

June 10,
2022

Economy

Alarm bells: SBP-held foreign exchange reserves fall to \$9.23bn

Economy | Negative

Foreign exchange reserves held by the State Bank of Pakistan (SBP) decreased another \$497 million in the period between May 27 to June 3 to stand at \$9.23 billion. (BR) | [Click for more info.](#)

Pakistan high growth of 5.97% is unsustainable and resulted in financial imbalances: Economic Survey

Economy | Negative

Though economy recovered from the pandemic (a 0.94 percent drop in FY2020) and maintained V-Shaped recovery by posting real GDP growth of 5.97 percent in the fiscal year 2022. This high growth, however, is unsustainable and has resulted in financial and macroeconomic imbalances. (Augaf) | [Click for more info.](#)

No relief for consumers expected in budget

Economy | Negative

With consumers already bearing the brunt of food inflation, market observers do not expect a significant price reduction in the federal budget for fiscal year 2022-23 (FY23) to be announced today, given the strict International Monetary Fund (IMF) conditions that the government must meet in order to secure a loan. (The News) | [Click for more info.](#)

Actual target 8pc; Revised forecasts put inflation at 11.5-12pc

Economy | Negative

The inflation forecasts have been revised upward and will remain elevated at 11.5-12 percent against the target of 8 percent set for the current fiscal year, revealed the Economic Survey 2021-22. (BR) | [Click for more info.](#)

\$88.8bn external debt recorded at end of March

Economy | Negative

External public debt was recorded at \$88.8 billion at end-March 2022 in the Economic Survey 2021-22, but it does not contain liabilities of foreign exchange, Public Sector Enterprises (PSEs), banks and private sector. (BR) | [Click for more info.](#)

Gov't Outstanding Guarantees Hit Rs. 2.7 Trillion in FY22

Economy | Negative

The outstanding government guarantees have reached Rs. 2,700 billion, revealed the Pakistan Economic Survey 2021-22. (Propakistani) | [Click for more info.](#)

Govt plans Panda bonds for Chinese market

Economy | Neutral

The government is planning to tap the Chinese capital market through the issuance of Panda bonds (Economic Survey). (Dawn) | [Click for more info.](#)

Tax exemptions cost govt over Rs1.757trn

Economy | Negative

The total tax exemptions, concessions and special tax treatments to various businesses, sectors/industries, lobbies/ groups and investors have cost the government Rs 1,757.035 billion during the fiscal year 2021-22. (BR) | [Click for more info.](#)

Fiscal deficit jumps 3.8% to Rs2.56tr in 3 quarters: PES

Economy | Neutral

The fiscal deficit increased to 3.8 percent of GDP and was recorded at Rs 2,565.6 billion during July-March FY2022 against 3.0 percent of GDP (Rs 1,652.0 billion) in the same period of last year. (Mettis) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	28,536.0	28,641.2	105.2	0.4%
KSE100	41,553.2	41,736.0	182.8	0.4%
KSE30	15,876.9	15,949.7	72.8	0.5%
KMI30	67,773.0	68,175.5	402.5	0.6%

Top Five Gainers

	Open	Close	Chg.	%
SFL	1,100.0	1,150.0	50.0	4.5%
RMPL	9,955.0	9,999.0	44.0	0.4%
ICI	713.4	735.7	22.3	3.1%
GATI	399.1	420.0	20.9	5.2%
BTL	500.0	513.5	13.5	2.7%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
TPLP	18.9	19.5	0.7	31.80
WTL	1.5	1.4	-0.1	28.28
UNITY	20.5	20.7	0.3	16.82
HASCOL	4.5	4.1	-0.4	14.36
GGL	16.4	16.6	0.2	10.55

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.	121.51	-0.5%
Brent oil	USD/bbl.	122.97	-0.5%
Gold	USD/t oz.	1848.04	-0.3%
Silver	USD/t oz.	21.69	-1.6%
Coal	USD/ton	314.50	-5.3%
Steel Scrap (LME)	USD/ton	416.50	-3.5%
Steel Rebar (LME)	USD/ton	725.00	-0.8%
USD/PKR	Interbank	200.77	-0.4%

News Source: Local / Int'l Newspapers and websites

Research Team

research@abaalihabib.com

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

REP-055

Oil & Gas

Petroleum Subsidies Acted as Double-Edged Sword for the Economy

Oil | Negative

The relief package on oil prices in the country given by the previous government acted as a double-edged sword as it not only increased the budget deficit but also reduced the fiscal space, according to the Pakistan Economic Survey (PES) 2021-22. (Propakistani) | [Click for more info.](#)

Oil import bill swells 96pc to \$17.03bn in July-Feb FY22

Oil | Negative

Oil import bill has surged 95.9 percent to \$17.03 billion in the first 8 months of the current financial year on the back of higher prices in global market and depreciation of the rupee. (The News) | [Click for more info.](#)

Subsidies on POL products to go, gradually

Oil | Neutral

Amid rising inflationary pressures, the IMF has asked Pakistan to slap a petroleum levy of Rs230 billion in the budget for 2022-23, making it clear that the government will have to collect it in a gradual manner by withdrawing subsidies on petrol and diesel. (The News) | [Click for more info.](#)

No intention to increase gas price by 45pc, says Miftah

Gas | Positive

Federal Minister for Finance and Revenue Miftah Ismail on Thursdaysaid that so far the government has no intention to increase consumers' gas price by 45 percent from July 1st, 2022, acknowledging that the Oil and Gas Regulatory Authority (OGRA) has forwarded a summary in this connection to the Petroleum Division. (BR) | [Click for more info.](#)

Gas sector circular debt nearly doubled in 3 years

Gas | Negative

Over the past three years, the stock of circular debt in gas sector has nearly doubled to Rs 650 billion from Rs 350 billion in 2018. The inappropriate response of the government created problems in the import of LNG by the private sector which led to gas crisis in the country, especially in winter. (BR) | [Click for more info.](#)

Power

K-E's monopoly to end in 2023: Minister

KEL | Neutral

Sindh Minister for Energy Imtiaz Sheikh on Thursday said that K-Electric's monopoly will end in 2023, while the provincial government was making all-out efforts to provide relief to people during the sweltering weather. (BR) | [Click for more info.](#)

Nepra approves a massive Rs7.82 per unit hike in power tariff for KE consumers

KEL | Positive, Power | Negative

The National Electric Power Regulatory Authority (Nepra) has approved a massive increase of Rs7.82 per unit in the electricity tariffs for K-Electric consumers. As per the notification issued by the Nepra, the raise will be adjusted in two installments in two quarters. The decision has been sent to the government for approval. (Mettis) | [Click for more info.](#)

Country's total electricity generation capacity jumps by 11.5%: PES

Power | Positive

The country's total electricity generation capacity has increased by 11.5 percent during July-April 2022 and stood at 41,557 MW from 37,261 MW during July-April 2021 as compared to last fiscal year 2020-21. (Mettis) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	55,320.3	427.79	0.78%
PAK (KSE-100)	41,736.0	182.80	0.44%
KSA - Tadawul	12,603.9	7.59	0.06%
INDONESIA - IDX	7,182.8	-10.48	-0.15%
PHILP - PSEI	6,758.6	-11.03	-0.16%
CHINA - Shanghai	3,239.0	-24.84	-0.76%
Taiwan - TWII	16,621.3	-49.17	-0.29%
US - S&P 500	4,017.8	-97.95	-2.38%
HK - Hang Seng	21,869.1	-145.54	-0.66%
US - Dow 30	32,272.8	-638.11	-1.94%

Board Meetings

Scrip	Day	Agenda	Time
BHAT	Friday	Other than fin. results	11:00 AM
SRVI	Friday	Other than fin. results	11:00 AM
MFFL	Friday	Other than fin. results	3:00 PM
LUCK	Saturday	Other than fin. results	3:00 PM
TPLP	Monday	Other than fin. results	3:00 PM
TPLT	Tuesday	Other than fin. results	11:00 AM
INIL	Tuesday	Other than fin. results	4:00 PM
ICI	Wednesday	Other than fin. results	11:00 AM
TPL	Wednesday	Other than fin. results	11:00 AM
PCAL	Thursday	Other than fin. results	9:00 AM
SBL	Thursday	Other than fin. results	12:00 PM
HACC	Friday	Other than fin. results	3:30 PM

Source: PSX

Survey sees circular debt hitting Rs4trn mark by 2025

Power | **Negative**

The government has indicated that the country's circular debt would reach Rs 4 trillion by 2025 if urgent reforms in power sector are not initiated. (BR) | [Click for more info.](#)

Autos

Economic Survey 2021-22: auto sector posts 54% growth

Autos | **Positive**

The country's automobile sector posted a significant 54% growth, according to the Pakistan Economic Survey 2021-22 that was unveiled on Thursday. "Automobile sector marked a vigorous growth of 54.1% during July-March FY2022 against 21.6% growth last year," read the Economic Survey document. (BR) | [Click for more info.](#)

Banks

Silkbank to receive Rs12bn equity to consolidate its financial health

SILK | **Positive**

Backed by the significant announcement by Silkbank Limited of an Expression of Interest from M/s. Park View Endave (Pvt) Limited (part of Vision Group) to inject Rs 12 billion in the capital of the bank and the subsequent approval of the Board of Directors to take the process forward, the Board of Directors, in their meeting held on June 8, 2022, announced the financial results of the bank for the period ending December 31, 2020, declaring an after-tax loss of Rs 6.57 billion. (BR) | [Click for more info.](#)

Banks Assets Surge to All-time High at Rs. 30 Trillion in 2021

Banks | **Positive**

The banking sector exhibited a consistent performance with all major indicators touching all-time high marks including assets, deposits, financing and profits in 2021. (Propakistani) | [Click for more info.](#)

Credit to private sector rises to record Rs1.3trn

Banks | **Positive**

Private sector obtained a record Rs 1.3 trillion loans from the domestic banking sector during the first 10 months of this fiscal year (FY22). (BR) | [Click for more info.](#)

State Bank set to take over govt funds in banks' accounts on IMF diktat

Banks | **Neutral**

The State Bank of Pakistan (SBP) has directed all banks to shut down the federal government accounts and transfer all available balances to the SBP's account number-1 by June 13, 2022 in a bid to comply with the IMF condition under the bailout loan programme. (The News) | [Click for more info.](#)

Tech. & Communication

July-March FY21-22; Telecom sector contributes Rs163.3bn to exchequer

Tech. & Communication | **Positive**

Telecom sector contributed Rs 163.3 billion to the national exchequer in terms of taxes, regulatory fees, initial and annual license fees, activation tax, and other taxes during July-March fiscal year 2021-22. (BR) | [Click for more info.](#)

Miscellaneous

Agriculture sector posts 4.4% growth in FY22

Economy | **Positive**

Agriculture sector in the country during fiscal year 2021-22 grew by 4.40 percent as against the set targets of 3.5 percent and last year's growth of 3.48 percent. (Mettis) | [Click for more info.](#)

Economic Survey 2021-22: textile sector's growth slows to 3.2%

Textile | Neutral

The textile sector, which has the highest weight in the Large Scale Manufacturing, grew by 3.2% during July-March in fiscal year 2021-22 as compared to 8% in the same period last year, showing a significant slowdown in growth. Textile sector's weight has been reduced from 20.9 to 18.16% in QIM 2015-16 but it is still the highest among all sectors of LSM. (BR) | [Click for more info.](#)

Unemployment rate in PTI tenure decreases to 6.3pc

Economy | Neutral

According to Economic Survey 2021-22, the unemployment rate decreased from 6.9 percent in FY2019 to 6.3 percent in FY2021. Overall employment to population ratio is 42.1 percent and this ratio is higher in male (64.1 percent) as compared to female (19.4 percent) in FY2021. (PT) | [Click for more info.](#)

Political News

Under two amended laws, polls to be held without EVMs, burden of proof on accuser

The election amendment bill has abolished the use of electronic voting machines (EVMs) in polls, while the burden of proof would lie with the accuser to prove the charges, instead of the accused, under the amended NAB law. (The News) | [Click for more info.](#)

International News

Stocks Fall on Risks From Inflation, Slower Growth: Markets Wrap

Stocks extended a selloff Friday and the dollar held near a three-week high as the twin blows of high inflation and slowing economic growth stirred investor anxiety. (Bloomberg) | [Click for more info.](#)

Oil slips on China lockdowns, but bullish trends intact

Oil prices dipped on Thursday but still hovered near three-month highs after parts of Shanghai imposed new COVID-19 lockdown measures, as strong gains in refined products contributed to an ongoing bullish backdrop for crude oil. (Reuters) | [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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THE TEAM

CEO

Zahid Ali Habib
Zahid@abaalihabib.com
(021) 32425022

RESEARCH TEAM

Contact: (021) 32429665, Ext. 106

Mohammad Zubair - Research Analyst
zubair@abaalihabib.com

Ayesha Abid – Research Analyst
ayesha.abid@abaalihabib.com

Muhammad Usman - Research Analyst
usman@abaalihabib.com

SALES TEAM

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

Salman Ahmed - Head of Retail Sales
(021) 32412491

Syed Khalid Ahmed - Equity Trader
Syedkhalid@abaalihabib.com
(021) 32429664

Muhammad Faisal - Equity Trader
faisal@abaalihabib.com
(021) 32464835

Office (PSX Building)

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



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