



June 16,
2022

Economy

BUDGET 2022-23: Tax relief to salaried class 'sacrificed at IMF altar'

Economy | Negative

The government has decided, in principle, to reverse the drastic tax relief provided to the salaried class in its proposed federal budget for 2022-23, official sources told Dawn. In the recently presented budget, the government had unexpectedly given major relief in terms of tax rates to individuals with higher salaries by reducing the maximum tax rate from 35pc to 32.5pc. The proposed budget also reduced the number of slabs from 12 to seven. (Dawn) | [Click for more info.](#)

PKR falls further

Economy | Negative

The rupee settled at Rs206.46, a depreciation of Rs1.3 or 0.63% against the greenback, as the currency market anticipated a further spike in inflation, while the dollar added strength internationally. (BR) | [Click for more info.](#)

Govt raises Rs834 billion via T-bills; yields down

Economy | Neutral

The government on Wednesday raised Rs834 billion through an auction of Market Treasury Bills with yields falling on the six and 12 months papers. The pre-auction target was Rs750 billion. Yield on the three-month T-bill ended unchanged at 15.25 percent, the auction result from the State Bank of Pakistan (SBP) showed. The cut-off yield on the six-month paper moved down 30 basis points (bps) to 14.95 percent. Yields on 12-month paper also fell by 55bps to 14.95 percent. (The News) | [Click for more info.](#)

Pakistan signs two debt suspension deals

Economy | Neutral

Pakistan on Wednesday signed two debt service suspension agreements amounting to suspension of loans worth \$197.49 million, under the G-20 Debt Service Suspension Initiative (DSSI) framework. Of this total amount, \$191.60 million were owed to JICA during the period from January to June 2021 and \$5.89 million were owed to the government of the Swiss Confederation during the period from July to December 2021. These amounts will now be repaid over a period of six years (including one-year grace period) in semi-annual instalments. (The News) | [Click for more info.](#)

Oil & Gas

OGDC discovers gas from Umair South East-1 well in Guddu block

OGDC | Positive

The Oil & Gas Development Company (OGDC) has informed that the Joint Venture of Guddu Block comprising OGDCL as Operator (70%), SPUD Energy PTY Limited (SEPL) (13.5%), IPR Transoil Corporation (IPRTOC) (11.5%) and Government Holdings (Private) Limited (GHPL) (5%) has discovered Gas from an Exploratory well namely Umair South East # 01. (Mettis) | [Click for more info.](#)

Petrol soars to Rs233.89 per litre as govt raises price for third time in 20 days

Oil | Negative

Finance Minister Miftah Ismail on Wednesday announced that the federal government has decided to raise the price of petrol by another Rs24 per litre — the third such raise within the last 20 days. The latest round of hike would see petrol's price increase by Rs24.03 and soar to Rs233.89, and diesel will be sold at Rs263.31 — up by Rs16.31. Ismail said the government had no choice but to "pass on" the impact of international prices to consumers in Pakistan. (Dawn) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	28,164.5	28,335.7	171.2	0.6%
KSE100	41,054.7	41,438.8	384.1	0.9%
KSE30	15,647.9	15,815.0	167.1	1.1%
KMI30	67,390.6	68,083.6	693.0	1.0%

Top Five Gainers

	Open	Close	Chg.	%
COLG	2,111.3	2,200.0	88.8	4.2%
SFL	1,100.0	1,179.9	79.9	7.3%
SAPT	1,095.7	1,150.0	54.3	5.0%
BATA	1,800.0	1,850.0	50.0	2.8%
GATI	419.0	450.0	31.1	7.4%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
TPLP	18.8	19.1	0.4	17.35
BGL	8.5	8.3	-0.2	9.85
PRL	17.2	17.2	0.1	8.92
WTL	1.5	1.5	0.0	5.68
SNGP	32.4	33.4	0.9	5.39

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.	115.31	-3.0%
Brent oil	USD/bbl.	118.94	-1.8%
Gold	USD/t oz.	1833.90	1.4%
Silver	USD/t oz.	21.68	3.0%
Coal	USD/ton	316.50	1.4%
Steel Scrap (LME)	USD/ton	390.00	-0.5%
Steel Rebar (LME)	USD/ton	700.50	-1.1%
USD/PKR	Interbank	206.46	0.6%

News Source: Local / Int'l Newspapers and websites

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REP-055



Rs1.98tr needed by Sept for fuel imports to minimise loadshedding

PSO | Negative

With receivables of the state-run Pakistan State Oil (PSO) already at a backbreaking Rs600 billion record and counting, the Petroleum Division has reported a gross liquidity requirement of about Rs1.98 trillion for the first quarter of the next fiscal year beginning July 1 for fuel imports to minimise the prevailing loadshedding. (Dawn) | [Click for more info.](#)

OMCs, petroleum dealers demand 6pc margin for smooth oil supply

OMCs | Negative

Oil Marketing Companies and petroleum dealers have demanded from the government to fix six percent margin to avoid disturbance in the oil supply chain and in case otherwise they would go on strike from July 1, 2022. (PT) | [Click for more info.](#)

FBR Recovers Rs. 1 Billion Tax From Attock Refinery

ATRL | Negative

The Enforcement Zone of Large Taxpayers' Office (LTO), Islamabad has recovered an amount of Rs.1 billion from Attock Refinery Limited on Wednesday on account of a sales tax default committed by the company. (Propakistani) | [Click for more info.](#)

Power

Jan-March; Discos' tariffs raised under QTA mechanism

Discos | Positive

National Electric Power Regulatory Authority (Nepra) has approved Re 0.42 per unit increase in tariffs of power Distribution Companies (Discos) for the third quarter (Jan-March) 2021-22 under Quarterly Tariff Adjustment (QTA) mechanism. (BR) | [Click for more info.](#)

KAPCO expedites efforts for renewal of its PPA

KAPCO | Negative

Kot Addu Power Company (Kapco) has expedited efforts for renewal of its Power Purchase Agreement (PPA) saying that some of the lending banks have withdrawn credit lines whereas some have reduced credit lines. (BR) | [Click for more info.](#)

Autos

INDU to take a major hit from budget proposals

INDU | Negative

Pakistan's auto sector is one of the major causes of higher imports which creates current account deficit (CAD). To knock down country's CAD, the government embattled the auto sector's proliferating demand by raising taxes for the sector in FY23 budget. (Mettis) | [Click for more info.](#)

Banks

Banks miss agri credit targets

Banks | Negative

Banks disbursed Rs1,059 billion during July-April (FY22), falling short of the assigned target of Rs1.7 trillion during April-July 2022-23 (10MFY22) by 37 per cent, the quarterly follow-up meeting of the Agricultural Credit Advisory Committee (ACAC) was informed. (Dawn) | [Click for more info.](#)

TSA implementation to hit NBP, AKBL profits the most

NBP, ABL | Neutral

Transfer of government funds from commercial banks to IMF-recommended Treasury Single Account (TSA) could hit profits at some banks depending on the quantum of government and public sector entities' deposits in the mix, analysts said. (The News) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
PAK (KSE-100)	41,438.8	384.11	0.94%
US - Dow 30	30,668.5	303.70	1.00%
HK - Hang Seng	21,308.2	240.22	1.14%
US - S&P 500	3,790.0	54.51	1.46%
CHINA - Shanghai	3,305.4	16.50	0.50%
KSA - Tadawul	11,978.5	-42.17	-0.35%
INDONESIA - IDX	7,007.1	-42.83	-0.61%
Taiwan - TWII	15,999.3	-48.12	-0.30%
INDIA - SENSEX	52,541.4	-152.18	-0.29%
PHILP - PSEi	6,319.4	-155.11	-2.40%

Board Meetings

Scrip	Day	Agenda	Time
PCAL	Thursday	Other than fin. results	9:00 AM
SBL	Thursday	Other than fin. results	12:00 PM
UNITY	Friday	Other than fin. results	10:30 AM
HACC	Friday	Other than fin. results	3:30 PM
GADT	Friday	Other than fin. results	4:00 PM
AHTM	Friday	Other than fin. results	11:00 AM
CHCC	Friday	Other than fin. results	11:00 AM

Source: PSX



Fertilizer

Urea-makers threaten shutdown on financial crunch

Fertilizer | Negative

The fertilizer-makers on Wednesday threatened to shut down urea production amid deepening financial crunch, especially after the government's failure to settle the industry's sales tax and subsidy receivables issues in Budget 2022-23. To add to the fertilizer industry's woes, the GST on the gas has also doubled due to high RLNG cost. (The News) | [Click for more info.](#)

Miscellaneous

World Bank lends \$85mn to support low cost housing

Construction | Positive

Pakistan and the World Bank on Wednesday signed a deal worth \$85 million for Pakistan Housing Finance Project. World Bank Gailius, ensured the Bank's continuous financial and technical assistance to Pakistan to help promote inclusive and sustainable economic growth in the country. (The News) | [Click for more info.](#)

Proposed restoration of exemption may hit medicine makers badly

Pharmaceutical | Neutral

The proposed exemption restoration in Sixth Schedule may lead to serious financial shock to the pharma manufacturers because input tax on supplies to charitable hospitals would not be refunded. (BR) | [Click for more info.](#)

Political News

Treasury, opposition Senators back Musharraf's return

The majority of the members from both sides of the aisle in the upper house of the Parliament on Wednesday supported Pervez Musharraf's return to Pakistan on humanitarian grounds — a day after the military said it wanted the former president to return to the country. (BR) | [Click for more info.](#)

International News

Fed unveils biggest rate hike since 1994

The Federal Reserve raised its target interest rate by three-quarters of a percentage point on Wednesday to stem a disruptive surge in inflation, and projected a slowing economy and rising unemployment in the months to come. (BR) | [Click for more info.](#)

Stocks Get Boost as Powell Says Big Hikes Are Rare: Markets Wrap

Stocks and bonds in Asia received a boost from Federal Reserve Chair Jerome Powell's comment that super-sized interest-rate hikes will be rare following the central bank's biggest increase in borrowing costs since 1994. (Bloomberg) | [Click for more info.](#)

Oil prices fall over 2% as Fed hikes interest rates

Oil prices fell more than \$3 on Wednesday as markets worried about a fall in demand after the Federal Reserve hiked interest rate by three-quarters of a percentage point. (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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