



July 18,
2022

Economy

Pakistan to receive \$1.17bn tranche in three to six weeks: IMF

Economy | Positive

The International Monetary Fund (IMF) has said that Pakistan will be receiving the \$1.17 billion tranche in three to six weeks, after the two reached a staff-level agreement earlier this week. As a reminder, Rice stated that the tranche would bring the total disbursements, from the IMF to Pakistan under the ongoing programme, to approximately \$4.2 billion. (ET) | [Click for more info.](#)

World Bank okays \$200m for Punjab's agri sector

Economy | Positive

According to a WB's announcement made here Saturday, the World Bank's Board of Executive Directors approved \$200 million in financing to support Pakistan in transforming the agricultural sector by adopting climate-smart technologies to improve water-use efficiency, build resilience to extreme weather events and increase incomes of small farmers. (The News) | [Click for more info.](#)

Staff-level agreement with IMF: Country's economy still vulnerable to external shocks

Economy | Negative

Though Pakistan's incumbent coalition government has averted an imminent default after it reached a staff-level agreement with the IMF, the economy is still vulnerable to external shocks with growing debts. (The News) | [Click for more info.](#)

Govt faces \$4b financing gap despite IMF deal

Economy | Neutral

Pakistan was still facing a \$4 billion financing gap that will be bridged by selling stakes of listed government companies to a friendly country, buying oil and gas on deferred payments and arranging cash deposits, said Finance Minister. (ET) | [Click for more info.](#)

FATF's on-site visit likely in September

Economy | Neutral

Global financial crime watchdog the Financial Action Task Force (FATF) will send its on-site mission to Pakistan sometime in September, a visit anticipated by diplomatic circles in Islamabad as a "final walk-through from the FATF process" for the country. (Dawn) | [Click for more info.](#)

CPEC energy deals still loom over Pakistan

Economy | Neutral

Pakistan has assured the International Monetary Fund (IMF) that it would try to receive concessions from the China-Pakistan Economic Corridor (CPEC) power plants in the shape of either reduction in the profit rates on investment or rescheduling the loan repayments. (ET) | [Click for more info.](#)

Bonds, treasury yields falling after staff-level accord with IMF

Economy | Neutral

Market Treasury Bills and Pakistan Investment Bonds (PIBs) yields started declining after staff-level agreement with the International Monetary Fund (IMF) on policies to complete the seventh and eighth reviews of Extended Fund Facility (EFF). (The News) | [Click for more info.](#)

Trade deficit biggest economic challenge

Economy | Neutral

Trade deficit clocked at a record \$48.66 billion in outgoing FY22 that translates into more than \$4 billion a month on an average, while it was \$30.96 billion in the previous year (FY21), which shows an increase of 57 percent, the apex trade body noted. (The News) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	29,029.3	28,896.4	-132.9	-0.5%
KSE100	42,348.9	42,074.9	-274.0	-0.6%
KSE30	16,164.9	16,050.6	-114.3	-0.7%
KMI30	70,087.6	69,674.9	-412.7	-0.6%

Top Five Gainers

	Open	Close	Chg.	%
AWTX	2,035.0	2,187.6	152.6	7.5%
PRET	795.0	830.0	35.0	4.4%
PAKT	936.0	965.8	29.8	3.2%
PMPK	600.0	625.0	25.0	4.2%
JDWS	215.0	231.1	16.1	7.5%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
PAEL	16.3	16.3	0.0	12.03
UNITY	20.6	20.2	-0.4	8.96
SNGP	39.5	39.2	-0.4	5.92
WTL	1.4	1.4	0.0	5.55
CNERGY	5.5	5.3	-0.2	5.49

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.	97.59	1.9%
Brent oil	USD/bbl.	101.16	1.4%
Gold	USD/t oz.	1708.17	-0.1%
Silver	USD/t oz.	18.71	1.5%
Coal	USD/ton	344.00	-2.3%
Steel Scrap (LME)	USD/ton	385.00	-1.0%
Steel Rebar (LME)	USD/ton	682.50	0.0%
USD/PKR	Interbank	5.75	0.6%

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



The big default? Pakistan among a dozen countries in 'danger zone'

Economy | Neutral

Traditional debt crisis signs of crashing currencies, 1,000 basis points bond spreads and burned foreign exchange reserves point to a record number of developing nations now in trouble. Pakistan struck a crucial IMF deal this week. (Dawn) | [Click for more info.](#)

Dollar hits Rs211

Economy | Negative

The US dollar resumed upward march against the rupee and reached almost Rs211 in the interbank market on Friday. The greenback gained Rs1.15 to close at Rs210.95, up from Rs209.80 a day earlier. On Thursday, The rupee recovered 30 paise against the dollar. (Dawn) | [Click for more info.](#)

Oil & Gas

PRL may face brief closure on delayed crude cargo

PRL | Neutral

Pakistan Refinery Limited (PRL) cargo weighing 70,000 tonnes crude oil was behind schedule due to delay in confirmation of its credit letter, which could lead to temporary shutdown of the refinery. (The News) | [Click for more info.](#)

Rs5.5/kg hike in LPG price on the cards

BPL | Positive

The government is set to increase the LPG price by Rs5.5 per kg as the petroleum levy has been raised by 116.56pc per tonne to Rs10,111 per tonne on the locally-produced product. (The News) | [Click for more info.](#)

Power

Gas tariffs after Punjab by-polls

Power | Negative

The government has not yet notified the hike in electricity and gas tariffs in order to comply with the IMF conditions. The government has made deliberate efforts to avoid hiking gas and electricity tariffs before the by-elections in Punjab, which are scheduled to take place on July 17, 2022. (The News) | [Click for more info.](#)

Power shortfall narrows to 4,848MW

Power | Neutral

The electricity shortfall in the country currently stands at 4,848 megawatts after Prime Minister Shehbaz Sharif had some of the closed power plants reopened. (ET) | [Click for more info.](#)

Rs500bn addition to circular debt; Power Division holds Nepra responsible

Power | Negative

The Power Division has reportedly held National Electric Regulatory Authority (Nepra) responsible for addition of Rs 500 billion to the circular debt flow in FY 2021-22 totaling Rs 850 billion. (BR) | [Click for more info.](#)

China's PMLTC agitates against imposition of 17pc GST

Power | Neutral

Chinese Company Pak Matiari-Lahore Transmission Company (PMLTC) has agitated on imposition of 17 percent GST on transmission service charges, official sources told. (BR) | [Click for more info.](#)

Four \$2.3bn power projects declared 'problematic'

Power | Neutral

The Ministry of Economic Affairs has reportedly declared four power sector projects of \$2.3 billion problematic and directed Power Division and its attached organizations to expedite implementation of the projects. (BR) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
US - Dow 30	31,288.3	658.09	2.15%
INDIA - SENSEX	53,760.8	344.63	0.65%
KSA - Tadawul	11,292.4	129.39	1.16%
Taiwan - TWII	14,550.6	112.10	0.78%
US - S&P 500	3,863.2	72.78	1.92%
INDONESIA - IDX	6,651.9	-38.18	-0.57%
PHILP - PSEi	6,195.3	-52.87	-0.85%
CHINA - Shanghai	3,228.1	-53.68	-1.64%
PAK (KSE-100)	42,074.9	-274.00	-0.65%
HK - Hang Seng	20,297.7	-453.49	-2.19%

Board Meetings

Scrip	Day	Agenda	Time
PTC	Monday	HYA/c for 30Jun22	2:00 PM
STCL	Monday	Other than fin. results	4:00 PM
PGLC	Tuesday	Other than fin. results	3:00 PM
MFFL	Thursday	Other than fin. results	2:00 PM
FFL	Friday	HYA/c for 30Jun22	9:30 AM
FFBL	Monday	HYA/c for 30Jun22	10:30 AM
ARPL	Wednesday	3QA/c for 30Jun22	12:00 PM
SIEM	Wednesday	3QA/c for 30Jun22	3:00 PM

Source: PSX



Autos

Car sales soar prior to imposition of taxes

Autos | Positive

Defying all restrictions, the passenger car and jeep sales leapfrogged to a historic high at 28,379 units in June 2022, soaring 24% compared to the previous month and 106% compared to the same month a year ago. The significant growth in the delivery of four-wheelers to buyers came across all segments, but was led by the most expensive jeeps (SUVs – sports utility vehicles) and the most economical cars (below 1,000cc engine capacity). (ET) | [Click for more info.](#)

Fertilizer

Budgetary steps raised urea prices

Fertilizer | Neutral

The Fertiliser Manufacturers of Pakistan Advisory Council (FMPAC) on Friday said recent increase in urea fertiliser prices was mainly on account of amendment in Sales Tax regime and rise in cost of doing business, inflation, and devaluation of the rupee. The urea fertiliser bag price has surged to Rs2350/bag from Rs1950/bag. (The News) | [Click for more info.](#)

Insurance

Finnish fund buys 17.6pc stake in TPL Insurance

TPLP | Positive

TPL Corporation said on Friday a Finnish fund has successfully completed the transaction to acquire 17.59 per cent shareholding in TPL Insurance, a subsidiary of the Pakistani conglomerate. The size of the transaction is \$3 million, which amounts to Rs632.8 million at the current exchange rate. (Dawn) | [Click for more info.](#)

Insurance firms to invest in ETFs

ETCs | Positive

The Securities and Exchange Commission of Pakistan (SECP) has allowed insurance companies to invest in open-ended mutual funds including exchange traded funds (ETFs) to encourage their participation in the ETF market. (The News) | [Click for more info.](#)

Technology

Advisory body opposes new IT taxes

Technology | Neutral

Members of the Prime Minister's Advisory Council on IT and Digital Economy have suggested to the government not to impose any new taxes and enforce new procedures for information technology, freelancers, e-commerce and startups, fearing a significant part of their earnings will be parked abroad. (ET) | [Click for more info.](#)

IT companies urged to participate in CPEC projects

Technology | Neutral

There is a need to encourage local IT companies to participate in the China-Pakistan Economic Corridor (CPEC) projects for eventual entry into the Chinese market. (Dawn) | [Click for more info.](#)

Banks

Govt reshaping low-cost Mera Ghar scheme

Banks | Neutral

The government is reshaping the Mera Pakistan, Mera Ghar (MPMG) low-cost housing scheme, stating that the interest rate has gone up to 15 per cent while financing was being provided at much lower rates. (Dawn) | [Click for more info.](#)



Miscellaneous

Govt slashes PIA, Pakistan Railways' fares to pass on fuel price cut to consumers

PIAA | Neutral

Minister for Railways and Aviation Khawaja Saad Rafique on Saturday announced a reduction in fares of Pakistan International Airlines (PIA) and Pakistan Railways (PR), following the recent cut in fuel prices. (Dawn) | [Click for more info.](#)

Prices of edibles witness downward trend a

EXTP, POML, SSOM | Neutral

Prices of essential kitchen items especially vegetables, chicken, eggs, ghee/cooking oil and fruits have witnessed a reduction following decline in petrol and diesel prices. (BR) | [Click for more info.](#)

Afghanistan; Pakistan to sell 120,000 metric tons of wheat to UN's WFP

Economy | Neutral

The federal government has decided to sell 120,000 MT of wheat to United Nations World Food Programme (WFP) for Afghanistan at full import cost in US dollars instead of Pak rupee or any other currency. (BR) | [Click for more info.](#)

APTMA expects over 20% growth in Pakistan's textile exports in FY23

Textile | Positive

Patron in Chief of the All Pakistan Textile Mills Association (APTMA) Dr Gohar Ejaz on Saturday indicated that the textile industry is expecting over 20% growth in exports this fiscal year, cautiously adding that this is possible if the government continues with the policy of 'Regionally Competitive Energy Tariffs'. (BR) | [Click for more info.](#)

Irked by rupee slide, Chinese for accounts in RMB

Economy | Neutral

Disturbed with frequent depreciation of the Pak Rupee (PKR), Chinese investors in Gwadar have sought permission to maintain their bank accounts in RMB in Gwadar Free Zone without converting their money into Rupees. (BR) | [Click for more info.](#)

Political News

Elahi says will dissolve assembly on Imran's call

Punjab Assembly Speaker and PMLQ leader Chaudhry Pervaiz Elahi asserted on Sunday that he would dissolve the Punjab Assembly in two seconds on former prime minister and PTI Chairman Imran Khan's call. (The News) | [Click for more info.](#)

International News

Stocks, US Equity Futures Climb as Dollar Dips: Markets Wrap

Stocks and US equity futures rose Monday amid scaled back expectations of aggressive Federal Reserve interest-rate hikes and as investors assessed Chinese pledges to shore up economic growth. (Bloomberg) | [Click for more info.](#)

Oil in Retreat as Traders Weigh Mideast Supply After Biden Trip

Oil slid as investors weighed the odds of more supply from the Middle East after a landmark trip to the region by US President Joe Biden. (Bloomberg) | [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
Muhammadali@abaalihabib.com

Kainat Rohra- Research Analyst
Kainatrohra@abaalihabib.com

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

SALES TEAM

Zaheer Ahmed - Head of Equity Sales & Business Dev.
Zaheer.ahmed@abaalihabib.com
(021) 32418693-94

Mr. Salman Naqvi - Head of Retail Sales
(021) 32431925

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

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

Shoaib- Equity Trader
shoibqadri@abaalihabib.com
(021) 32429664

Muhammad Faisal - Equity Trader
faisal@abaalihabib.com
(021) 32464835

Karachi Office

Suite# 505, 5th Floor, Business Plaza, Mumtaz
Hussan Road, Off I.I. Chundrigar Road, Karachi
Contact: 021-32429664-7
Cell: [+92 3312766771](tel:+923312766771)