

June 3,  
2022

## Economy

**Refinancing of \$2.3bn deposits; Terms and conditions agreed with Chinese: Miftah**

**Economy | Positive**

Finance Minister Miftah Ismail Thursday stated that terms and conditions of \$ 2.3 billion deposits have been agreed with the Chinese. The finance minister tweeted that "the terms and conditions for refinancing of RMB 15 billion deposit by Chinese banks (about US\$ 2.3 billion) have been agreed. Inflow is expected shortly after some routine approvals from both sides. This will help shore up our foreign exchange reserves." (BR) | [Click for more info.](#)

**Moody's changes outlook to negative**

**Economy | Negative**

Moody's Investors Service (Moody's) has downgraded its outlook for Pakistan from stable to negative. The decision to change the outlook to negative is driven by Pakistan's heightened external vulnerability risk and uncertainty around the sovereign's ability to secure additional external financing to meet its needs, said the rating agency. (BR) | [Click for more info.](#)

**Trade deficit swells to record \$43.3bn**

**Economy | Negative**

Pakistan's merchandise trade deficit widened by an alarming 57.85 per cent year-on-year to an all-time high at \$43.33 billion during the first 11 months of 2021-22 through May on the back of higher-than-expected imports. (Dawn) | [Click for more info.](#)

**Pakistan's Forex Reserves Dip Below \$10 Billion as IMF Loan Uncertain**

**Economy | Negative**

Pakistan's foreign exchange reserves fell below \$10 billion, threatening to spillover into a full-blown economic crisis unless policy makers secure a loan from the International Monetary Fund. The stockpile decreased by \$366 million in the week ended May 27 to stand at \$9.72 billion, the central bank said in a statement on its website Thursday. That's roughly a 50% drop from August and enough to pay for less than two months of imports. (Bloomberg) | [Click for more info.](#)

**Profit rates on savings schemes raised by up to 150bps**

**Economy | Neutral**

The government on Thursday revised upward profit rates on all national savings schemes and certificates of the Central Directorate of National Savings. The new rates will be applicable to deposits and investments with effect from June 3. According to several notifications issued by the finance ministry, the rates were revised in the range of 36 to 150 basis points. (Dawn) | [Click for more info.](#)

**Growth unlikely to exceed 3pc mark in FY23: economist**

**Economy | Neutral**

Pakistan's GDP growth is unlikely to cross 3 percent in the next fiscal year (2022-23) due to contractionary monetary and fiscal policies under the International Monetary Fund (IMF) programme. (BR) | [Click for more info.](#)

**PSDP likely to be Rs700bn in budget: Ahsan**

**Economy | Neutral**

Federal Minister for Planning, Development and Special Initiatives Ahsan Iqbal on Thursday said the volume of the Public Sector Development Programme (PSDP) is likely up to Rs 700 billion in Budget (2022-23), which will increase more development opportunities in the country. (The News) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	29,215.6	28,926.3	-289.3	-1.0%
KSE100	42,756.0	42,237.9	-518.1	-1.2%
KSE30	16,295.6	16,108.4	-187.2	-1.1%
KMI30	69,452.1	68,661.7	-790.5	-1.1%

### Top Five Gainers

	Open	Close	Chg.	%
SAPT	1,050.0	1,120.0	70.0	6.7%
SFL	1,100.0	1,135.0	35.0	3.2%
ISIL	475.1	510.0	34.9	7.3%
SCL	291.0	311.9	20.9	7.2%
MARI	1,650.9	1,671.0	20.1	1.2%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
PRL	17.8	18.0	0.2	14.99
UNITY	22.3	21.9	-0.4	10.97
CNERGY	5.6	5.4	-0.2	9.87
SILK	1.5	1.4	-0.1	9.08
WTL	1.5	1.5	0.0	7.02

### 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.	116.87	1.4%
Brent oil	USD/bbl.	117.61	1.1%
Gold	USD/t oz.	1868.69	1.2%
Silver	USD/t oz.	22.31	2.2%
Coal	USD/ton	324.75	0.2%
Steel Scrap (LME)	USD/ton	440.00	-9.0%
Steel Rebar (LME)	USD/ton	740.00	-7.9%
USD/PKR	Interbank	197.59	-0.1%

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

**Research Team**

[research@abaalihabib.com](mailto:research@abaalihabib.com)

Aba Ali Habib Securities (Pvt) Limited  
(021) 32429665, Ext. 106

**REP-055**

## Oil & Gas

**Govt once again increases prices of petrol, diesel by Rs30 per litre**

**OMCs | Positive, Economy | Negative**

The prices of petrol and diesel have once again been increased by Rs30 per litre each, with the change set to take effect from 12 midnight. The price of petrol, with the increase, is now set at Rs209.86 while that of diesel at Rs204.15. (ET) | [Click for more info.](#)

**OMCs assured of turnover tax cut, trade credit restoration**

**OMCs | Neutral**

The Oil Marketing Companies (OMCs) were assured on Thursday by the government of a downward revision in turnover tax on petroleum products in the FY23 budget, while they were also promised that their trade credit issue would also be resolved. (The News) | [Click for more info.](#)

**Petroleum sales jump 18pc in 11 months**

**OMCs | Positive**

The sales of petroleum products surged 18 percent in the first eleven months of the current financial year, driven by higher consumption of petrol, high-speed diesel (HSD) and furnace oil (FO). (The News) | [Click for more info.](#)

## Power

**NEPRA hikes power tariff by Rs7.91 per unit**

**Discos | Positive, Power | Negative**

The National Electric Power Regulatory Authority (Nepra) has approved a massive increase of Rs7.91 per unit in the electricity tariffs. With the new hike, the one-unit price of electrifying has gone up from Rs16.91 to Rs24.82. Nepra has sent the hike to the federal government for notification. The new tariffs will be applicable after the final notification from the government, according to a statement. (ET) | [Click for more info.](#)

**Gas supply to industrial sector also stopped**

**Power | Negative**

According to an announcement, natural gas supply has been stopped to all captive power plants till further order. Earlier, gas quota of export-oriented industrial sector had been reduced to one-third, which invited severe criticism from textile sector. (The News) | [Click for more info.](#)

## Autos

**Millat Tractors to double its authorized capital**

**MTL | Positive**

The Board of Directors of the Millat Tractors Limited (MTL) in their meeting held today on 02-06-2022 has recommended to the shareholders of the company an increase in authorized capital of the company from Rs. 1,000,000,000/- divided in 100,000,000 shares of Rs.101/- each to Rs.2,000,000,000/- divided in to 200,000,000 shares of Rs.10/- each for their approval in upcoming Extra Ordinary General Meeting to be held on June 27, 2022. (Auga f) | [Click for more info.](#)

**Japanese bike makers raise prices**

**PSMC | Neutral**

Japanese bike assemblers have increased the prices by up to Rs23,500 citing rising cost of raw materials on account of rupee devaluation against the dollar. Pak Suzuki Motor Company Ltd (PSMCL) has made a jump of Rs5,000-9,000 effective from June 1. The new price of GD110S, GS150, GS150SE and GR150 is Rs 212,000, Rs 232,000, Rs249,000 and Rs 339,000. (Dawn) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	55,818.1	436.94	0.79%
US - Dow 30	33,248.3	435.05	1.33%
US - S&P 500	4,176.8	75.59	1.84%
CHINA - Shanghai	3,195.5	13.30	0.42%
INDONESIA - IDX	7,148.7	-0.25	0.00%
PHILP - PSEi	6,686.8	-25.38	-0.38%
Taiwan - TWII	16,552.6	-122.52	-0.73%
KSA - Tadawul	12,605.0	-161.46	-1.26%
HK - Hang Seng	21,082.1	-212.81	-1.00%
PAK (KSE-100)	42,237.9	-518.13	-1.21%

### Board Meetings

Scrip	Day	Agenda	Time
TREET	Friday	Other than fin. results	10:00 AM
MUREB	Friday	Other than fin. results	10:30 AM
CLVL	Monday	Other than fin. results	11:00 AM
HBL	Monday	Other than fin. results	11:00 AM
SILK	Monday	ANN A/C 31Dec20	12:00 PM

Source: PSX

## Cement

Pakistan Construction activity to further slow down on freezing of development budget amid rising interest rates and higher material cost – **Cement | Negative**

Construction activity in Pakistan to take a hit as Federal government has freeze released of funds for development budget in a time when private sector is already facing the heat of higher commodity prices and rising interest rates. (Augaf) | [Click for more info.](#)

## Miscellaneous

Pakistan likely to get wheat from Ukraine as Russia guarantees safe passage **Food | Negative**

Pakistan may get wheat from Ukraine as Russia's defence ministry said on Thursday that vessels carrying grain can leave Ukraine's ports in the Black Sea via "humanitarian corridors" and Russia is ready to guarantee their safety, Interfax news agency said. (Augaf) | [Click for more info.](#)

Govt likely to announce tax credit for private funds in next fiscal year **budget**

**Mutual Funds | Neutral**

The federal government is likely to announce tax credit for private funds in next fiscal year budget 2022-23. The rationale of this proposal is the promotion of investment by Private Equity (PE) and Venture Capital (VC) funds to ignite start-up investment and facilitate restructuring of sub-optimally performing companies. (PT) | [Click for more info.](#)

**Tobacco: govt decides to revise cess rates**

**Tobacco | Neutral**

The government has reportedly decided to revise cess rates for tobacco up to 2.67 per cent for the crop 2022-23. (BR) | [Click for more info.](#)

**Pakistan, Turkey agree to negotiate on PTA in goods**

**Economy | Neutral**

Pakistan and Turkey on Thursday discussed the proposed Preferential Trade Agreement (PTA) in goods for promoting trade liberalization and enhancing bilateral trade. (BR) | [Click for more info.](#)

## International News

**Asian Stocks Advance Ahead of Key US Jobs Report: Markets Wrap**

Asian shares followed their US peers higher Friday ahead of a key jobs report as traders weighed the outlook for inflation and growth. (Bloomberg) | [Click for more info.](#)

**Oil rises 1% as U.S. crude drawdown overshadows OPEC+ boost**

Oil rose more than 1% on Thursday after U.S. crude inventories fell more than expected amid high demand for fuel, shrugging off OPEC+'s agreement to boost crude output to compensate for a drop in Russian production. (Bloomberg) | [Click for more info.](#)

## Disclaimer

This report has been prepared by Aba Ali Habib Securities and is provided for information purposes only. Under no circumstances this is to be used or considered as an offer to sell or solicitation of any offer to buy. While reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time, Aba Ali Habib Securities and/or any of its officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. This report is provided only for the information of professional advisers who are expected to make their own investment decisions without undue reliance on this report. Investments in capital markets are subject to market risk and Aba Ali Habib Securities accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents.

In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors, who should seek further professional advice or rely upon their own judgment and acumen before making any investment. The views expressed in this report are those of Aba Ali Habib Securities' Research Department and do not necessarily reflect those of the company or its directors. Aba Ali Habib as a firm may have business relationships, including investment-banking relationships, with the companies referred to in this report. Aba Ali Habib Securities or any of its officers, directors, principals, employees, associates, close relatives may act as a market maker in the securities of the subject company, may have a financial interest in the securities of the subject company to an amount exceeding 1% of the value of the securities of the subject company, may serve or may have served in the past as a director or officer of the subject company, may have received compensation from the subject company for corporate advisory services, brokerage services or underwriting services or may expect to receive or intend to seek compensation from the subject company for the aforesaid services, may have managed or co-managed a public offering, take-over, buyback, delisting offer of securities or various other functions for the subject company.

All rights reserved by Aba Ali Habib Securities. This report or any portion hereof may not be reproduced, distributed or published by any person for any purpose whatsoever. Nor can it be sent to a third party without prior consent of Aba Ali Habib Securities. Action could be taken for unauthorized reproduction, distribution or publication.

## 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.

## Analyst Certification <sup>AC</sup>

The research Analyst(s) hereby certify that the views about the company/companies and the security/securities discussed in this report accurately reflect his or her or their personal views and that s/he has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendation or views in this report. The analyst(s) is/are principally responsible for preparation of this research report and that s/he or his/her close relative/family member doesn't own 1% or more of a class of common equity securities of the following company/companies covered in this report.

## THE TEAM

### CEO

Zahid Ali Habib  
[Zahid@abaalihabib.com](mailto:Zahid@abaalihabib.com)  
(021) 32425022

### RESEARCH TEAM

**Contact:** (021) 32429665, Ext. 106

Mohammad Zubair - Research Analyst  
[zubair@abaalihabib.com](mailto:zubair@abaalihabib.com)

Ayesha Abid – Research Analyst  
[ayesha.abid@abaalihabib.com](mailto:ayesha.abid@abaalihabib.com)

Muhammad Usman - Research Analyst  
[usman@abaalihabib.com](mailto:usman@abaalihabib.com)

### SALES TEAM

Zaheer Ahmed - Head of Institutional Sales  
[Zaheer.ahmed@abaalihabib.com](mailto:Zaheer.ahmed@abaalihabib.com)  
(021) 32418693-94

Salman Ahmed - Head of Retail Sales  
(021) 32412491

Syed Khalid Ahmed - Equity Trader  
[Syedkhalid@abaalihabib.com](mailto:Syedkhalid@abaalihabib.com)  
(021) 32429664

Muhammad Faisal - Equity Trader  
[faisal@abaalihabib.com](mailto:faisal@abaalihabib.com)  
(021) 32464835

### Office (PSX Building)

Room # 419, 419 A & 421, 4<sup>th</sup> Floor, Pakistan Stock Exchange, I.I. Chundrigarh Road, Karachi  
Contact: 021-32429665  
Cell: [+92 3312766771](tel:+923312766771)



[https://twitter.com/Aba\\_Ali\\_Habib](https://twitter.com/Aba_Ali_Habib)



<https://www.facebook.com/aah162>



<https://www.linkedin.com/company/aba-ali-habib-securities/>