

June 20,  
2022

## Economy

### No deal yet with IMF for revival of loan programme

#### Economy | Neutral

Pakistan and the International Monetary Fund (IMF) have not yet been able to reach a staff-level agreement for revival of the Extended Fund Facility (EFF), leaving authorities in a tight spot to bridge the gap and get the updated federal budget for the fiscal year 2022-23 passed by the National Assembly. (Dawn) | [Click for more info.](#)

### Pakistan seeks US help with IMF talks

#### Economy | Neutral

United States has agreed to help Pakistan negotiate a deal with the International Monetary Fund (IMF), diplomatic sources told Dawn on Sunday. Earlier, media reports had claimed that Islamabad was "seeking Washington's support" for renewing its Extended Fund Facility (EFF) with the IMF. (Dawn) | [Click for more info.](#)

### Foreign investment contracts 29%

#### Economy | Negative

Evaluating the risks of investment losses due to the persisting political and economic uncertainty in Pakistan, foreign investors were hesitant as the flow of investment into different sectors of the economy remained sluggish. Foreign direct investment (FDI) in Pakistan shrank 29% to \$141.2 million in May 2022 compared to \$199.2 million in the same month of last year, the central bank reported on Friday. (ET) | [Click for more info.](#)

### Govt looking into ways to expand tax ambit

#### Economy | Neutral

The government is looking for new avenues to increase burden on the rich and may impose taxes on gifts, jack up rates for corporate and salaried sectors as well as allow unconditional import of gold to bring it into the tax ambit. Other measures are also being considered to bridge gaps with the International Monetary Fund before the end of the month. The global lender still sees the government's budget numbers unrealistic that require more taxation measures along with cuts in expenditures. (ET) | [Click for more info.](#)

### Experts term projections 'fluid'

#### Economy | Neutral

The figures given in the federal budget for fiscal year 2022-23 are extremely fluid and will not remain the same in the final document that will be approved by parliament at the end of current month, said experts at a seminar. Current political instability, which is coinciding with economic instability, has created a critical situation which requires efficient budget planning and approval, they stressed. | [Click for more info.](#)

### FBR officers observe pen-down strike

#### Economy | Neutral

The Federal Board of Revenue (FBR) is likely to face hardships in meeting its revenue target as the officers of the board went on a pen-down strike till the acceptance of their demands. The FBR officers have observed a pen-down strike countrywide, demanding the government to defreeze their performance allowance. (ET) | [Click for more info.](#)

### Rupee touches fresh record low at 208.75

#### Economy | Negative

Pakistani currency maintained its free fall for the sixth consecutive working day, as it lost 0.53% to a new record low at Rs208.75 against the US dollar in the inter-bank market on Friday amid the worsening country's capacity to make international payments for imports and repay foreign debt. (ET) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	28,504.2	28,767.1	263.0	0.9%
KSE100	41,730.2	42,140.8	410.6	1.0%
KSE30	15,937.9	16,100.8	162.9	1.0%
KMI30	68,762.0	69,840.2	1078.2	1.6%

### Top Five Gainers

	Open	Close	Chg.	%
UPFL	24,000.0	25,800.0	1,800.0	7.5%
BATA	1,900.0	2,021.3	121.3	6.4%
COLG	2,153.0	2,225.0	72.0	3.3%
SFL	1,179.9	1,234.0	54.1	4.6%
MARI	1,648.1	1,689.9	41.8	2.5%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
CNERGY	5.1	5.4	0.2	31.92
HUMNL	7.2	7.5	0.3	17.70
PRL	17.4	17.9	0.5	17.11
OBOYR1	2.0	2.0	0.0	12.33
TPLP	19.1	19.5	0.4	10.67

### 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.	109.56	-6.8%
Brent oil	USD/bbl.	113.12	-5.6%
Gold	USD/t oz.	1839.39	-0.9%
Silver	USD/t oz.	21.67	-1.3%
Coal	USD/ton	326.35	1.0%
Steel Scrap (LME)	USD/ton	383.00	-0.6%
Steel Rebar (LME)	USD/ton	692.50	-0.8%
USD/PKR	Interbank	208.75	0.5%

News Source: Local / Int'l Newspapers and websites

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REP-055

## Weekly inflation jumps by 3.38%

### Economy | **Negative**

The Weekly Sensitive Price Indicator (SPI) for the Combined Group increased by 3.38% during the week ended Jun 16, 2022 while the SPI increased by 27.82% compared to the corresponding period from last year. (Metis) | [Click for more info.](#)

## Oil & Gas

### Gas tariffs now under govt focus

#### Gas | **Neutral**

Finance Minister Dr. Miftah Ismail has directed Petroleum Division to come up with proposals for revision in gas tariffs aimed at rationalization of subsidies between LNG price and indigenous gas price, sources close to Secretary Petroleum told. (BR) | [Click for more info.](#)

### SNGP to add newly discovered gas to grid within FY23

#### SNGP | **Positive**

The Sui Northern Gas Pipelines Ltd (SNGPL) on Friday said it would connect new gas fields, discovered near North Waziristan and Lakki Marwat areas of Khyber Pakhtunkhwa, to the system within the next fiscal year, which would help fill demand-supply gap. (The News) | [Click for more info.](#)

### Pakistan Refineries increase high margin HSD and Jet Fuel production on cost of lower throughput

#### Refineries | **Neutral**

Refineries throughout witnessed a decrease of 5.1 percent during the month of April 2022 as compared to the corresponding month of last year (April 2021), OCAC reported. However, production of high margin products High Speed Diesel and Jet Fuel Oil increased during the month of April 2022. (Augaf) | [Click for more info.](#)

### Pakistan LNG imports surge 86.9% to \$4.28 billion from July to May 2022

#### Gas | **Neutral**

Pakistan's LNG imports surge 86.9% to \$4.28 billion during the period July to May 2022, according to data published by Pakistan Bureau of Statistics. Whereas, total petroleum import bill surged by 99.14 per cent to \$19.67 billion in the July-May period compared to \$9.88 billion in the corresponding period last year owing to higher international prices. (Augaf) | [Click for more info.](#)

### Pakistan seeks four LNG cargoes

#### Gas | **Neutral**

Pakistan LNG Ltd (PLL) is seeking four shipments of liquefied natural gas (LNG) for delivery in July, with bids to be sent in by June 23, a tender published on Friday showed. The four delivery windows given to international suppliers for the cargoes are July 3-4, 8-9, 25-26 and 30-31. (Dawn) | [Click for more info.](#)

## Power

### Power tariff to be raised in three phases

#### Discos | **Positive, Power | **Negative****

The federal government has decided to pass on Rs7.91 per unit determined by Nepra in three phases, along with Rs0.20 per unit hike on account of subsidy rationalization phase-II, well-placed sources in Power Division told. "The ECC discussed that another option is also possible in order to avoid immediate price shock to consumers. The tariff may be passed in three phases, Rs3.5/unit in July, Rs3.5/unit in August and remaining Rs 0.91/unit may be passed on to the consumers in the month of October 2022," the sources maintained. (BR) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
PAK (KSE-100)	42,140.8	410.60	0.98%
HK - Hang Seng	21,075.0	229.57	1.10%
CHINA - Shanghai	3,316.8	31.40	0.96%
US - S&P 500	3,674.8	8.07	0.22%
US - Dow 30	29,888.8	-38.29	-0.13%
PHILP - PSEi	6,331.6	-61.45	-0.96%
INDONESIA - IDX	6,937.0	-113.36	-1.61%
INDIA - SENSEX	51,360.4	-135.37	-0.26%
KSA - Tadawul	11,824.4	-154.09	-1.29%
Taiwan - TWII	15,641.3	-197.35	-1.25%

### Board Meetings

Scrip	Day	Agenda	Time
AHTM	Monday	Other than fin. results	11:00 AM
CHCC	Monday	Other than fin. results	11:00 AM
RMPL	Tuesday	Other than fin. results	6:00 PM
BNWM	Wednesday	Other than fin. results	10:30 AM
NRL	Wednesday	Other than fin. results	10:30 AM
MARI	Wednesday	Other than fin. results	11:00 AM
APL	Wednesday	Other than fin. results	11:30 AM
BIFO	Wednesday	Other than fin. results	11:30 AM
CPPL	Wednesday	Other than fin. results	11:30 AM
ATRL	Wednesday	Other than fin. results	12:30 PM
POL	Wednesday	Other than fin. results	2:30 PM
ACPL	Wednesday	Other than fin. results	3:30 PM

Source: PSX

## FCA for May 22; CPPA-G wants Rs8/unit tariff raise for Discos

Discos | **Positive**, Power | **Negative**

Central Power Purchasing Agency- Guaranteed (CPPA-G) has sought an increase of Rs 8 per unit in Discos' tariffs for May 2022 under monthly Fuel Charges Adjustment (FCA), showing 134 per cent increase in generation cost to Rs 13.8969 per unit from reference cost of Rs 5.9322 per unit. (BR) | [Click for more info.](#)

## Hubco urges govt not to withdraw IT exemption

HUBC | **Neutral**

Hub Power Company (Hubco) has urged the federal government not to withdraw income tax exemption available to it under the Implementation Agreement (IA). (BR) | [Click for more info.](#)

## Finance Bill 2022; Exemption to IPPs limited

IPPs | **Neutral**

Chairman Federal Board of Revenue (FBR) Asim Ahmad Saturday informed the Senate Standing Committee on Finance that the exemption to the Independent Power Producers (IPPs) has been limited to the lifecycle of the power project or 25 years period. (BR) | [Click for more info.](#)

## CPEC IPPs; MoF urges Power Div to address issue of excess profitability

IPPs | **Neutral**

Finance Ministry has urged Power Division to address excess profitability by Independent Power Producers (IPPs) under China Pakistan Economic Corridor (CPEC) at par with settlement with other IPPs, well informed sources told. (BR) | [Click for more info.](#)

## Over-dependence on LNG, a risk to Pakistan's energy, financial security

Power | **Neutral**

Faced with rapidly declining domestic reserves of natural gas, Pakistan is relying more heavily on imported liquefied natural gas (LNG) as a replacement fuel, which is a flawed policy. "LNG sourced from global markets has become 5 to 10 times more expensive than domestically produced gas in Pakistan," says Isaad. (The News) | [Click for more info.](#)

## Autos

### 100% increase in vehicle registration tax approved

Autos | **Neutral**

Senate Standing Committee on Finance has approved 100 percent increase in the vehicle registration tax for non-filers and directed the Federal Board of Revenue (FBR) that whatever legislation is done should be brought in the form of a bill and not through ordinances. (ET) | [Click for more info.](#)

## Cement

### Govt allocates Rs105bn for construction of dams: Minister

Cement | **Positive**

Federal Minister for Water Resources Syed Khurshid Ahmad Shah on Friday said the government had allocated Rs 105 billion in the federal budget 2022-23 for the construction of dams, and the amount would be increased by Rs 25 billion, if needed. (Mettis) | [Click for more info.](#)

## Fertilizer

### Urea price up by Rs100 to Rs1,950 per bag

Fertilizer | **Positive**

In the latest domino effect of high fuel cost on commodities, the price of urea fertilizer has jumped by Rs100 to Rs1,950 per 50-kg bag. Besides, the dealers and sun-dealers' margin has also increased by Rs100 and Rs50 respectively. (The News) | [Click for more info.](#)

## Banks

**Swap premiums fall as banks face dollar dearth**

**Banks | Negative**

Banks are facing a scarcity of foreign currency, making it harder for them to provide dollars to importers for making payments, resulting in low or negative swap premiums, as the foreign exchange reserves deplete fast in the wake of dried external financing. (The News) | [Click for more info.](#)

**SBP extends validity period for renewable energy for two years**

**Banks | Neutral**

State Bank of Pakistan (SBP) Friday extended the validity period of the renewable energy financing scheme and Islamic financing facility for two years, up to June 30, 2024. (Mettis) | [Click for more info.](#)

## Miscellaneous

**Rice exports surpass highest export figure: REAP chief**

**Unity | Positive**

Pakistan rice exports surpassed highest ever export record by achieving 4.4 million tons in 11 months of the current financial year 2021-22. (BR) | [Click for more info.](#)

**Pakistan sugar production hit record high this year**

**Sugar | Neutral**

Pakistan's Sugar production surge 39.4% to 7.8 million tons to hit record high this year due to better sugarcane production, according to data published by Pakistan Bureau of Statistics. Record high production of sugar has pulled prices of refined sugar down by 10.8% in a year to range between Rupee 4,200 to Rupee 4,750 a 50 kg bag in the domestic retail market. (Auga) | [Click for more info.](#)

**Textile, clothing exports up amid rise in global demand**

**Textile | Positive**

Textile and clothing exports grew 28.26 per cent year-on-year to \$17.62 billion in the first 11 months of this fiscal year (11MFY22), mainly on the back of a massive depreciation in the rupee's value and a steady rise in global demand. According to data released by the Pakistan Bureau of Statistics (PBS) on Friday, the year-on-year growth rate in May was 56.02pc, the highest monthly growth rate. (Dawn) | [Click for more info.](#)

**Get Ready for Phone Call Load-shedding Soon**

**Communication | Neutral**

Telecom operators have warned the public to get ready for regular outages of 'phone calls' across the country just like electricity load-shedding after the federal government increased the taxes on the telecom industry. The development emerged from the recent meeting of the Senate Standing Committee on Finance during which the representatives of the telecom companies raised serious concerns about the tax hike. (Propakistani) | [Click for more info.](#)

## International News

**Growth Fears Weigh on Asian Stocks, Sink Iron Ore: Markets Wrap**

Most Asian stocks fell Monday and iron ore sank as concerns about a wave of monetary tightening and slowing growth hurt sentiment. (Bloomberg) | [Click for more info.](#)

**Oil wobbles as global economic worries offset tightening supply**

Oil prices edged down on Monday, reversing earlier gains, as concerns about slowing global economic growth and fuel demand offset worries about tightening supplies. (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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