



July 28, 2022

MORNING BRIEFING

Economy

Shariah-compliant platform for RDA clients; PSX and Meezan Bank sign agreement

Capital Market | Positive

Pakistan Stock Exchange (PSX) and Meezan Bank Limited, Pakistan's leading Islamic bank, signed an agreement whereby PSX, in collaboration with the bank, will provide a dedicated Shariah-compliant trading platform for Roshan Digital Account (RDA) clients. (BR) | [Click for more info.](#)

Fitch, Moody's expect Pakistan to get \$1.2bn from IMF

Economy | Positive

Pakistan is expected to secure \$1.2 billion from the International Monetary Fund, which may help ease pressure on the nation's currency and bonds, according to Fitch Ratings and Moody's Investor Service. Moody's expects IMF to disburse the funds in the third quarter, said Grace Lim. (The News) | [Click for more info.](#)

All IMF prior actions implemented: Miftah Ismail

Economy | Neutral

Minister for Finance Miftah Ismail said on Wednesday the government had implemented all prior actions for reviving the augmented \$7 billion IMF programme except further reviewing the petroleum levy. He hinted that the petroleum levy would now be reviewed and the IMF Board would hold its meeting by the end of the next month after holidays. (The News) | [Click for more info.](#)

Govt Begins Preparations for On-Site Visit of FATF Team

Economy | Neutral

The government has initiated preparations for the forthcoming on-site visit of the high-level team of the Financial Action Task Force (FATF) expected before October. The purpose of the on-site visit is to check whether all the items on the action plan have been met in a sustainable manner and implemented fully by the authorities. (Propakistan) | [Click for more info.](#)

\$5bn medium-term target eyed; Pakistan, Turkiye set to sign 'trade in goods' accord

Economy | Neutral

Pakistan and Turkiye are all set to sign the long-awaited agreement on trade in goods during the forthcoming visit of Turkish Minister for Trade within a couple of weeks, aimed at achieving strategic goal of bilateral trade of \$5 billion in the medium-term, sources close to Commerce Minister told. (BR) | [Click for more info.](#)

Govt to sell SOEs' shares to friendly countries with buyback option

Economy | Neutral

Finance Minister Miftah Ismail on Wednesday said the government was amending the laws to enable the sale of shares of listed state-owned entities (SOEs) with a buyback option to friendly countries on a government-to-government (G2G) basis and help bridge a part of \$4bn financing gap estimated by the International Monetary Fund (IMF) for the current fiscal year. (Dawn) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	27,681.7	27,713.0	31.3	0.1%
KSE100	39,894.1	39,972.6	78.6	0.2%
KSE30	15,131.0	15,158.1	27.1	0.2%
KMI30	65,580.9	65,616.7	35.7	0.1%

Top Five Gainers

	Open	Close	Chg.	%
RMPL	10,990.0	11,100.0	110.0	1.0%
PRET	676.3	726.9	50.6	7.5%
MEHT	658.7	708.1	49.4	7.5%
COLG	2,029.0	2,049.0	20.0	1.0%
SCL	267.0	284.0	17.0	6.4%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
LOTCEM	27.0	28.5	1.5	10.21
WTL	1.2	1.2	0.0	9.26
TPLP	17.3	17.3	-0.1	9.02
CNERGY	4.9	4.8	0.0	7.17
UNITY	18.2	18.0	-0.3	3.86

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.02	-0.02	0.00
F-Corporates	0.17	-1.47	-1.30
O/S Pakistanies	2.46	-2.06	0.40
Net	2.65	-3.55	-0.90
LIPI			
Individuals	24.01	-23.21	0.81
Companies	3.02	-2.20	0.82
Comm. Banks	0.57	-0.32	0.26
NBFC	0.02	-0.02	0.00
Mutual Funds	1.02	-1.42	-0.40
Other	0.22	-0.59	-0.37
Brokers Proprietary	8.39	-8.39	0.00
Insurance	0.05	-0.27	-0.22
Net	37.31	-36.41	0.90

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	97.26	2.4%
Brent oil	USD/bbl.	101.67	2.0%
Gold	USD/t oz.	1734.57	1.0%
Silver	USD/t oz.	19.09	2.5%
Coal	USD/ton	330.00	-1.3%
Steel Scrap (LME)	USD/ton	390.00	0.8%
Steel Rebar (LME)	USD/ton	685.00	0.0%
USD/PKR	Interbank	6.41	1.1%

News Source: Local / Int'l Newspapers and websites

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T-bill yields remain unchanged

Economy | Neutral

The government raised Rs1.0 trillion through an auction of the Market Treasury Bill, while the yields on all papers stayed flat. (The News) | [Click for more info.](#)

Current account deficit jumps to 4-year high in FY22

Economy | Negative

The current account deficit surged to a 4-year high of \$17.4 billion in the last fiscal year of 2021-22, data from the central bank showed on Wednesday, as the soaring cost of energy imports widens the shortfall. The deficit in the fiscal year 2021 stood at \$2.8 billion. The State Bank of Pakistan (SBP) predicted in its May monetary policy statement that the deficit would be around 4 percent of GDP. (The News) | [Click for more info.](#)

Political strife threatens even bigger losses in Pakistan assets

Economy | Negative

The specter of political uncertainty delaying the International Monetary Fund's support for Pakistan is unnerving investors, risking further losses in the nation's bonds and currency. The rupee and the country's dollar bonds are setting fresh record lows and Pakistan's stocks are among the worst performers in Asia this month as the clock counts down to a \$1 billion bond payment due in December. (The News) | [Click for more info.](#)

PKR slide: govt feels so helpless because there's IMF condition

Economy | Negative

Finance Minister Dr Miftah Ismail Wednesday said that the government interventions in forex market cannot be made to control the rate of dollar in light of commitment with International Monetary Fund (IMF), well-informed sources told. On Wednesday, the rupee closed at Rs236.02 against US dollar in interbank market as political uncertainty continues in the country. (BR) | [Click for more info.](#)

Oil & Gas

Rupee devaluation to deprive consumers of fuel price cuts

Oil | Neutral

According to people from the oil sector, sharp depreciation in the value of Pakistani rupee would not allow the government to pass on the benefit of the impact of lower global prices of petroleum products to the end consumers in Pakistan. According to them, global prices of petroleum products were on the lower side, especially the margin between crude oil and petrol and diesel and it would have benefited the Pakistani consumers, if exchange rate would have been stable or in favour of local currency. (The News) | [Click for more info.](#)

LPG price swells by Rs10 per kg

BPL | Negative

The price of Liquefied Petroleum Gas (LPG) has been increased by Rs10 per kg on Wednesday. After the increase, the LPG price for a domestic gas cylinder has been increased by Rs150 and that of commercial gas cylinder by Rs450. Moreover, the price of 1kg LPG has reached Rs230 in Lahore. Now, the domestic gas cylinder will be sold at Rs2,750. Whereas, the commercial gas cylinder will be sold at Rs10,438. (Pakobserver) | [Click for more info.](#)

World Indices			
	Last	Chg.	Chg. %
INDIA - SENSEX	55,816.3	547.83	0.99%
US - Dow 30	32,197.6	436.05	1.37%
Taiwan - TWII	14,921.6	114.81	0.78%
US - S&P 500	4,023.6	102.56	2.62%
KSA - Tadawul	12,052.2	87.97	0.74%
PAK (KSE-100)	39,972.6	78.59	0.20%
INDONESIA - IDX	6,898.2	26.68	0.39%
PHILP - PSEI	6,236.8	13.76	0.22%
CHINA - Shanghai	3,275.8	-1.68	-0.05%
HK - Hang Seng	20,670.0	-235.84	-1.13%

Board Meetings			
Scrip	Day	Agenda	Time
NESTLE	Thursday	HY A/c for 30Jun22	9:00 AM
HBL	Thursday	HY A/c for 30Jun22	10:00 AM
EFERT	Thursday	HY A/c for 30Jun22	10:30 AM
AABS	Thursday	3Q A/c for 30Jun22	11:00 AM
FFC	Thursday	HY A/c for 30Jun22	11:00 AM
BAFL	Thursday	3Q A/c for 30Jun22	11:30 AM
HINO	Thursday	1Q A/c for 30Jun22	11:30 AM
MIRKS	Thursday	3Q A/c for 30Jun22	11:30 AM
NONS	Thursday	3Q A/c for 30Jun22	11:30 AM
SANSM	Thursday	3Q A/c for 30Jun22	11:30 AM
SML	Thursday	3Q A/c for 30Jun22	11:30 AM
MRNS	Thursday	3Q A/c for 30Jun22	12:00 PM
SASML	Thursday	3Q A/c for 30Jun22	12:30 PM
PAKT	Thursday	HY A/c for 30Jun22	2:00 PM
KPUS	Thursday	3Q A/c for 30Jun22	2:30 PM
DWSM	Thursday	3Q A/c for 30Jun22	4:00 PM
ATLH	Friday	1Q A/c for 30Jun22	9:00 AM
HABSM	Friday	3Q A/c for 30Jun22	12:00 PM
COLG	Friday	Ann A/c for 30Jun22	5:00 PM

Source: PSX

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Power

NPL serves payment notice on govt

NPL | Positive

Nishat Power Limited (NPL) has served notice of payment of overdue amount of Rs 4.4 billion to Government of Pakistan (GoP) along with interest at delayed payment rates as provided under the applicable provision of Power Purchase Agreement (PPA). (BR) | [Click for more info.](#)

Autos

Toyota, Suzuki to partially shut Pakistan output over forex, shortage issues

PSMC, INDU | Negative

Pakistan's two leading car assemblers, Toyota and Suzuki, plan partial plant shutdowns next month due to unavailability of raw material amid import restrictions and exchange rate volatility, officials at both companies said on Wednesday. The government in recent weeks has attempted to curb imports in the face of fast depleting foreign reserves, a declining currency and a widening current account deficit, because of which the rupee has lost over 20% of its value this year. (ET) | [Click for more info.](#)

Miscellaneous

US concerned as import ban on luxury items affecting businesses

Economy | Neutral

US Ambassador to Pakistan Donald Blome expressed the concerns in a meeting with Commerce Minister Syed Naveed Qamar at the Ministry of Commerce, Islamabad on Wednesday. To the concern expressed by Ambassador Blome regarding difficulties faced by businesses due to the import ban on luxury items recently implemented by the government of Pakistan, Minister for Commerce assured that the ban is temporary in nature and a certain relief has already been granted to some of the shipments. (The Nation) | [Click for more info.](#)

Five export-oriented sectors; PD seeks over Rs84bn to ensure power supply at concessionary rate

Economy | Neutral

The Power Division has reportedly sought over Rs 84 billion to ensure supply of electricity to five export-oriented (erstwhile zero rated) sectors at concessionary rate of cents 9 per unit, well-informed sources told. (BR) | [Click for more info.](#)

Pre-qualified Chinese bidders start due diligence, PSM visits

Economy | Neutral

Three Chinese pre-qualified bidders contesting to win upto 74 percent stakes in Pakistan Steel Mills Corporation (PSMC) have started their due-diligence processes and on-site visits to the country's largest non-functional industrial unit. These parties were interested to revive this stalled entity and increase its production capacity to three million tonnes. (The News) | [Click for more info.](#)

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Small traders/retailers; 'Fixed tax' regime will be applicable across country

Economy | Negative

The Federal Board of Revenue (FBR) has clarified that the fixed tax regime for small traders/retailers will be applicable across Pakistan irrespective of geographic location without any discrimination. (BR) | [Click for more info.](#)

VPS sector; 22 pension funds worth Rs40bn show promising growth: SECP chief

Economy | Neutral

The Securities and Exchange Commission of Pakistan (SECP) Chairman Aamir Khan on Wednesday said the Voluntary Pension System (VPS) sector, over the years has exhibited promising growth, with 22 pension funds amounting to Rs40 billion, having around 45,000 individual investors. (BR) | [Click for more info.](#)

Political News

PTI moves LHC against PM Shehbaz, cabinet

The Pakistan Tehreek-e-Insaf (PTI) on Wednesday approached the Lahore High Court (LHC) in a bid to remove Prime Minister Shehbaz Sharif and his cabinet from office. (ET) | [Click for more info.](#)

Overseas Pakistanis' right to vote; Overseas Pakistanis' right to vote

The Supreme Court on Wednesday set aside the Registrar Office's objections on the petition of Pakistan Tehreek-e-Insaf (PTI) to ensure overseas Pakistanis' right to vote in the general elections. (BR) | [Click for more info.](#)

International News

Stocks, Bonds Climb on Glimpse of Slower Fed Hikes: Markets Wrap

Stocks extended a rally Thursday, bonds rose and the dollar held losses as the prospect of a slower pace of Federal Reserve monetary tightening filtered across global markets. (Bloomberg) | [Click for more info.](#)

Oil settles higher on U.S. inventory drop, Russia gas cuts

Oil settled up more than \$2 on Wednesday as a report of lower inventories in the United States and cuts in Russian gas flows to Europe offset concern about weaker demand and a U.S. interest rate hike. (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.

Analyst Certification ^{AC}

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