to keep its operations afloat and timely payment to SSGC, PPL and PSO for fuel supply. (BR) | [Click for more info.](#)

Loadshedding to continue for next 2-3 months: minister

Power | **Neutral**

The ongoing loadshedding will continue to haunt the masses for the next 2-3 months till the fiscal constraints of the government are done away with, Federal Minister for Power Division. (The News) | [Click for more info.](#)

Relief package on electricity likely to stay

Power | **Neutral**

The government has reportedly decided to continue PM's relief package of Rs 5 per unit for electricity consumers till June 30, 2022, well informed sources told. According to sources, Power Division has also apprised both the IMF and World Bank that since the approval has been granted by the Federal Cabinet and National Electric Power Regulator Authority (NEPRA), it cannot undo the package itself. (BR) | [Click for more info.](#)

Sugar

Plan to export 500,000 tonnes of sugar

Sugar | **Neutral**

The government on Friday decided to export 500,000 tonnes of sugar. The federal government decided to export 250,000 tonnes of sugar in the first phase, while 250,000 tonnes in the second phase. Currently, the price of sugar per tonnes in the international market is USD560, hence the export of 500,000 tonnes of sugar will fetch Pakistan USD280 million. (The News) | [Click for more info.](#)

Fertilizer

Fertilizer offtake jumps by 34.5% YoY in April

Fertilizer | **Positive**

The country's overall nutrients offtake surged by 34.5% to 322,000 tonnes during April 2022 from 240,000 tonnes in the same month last year. The report underlined that about 822,000 tonnes of different fertilizer products were produced in Pakistan during the month of April 2022. Out of this, urea has the major share of 70.4% with 579,000 tonnes. (Mettis) | [Click for more info.](#)



Steel

Steel sector: net margins of listed companies shrink in 5 years

Steel | Neutral

The net margins of the listed companies in the steel sector shrunk during the last five years, negating the Federal Board of Revenue (FBR)'s claim of "targeted taxation" of the documented industry in the coming budget (2022-23). (BR) | [Click for more info.](#)

Tech. & Communication

Telecom sector to show 8pc growth in FY2022

Tech. & Communication | Positive

The telecom sector's market size is estimated to go up by Rs51 billion or 8 percent to Rs695 billion by the end of fiscal year 2022 against FY 2021, according to the Pakistan Credit Rating Agency. This rise can be associated with the expansion of 3G, 4G and 5G services in Pakistan. (The News) | [Click for more info.](#)

Miscellaneous

Miftah says import ban does not extend to industrial raw material

Economy | Positive

Finance Minister Miftah Ismail on Sunday stated that the government has not issued a ban on any industrial raw material; the ban only extends to luxury and non-essential goods. (ET) | [Click for more info.](#)

Chinese Firm to Invest Pakistan's Agricultural Sector and EVs

Economy, Autos | Positive

A Chinese conglomerate, Optima Integration Group (OIG), has joined hands with Pakistan's Asiapak Investments Limited to invest in the country's agricultural and electric vehicle (EV) sector. As a part of the agreement, OIG will invest \$50 million in the first phase to develop agriculture power and logistics sectors in Gwadar and Karachi. (Propakistani) | [Click for more info.](#)

No further burden on salaried class, pensioners, says Miftah Ismail

Economy | Neutral

Federal Minister for Finance and Revenues Miftah Ismail has categorically stated that the government would not add to the burden of salaried class and pensioners in the coming budget. (The News) | [Click for more info.](#)

Political News

PTI members' arrest should start with Imran: Rana Sana

Interior Minister Rana Sanaullah has said that more than 2,000 PTI members were wanted in many cases and he thinks the arrests should start with former premier Imran Khan. (The News) | [Click for more info.](#)

International News

Asia Stocks, US Futures Rise as China Curbs Eased: Markets Wrap

Stocks in Asia and US futures advanced Monday after China eased some virus curbs and Wall Street had its best week since November 2020. (Bloomberg) | [Click for more info.](#)

Brent Crude Tops \$120 as Shanghai Eases Curbs, EU Leaders Meet

Oil climbed at the week's open as China eased anti-virus lockdowns and the EU worked on a plan to ban imports of Russian crude. (Bloomberg) | [Click for more info.](#)



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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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