

August 1,

Economy

Depreciation takes a heavy toll on stock investors

PSX | Neutral

Stock investors lost 17.3 per cent of their investments in dollar terms in July — a period that saw the highest month-on-month depreciation. (Dawn) | [Click for more info.](#)

IMF likely to begin tranche release process this week

Capital Market, Economy | Positive

The International Monetary Fund (IMF) is likely to start the process for releasing the seventh and eighth tranches of a \$6 billion loan programme for Pakistan later this week, IMF and diplomatic sources told. (Dawn) | [Click for more info.](#)

Army chief steps in to shore up hard cash

Economy | Neutral

As economic turmoil and depreciating rupee send inflation skyward, Chief of the Army Staff (COAS) General Qamar Javed Bajwa has swung into action, reaching out to Washington to push the IMF to immediately release nearly \$1.2 billion Pakistan needs to stave off serious upheaval. (ET) | [Click for more info.](#)

Roshan Digital Accounts to be further improved: SBP

Economy | Positive

The State Bank of Pakistan has said that Roshan Digital Accounts (RDA) would be further improved, as the central bank would introduce more services and products under RDA. (Nation) | [Click for more info.](#)

Investment sought from expatriate Pakistanis

Economy | Neutral

Pakistan provides lucrative investment opportunities and the American-Pakistani investors should shift their investment to Pakistan for greater returns, emphasised Ambassador-at-Large on Investment Zeeshaan Shah. (ET) | [Click for more info.](#)

CDNS sets target of Rs55bn for Islamic investment in FY23

Economy | Neutral

The National Directorate of National Savings (CDNS) has set a target of Rs55 billion for Islamic investment in fiscal year 2022-23 to introduce new products in the market, a senior official told APP. He said the CDNS would enter the Islamic finance market in August 2022, and would now offer Islamic finance to its customers. (The News) | [Click for more info.](#)

Hot inflation fuels bets on another jumbo rate hike in August

Economy | Negative

State Bank of Pakistan (SBP) is likely to opt for a larger move at its monetary policy meeting next month to quell stubbornly high inflation and ease external account pressures. The SBP hiked its benchmark interest by 125 basis points (bps) to 15 percent on July 7. The rates have been hiked by 525bps this year. Since September 2021, the central bank has raised rates by 800bps. Most analysts expect the central bank's Monetary Policy Committee (MPC) to raise rates by 100-150bps to 16 to 16.5 percent at its upcoming policy review due on August 22. (The News) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	27,868.2	27,796.1	-72.0	-0.3%
KSE100	40,276.6	40,150.4	-126.3	-0.3%
KSE30	15,303.0	15,232.4	-70.6	-0.5%
KMI30	65,864.5	65,446.0	-418.5	-0.6%

Top Five Gainers

	Open	Close	Chg.	%
MEHT	761.2	818.3	57.0	7.5%
INDU	951.4	994.6	43.2	4.5%
PHDL	141.0	151.0	10.0	7.1%
PKGS	380.0	390.0	10.0	2.6%
STJT	89.0	95.7	6.7	7.5%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
UNITY	18.3	18.7	0.4	13.94
LOTCEM	30.2	29.5	-0.8	9.97
CNERGY	4.8	4.8	0.0	8.72
TRG	85.3	91.7	6.4	8.65
TELE	10.4	10.6	0.2	8.02

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.02	-0.02	0.00
F-Corporates	4.02	-1.86	2.16
O/S Pakistanies	2.22	-2.43	-0.21
Net	6.25	-4.31	1.95
LIPI			
Individuals	34.46	-35.16	-0.70
Companies	3.10	-2.65	0.45
Comm. Banks	1.34	-0.63	0.70
NBFC	0.01	0.00	0.00
Mutual Funds	1.07	-1.56	-0.49
Other	0.55	-0.19	0.36
Brokers Proprietary	9.67	-10.61	-0.94
Insurance	0.07	-1.41	-1.34
Net	50.27	-52.22	-1.95

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	98.62	2.3%
Brent oil	USD/bbl.	110.01	8.0%
Gold	USD/t oz.	1765.94	0.6%
Silver	USD/t oz.	20.36	1.7%
Coal	USD/ton	327.65	-2.8%
Steel Scrap (LME)	USD/ton	386.85	-0.2%
Steel Rebar (LME)	USD/ton	680.71	-0.3%
USD/PKR	Interbank	6.62	1.8%

News Source: Local / Int'l Newspapers and websites

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MORNING BRIEFING

MoF, SBP highlight economic challenges

Economy | Neutral

The Ministry of Finance and State Bank of Pakistan (SBP) on Sunday night issued a joint statement on the current economic challenges and Pakistan's strategy for this fiscal year (FY23). (BR) | [Click for more info.](#)

PKR declines 4.6pc last week, 14.5pc in July

Economy | Negative

The rupee's great fall continued as it lost a further 4.6% in the inter-bank market during the previous week, bringing total depreciation to 14.5% during July. (BR) | [Click for more info.](#)

Oil & Gas

Revision in OMC margins proposed

OMCs | Positive

The Oil Companies Advisory Council (OCAC) has expressed concern over the approval of standalone revision in dealer margins, which will be effective from August 1, 2022. The government has recently approved an increase in dealer margins up to Rs3 per litre, taking the total margins to Rs7 per litre. Based on the current global and local scenario, the OCAC recommended that OMC margins be revised to Rs8.85 per litre for both petrol and high-speed diesel effective August 1, 2022. (ET) | [Click for more info.](#)

Govt decreases petrol by Rs3.05, increases diesel by Rs8.95 per litre

Oil | Neutral

The government on Sunday decreased the price of petrol by Rs3.05 per litre, bringing the price of the fuel to Rs227.19 per litre. According to a statement issued by the Finance Division, the price of high-speed diesel has been jacked up by Rs8.95 per litre, while that of kerosene oil Rs4.62 per litre. (ET) | [Click for more info.](#)

Govt doubles PL on petroleum products to comply with IMF demands

Oil | Neutral

According to the details, the PL on petrol has been raised from Rs10 to Rs20 per litre due to which the prices of petrol decreased just by Rs3.05. As of August 1, the price of petrol will be Rs227.19 per litre. (PT) | [Click for more info.](#)

Rs30bn taxes to be imposed to save PSO from default

PSO | Positive

The government has decided to impose additional taxes to the tune of Rs30 billion as it struggles to arrange Rs100bn emergency funding to avoid international default on oil and gas payments and keep the staff-level agreement with the International Monetary Fund (IMF) intact. The ECC "directed Finance Division and Federal Board of Revenue to submit proposal for generation of Rs30 billion through taxes within a week", said an announcement after the meeting. It also approved a supplementary budget grant of Rs30bn for immediate payment to state-run Pakistan State Oil (PSO) facing international payment obligations of about Rs270bn till August 28. (Dawn) | [Click for more info.](#)

World Indices			
	Last	Chg.	Chg. %
INDIA - SENSEX	57,570.3	712.46	1.25%
US - Dow 30	32,845.1	315.50	0.97%
Taiwan - TWII	15,000.1	108.17	0.73%
US - S&P 500	4,130.3	57.86	1.42%
KSA - Tadawul	12,199.1	44.06	0.36%
INDONESIA - IDX	6,951.1	-5.69	-0.08%
CHINA - Shanghai	3,253.2	-29.34	-0.89%
PHILP - PSEi	6,315.9	-63.33	-0.99%
PAK (KSE-100)	40,150.4	-126.28	-0.31%
HK - Hang Seng	20,156.5	-466.17	-2.26%

Board Meetings			
Scrip	Day	Agenda	Time
ICI	Monday	Ann A/c for 30Jun22	2:30 PM
WAVES	Tuesday	Multiple Periods	11:30 AM
GADT	Tuesday	Ann A/c for 30Jun22	12:00 PM
SMTM	Tuesday	Multiple Periods	12:30 PM
UBL	Wednesday	HY A/c for 30Jun22	9:30 AM
SKRS	Wednesday	Ann A/c for 30Sep21	5:00 PM
MARI	Thursday	Ann A/c for 30Jun22	9:30 AM
EPQL	Thursday	HY A/c for 30Jun22	10:00 AM
CEPB	Thursday	Ann A/c for 30Jun22	3:00 PM
LUCK	Friday	Ann A/c for 30Jun22	11:30 AM
LOTCEM	Friday	Ann A/c for 30Jun22	12:00 PM

Source: PSX

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Domestic petroleum products output almost flat in FY2022

Oil | Neutral

Production of energy products by local refineries remained almost flat in the last financial year compared to a fiscal ago due to shutdown of refineries in the 1st first half, triggered by lack of stockpiling by the power sector. (The News) | [Click for more info.](#)

Diesel consumption declines as rains pause agriculture demand

Oil | Neutral

Diesel consumption plunged to average 15,000 tonnes per day from 25,000 tonnes per day in July, mainly on the back of rains in the country along with the high price of the fuel. (The News) | [Click for more info.](#)

Energy imports anticipated to grow

Oil | Negative

Pakistan's import-driven economy is expected to mitigate the risk of default on international payments in a couple of weeks. However, energy imports – which consume the largest amount of foreign exchange – are expected to rise during the current fiscal year 2022-23. Imports are anticipated to grow in volumetric terms in the wake of widening gap between the rising domestic demand and falling local production. (ET) | [Click for more info.](#)

Power

Policy for solar panel manufacturing in the offing

Power | Positive

In a bid to overcome the ongoing energy crisis, the government has decided to promote solar energy, and the Ministry of Industries and Production (MoIP) has been tasked with formulating a policy to manufacture solar panels and allied equipment in the country. Sources in the Ministry of Industries said that the Engineering Development Board (EDB) is likely to finalise a policy document on "Solar Panels and Allied Equipment Manufacturing" in August. (Dawn) | [Click for more info.](#)

3QFY22: Discos' tariff up by Re0.51/unit

Power | Negative

The National Electric Power Regulatory Authority (Nepra) has increased Discos' tariff by Rs0.51 per unit for third quarter (Jan-March) of FY 2021-22 under Quarterly Tariff Adjustment (QTA) mechanism. (BR) | [Click for more info.](#)

Port Qasim coal-fired power plant: Chinese propose use of RMB

Power | Neutral

Chinese coal power producers have shared their concerns with Prime Minister Shehbaz Sharif and proposed use of RMB by Port Qasim coal-fired power plant to buy coal to release pressure on dollar, well informed sources told. (BR) | [Click for more info.](#)

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Autos

Suzuki announces first price increase for new fiscal year

PSMC | **Positive**

Days after announcing their new sample cars for the Pakistani market, Pak Suzuki Motor Company (PSMC) on Sunday announced the first price increase for FY23. (PT) | [Click for more info.](#)

Indus Motor hikes prices on high costs

INDU | **Neutral**

Indus Motor Company, the makers of Toyota in Pakistan, has decided to increase prices of passenger cars on account of the worsening macroeconomic situation in the country. Global supply chain crisis and political uncertainty in Pakistan have contributed towards this bleak economic outlook. The company has increased prices of its six variants of Corolla from Rs.990,000 to Rs1.290 million. (ET) | [Click for more info.](#)

Indus Motor to go on 13-day production break

INDU | **Neutral**

Facing serious hardships in importing raw materials, Pakistan's leading car manufacturer, Indus Motor Company (IMC), has decided to temporarily shut down its auto production plant from August 1-13. (The News) | [Click for more info.](#)

Investors reap 'late delivery' windfall as auto prices go through the roof

Autos | **Negative**

Investors, who got delivery of their vehicles booked at old rates after a delay of months, are reaping windfall by selling their cars, jeeps and pickups at huge premiums due to massive hike in prices in recent weeks. (Dawn) | [Click for more info.](#)

Fertilizer

ECC decides to shift fertilizer, Agritech plants to gas

Fertilizer | **Positive**

The Economic Coordination Committee (ECC) of the Cabinet has decided to shift fertilizer and Agritech plants to indigenous gas as they wanted a revision of variable contribution margin (VCM) of Rs186/bag and capping GST. Sources said that the Finance Ministry supported the proposal of the Ministry of Industries and Production and contended that the shifting of these plants from the RLNG to indigenous gas would help curtail the cost of the gas subsidy. (BR) | [Click for more info.](#)

Tech. & Communication

Telecom firms rally together fearing heavy losses

Tech & Communication | **Neutral**

Declaring a "digital emergency", Pakistan's telecom sector has shared a doomsday scenario and argued that its net profit would turn into a deficit by the end of the ongoing calendar year 2022. The telecom sector would turn from a net profit of \$188 million in 2021 to a deficit of \$287 million by the end of the calendar years 2022 and 2023 because of the worsening economy. (The News) | [Click for more info.](#)

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Transportation

PIA buying new planes for reviving direct flights to USA & UK
PIAA | **Positive**

Four A320 airbuses would be added to the PIA fleet, and two planes had already arrived in Pakistan. The addition would improve the PIA operations, said Federal Minister for Railways and Aviation Khawaja Saad Rafique. (Augaf) | [Click for more info.](#)

US ready to resume process to allow PIA's direct flights
PIAA | **Positive**

The Biden administration has shown its willingness on "resuming the process" to allow Pakistan International Airlines' direct access to the US, said head of PM Strategic Reforms Unit. (The News) | [Click for more info.](#)

Miscellaneous

Exports to US surge to \$9b
Economy | **Neutral**

Pakistan's Ambassador to the United States Masood Khan has said that Pakistan's exports to the US soared to \$9 billion at a growth rate of 35% in financial year 2021-22. Pointing out that the volume of exports in the previous year was \$7 billion, the envoy said the net increase in one year came in at \$2 billion. (ET) | [Click for more info.](#)

EU envoy, minister discuss GSP Plus scheme
Economy | **Neutral**

European Union (EU) ambassador to Pakistan Dr Riina Kionka on Friday called on Minister for Commerce, Syed Naveed Qamar and discussed issues related to existing GSP Plus scheme and new scheme to be launched next year. (BR) | [Click for more info.](#)

Country's exports plummet by \$718m in July
Economy | **Negative**

The country's stumbling economy suffered yet another blow as exports in July 2022 plummeted by \$718 million to \$2.182 billion as against \$2.9 billion exports in June 2022. In addition, the trade deficit in July 2022 stood at \$2.9 billion with imports of \$5 billion during the period. (The News) | [Click for more info.](#)

Tax rolled back to mollify angry traders
Economy | **Neutral**

Finance Minister Miftah Ismail on Sunday announced the withdrawal of a fixed tax on small traders with electricity consumption of less than 150 units per month in a bid to calm angry traders who have been protesting after receiving additional charges of Rs3,000 in their electricity bills for the month of July. (Dawn) | [Click for more info.](#)

Heavy rains, floods hit Pakistan, Iran, Afghanistan trade
Economy | **Negative**

The trade between Pakistan and Iran was suspended after rains and flash floods washed away Quetta-Zahedan rail track at various points and also brought Afghan transit trade to a halt due to flooding at the Pak-Afghan border and adjoining areas. (Dawn) | [Click for more info.](#)

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Political News

US remains engaged with 'range of stakeholders': official

The United States supports peaceful upholding of constitutional and democratic principles in Pakistan, including respect for human rights, the State Department has said. "We don't support one political party over another," the Department's Spokesperson, Ned Price, told reporters at his daily briefing on Thursday. (BR) | [Click for more info.](#)

Four big political parties hired firms in US for fundraising

As Pandora's box of foreign funding opens, it has been learned that four major political parties of Pakistan hired services of different firms in the United States for fundraising. According to a private television channel report on Saturday, these parties are the Pakistan Tehreek-e-Insaf (PTI), Pakistan Peoples Party (PPP), Muttahida Qaumi Movement Pakistan (MQM-P), and All Pakistan Muslim League (APML). (BR) | [Click for more info.](#)

International News

US Futures Dip, Stocks Mixed on Fed, China Caution: Markets Wrap

US equity futures fell and Asian stocks were mixed Monday, hampered by the challenges swirling around China and a reminder from Federal Reserve officials that their key objective is to fight high inflation. (Bloomberg) | [Click for more info.](#)

Oil prices slip ahead of OPEC+ meeting

Oil prices dropped early on Monday as investors braced for this week's meeting of officials from OPEC and other top producers on supply adjustments. (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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