



June 27,  
2022

## Economy

### Central bank receives \$2.3b Chinese loan

#### Economy | Positive

Pakistan received the much-awaited Chinese commercial loan of \$2.3 billion on Friday, which improved the country's foreign exchange reserves back into double digits at over \$10 billion. (ET) | [Click for more info.](#)

### IMF likely to indicate approval of agreement today

#### Economy | Neutral

The International Monetary Fund (IMF) will likely send the draft of Memorandum of Economic and Financial Policies (MEFP) to Pakistani authorities on Monday — a key step to indicate that the two parties have reached an agreement. (BR) | [Click for more info.](#)

### NA to take up budget passage on 30<sup>th</sup>

#### Economy | Neutral

The National Assembly (NA) will take up the next fiscal year's budget for passage on June 30, while the Finance Bill would be tabled for adoption a day earlier. (The News) | [Click for more info.](#)

### BUDGET 2022-23: Govt eyes coffers of wealthy to appease IMF

#### Economy | Neutral

The coalition government announced new tax measures on Friday, including a 10 per cent "super tax" on 13 large industries to raise an additional Rs465 billion in revenue, in an attempt to trim the budget deficit to revive the stalled International Monetary Fund (IMF) loan programme. (Dawn) | [Click for more info.](#)

### Rs80b 'burden' passed on to salaried class

#### Economy | Neutral

The government has caved in to the demand of the International Monetary Fund (IMF) and passed on the burden of Rs80 billion on the salaried class by increasing their tax rates and withdrawing the relief announced hardly three weeks ago. (ET) | [Click for more info.](#)

### Supertax applicable to TY22

#### Economy | Negative

According to sources, the one-time supertax would be applicable to Tax Year 2022 for companies and sectors specified in the amended Finance Bill 2022. (BR) | [Click for more info.](#)

### Five more sectors to be taxed

#### Economy | Neutral

Finance Minister Miftah Ismail announced the inclusion of five more sectors including real estate brokers, builders, car dealers, restaurants and salons in the tax network. (The News) | [Click for more info.](#)

### Fixed tax on the anvil for small builders, professional services

#### Economy | Neutral

The coalition government has decided to introduce another fixed income tax scheme for small builders and other service providers through an amended Finance Bill 2022. (Dawn) | [Click for more info.](#)

### Govt plans to sell state units to foreign countries

#### Economy | Neutral

The government on Friday decided to sell state-owned enterprises to foreign countries through negotiated deals instead of conducting transparent bidding and also ruled out the possibility of handing over management control of power distribution companies to the private sector. (ET) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	29,145.2	28,196.0	-949.2	-3.3%
KSE100	42,717.0	41,051.8	-1665.2	-3.9%
KSE30	16,353.2	15,662.5	-690.8	-4.2%
KMI30	70,634.2	67,513.3	-3120.9	-4.4%

### Top Five Gainers

	Open	Close	Chg.	%
MEHT	806.5	867.0	60.5	7.5%
PMPK	540.0	563.0	23.0	4.3%
PECO	273.0	293.0	20.0	7.3%
GATI	420.0	438.0	18.0	4.3%
KHTC	200.5	215.5	15.0	7.5%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
KEL	2.9	2.9	0.0	36.67
CNERGY	5.8	5.4	-0.4	25.85
PRL	19.5	18.1	-1.4	25.30
TELE	11.6	11.1	-0.5	16.91
UNITY	21.1	20.3	-0.9	15.79

### 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.	107.62	3.5%
Brent oil	USD/bbl.	113.12	3.0%
Gold	USD/t oz.	1826.88	0.2%
Silver	USD/t oz.	21.16	1.0%
Coal	USD/ton	345.50	4.3%
Steel Scrap (LME)	USD/ton	372.50	0.7%
Steel Rebar (LME)	USD/ton	678.50	-0.9%
USD/PKR	Interbank	5.84	0.9%

News Source: Local / Int'l Newspapers and websites

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REP-055

## Listed SOEs; Govt likely to offer block trade of shares

### Economy | Neutral

The government is likely to offer Block Trade of Shares of the listed State Owned Entities (SOEs) to institutional investors including governments and/or government entities, sources close to Secretary Privatization told. (BR) | [Click for more info.](#)

## Asset disclosure condition to be eased

### Economy | Neutral

The government may relax the disclosure condition about the ultimate owners of Pakistani companies to ward off pressure from the wealthiest people, who are reluctant to fully reveal their assets and want the continuation of secrecy. (ET) | [Click for more info.](#)

## Covid positivity ratio creeps up to 2.22%

### Economy | Negative

The recent surge in new coronavirus cases continued on Friday, with the nationwide positivity ratio rising to 2.22% for the first time since the first week of March, according to data released by the National Institute of Health (NIH). (ET) | [Click for more info.](#)

## PKR declines on falling forex reserves

### Economy | Neutral

The dip came due to external debt repayment. Resultantly, the rupee closed with a loss of 25 paisa or 0.12% to close at Rs207.48 against the greenback. (BR) | [Click for more info.](#)

## Oil & Gas

### Pakistan seeks \$3.6bn Saudi oil on deferred payment

#### Economy | Neutral

Pakistan is negotiating with Saudi Arabia to enhance an oil facility on deferred payments facility to \$3.6 billion from an existing \$1.2 billion, a spokesperson at the Petroleum Division said. (The News) | [Click for more info.](#)

### Govt mulling buying energy from Russia

#### Oil | Neutral

Prime Minister Shehbaz Sharif led coalition government has reportedly started weighing the possibility of importing oil and gas from Russia to meet country's energy requirements, well informed sources told. (BR) | [Click for more info.](#)

### Pakistan losing LNG bidding war to Europe

#### Gas | Negative

With a spiraling energy crisis brought on by the Russian invasion of Ukraine putting pressure on global fuel reserves, a key member of the federal cabinet admitted on Saturday. (Dawn) | [Click for more info.](#)

### Govt opts for load-shedding over expensive LNG

#### Gas | Neutral

Pakistan has decided not to accept the single bid for LNG cargo it received for delivery in July at a record \$39.8 per million British thermal unit (mmBtu) for being too expensive and unaffordable amid rising electricity prices and shortages. (Dawn) | [Click for more info.](#)

### Pakistan ranks 29th among countries having gas reserves

#### Gas | Neutral

Pakistan ranks 29th among the countries holding natural gas reserves. Total extractable potential is reported around 24 TCFT, however, 4 billion cubic feet (BCFT) is the daily gas production. (Dawn) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
US - Dow 30	31,500.7	823.32	2.68%
INDIA - SENSEX	52,728.0	462.26	0.88%
HK - Hang Seng	21,719.1	445.19	2.09%
KSA - Tadawul	11,513.0	202.34	1.79%
PHILP - PSEI	6,217.6	152.33	2.51%
Taiwan - TWII	15,303.3	126.88	0.84%
US - S&P 500	3,911.7	116.01	3.06%
INDONESIA - IDX	7,042.9	44.67	0.64%
CHINA - Shanghai	3,349.8	29.60	0.89%
PAK (KSE-100)	41,051.8	-1665.18	-3.90%

### Board Meetings

Scrip	Day	Agenda	Time
SMTM	Monday	Other than fin. results	10:30 AM
TPL	Monday	Other than fin. results	11:00 AM
WAVES	Monday	Other than fin. results	11:30 AM
AGIL	Monday	Other than fin. results	12:00 PM
BIPLS	Monday	Other than fin. results	3:00 PM
BOK	Tuesday	Other than fin. results	10:00 AM
HINO	Tuesday	ANN A/c for 31Mar22	10:30 AM
CSAP	Tuesday	Other than fin. results	11:30 AM
TREET	Tuesday	Other than fin. results	11:30 AM
THALL	Tuesday	Other than fin. results	3:30 PM
ILP	Wednesday	Other than fin. results	9:30 AM
GHNL	Wednesday	Other than fin. results	10:00 AM
DYNO	Wednesday	Other than fin. results	10:30 AM
SCL	Wednesday	Other than fin. results	11:00 AM
PNSC	Wednesday	Other than fin. results	11:15 AM
EXIDE	Wednesday	ANN A/c for 31Mar22	12:00 PM
GHNI	Wednesday	Other than fin. results	12:00 PM
INDU	Wednesday	Other than fin. results	4:00 PM

Source: PSX



## Power

### Business leaders of Saudi Arabia, Kuwait meet PM to discuss KE issues

KEL | **Positive**

A delegation of K-Electric's majority shareholders representing Saudi Arabia's Aljomeih Holding Company, Kuwait's National Industries Group (NIG), and Infrastructure Growth and Capital Fund (IGCF) called upon the Honorable Prime Minister of Pakistan Mian Shehbaz Sharif during the departed week. (Mettis) | [Click for more info.](#)

### K-Electric tariff rises Rs5.27 per unit

KEL | **Positive**

The National Electric Power Regulatory Authority (Nepra) has approved an increase of Rs5.27 per unit in the electricity tariff of K-Electric on account of fuel cost adjustment for April 2022. K-Electric had requested for a tariff increase of Rs5.307 per kilowatt-hour (kWh), which would have put a burden of Rs10.216 billion on the power consumers. (ET) | [Click for more info.](#)

### More Chinese investment in renewable energy likely

Power | **Positive**

The introduction of a wholesale electricity market in Pakistan will attract more Chinese investment in the renewable energy sector of the country, an investment expert said. The National Electric Power Regulatory Authority (Nepra) on June 6 awarded market operator licence to Central Power Purchasing Agency-Guarantee (CPPA-G) under the Competitive Trading Bilateral Contract Market (CTBCM) initiative. (ET) | [Click for more info.](#)

### ECC approves Rs17bn for RLNG-based power plants

Power | **Neutral**

The Economic Coordination Committee (ECC) of the Cabinet has reportedly approved Rs17 billion for RLNG-based power plants – Haveli Bahadur Shah, Bhikki, and Balloki – in order to meet their cash requirements. (BR) | [Click for more info.](#)

## Autos

### Auto Industry in Trouble as CKD Imports Come to a Halt

Autos | **Negative**

Pakistan's automotive sector is in hot waters as the imports of Completely Knocked Down (CKD) kits have come to a complete halt. The development comes a month after the State Bank of Pakistan (SBP) had ordered automakers to seek permission from its Foreign Exchange Operations Department (FEOD) for the issuance/amendment of Letters of Credit (LCs). (Propakistani) | [Click for more info.](#)

### FBR reduces CVT on vehicles under amended Finance Bill 2022

Autos | **Neutral**

According to sources, under the Finance Bill 2022, the FBR has proposed levy of tax on capital value of certain assets. A tax shall be levied, charged and collected, to be called the capital value tax 2022 on the value of assets at the provided rates. The capital value tax shall be charged on the motor vehicle held in Pakistan where the value of motor vehicle exceeds Rs 5 million. (BR) | [Click for more info.](#)

## Fertilizer

### Fertilizer prices surge on massive rupee devaluation

Fertilizer | **Neutral**

Fertilizer prices have skyrocketed as a result of rupee depreciation and rising production costs, putting agriculture and food security in greater jeopardy than previously anticipated. (Dawn) | [Click for more info.](#)



## Tech. & Communication

IT sector removed from tax credit regime, cess reduced to 0.25pc: FBR

**Tech & Communication | Neutral**

FBR on Saturday said amendments in Finance Bill were made to incorporate tangible measures for exporters of IT and IT enabled services such as reducing tax rate to 0.25pc on IT export proceeds, removing the sector from tax credit regime to simply tax filing, and liberalizing requirements of filing withholding tax statements. (The News) | [Click for more info.](#)

## Banks

SBP moves apex court against Shariat court's interest ban

**Banks | Neutral**

The State Bank of Pakistan (SBP) moved on Saturday the Supreme Court against the Federal Shariat Court's (FSC) decision to shift to an interest-free economy. (ET) | [Click for more info.](#)

## Miscellaneous

Hotel chain to sell Peshawar business

**PSL | Neutral**

The board has accorded approval for executing the business sale agreement for the disposal of its hotel property namely Pearl Continental Hotel, Peshawar, said Pakistan Service Limited (PSL) Company Secretary Mansoor Khan in a notification to the Pakistan Stock Exchange. (ET) | [Click for more info.](#)

Cotton prices fall Rs2,500/maund in line with world markets

**Textile | Positive**

Local cotton prices dropped by Rs2,500 per maund (37.324 kg) during the second half of the outgoing week, mostly owing to a low-demand led decrease in the international prices of the silver fibre, traders said, which also brought the spot rate down by Rs1,700 per maund. (The News) | [Click for more info.](#)

Ghee producers earn Rs300bn in six months

**POLM, SSOM | Neutral**

Ghee manufacturers have whooped in profitable delight over making more than Rs300 billion by jacking up rates on account of price-hike of international edible oil, petroleum products and dollar fluctuation in six months from Jan-June 2022. (The News) | [Click for more info.](#)

EU sees conventions' implementation crucial for GSP+ extension

**Economy | Neutral**

The European Union (EU) sees the next three months as crucial for extending the Generalised Scheme of Preferences Plus (GSP+) status to Pakistan for 2024. (Dawn) | [Click for more info.](#)

## International News

Stocks Climb, Treasuries Steady as Crude Oil Falls: Markets Wrap

Stocks extended a climb Monday though questions remain about how long the equity bear market can be kept at bay amid high inflation, monetary tightening and the risk of a recession. (Bloomberg) | [Click for more info.](#)

Oil slides more than \$1 as G7 debate Iran nuclear deal, Russia

Oil prices slipped more than \$1 a barrel on Monday as global economic concerns depressed the oil demand outlook while investors eyed the G7 meeting this week for possible moves on Russian oil exports and a revival of the Iran nuclear deal. (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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