



July 22, 2022

## Economy

**Inflation revised up; ADB sees 'slight' recovery in GDP growth**

**Economy | Neutral**

Pakistan's GDP growth rate is projected to recover slightly in the fiscal year 2023, but inflation is revised up substantially, says the Asian Development Bank (ADB). The bank in its latest report, "Asian Development Outlook Supplement", noted that inflation in Pakistan is the highest after Sri Lanka in the region. (BR) | [Click for more info.](#)

**Rupee hits life low for fifth straight day as economic fears persist**

**Economy | Negative**

The rupee plummeted for fifth straight session on Thursday as increased dollar demand for import payments in absence of foreign currency inflows and heightened uncertainties surrounding the country's economy and politics continued to weigh on the domestic currency. The local unit didn't manage to catch a break from a precipitous downturn, falling 0.83 percent against the dollar, closing at 226.81 in the interbank market. It had ended at 224.92 on Wednesday. The rupee has shed over 7 percent or 17 rupees in the past five sessions. (The News) | [Click for more info.](#)

**No possibility of capping dollar against rupee at fixed rate: Miftah Ismail**

**Economy | Neutral**

Without making a commitment to an exact time-frame for materialising dollar inflows from friendly countries, Minister for Finance Miftah Ismail on Thursday ruled out the possibility of capping the US dollar against the Pakistani rupee at fixed rate, saying the free market exchange rate will continue to persist. (The News) | [Click for more info.](#)

**FY22 FDI surges 2.6pc to \$1.868bn**

**Economy | Positive**

Pakistan fetched Foreign Direct Investment (FDI) \$1.868 during the last fiscal year (FY22), the State Bank of Pakistan (SBP) reported on Thursday. (BR) | [Click for more info.](#)

**Fiscal, monetary steps eroding investor confidence: OICCI**

**Economy | Neutral**

An influential group of international investors operating in Pakistan has welcomed the government's "bold policy measures" to finalise the IMF programme but has warned that such a stance, along with the central bank's monetary tightening and fast currency depreciation, was further eroding investor confidence. (Dawn) | [Click for more info.](#)

**SBP reserves fall to \$9.329bn on debt repayments**

**Economy | Negative**

The State Bank of Pakistan's foreign exchange reserves dropped by \$389 million or 4 percent during the week ending July 15, putting pressure on deteriorating balance of payments. The reserves held by the central bank fell to \$9.329 billion from \$9.718 billion a week ago. (News) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	27,970.5	27,525.9	-444.6	-1.6%
KSE100	40,459.7	39,831.8	-627.9	-1.6%
KSE30	15,369.0	15,121.7	-247.2	-1.6%
KMI30	66,402.3	65,147.9	-1254.3	-1.9%

### Top Five Gainers

	Open	Close	Chg.	%
AWTX	2,715.7	2,919.4	203.7	7.5%
BATA	2,182.6	2,339.0	156.4	7.2%
SUTM	204.8	216.9	12.1	5.9%
AABS	262.0	271.0	9.0	3.4%
MQTM	92.5	99.4	6.9	7.5%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	1.3	1.2	-0.1	16.01
TPLP	17.6	16.3	-1.3	11.88
UNITY	18.1	16.7	-1.4	10.04
CNERGY	5.0	4.9	-0.1	7.61
PRL	16.1	15.1	-1.0	5.68

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	1.38	-0.23	1.16
O/S Pakistanies	1.71	-1.41	0.30
<b>Net</b>	<b>3.09</b>	<b>-1.64</b>	<b>1.46</b>
LIPI			
Individuals	19.76	-20.16	-0.41
Companies	0.84	-0.88	-0.04
Comm. Banks	0.85	-0.40	0.45
NBFC	0.03	-0.04	-0.01
Mutual Funds	0.41	-1.27	-0.86
Other	0.05	-0.06	-0.01
Brokers Proprietary	4.83	-5.07	-0.24
Insurance	0.08	-0.42	-0.34
<b>Net</b>	<b>26.85</b>	<b>-28.31</b>	<b>-1.46</b>

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	96.36	-3.5%
Brent oil	USD/bbl.	103.86	-2.8%
Gold	USD/t oz.	1718.38	1.3%
Silver	USD/t oz.	18.86	1.0%
Coal	USD/ton	334.85	-0.5%
Steel Scrap (LME)	USD/ton	391.00	-0.3%
Steel Rebar (LME)	USD/ton	682.50	0.0%
USD/PKR	Interbank	6.15	0.5%

News Source: Local / Int'l Newspapers and websites

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MORNING BRIEFING

## Oil & Gas

### Minimum tax rate on OMCs' turnover cut under Finance Act OMCs | Neutral

The rate of minimum tax on turnover of oil marketing companies has been brought down from 0.75 percent to 0.5 percent under the Finance Act, 2022. The rate of minimum tax on turnover of oil marketing companies has been brought down from 0.75 percent to 0.5 percent under the Finance Act, 2022. (BR) | [Click for more info.](#)

## Power

### Non-availability of forex; CPHGC lands in hot water as SBP stops payments

#### Power | Negative

China Power Hub Generation Company (Pvt.) Ltd. (CPHGC) has revealed that State Bank of Pakistan (SBP) has stopped various payments relating to its coal trade due to non-availability of the foreign exchange in the country, which has resulted in default in payments to its coal suppliers. (BR) | [Click for more info.](#)

### Power companies seek to charge additional Rs155bn in August Power | Negative

Bad news continues to pour in for electricity consumers almost daily as K-Electric and ex-Wapda distribution companies (Discos) on Thursday sought to generate more than Rs155 billion through unprecedented Rs11.4 and Rs9.90 per unit additional fuel cost adjustment (FCA), respectively, for electricity consumed in June. (Dawn) | [Click for more info.](#)

### Power generation falls in peak demand season

#### Power | Negative

The country has witnessed lower power generation in June, one of peak months in terms of power demand, thanks to dearth of fuel for thermal plants on the back of liquidity crunch. Factors, including downturn in economic activities and non-availability of fuel for power generation, have been attributed to a downward trend in electricity supply. (The News) | [Click for more info.](#)

### KE's Fuel Charges Adjustment; Consumers to bear Rs22.25bn additional burden

#### KEL | Positive

The already power-hit consumers of K-Electric will have to bear an additional financial burden of Rs22.25 billion as Fuel Charges Adjustment (FCA) for the month of June 2022, subject to approval of National Electric Power Regulatory Authority (Nepra), under the multi-year tariff 2017-2023. (BR) | [Click for more info.](#)

### Financial crunch; KE demands clearance of TDC net difference

#### KEL | Negative

K-Electric (KE) has cautioned the federal government that it has reached an alarming and unsustainable level of bank borrowings and will not be in a position to clear over-dues unless the net difference of its KE demands clearance of Tariff Differential Claim (TDC) net difference TDC amounting to Rs 25.6 billion is cleared, sources close to Chairman NEPRA told. (BR) | [Click for more info.](#)

## World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	55,682.0	284.42	0.51%
Taiwan - TWII	14,937.7	204.48	1.39%
US - Dow 30	32,036.9	162.06	0.51%
KSA - Tadawul	11,988.0	123.63	1.04%
US - S&P 500	3,999.0	39.05	0.99%
INDONESIA - IDX	6,864.1	-10.61	-0.15%
PHILP - PSEi	6,256.2	-18.63	-0.30%
CHINA - Shanghai	3,272.0	-32.72	-0.99%
HK - Hang Seng	20,574.6	-315.59	-1.51%
PAK (KSE-100)	39,831.8	-627.95	-1.55%

## Board Meetings

Scrip	Day	Agenda	Time
FFL	Friday	HY A/c for 30Jun22	9:30 AM
SMBL	Friday	Other than fin. results	11:00 AM
HACC	Friday	Other than fin. results	11:30 AM
KCL	Saturday	Other than fin. results	11:00 AM
POML	Saturday	Other than fin. results	12:00 PM
FFBL	Monday	HY A/c for 30Jun22	10:30 AM
JDWS	Monday	3Q A/c for 30Jun22	11:00 AM
SHSML	Monday	3Q A/c for 30Jun22	11:30 AM
SBL	Monday	Other than fin. results	12:00 PM
TICL	Monday	3Q A/c for 30Jun22	12:00 PM

Source: PSX

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MORNING BRIEFING

## Autos

Auto sector seeks SBP intervention for opening LCs

Autos | Neutral

Auto manufacturers have sought intervention of the State Bank of Pakistan (SBP) for opening Letters of Credit (LCs) for the import of Completely Knocked Down (CKD) kits to avoid delays in car deliveries and further cost escalation. (BR) | [Click for more info.](#)

## Banks

BankIslami becomes first Islamic bank to finance EWHR

BIPL | Neutral

BankIslami has become the first Islamic Bank to have successfully structured and disbursed Pakistan's first Shariah-compliant Electronic Warehouse Receipt (EWHR) financing issued under the repository system managed by Naymat Collateral Management Company Limited. (BR) | [Click for more info.](#)

Four names okayed for SBP Board

Banks | Neutral

The federal cabinet has approved four names for appointment to the Board of State Bank of Pakistan (SBP). They are Akbar Zaidi, Ali Cheema, Mehfooz Ali Khan and Fawad Anwar. (The News) | [Click for more info.](#)

## Miscellaneous

Rates of construction material increased by 20pc

Cement, Steel | Neutral

The increase in petrol prices and a weakening Pakistan rupee against US dollar has led to a 20% increase in the construction material. (Pakobserver) | [Click for more info.](#)

Non-textile exports soar to \$12.5bn

Economy | Positive

Pakistan's non-textile exports grew 25.85 per cent year-on-year to \$12.46 billion in the outgoing 2021-22 owing to a partial revival of international orders and the government's support schemes. Overall growth in the non-textile sector is mainly led by the value-added sectors. (Dawn) | [Click for more info.](#)

Payments to non-residents brought into the tax net

Economy | Neutral

The service charges/ commission/ fees paid by the exchange companies licensed by the State Bank of Pakistan (SBP) to non-resident persons have been brought under the tax net. (BR) | [Click for more info.](#)

## Political News

Run-off election for post of Punjab CM today

The session of Punjab Assembly for election of the Chief Minister will be held in Assembly Chambers at 4pm on Friday (today). (BR) | [Click for more info.](#)

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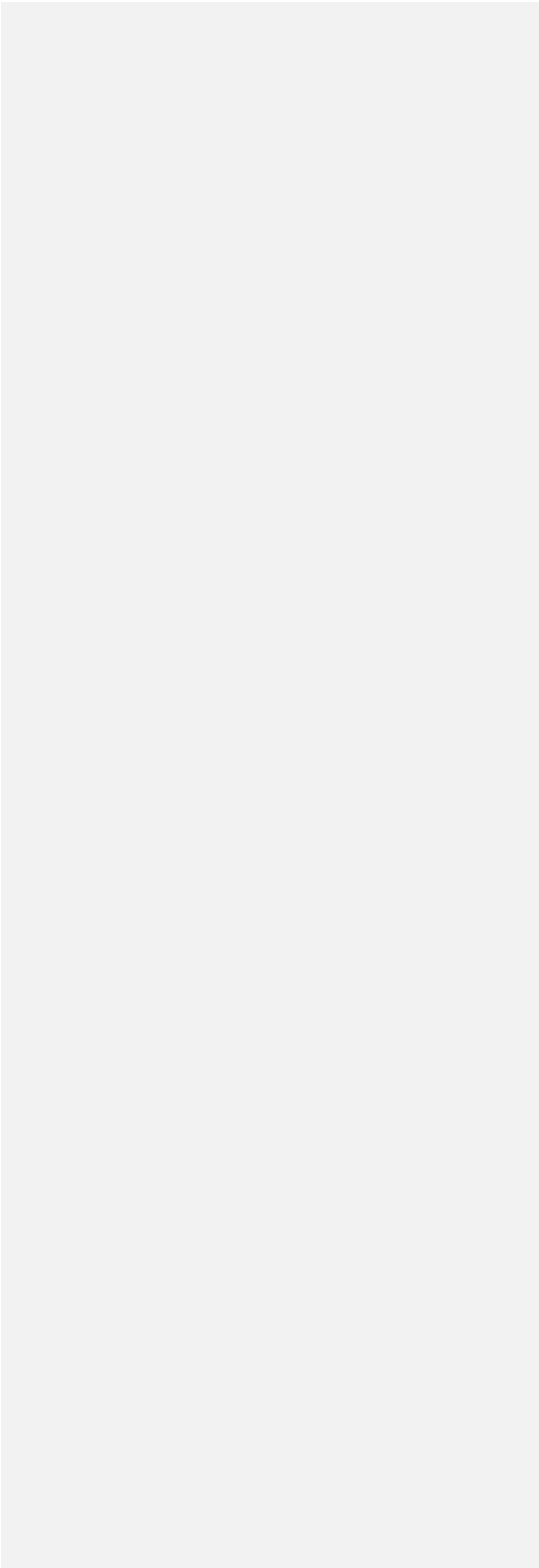
## International News

### China Tech Helps Sentiment After Setback From Snap: Markets Wrap

Asian stocks pushed higher Friday and US equity futures pared declines as a jump in Chinese technology shares lifted sentiment, easing some disappointment over mixed earnings. (Bloomberg) | [Click for more info.](#)

### Oil slumps \$3/bbl on gasoline stockpiles, rate hikes and resuming supply

Oil prices fell more than \$3 a barrel on Thursday on higher U.S. gasoline stockpiles and after a European Central Bank (ECB) rate hike stoked demand worries, while returning oil supply from Libya and the resumption of Russia's gas flows to Europe eased supply restraints. (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 FCFF based DCF methodology.

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