

June 30,  
2022

## Economy

**Monetary tightening, weak rupee, inflation to haunt economy**

**Economy | Negative**

The Ministry of Finance has highlighted three major risks facing Pakistan's economy including the possibility of further hikes in interest rates, exchange rate depreciation, and consistent rise in domestic consumer prices. (The News) | [Click for more info.](#)

**Amendment-laden finance bill easily sails through NA**

**Economy | Neutral**

The National Assembly on Wednesday passed Federal Budget, 2022-23 by incorporating significant amendments to the Finance Bill, 2022 on the dictation of the International Monetary Fund (IMF). Finance Minister Miftah Ismail who had presented the budget with an outlay of Rs9.5 trillion on June 10, had avoided taking unpopular tax measures for fear of political backlash, but Shehbaz Sharif-led coalition government had to roll back several relief measures on the dictation of the IMF to take practical steps to stabilise the fragile economy. (BR) | [Click for more info.](#)

**15 sectors; 10pc supertax imposed on income exceeding Rs300m**

**Economy | Neutral**

The amended Finance Bill 2022 has imposed a 10 percent supertax for the Tax Year 2022 on persons including companies engaged in the business of airlines, automobiles, beverages, cement, chemicals, cigarettes/tobacco, fertilizer, iron/steel, LNG terminal, oil marketing, oil refining, petroleum and gas exploration and production, pharmaceuticals, sugar and textile where income exceeds Rs300 million. (BR) | [Click for more info.](#)

**NA approves revised salary income tax**

**Economy | Neutral**

The National Assembly has approved revised income tax slabs for the salaried class amid pressure from the IMF to generate incremental revenue. (PT) | [Click for more info.](#)

**Auction for MTBs; Rs1.74trn mopped up to finance fiscal deficit**

**Economy | Neutral**

The State Bank of Pakistan (SBP) on June 29, on behalf of federal government, conducted the auction for the sale of 3-, 6- and 12-month Government of Pakistan Market Treasury Bills (MTBs). Out of the received bids, the SBP raised Rs 1.742 trillion against the target of Rs 800 billion for this auction. The shortest 3-month MTBs fetched highest Rs 1.9 trillion worth bids, out of which, the federal government borrowed Rs 1.7 trillion. The cut-off yield decreased by 2 basis points (bps) to 15.23 percent. (BR) | [Click for more info.](#)

**External borrowings soar to \$16.3bn**

**Economy | Negative**

Amid external account challenges, Pakistan borrowed about \$16.3 billion in foreign loans in first 11 months of the current fiscal year (11MFY22), about seven per cent higher than foreign loans it received in comparable period last year. (Dawn) | [Click for more info.](#)

## Oil & Gas

**Fuel prices may hike up to Rs16.89/litre**

**Oil | Negative**

The domestic prices of diesel and petrol are expected to rise by Rs16.89 and Rs4.55/litre excluding Petroleum Levy (PL) and General Sales Tax (GST) in the next fortnight. (The News) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	28,661.1	28,441.3	-219.7	-0.8%
KSE100	41,765.6	41,297.7	-467.9	-1.1%
KSE30	15,933.8	15,696.6	-237.2	-1.5%
KMI30	68,795.3	68,207.0	-588.2	-0.9%

### Top Five Gainers

	Open	Close	Chg.	%
SAPL	924.5	993.8	69.3	7.5%
COLG	2,200.0	2,248.0	48.0	2.2%
BATA	2,288.0	2,325.4	37.4	1.6%
MEHT	867.0	899.0	32.0	3.7%
PAKT	960.6	977.5	16.9	1.8%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
KEL	3.1	3.1	0.0	14.38
WTL	1.4	1.4	0.0	11.62
HASCOL	4.0	4.3	0.2	7.56
CNERGY	5.4	5.4	0.0	5.72
TPLP	20.4	20.0	-0.4	4.36

### 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.	109.78	-1.8%
Brent oil	USD/bbl.	112.17	-1.5%
Gold	USD/t oz.	1817.92	-0.1%
Silver	USD/t oz.	20.75	-0.6%
Coal	USD/ton	338.50	-0.4%
Steel Scrap (LME)	USD/ton	374.00	-0.1%
Steel Rebar (LME)	USD/ton	692.50	0.4%
USD/PKR	Interbank	5.83	-1.1%

**News Source:** Local / Int'l Newspapers and websites

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**REP-055**



## Rs50 petroleum levy to be imposed in phases

**Oil | Negative**

The federal government Wednesday got the Finance Bill 2022 passed with ease to give legal effect to the federal budget for fiscal year 2022-23, rejecting voices against the imposition of Rs50 petroleum levy and IMF programme. The amendment will allow the government to impose Rs50 per unit levy on petroleum products, including high speed diesel oil, motor gasoline, superior gasoline, light diesel oil, high octane blending component and E-10 gasoline. On one metric tonne liquefied petroleum gas (LPG), produced or extracted in Pakistan, there would be levy rate of Rs30,000. (The News) | [Click for more info.](#)

## Refineries' views on Russian oil import sought

**Refinery | Neutral**

The Russian crude oil is acceptable to Pakistan's refineries but there are many ifs and buts including the issue of how to import it amid sanctions imposed on Russia in the wake of its invasion of Ukraine. For Russia's crude oil import, the government needs to enter into GtG (government-to-government) commercial contract with a mode of payment that ensures no impact of economic curbs on Moscow. (The News) | [Click for more info.](#)

## KE makes another Rs500 million payment to SSGC

**SSGC | Positive**

Despite facing financial constraints, KE has made another payment of PKR 500 million to SSGC on 29 June 2022, bringing the total payout to over PKR 6 billion during the month. (Mettis) | [Click for more info.](#)

## Autos

**Atlas Honda Ltd (AHL) has again increased the prices of motorbikes by up to Rs15,000 from July 1**

**ATLH | Positive**

The new rates of Honda CD70cc, CD70 (Dream), Pridor, CG125, CG125S, CB125F, CB150F and CB150F (Silver) are Rs111,500, Rs119,500, Rs150,900, Rs174,500, Rs205,500, Rs263,900, Rs323,900 and Rs327,900. On June 1, AHL raised prices by up to Rs9,000. (Dawn) | [Click for more info.](#)

## Capital value tax reduced on automobiles in amended Finance Bill

**Autos | Positive**

The Federal Board of Revenue (FBR) has reduced the capital value tax (CVT) from 2% to 1% on automobiles in an amendment to the Finance Bill 2022. The CVT originally stood at 2% for all cars valued in excess of Rs5 million. (PT) | [Click for more info.](#)

## Cement

**Power Cement increases share capital to Rs13.9bn**

**POWER | Positive**

Power Cement (PSX: POWER) has increased its authorized share capital to Rs13.9 billion from Rs13.1 billion, company's filing on the bourse showed. (Mettis) | [Click for more info.](#)

## Pharmaceutical

**Sales tax on APIs reduced to 1pc**

**Pharma | Positive**

The government has reduced sales tax to one per cent from the existing 17pc on the import of active pharmaceutical ingredients (APIs) besides some other minor amendments to income tax rates in Finance Bill 2022-23. (Dawn) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
US - Dow 30	31,029.3	82.32	0.27%
KSA - Tadawul	11,727.2	56.04	0.48%
US - S&P 500	3,818.8	-2.72	-0.07%
PHILP - PSEi	6,303.2	-42.22	-0.67%
CHINA - Shanghai	3,361.5	-47.69	-1.40%
INDONESIA - IDX	6,942.4	-54.11	-0.77%
INDIA - SENSEX	53,027.0	-150.48	-0.28%
Taiwan - TWII	15,240.1	-199.79	-1.29%
HK - Hang Seng	21,996.9	-422.08	-1.88%
PAK (KSE-100)	41,297.7	-467.89	-1.12%

### Board Meetings

Scrip	Day	Agenda	Time
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



## Paper & Board

**Packages to purchase additional 585,254 shares of Sanofi Pakistan PKGS | Positive**

Packages Limited (PKGS) has made a public offer to purchase 585,254 ordinary shares of Sanofi-Aventis Pakistan Limited, having a par value of Rs10 each at an offer price of Rs1,704 each, the company's filing on PSX showed. (Mettis) | [Click for more info.](#)

## Tech. & Communication

**NETSOL awarded World Bank's funded project worth Rs450mn NETSOL | Positive**

NETSOL Technologies Limited has been awarded a contract worth over Rs450 million, namely "Workflow and Document Management System" from the Government of Khyber Pakhtunkhwa (GoKP), funded by the World Bank. (Mettis) | [Click for more info.](#)

**PTA takes CMOs to task for threatening to shutdown telecom services Technology | Negative**

Pakistan Telecommunication Authority (PTA) has taken cellular mobile operators (CMOs) to task for threatening to shut down telecom services and invoking 'force majeure' due to fiscal constraints, load shedding and 100 percent cash margin condition. (The News) | [Click for more info.](#)

## Banks

**Haste in enforcing riba ruling to add to financial issues: experts MEBL | Positive**

Bankers and analysts fear that any haste to make Pakistan's banking and economic system riba-free to comply with the Federal Shariat Court's ruling might add to financial problems, though it could help the Islamic finance industry grow stronger. (The News) | [Click for more info.](#)

## Miscellaneous

**Gur, sugar export as per SAB decision: Qamar Sugar | Neutral**

Commerce Minister Syed Naveed Qamar has said that export of Gur will be opened along with sugar in the light of decision of Sugar Advisory Board (SAB). (BR) | [Click for more info.](#)

**Senate's sub-committee set up to devise mechanism for import of gold Economy | Neutral**

Senate Standing Committee on Commerce on Wednesday constituted a Sub-Committee to devise a mechanism for import of gold after it was revealed that 170MT of gold is coming into Pakistan illegally. A representative of Progressive Jewellers Group noted that Pakistan's gold consumption is 170MT per annum, of which only upto three percent is legally imported. (BR) | [Click for more info.](#)

## International News

**Stocks in Asia, US Futures Dip on Inflation Angst: Markets Wrap**

Stocks in Asia slid with US futures Thursday after Treasury yields retreated and as investors weigh comments from central bank chiefs on tackling persistent price pressures. (Bloomberg) | [Click for more info.](#)

**Oil slides 2% on rising U.S. fuel stocks and output**

Oil prices slid about 2% on Wednesday as a rise in U.S. gasoline and distillate inventories and worries about slower economic growth around the world offset ongoing concerns about tight crude 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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