

May 17,
2022

Economy

Immediate polls or tough steps? decision today

Economy | Neutral

Prime Minister Shehbaz Sharif on Monday convened an important meeting of the coalition partners on Tuesday (today) to discuss whether immediate elections should be announced or the government should opt for taking difficult decisions on the economic front. (The News) | [Click for more info.](#)

Rupee closes at 194.18 against USD, cumulative depreciation in one month hits 6.5%

Economy | Negative

Lack of clarity on economic policy and falling foreign exchange reserves as well as dollar's strength have contributed to currency's decline. Pakistan's rupee continued its downward slide on Monday as it closed at 194.18 in the inter-bank market, its weakest level against the US dollar, taking the currency's cumulative fall since April 16 to an astonishing 6.5%. (BR) | [Click for more info.](#)

T-bill yields hit 24-year high on rate tightening concerns

Economy | Negative

Treasury bill yields jumped to 24-year high in the secondary market on Monday as investors expect hawkish signals from the central bank in its next policy meeting to curb surging inflation. (The News) | [Click for more info.](#)

Budget deficit reaches Rs5.6trn, NA told

Economy | Negative

Federal Minister for Energy Khurram Dastgir Khan has said that the budget deficit has reached Rs5.6 trillion and its main issues are related to the energy and power sectors including outstanding recoveries and the circular debt. (BR) | [Click for more info.](#)

External debt, C/A deficit termed daunting economic issues

Economy | Neutral

Pakistan's external debt and current account deficit are the biggest economic issues and require solutions on an urgent basis for economic revival and security; otherwise, the country may face a Sri Lanka-like situation. The Institute of Policy Reforms in its report on "What to about Pakistan's Mountain of Debt" forewarned. (BR) | [Click for more info.](#)

Oil & Gas

ECC nods Rs55.48bn for oil subsidy payment

OMCs, Refinery | Positive

The Economic Coordination Committee (ECC) of the Cabinet on Monday approved Rs55.48 billion for the first fortnight of May 2022, against the total demand of Rs118.60 billion, as a supplementary grant for the payment of subsidy to the oil sector. (The News) | [Click for more info.](#)

HSD, MS sales record 363,667 MT and 363,210 MT respectively

Oil | Neutral

Oil Companies Advisory Council, the primary representative of Pakistan's downstream oil industry, has issued the sales numbers of High Speed Diesel (HSD) and Motor Spirit (MS) for the first fortnight of May 2022. (Pakobserver) | [Click for more info.](#)

Sales slump: Outlets closed in Sindh as CNG soars to Rs300 per kg

Gas | Negative

The CNG retailers in Sindh and Punjab have put up 'we are dosed' signs outside their outlets after its price spiked to Rs300 per kg, which they claimed had drastically reduced their sales. (The News) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	29,573.7	29,067.7	-506.0	-1.7%
KSE100	43,486.5	42,667.3	-819.1	-1.9%
KSE30	16,542.0	16,212.9	-329.1	-2.0%
KMI30	70,522.4	68,861.8	-1660.6	-2.4%

Top Five Gainers

	Open	Close	Chg.	%
SFL	912.0	964.9	52.9	5.8%
PRET	716.0	750.0	34.0	4.7%
POML	149.4	160.0	10.6	7.1%
COLG	2,100.0	2,110.5	10.5	0.5%
PMRS	500.0	510.0	10.0	2.0%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
LOTCEM	25.8	27.0	1.2	18.14
PRL	15.4	14.8	-0.6	18.07
CNERGY	5.5	5.2	-0.3	14.17
TELE	11.2	10.2	-1.0	12.44
WTL	1.5	1.5	-0.1	11.93

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	2.21	-1.97	0.24
Net	2.39	-3.07	-0.68
LIPI			
Individuals	29.93	-32.74	-2.81
Companies	1.99	-1.51	0.48
Comm. Banks	3.24	-1.20	2.03
NBFC	0.07	-0.02	0.05
Mutual Funds	3.09	-2.08	1.01
Other	0.39	-0.56	-0.17
Brokers Proprietary	8.96	-9.24	-0.28
Insurance	0.93	-0.57	0.36
Net	48.60	-47.92	0.68

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	111.82	1.2%
Brent oil	USD/bbl.	114.24	2.4%
Gold	USD/t oz.	1823.99	0.7%
Silver	USD/t oz.	21.62	2.4%
Coal	USD/ton	328.00	1.2%
Steel Scrap (LME)	USD/ton	484.00	1.0%
Steel Rebar (LME)	USD/ton	804.50	0.4%
USD/PKR	Interbank	194.18	0.9%

News Source: Local / Int'l Newspapers and websites

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REP-055

Oil subsidy to cost exchequer Rs60bn

Economy | Negative

KARACHI: The government has maintained prices of local oil products to protect consumers by further raising subsidy through price differential daims (PDCs) that will cost national exchequer Rs 60 billion on a fortnightly basis on both petrol and diesel against Rs 45 billion during previous fortnight, experts said. The total subsidy has so far reached more than Rs 195 billion during March-May 2022. (BR) | [Click for more info.](#)

Power

Fate of subsidy to 5 export-oriented sectors hangs in the balance

Power | Neutral

Power Division has reportedly decided to discontinue subsidy to five export-oriented sectors beyond May 31, 2022 if Commerce Ministry does not arrange additional amount of Rs 32 billion for the remaining months of current fiscal year. (BR) | [Click for more info.](#)

Autos

Sazgar: Three-wheeler sales lower by 52% MoM in April

SAZEW | Negative

Sazgar Engineering Works Limited (SAZEW) sold 910 units of Auto Rickshaw during the month of April 2022, which was around 52% lower than the sales of 1,911 units made in the previous month, the company's filing on PSX showed today. In an announcement regarding the sales and production data of three-wheelers for the month of April 2022, the company informed that the production for the month totalled 1,009 units, i.e., almost 48% lower than the units produced during the previous month. (Mettis) | [Click for more info.](#)

Toyota Drops a Price Hike Bomb On its CBU Car Buyers

INDU | Neutral

Amid the continued depreciation of the local currency against the US Dollar, Toyota Indus Motor Company (IMC) has increased the prices of its Completely Built-Up (CBU) vehicles. According to recent updates, the company has hiked its CBU prices by up to almost Rs. 2 million. (Propakistani) | [Click for more info.](#)

Hyundai Elantra and Sonata Both Get a Price Hike

NML | Neutral

Hyundai Nishat has jumped onto the price hike bandwagon by increasing the prices of Elantra GLS and both variants of Sonata, citing local currency instability and increased shipping cost. (Propakistani) | [Click for more info.](#)

Fertilizer

ECC allows TCP to import of 200,000 MT of urea

Fertilizer | Positive

The Economic Coordination Committee (ECC) of the Cabinet allowed the Trading Corporation of Pakistan (TCP) to explore the possibility of importing 200,000 MT of urea on a G2G basis and with deferred payment. (PT) | [Click for more info.](#)

Banks

NBP Shuts Down Operations in 3 Countries

NBP | Negative

The National Bank of Pakistan (NBP) shut down three foreign branches in different countries namely Bangladesh (Sylhet), Afghanistan (Jalalabad), and Uzbekistan (Tashkent) in recent months, according to officials. (Propakistani) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	52,973.8	180.22	0.34%
PHILIP - PSEI	6,502.1	122.95	1.93%
Taiwan - TWII	15,901.0	68.50	0.43%
HK - Hang Seng	19,950.2	51.44	0.26%
US - Dow 30	32,223.4	26.76	0.08%
INDONESIA - IDX	6,598.0	-1.85	-0.03%
CHINA - Shanghai	3,073.8	-10.53	-0.34%
US - S&P 500	4,008.0	-15.88	-0.39%
KSA - Tadawul	12,914.9	-253.30	-1.92%
PAK (KSE-100)	42,667.3	-819.14	-1.88%

Board Meetings

Scrip	Day	Agenda	Time
AGTL	Tuesday	1QA/C - 31-Mar-22	5:30 PM
NCML	Thursday	3QA/C - 31-Mar-22	10:00 AM
HACC	Tuesday	3QA/C - 31-Mar-22	11:30 AM
HCAR	Thursday	ANN A/C - 31-Mar-22	9:00 AM
SIEM	Thursday	HYA/C - 31-Mar-22	10:00 AM

Source: PSX

Miscellaneous

Edible oil shortage looms

Vanaspati | Negative

Pakistan has been left with a palm oil stock for nearly 20 days, and unless Indonesia withdraws the ban on its exports, it's a critical stage ahead of a crisis that will push further vegetable oil prices in the domestic market to a new high. (Dawn) | [Click for more info.](#)

Rice prices boiling up on surging exports, hoarding

Food | Neutral

The dollar's relentless surge against rupee is turning out to be a boon for rice merchants, but a bane for the consumer. Retailers said that the prices of almost all varieties of rice have been continuously dimbing up and in the last few days, the prices have gone up by Rs25 per kg as exports have been in full swing to various destinations in the last 10 months. (Dawn) | [Click for more info.](#)

FBR to remove anomalies from federal tax laws

Economy | Neutral

The Federal Board of Revenue (FBR) will remove anomalies from the federal tax laws, specifically corrections in import tariffs of raw materials and finished goods in line with the budget recommendations of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI). In this regard, the FBR is examining the budget proposals of the FPCCI for 2022-23. (BR) | [Click for more info.](#)

Active UINs reach 244,357 in April

PSX | Neutral

According to data released by National Clearing Company of Pakistan Limited (NCCPL), there were 244,357 active individuals in by April 30, 1,782 corporate companies, 394 broker dearing members, 2,927 fund/other, 13,232 foreigner individuals, and 8,487 Roshan Digital Accounts (RDAs). (The News) | [Click for more info.](#)

International News

Asia Stocks Rise as Traders Mull China Covid Trend: Markets Wrap

Asian stocks advanced Tuesday as investors evaluated the economic outlook amid elevated food and fuel costs, tightening monetary settings and China's push to stamp out Covid. (Bloomberg) | [Click for more info.](#)

Oil settles higher on demand optimism, gasoline strength

Oil prices rose on Monday on optimism that China would see significant demand recovery after positive signs that the country's coronavirus pandemic was receding in the hardest-hit areas. (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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