

April 13,
2022

Economy

Govt change peaceful, but raises near-term policy uncertainty: Fitch

Economy | Negative

The recent government change in Pakistan has been peaceful, but raises near-term policy uncertainty even as the country faces external and fiscal challenges from rising commodity prices and an increase in global risk aversion, says Fitch Ratings. Pakistan faces \$20 billion in external debt repayments in fiscal year 23, though this includes \$7 billion in Chinese and Saudi deposits that we expect to be rolled over. Higher trade deficits and capital outflows have driven a sharp depreciation of the Pakistani rupee against the US dollar. (BR) | [Click for more info.](#)

\$30bn financing needs; Country needs IMF programme: Miftah

Economy | Negative

While ruling out any immediate respite in inflation, the government said it is important for the country to restart the International Monetary Fund (IMF) programme to meet \$30 billion financing needs in the next fiscal year. (BR) | [Click for more info.](#)

IMF's Critical Tax Requirement Likely to Create Problems for New Govt in The Upcoming Budget

Economy | Neutral

The new government is facing the biggest challenge of implementing the personal income tax (PIT) legislation in the coming budget (2022-23). Sources told that it is a critical structural benchmark agreed with the International Monetary Fund (IMF) to enforce PIT reforms by July 1, 2022. (Propakistani) | [Click for more info.](#)

Pakistan's fiscal deficit to hit record Rs5.6tr in FY22: Miftah Ismail

Economy | Negative

While slamming the ousted PTI-led government for pushing the country toward economic turmoil, ex-finance minister and PML-N leader Miftah Ismail said that Pakistan's fiscal deficit will hit a record high level of Rs5,600 billion at the end of the ongoing fiscal year. "And if supplementary grants of Rs800 billion were included, the total amount would reach Rs6400," he added. (Mettis) | [Click for more info.](#)

Budget Deficit Set To Touch Rs. 3.74 Trillion

Economy | Negative

According to the Mid-year Budget Review report compiled by the Finance Ministry, in real term, the overall budget deficit has been projected at Rs. 3,747 billion against the original estimate of Rs. 3,420 billion for the current fiscal year. (Propakistani) | [Click for more info.](#)

MoU signed with China on economic, trade cooperation WG

Economy | Neutral

Pakistan and China have signed a Memorandum of Understanding (MoU) on establishment of Economic and Trade Cooperation Working Group within the framework of Pakistan-China Joint Committee on Economic, Trade, Scientific and Technological Cooperation. (BR) | [Click for more info.](#)

PM may visit Saudi Arabia this month

Economy | Positive

Prime Minister Shehbaz Sharif may visit Saudi Arabia during the last week of the current month for his first foreign trip followed by a visit to China. Sources said that the two sides would exchange views on strengthening bilateral relations, issues of mutual interests, economic and trade cooperation, besides discussing the regional and global situations. (BR) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	31,333.0	31,449.5	116.5	0.4%
KSE100	46,145.0	46,407.3	262.3	0.6%
KSE30	17,703.9	17,814.4	110.5	0.6%
KMI30	74,874.0	75,377.4	503.4	0.7%

Top Five Gainers

	Open	Close	Chg.	%
NESTLE	5,490.9	5,555.0	64.1	1.2%
SFL	822.6	884.0	61.4	7.5%
MEHT	813.1	873.0	59.9	7.4%
PRET	660.0	698.5	38.5	5.8%
SAPL	880.3	915.5	35.2	4.0%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	2.1	2.1	-0.1	62.04
TELE	16.2	17.0	0.7	32.65
FLYNG	9.6	8.8	-0.8	30.86
CNERGY	6.0	6.0	0.0	29.75
UNITY	26.8	28.3	1.4	27.62

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	5.81	-5.69	0.12
Net	6.15	-7.04	-0.89
LIPI			
Individuals	68.04	-64.62	3.43
Companies	5.61	-4.10	1.51
Comm. Banks	1.13	-2.89	-1.77
NBFC	0.02	-0.04	-0.01
Mutual Funds	2.85	-2.97	-0.12
Other	1.64	-0.62	1.02
Brokers Proprietary	16.66	-18.65	-1.99
Insurance	1.35	-2.54	-1.19
Net	97.31	-96.43	0.89

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	100.99	7.1%
Brent oil	USD/bbl.	105.04	6.7%
Gold	USD/t oz.	1966.67	0.7%
Silver	USD/t oz.	25.37	1.1%
Coal	USD/ton	308.35	7.7%
Steel Scrap (LME)	USD/ton	640.00	0.8%
Steel Rebar (LME)	USD/ton	943.00	0.1%
USD/PKR	Interbank	182.02	-0.5%

News Source: Local / Int'l Newspapers and websites

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REP-055

Oil & Gas

Failure to buy LNG from spot market; Gas crisis set to simmer in summer

Gas | **Negative**

Pakistan is facing a gas crisis in summer after Pakistan LNG Limited (PLL) failed to procure LNG from the spot market at a reasonable price for April, May and June 2022 with severe liquidity issues linked to the circular debt. (BR) | [Click for more info.](#)

Ogra chairman meets Baqir

Oil | **Positive**

The matters pertaining to enhancement of credit limits to the oil industry were discussed. Baqir confirmed that the oil industry credit lines have been revisited by allowing oil industry to meet the import petroleum products in the country. (BR) | [Click for more info.](#)

Power

K-Electric secures \$100m to bolster Karachi's transmission-distribution network

KEL | **Positive**

Committed to creating sustainable cities and communities under UN SDG 11, KE achieved another milestone by securing USD 100 million in financing from Dutch Development Bank FMO to enhance its transmission and distribution network across spanning 6500 km operational territory. These funds will be channeled towards providing its customers with secure, safe, uninterrupted, and reliable power supply. (BR) | [Click for more info.](#)

N-power plants set up by China face financial problems

Power | **Negative**

The financial woes of country's nuclear power plants, established by China, are not different from other power plants established under different power policies. Well informed sources told Business Recorder that operation of the nuclear power plants and repayment of foreign/ local loans have become a challenge in the absence of requisite payment by the Central Power Purchasing Agency-Guaranteed (CPPA-G). (BR) | [Click for more info.](#)

Autos

Robust growth in car sales high point of auto sector's stellar performance

Autos | **Positive**

The auto sector gave a robust performance in the first nine months of the current fiscal year (9MFY22) marked by 53.8 per cent jump in car sales, 66.4pc in trucks, 45.8pc in jeeps/pickups and 12.1pc in tractors. However, a decline in sales of buses and two and three-wheelers was noted in the period under review. (Dawn) | [Click for more info.](#)

Banks

Microfinance loan disbursement rises 20pc

Banks | **Positive**

The disbursement of microfinance loans increased almost 20 per cent on a quarterly basis to Rs134.6 billion in October-December, latest data released by the Pakistan Microfinance Networks shows. (Dawn) | [Click for more info.](#)

Miscellaneous

New Govt Likely to Announce Huge Tax Exemption for Salaried Class

Economy | **Positive**

The new regime has started work on the federal budget for the fiscal year 2022-23. The income tax exemption threshold will be revised upward from Rs. 600,000 to Rs. 1,200,000, well-informed sources told. (Propakistani) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
PAK (KSE-100)	46,407.3	262.30	0.57%
KSA - Tadawul	13,646.1	162.89	1.21%
CHINA - Shanghai	3,213.3	46.20	1.46%
INDONESIA - IDX	7,214.8	10.99	0.15%
HK - Hang Seng	21,319.1	-9.87	-0.05%
US - S&P 500	4,397.5	-15.08	-0.34%
Taiwan - TWII	16,990.9	-57.46	-0.34%
US - Dow 30	34,220.4	-87.72	-0.26%
PHILIP - PSEI	6,895.4	-92.93	-1.33%
INDIA - SENSEX	58,576.4	-388.20	-0.66%

Board Meetings

Scrip	Day	Agenda	Time
PTC	Wednesday	1QA/c - 31Dec21	1:00 PM
CWSM	Thursday	1QA/c - 31Dec21	11:00 AM
EPQL	Monday	1QA/c - 31Dec21	10:00 AM
HINOON	Monday	1QA/c - 31Dec21	10:00 AM
BWHL	Monday	3QA/c - 31Dec21	11:00 AM
HRPL	Monday	3QA/c - 31Dec21	11:00 AM
EPCL	Monday	1QA/c - 31Dec21	2:00 PM
BNWM	Tuesday	3QA/c - 31Dec21	10:00 AM
EFERT	Tuesday	1QA/c - 31Dec21	10:30 AM
FANM	Tuesday	3QA/c - 31Dec21	11:00 AM
BAHL	Tuesday	1QA/c - 31Dec21	12:00 PM
AKBL	Wednesday	1QA/c - 31Dec21	10:00 AM
UBL	Wednesday	1QA/c - 31Dec21	10:00 AM
ABL	Wednesday	1QA/c - 31Dec21	11:00 AM
FCEPL	Wednesday	1QA/c - 31Dec21	11:00 AM
MCBAH	Wednesday	3QA/c - 31Dec21	11:00 AM
AATM	Wednesday	3QA/c - 31Dec21	12:00 PM
SHEL	Wednesday	1QA/c - 31Dec21	12:00 PM
NESTLE	Thursday	1QA/c - 31Dec21	9:00 AM
ENGRO	Thursday	1QA/c - 31Dec21	9:30 AM
ISL	Thursday	3QA/c - 31Dec21	10:30 AM
FFBL	Friday	1QA/c - 31Dec21	10:30 AM
STCL	Friday	3QA/c - 31Dec21	3:00 PM
PCAL	Monday	3QA/c - 31Dec21	9:00 AM
FCCL	Monday	3QA/c - 31Dec21	10:00 AM
BUXL	Monday	3QA/c - 31Dec21	11:00 AM
OML	Monday	3QA/c - 31Dec21	11:00 AM
HAFL	Monday	3QA/c - 31Dec21	11:30 AM
UPFL	Monday	1QA/c - 31Dec21	2:30 PM
DLL	Wednesday	1QA/c - 31Dec21	3:30 PM

Source: PSX

Johnson & Phillips shifted to normal counter as it resumes textile machinery trading: PSX

JOPP | Neutral

It is hereby informed that M/s. Reanda Haroon Zakaria & Company, Auditor of Johnson & Phillips Pakistan Limited (JOPP), has shared the certificate dated April 01, 2022 confirming that JOPP has resumed its business operations by carrying out trading of textile machinery which is part of its principle line of business. (Augaf) | [Click for more info.](#)

Political News

Decision about 'remaining tenure' after consultations: PM

Prime Minister Shehbaz Sharif Tuesday said that the tenure of the current Parliament remained one and half years; however, it would be decided together with the allied parties as for how long the government will remain in power before going into fresh election. (BR) | [Click for more info.](#)

IHC dismisses petition seeking ex-PM Imran Khan's name on ECL

Islamabad High Court (IHC) on Monday dismissed a petition seeking orders for registration of high treason case against former prime minister Imran Khan and his former cabinet members, and placing their names on exit control list in 'letter gate' matter. (Augaf) | [Click for more info.](#)

International News

Asia Stocks Set for Cautious Open as Oil Tops \$100: Markets Wrap

Stocks in Asia look set for a cautious open Wednesday after oil jumped back above \$100 a barrel, fanning concerns about sustained inflation pressures that may hamper economic growth. (Bloomberg) | [Click for more info.](#)

Oil settles up on Shanghai lockdown easing, Russian production cuts

Oil prices settled higher on Tuesday as lockdowns eased in Shanghai and as Russian oil and gas condensate production fell to 2020 lows and OPEC warned it would be impossible to replace potential supply losses from Russia. (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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