

June 29,
2022

Economy

PM Shehbaz says Pakistan could receive \$2bn from IMF

Economy | Neutral

Prime Minister Shehbaz Sharif on Tuesday said that he was informed by Finance Minister Miftah Ismail that Pakistan could receive \$2 billion from the International Monetary Fund (IMF). (Dawn) | [Click for more info.](#)

Combined 7th, 8th reviews; MEFP received from IMF, says Miftah

Economy | Neutral

Finance Minister Miftah Ismail has stated that Pakistan has received a memorandum of economic and financial policies for the combined 7th and 8th reviews of the Extended Fund Facility (EFF) after fulfilling the conditions of the Fund with regard to the budget for the next fiscal year. (BR) | [Click for more info.](#)

Pakistan's ability to generate dollar inflows through loans, grants diminishes

Economy | Negative

Pakistan's ability to generate dollar inflows in the shape of loans and grants has diminished as the government could obtain only \$505 million in loans/grants in May 2022 against \$699 million in the same month of the last financial year. (The News) | [Click for more info.](#)

Finance bill further amended

Economy | Negative

The amended Finance Bill, 2022, has incorporated further new amendments late Tuesday night including a further increase in the incidence of Federal Excise Duty (FED) on cigarettes, a possible reduction in the sales tax rate from 17 to one percent on the import of pharmaceutical raw materials, tax exemption to cinemas/production houses and change in the definition of "deemed rental income" by replacing words "immovable properties" with "capital assets" and other legal and procedural changes in the Finance Bill, 2022. (BR) | [Click for more info.](#)

Amendments to Finance Bill to be approved today

Economy | Neutral

The National Assembly Wednesday (June 29) would approve the Finance Bill, 2022, with significant numbers of amendments including the imposition of 10 percent supertax on 13 sectors/industries announced by the finance minister after presenting the Budget-2022-23. (BR) | [Click for more info.](#)

NA approves 48 demands for grants worth Rs943.161bn

Economy | Neutral

The National Assembly on Tuesday approved 48 demands for grants worth over Rs943.161 billion after voice voting, rejecting all the 301 cut motions moved by opposition members. (BR) | [Click for more info.](#)

FBR collects record Rs6tr

Economy | Positive

The Federal Board of Revenue (FBR) is all set to exceed the upward revised target by June 30 as it already collected a record over Rs6 trillion so far in the outgoing fiscal year, posting a growth of 29 per cent over the Rs4.65tr collection in FY21. (Dawn) | [Click for more info.](#)

Current account deficit exceeds \$15bn mark in 11 months

Economy | Negative

The current account deficit (CAD) sharply widened to \$15.2 billion in the first 11 months of the outgoing fiscal year compared to just \$1.183bn in the corresponding period last year. (Dawn) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	28,646.4	28,661.1	14.7	0.1%
KSE100	41,878.6	41,765.6	-112.9	-0.3%
KSE30	16,008.8	15,933.8	-75.0	-0.5%
KMI30	68,934.1	68,795.3	-138.8	-0.2%

Top Five Gainers

	Open	Close	Chg.	%
NESTLE	5,700.0	5,990.0	290.0	5.1%
BATA	2,132.9	2,288.0	155.1	7.3%
SAPL	860.0	924.5	64.5	7.5%
PAKT	938.8	960.6	21.9	2.3%
AABS	269.9	288.8	18.9	7.0%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
KEL	3.1	3.1	0.0	28.05
OBOYR1	0.6	0.0	-0.6	23.90
WTL	1.4	1.4	0.0	17.07
UNITY	20.5	20.3	-0.2	16.60
CNERGY	5.5	5.4	-0.1	9.81

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.	111.76	2.0%
Brent oil	USD/bbl.	113.83	2.6%
Gold	USD/t oz.	1819.86	-0.2%
Silver	USD/t oz.	20.86	-1.4%
Coal	USD/ton	340.00	-2.1%
Steel Scrap (LME)	USD/ton	374.50	-0.1%
Steel Rebar (LME)	USD/ton	389.50	-43.3%
USD/PKR	Interbank	5.90	-1.1%

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

Foreign debt of \$13.539bn incurred in 11 months

Economy | **Negative**

Pakistan incurred foreign debt of \$13.539 billion from multiple financing sources in the first 11 months (July-May) of 2021-22 including \$2.623 billion from foreign commercial banks (19 percent) against the total budgeted external loans of \$14.088 billion for the entire fiscal year. (BR) | [Click for more info.](#)

REER drops by 2.4% in May

Economy | **Neutral**

The Real Effective Exchange Rate (REER) index was recorded at 93.57 in May 2022, showing a drop of 2.40% compared to 95.87 in April 2022. On a year-on-year basis, the index fell by 6.22% against the value of 102.21 in May 2021. It is pertinent to mention that the REER moved down by 9.11% from its peak of 102.95 in April 2021. (Mettis) | [Click for more info.](#)

PKR ends its 2-day depreciation run

Economy | **Neutral**

As per the State Bank of Pakistan (SBP), the rupee closed at Rs206.87 against the greenback, a gain of Rs1.07 or 0.52%. (BR) | [Click for more info.](#)

Oil & Gas

PSO's price differential claims paid in full

PSO | **Positive**

The government has cleared all the outstanding price differential claims (PDCs) of Pakistan State Oil (PSO), accumulated owing to sale of diesel and petrol at the rates locked by the last government for three and half months. (The News) | [Click for more info.](#)

Power

Shanghai Electric expedite acquisition process of K-Electric

KEL | **Positive**

Shanghai Electric Power Company Limited continue to apply all efforts in expediting the above approvals and processes for acquisition of stake in KEL, according to the notice issued by the Manager to the Offer. (Augaf) | [Click for more info.](#)

Rs15.2bn payment; IPPs serve notice to govt

IPPs | **Neutral**

Three Independent Power Producers (IPPs) have served notice to Government of Pakistan (GoP) for default in payment of Rs 15.2 billion on due date of invoices under respective Power Purchase Agreements (PPAs), sources in PPIB told. (BR) | [Click for more info.](#)

Power outages get more frequent amid 9,000MW shortfall

Power | **Negative**

The increasingly under-stress national grid, on the back of dwindling power generation due to fuel shortages, Tuesday made rolling outages far more widespread amid the stifling summer weather. The officially-reported gap between demand and supply of electricity widened to nearly 9,000 megawatt (MW) for the first time. (The News) | [Click for more info.](#)

To save forex; Govt decides to allow minimum load-shedding till Dec

Power | **Negative**

The government has reportedly decided to continue minimum average monthly load shedding of three hours till December 2022 to avoid forex outflow on imported fuels, well informed sources told. (BR) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
KSA - Tadawul	11,671.2	243.89	2.13%
HK - Hang Seng	22,419.0	189.45	0.85%
PHILP - PSEi	6,345.4	106.59	1.71%
CHINA - Shanghai	3,409.2	30.02	0.89%
INDIA - SENSEX	53,177.5	16.17	0.03%
INDONESIA - IDX	6,996.5	-19.60	-0.28%
US - S&P 500	3,821.6	-78.56	-2.01%
Taiwan - TWII	15,439.9	-108.09	-0.70%
PAK (KSE-100)	41,765.6	-112.95	-0.27%
US - Dow 30	30,947.0	-491.27	-1.56%

Board Meetings

Scrip	Day	Agenda	Time
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
OML	Thursday	Other than fin. results	11:00 AM
HSPI	Thursday	Other than fin. results	3:00 PM
FML	Thursday	Other than fin. results	5:00 PM
SSGC	Friday	Other than fin. results	3:00 PM

Source: PSX

Autos

Millat Tractors increases share capital to Rs2bn

MTL | Positive

The shareholders of Millat Tractors Limited (MTL) have resolved an increase in the authorized capital of the Company from Rs1 billion to Rs2bn in an extra general ordinary meeting held on June 27, 2022. (Mettis) | [Click for more info.](#)

Tech. & Communication

Power outages pose risk of ‘connectivity blackouts’

Technology | Negative

The telecom industry has warned the government of connectivity failures if prolonged power outages continue amid high fuel costs and stringent conditions on battery imports. (Dawn) | [Click for more info.](#)

IT exports fall 27pc in May to lowest level since February 2021

Technology | Negative

Pakistan’s information technology exports fell by 27 percent month-on-month in May to lowest monthly level since February 2021, data showed on Tuesday. IT exports stood at \$183 million in May, down from \$249 million a month ago, figures from the State Bank of Pakistan showed. The exports declined by 8 percent year on year. (The News) | [Click for more info.](#)

Miscellaneous

Pakistan earns \$634mn by exporting transport services in 10 months

Economy | Positive

Pakistan earned \$634.760 million by providing different transport services in various countries during the first ten months of fiscal year (2021-22) as compared to the corresponding period last year. This shows increase of 34.77 percent as compared to \$471.010 million earned through provision of services during the corresponding period of last fiscal year (2020-21). (PT) | [Click for more info.](#)

Japan extends \$2.3m grant assistance

Economy | Positive

The government of Japan on Tuesday extended grant assistance worth Japanese yen 313 million (around \$2.3 million) to the government of Pakistan for “The Project for Human Resource Development Scholarship for fiscal year 2022.” (BR) | [Click for more info.](#)

TREET approves additional Rs3bn loan to FTMM

FTMM | Neutral

An associated undertaking, in the form of a working capital loan for a period of one year. The loan shall stand transferred to Treet Battery Limited (TBL) if and when the Scheme of Arrangement for separation and transfer of the Treet Battery Project from FTMM to TBL is sanctioned by the Honorable Lahore High Court. (Mettis) | [Click for more info.](#)

International News

Stocks Decline in Asia Amid Worries About Growth: Markets Wrap

Stocks dropped in Asia on Wednesday on renewed worries about a gloomy economic outlook as monetary policy tightens in much of the world to fight high inflation. (Bloomberg) | [Click for more info.](#)

Oil settles higher as major producers flag capacity limits

Oil prices settled higher for a third day on Tuesday as major producers Saudi Arabia and the United Arab Emirates looked unlikely to be able to boost output significantly while Western governments agreed to explore ways to cap the price of Russian oil. (Reuters) | [Click for more info.](#)

Disclaimer

This report has been prepared by Aba Ali Habib Securities and is provided for information purposes only. Under no circumstances this is to be used or considered as an offer to sell or solicitation of any offer to buy. While reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time, Aba Ali Habib Securities and/or any of its officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. This report is provided only for the information of professional advisers who are expected to make their own investment decisions without undue reliance on this report. Investments in capital markets are subject to market risk and Aba Ali Habib Securities accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents.

In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors, who should seek further professional advice or rely upon their own judgment and acumen before making any investment. The views expressed in this report are those of Aba Ali Habib Securities' Research Department and do not necessarily reflect those of the company or its directors. Aba Ali Habib as a firm may have business relationships, including investment-banking relationships, with the companies referred to in this report. Aba Ali Habib Securities or any of its officers, directors, principals, employees, associates, close relatives may act as a market maker in the securities of the subject company, may have a financial interest in the securities of the subject company to an amount exceeding 1% of the value of the securities of the subject company, may serve or may have served in the past as a director or officer of the subject company, may have received compensation from the subject company for corporate advisory services, brokerage services or underwriting services or may expect to receive or intend to seek compensation from the subject company for the aforesaid services, may have managed or co-managed a public offering, take-over, buyback, delisting offer of securities or various other functions for the subject company.

All rights reserved by Aba Ali Habib Securities. This report or any portion hereof may not be reproduced, distributed or published by any person for any purpose whatsoever. Nor can it be sent to a third party without prior consent of Aba Ali Habib Securities. Action could be taken for unauthorized reproduction, distribution or publication.

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.

Analyst Certification ^{AC}

The research Analyst(s) hereby certify that the views about the company/companies and the security/securities discussed in this report accurately reflect his or her or their personal views and that s/he has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendation or views in this report. The analyst(s) is/are principally responsible for preparation of this research report and that s/he or his/her close relative/family member doesn't own 1% or more of a class of common equity securities of the following company/companies covered in this report.

THE TEAM

CEO

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

RESEARCH TEAM

Contact: (021) 32429665, Ext. 106

Muhammad Ali – Research Analyst
Muhammaddali@abaalihabib.com

Kainat Rohra- Research Analyst
Kainatrohra@abaalihabib.com

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

SALES TEAM

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

Fahed Fazal - Manager Equity Sales
Fahedfazal@abaalihabib.com
(021) 32431925

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

Shoib - Equity Trader
shoibqadri@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)



https://twitter.com/Aba_Ali_Habib



<https://www.facebook.com/aah162>



<https://www.linkedin.com/company/aba-ali-habib-securities/>