

June 14,  
2022

## Economy

### IMF asks for more budgetary steps to meet key objectives

#### Economy | Neutral

Additional measures will be needed to bring Pakistan's budget for the year 2022-23 in line with the key objectives of its International Monetary Fund programme, the lender's resident representative in Islamabad said. "Our preliminary estimate is that additional measures will be needed to strengthen the budget and bring it in line with key programme objectives," Esther Perez Ruiz told Reuters. (Dawn) | [Click for more info.](#)

### Miftah says IMF lending critical to averting default

#### Economy | Negative

Finance Minister Miftah Ismail said on Monday the country would be seriously heading towards default if the petroleum and electricity prices were not increased and the agreement with the International Monetary Fund (IMF) was not reached. The minister said that the world perceived Pakistan at a serious default risk and Pakistan Bond is being sold at lesser than 80 cents. He said that other lenders have linked their loans to the IMF programme and during a meeting with him the World Bank has told him in this regard, and the same was also conveyed by the Asian Development Bank (ADB) as well today. (BR) | [Click for more info.](#)

### Pakistan launches diplomatic effort to get out of FATF grey list

#### Economy | Neutral

Pakistan needs votes of Turkey, China and Malaysia to get out of the list, and all three countries have assured the Pakistani authorities of full support for the purpose. (The News) | [Click for more info.](#)

### Rupee plunges to Rs203.86 against dollar amid IMF uncertainty

#### Economy | Negative

Pakistan's rupee dropped to its lowest level against the US dollar on Monday, closing near 204 in the inter-bank market amid uncertainty pertaining to revival of the International Monetary Fund (IMF) programme. The local currency depreciated Rs1.51 or 0.74% to close at Rs203.86 on Monday. (BR) | [Click for more info.](#)

### Pakistan faces stifling balance-of-payments crisis: Qamar

#### Economy | Negative

Pakistan is facing a stifling balance-of-payments (BoP) crisis and is trying very hard to grapple with the situation both economically and socially, Minister for Commerce Naveed Qamar told the 12th World Trade Organisation Ministerial Conference (MC12) in Geneva. (Dawn) | [Click for more info.](#)

### New Govt Takes Massive Loans in April

#### Economy | Negative

According to a document from the State Bank of Pakistan (SBP), the debt stock of the federal government increased by Rs. 709 billion to Rs. 43.705 trillion in April from Rs. 42.995 trillion in March 2022. The figures show that the Shehbaz Sharif Government has added debt stock by Rs. 23.63 billion per day during April. (Propakistani) | [Click for more info.](#)

## Oil & Gas

### Diesel may jump Rs53, petrol Rs18/litre

#### Oil | Neutral

The prices of diesel and petrol may go up by Rs53 and Rs18/litre, respectively, if the government passed on the full impact of global oil markets to consumers, rolling back the subsidy completely in a push to redeem the IMF loan, industry officials said on Monday. (The News) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	28,842.2	28,110.7	-731.5	-2.5%
KSE100	42,014.7	40,879.9	-1134.8	-2.7%
KSE30	16,064.6	15,568.0	-496.6	-3.1%
KMI30	68,850.1	67,103.8	-1746.3	-2.5%

### Top Five Gainers

	Open	Close	Chg.	%
MTL	865.1	876.9	11.9	1.4%
AGTL	378.3	390.0	11.7	3.1%
HINOON	515.2	526.0	10.9	2.1%
PMRS	540.0	550.0	10.0	1.9%
OTSU	214.0	223.7	9.7	4.5%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
HUMNL	7.0	7.1	0.0	24.56
CNERGY	5.3	5.1	-0.1	6.89
KEL	2.6	2.6	-0.1	6.53
UNITY	20.6	20.2	-0.4	6.38
PRL	17.2	16.7	-0.5	6.21

### 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.	120.93	0.2%
Brent oil	USD/bbl.	122.27	0.2%
Gold	USD/t oz.	1819.41	-2.8%
Silver	USD/t oz.	21.09	-3.7%
Coal	USD/ton	314.50	0.5%
Steel Scrap (LME)	USD/ton	385.00	-2.5%
Steel Rebar (LME)	USD/ton	715.00	0.0%
USD/PKR	Interbank	203.86	0.7%

News Source: Local / Int'l Newspapers and websites

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REP-055

## ECC approves Rs50bn as advance against subsidy claims

**SNGP, PSO, PPL | Positive**

The Economic Coordination Committee (ECC) of the Cabinet has approved Rs50 billion in the ongoing fiscal year as an advance against future subsidy claims for the power sector. The meeting was informed that the allocated amount shall be released to the SNGP against its pending claims in respect of the cost of the RLNG diversion to the domestic sector for setting off the payable of the PSO and the PPL against the RLNG supply. (BR) | [Click for more info.](#)

## Govt agrees to cut turnover tax down to 0.5pc for OMCs

**OMCs | Positive**

Federal government did not reduce the turnover tax in the budget presented last week, despite the assurances to the OMCs upon their repeated demands. Finance Minister Miftah Ismail agreed to reduce the turnover tax from 0.75 percent to 0.50 percent when a delegation of representatives of oil sector companies met him in Islamabad and apprised him about the reservations of the OMCs for not being accommodated in the federal budget viz-a-viz the turnover tax, sources privy to the development disclosed. (The News) | [Click for more info.](#)

## OGDCL, PPL, POL to gain as ECC allowed Mamikhel pricing at Petroleum Policy 2012

**OGDC, PPL, POL | Neutral**

Petroleum Division submitted a summary for enhancement of Oil and Gas production from TAL blocks vis-a-vis provisional allocation of gas price. Keeping in view the shortage of gas in the country, the ECC conditionally allowed M/s MOL to commence production from Tal block namely Mamikhel South. TAL JV was given the 2012 Policy Price on provisional basis till further decision of the Govt. (Augaf) | [Click for more info.](#)

## Power

### Rs4/unit raise in Discos' tariff approved for April

**Discos | Positive, Power | Negative**

National Electric Power Regulatory Authority (Nepra) has approved an increase of Rs4 per unit in Discos tariff for April 2022 under monthly Fuel Charges Adjustment (FCA) mechanism to recover Rs51 billion additional from inflation-hit consumers in bills of June 2022. (BR) | [Click for more info.](#)

### ECC okays Rs13 per unit raise in power tariff

**Discos | Positive, Power | Negative**

With two major fuel suppliers in dire need of liquidity to the tune of Rs2 trillion in three months, the government has started passing on the increase in electricity tariff by an average Rs13 per unit in quick instalments to win over an urgently needed bailout package from the International Monetary Fund (IMF). (Dawn) | [Click for more info.](#)

### Average tariff of all Discos be notified as uniform tariff

**Discos | Neutral**

Ministry of Finance (MoF) has proposed that average tariff of all Discos be notified as uniform tariff with the approval of ECC/ Cabinet to address crises of liquidity and flow of circular debt, official sources told. (BR) | [Click for more info.](#)

### KE pays Rs3.2bn to SSGC in June

**KEL | Neutral**

KE spokesman on Monday said that payment of Rs 2.2bn was made to SSGC over the weekend taking total to Rs 3.2bn during June. spokesperson said KE is making all endeavors to pay fuels suppliers despite severe cash flow constraints so as to avoid disruption in power supply of Karachi. (BR) | [Click for more info.](#)

## World Indices

	Last	Chg.	Chg. %
CHINA - Shanghai	3,255.6	-29.28	-0.89%
PHILP - PSEI	6,467.0	-63.03	-0.97%
INDONESIA - IDX	6,995.4	-91.21	-1.29%
US - S&P 500	3,749.6	-151.23	-3.88%
KSA - Tadawul	12,053.4	-383.73	-3.09%
Taiwan - TWII	16,071.0	-389.14	-2.36%
HK - Hang Seng	21,067.6	-738.60	-3.39%
US - Dow 30	30,516.7	-876.05	-2.79%
PAK (KSE-100)	40,879.9	-1134.80	-2.70%
INDIA - SENSEX	52,846.7	-1456.74	-2.68%

## Board Meetings

Scrip	Day	Agenda	Time
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

## Autos

Car sales up 51pc in 11MFY22

Autos | **Positive**

Despite a massive price increase, State Bank of Pakistan (SBP) curbs on auto financing, and high interest rates, car sales increased by 51 per cent in 11MFY22 to 210,633 units from 139,613 units in the same period last fiscal. Car sales in May 2022 also soared to 19,395 units, up from 18,626 units in April 2022 amid Eidul Fitr holidays at the start of the month. (Dawn) | [Click for more info.](#)

## Banks

'A' or above rated banks; Mutual/income funds allowed to invest

Banks | **Positive**

In a major move to provide ease of doing business and expand investment avenues for mutual funds, the Securities and Exchange Commission of Pakistan (SECP) has allowed mutual/income funds to invest in "A" or above rated banks. Currently, the accumulated assets of the mutual fund sector is Rs1.2 trillion, out of which around Rs300 billion is invested in Income Funds whereas Rs561 billion is invested in the Money Market Funds. By bridging the gap between Income Funds and other income/savings products with similar risk profile, the funds industry will be able to tap more into the potential Rs12.5 trillion savings and fixed deposits, currently held by banks. (BR) | [Click for more info.](#)

Banks asked to close govt accounts with zero balance

Banks | **Neutral**

Ministry of Finance (MoF) has requested all commercial banks to close accounts of federal government entities having zero balances. (BR) | [Click for more info.](#)

## Steel

Manufacturers raise steel prices again

Steel | **Positive**

Despite a slowdown in construction activities, the manufacturers on Monday again increased the steel bars prices by Rs7,000 per tonne. Some 10 days back, they had raised the price by the same amount. The new prices of steel bar produced by Agha Steel Ltd and Amreli Steel Ltd are fixed at Rs231,000 per tonne (9.5/10mm and 12mm), while 16mm and above rebar price is now Rs229,000 per tonne. (Dawn) | [Click for more info.](#)

## Transportation

Dry leasing of aircraft; PIA wants to pay GST in instalments

PIAA | **Neutral**

Pakistan International Airlines (PIA) has decided to induct four A320 aircraft on dry lease basis for the period of 72 months but is unable to pay 17 per cent General Sales Tax due to feeble financial position, well informed sources told. The lease rental value of four aircraft is Rs. 9.388 billion approximately. (BR) | [Click for more info.](#)

Airlines Raise Fares by Up to 50% in Pakistan

PIAA | **Neutral**

The national and international airlines operating in Pakistan have jacked up airfares by up to 50 percent, making air travel costlier. Due to the depreciation of the Pakistani rupee against the US dollar, fuel prices have skyrocketed in the past few weeks. (Propakistani) | [Click for more info.](#)

## Miscellaneous

**Rs3bn subsidy given for ghee scheme, says Marriyum**

**POML | Positive**

Minister for Information and Broadcasting, Marriyum Aurangzeb Monday said the government is giving a subsidy of Rs3 billion to provide ghee to masses at reduced rates. The price of ghee in the open market is Rs550 per kilogramme while it is being provided at the rate of Rs300 per kilogram through the Utility Stores Corporation. This accounts for a subsidy of Rs250 on each kilogram of ghee. (BR) | [Click for more info.](#)

**PTA to revise MTR downward next month**

**Tech & Communication | Neutral**

Pakistan Telecommunication Autho-ri-ty (PTA) will revise Mobile Termination Rate (MTR) to Re 0.40 per minute from 1st July 2022 from the current Re 0.50 per minute, making off-net calls further cheaper in the country. (BR) | [Click for more info.](#)

## Political News

**Russia and Ukraine; Pakistan has neutral position: Bilawal**

Pakistan People's Party (PPP) Chairman and Foreign Minister Bilawal Bhutto-Zardari said that our government's stance is neutral and is the same as the previous Pakistan Tehreek-e-Insaf (PTI) government on the war between Russia and Ukraine. (BR) | [Click for more info.](#)

## International News

**Stocks, Bonds Roiled by Fears of Bigger Fed Hikes: Markets Wrap**

Stocks in Asia face more losses after global shares sank into a bear market amid a surge in Treasury yields and the dollar on growing expectations of sharper Federal Reserve interest-rate hikes to fight inflation. (Bloomberg) | [Click for more info.](#)

**Oil rises on tight supplies; trade choppy on demand worries**

Oil prices rose on Monday in a session of volatile trade as tight global supplies outweighed worries that demand would be pressured by a flare-up in COVID-19 cases in Beijing and more interest rate hikes. (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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