

March 18,  
2022

## Economy

**\$6bn rescue package, IMF says having 'constructive' talks with Pakistan**

**Economy | Neutral**

The International Monetary Fund on Thursday said it was having constructive, ongoing discussions with Pakistan as part of a seventh program review of a \$6 billion rescue package. (BR) | [Click for more info.](#)

**Trade with EU jumps 80pc since 2013**

**Economy | Positive**

Bilateral trade between Pakistan and the European Union went up by 78 per cent to €12.2 billion in 2021 from €6.9bn in 2013, mainly due to implementation of the Generalised System of Preferences (GSP) Plus scheme from January 2014. (Dawn) | [Click for more info.](#)

**Pakistan, China agree to execute ML-1 project**

**Economy | Positive**

Pakistan and China agreed to execute the much-awaited mega ML-1 Pakistan Railway Up-gradation Project under the China-Pakistan Economic Corridor (CPEC) on a priority basis. (BR) | [Click for more info.](#)

**Monetary policy reversal expected to slow industrial growth: SBP**

**Economy | Negative**

The State Bank of Pakistan (SBP) said that the reversal in the monetary policy stance that saw an increase in the interest rate could lead to a slowdown in the industrial growth during the current fiscal year. (Dawn) | [Click for more info.](#)

**FDI slides 33pc in February**

**Economy | Negative**

Foreign direct investment (FDI) fell year-on-year (YoY) by 33 per cent and declined by 17.3pc compared to preceding month of January, data released by the State Bank of Pakistan showed on Thursday. According to the SBP data, FDI inflows during July-Feb 2021-22 (8MFY22) noted a positive growth of 6pc compared to the same period of last fiscal year. (Dawn) | [Click for more info.](#)

**Current account, inflation vulnerable to world commodity shocks**

**Economy | Negative**

Pakistan's external current account and inflation face vulnerabilities due to soaring global commodity prices and its limited export base, the central bank said in a first quarterly report for FY2022 released on Thursday. (The News) | [Click for more info.](#)

**PKR crosses 180 level on rising oil prices**

**Economy | Negative**

Rising oil prices pushed the Pakistani rupee over the 180 level for the first time against the US dollar, as the local currency depreciated 0.35% in the inter-bank market on Thursday. As per the State Bank of Pakistan (SBP), the rupee closed at 180.07 after a day-on-day depreciation of 23 paises. (BR) | [Click for more info.](#)

**Forex reserves fall to \$22.283bn**

**Economy | Negative**

Pakistan's foreign exchange reserves dropped to \$22.283 billion in the week ended March 11 from \$22.668 billion a week ago, the central bank reported on Thursday. (The News) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	29,996.7	29,930.3	-66.4	-0.2%
KSE100	43,975.7	43,807.2	-168.5	-0.4%
KSE30	17,018.6	16,825.5	-193.1	-1.1%
KMI30	71,294.3	70,836.9	-457.4	-0.6%

### Top Five Gainers

	Open	Close	Chg.	%
RMPL	11,400.0	11,700.0	300.0	2.6%
NESTLE	5,468.8	5,600.0	131.3	2.4%
SFL	749.8	800.3	50.5	6.7%
BTL	430.0	462.3	32.3	7.5%
SCL	311.0	329.0	18.0	5.8%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
FLYNGR1	0.1	0.0	-0.1	36.23
WTL	1.7	1.6	-0.1	14.57
TPLP	18.2	18.6	0.4	7.62
UNITY	24.1	24.4	0.3	4.94
KEL	3.0	3.0	0.0	4.86

### 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	1.73	-1.09	0.63
<b>Net</b>	<b>2.41</b>	<b>-2.70</b>	<b>-0.29</b>
<b>LIPI</b>			
Individuals	16.41	-16.80	-0.39
Companies	1.35	-0.78	0.57
Comm. Banks	0.46	-0.47	-0.01
NBFC	0.01	0.00	0.00
Mutual Funds	1.06	-1.08	-0.02
Other	0.37	-0.10	0.27
Brokers Proprietary	3.37	-3.64	-0.27
Insurance	0.22	-0.08	0.14
<b>Net</b>	<b>23.24</b>	<b>-22.95</b>	<b>0.29</b>

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	102.98	8.4%
Brent oil	USD/bbl.	106.64	8.8%
Gold	USD/t oz.	1942.66	0.8%
Silver	USD/t oz.	25.37	1.1%
Coal	USD/ton	315.00	-2.1%
Steel Scrap (LME)	USD/ton	640.00	-0.8%
Steel Rebar (LME)	USD/ton	925.00	-0.4%
USD/PKR	Interbank	180.07	0.4%

**News Source:** Local / Int'l Newspapers and websites

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## Oil & Gas

**Circular debt likely to soar to Rs398bn by 2025: PD**

**Gas | Negative**

The Petroleum Division has projected that diversion of LNG to households will further add to the circular debt that will reach Rs398 billion in the year 2025. The circular debt is estimated at Rs104 billion in the current financial year. Due to the government's policy to subsidise oil and gas sector, the circular debt reached to Rs1.7 trillion (80 percent increase in last three years), which can contain only through price rationalisation, the Petroleum Division has proposed to a parliamentary committee on Thursday. (BR) | [Click for more info.](#)

## Power

**PM's help being sought for recovery; Govts owe Rs111bn to Power Division**

**Power | Positive**

A cash-strapped Power Division has reportedly decided to seek Prime Minister's help to recover arrears of Rs 111 billion from Federal and Provincial Governments, well informed sources told. (BR) | [Click for more info.](#)

## Autos

**Toyota IMC Reveals Plans for Local Production of Hybrid Cars**

**INDU | Positive**

Toyota Indus Motor Company (IMC) has begun upgrading its production plant for the local assembly of Hybrid Electric Vehicles (HEVs) in Pakistan. CEO of Toyota IMC, Ali Asghar Jamali, stated that the company aims to begin selling HEVs in Pakistan within the next two years. Without naming a particular car, Jamali stated that Toyota will sell its first HEV before July 2024. (Propakistani) | [Click for more info.](#)

**IMC sales may fall 20pc in FY23**

**INDU | Neutral**

Although Indus Motor Company's (IMC) order book is full till June, the company on Thursday however feared a 15-20 percent drop in FY2023 sales, citing a likely hike in car prices, higher interest rates, and auto financing curbs as major bumps in the road. (The News) | [Click for more info.](#)

## Fertilizer

**ECC okays subsidy grant for kharif**

**Fertilizer | Positive**

The Economic Coordination Committee (ECC) Thursday earmarked Rs24.26 billion in fertiliser subsidies for kharif season 2022, roughly the same amount the government had set aside for the current year crop. (The News) | [Click for more info.](#)

## Banks

**Banks' deposits reach Rs20tr in Feb, up by 15% YoY**

**Banks | Positive**

The total deposits held by scheduled banks have shown a growth of 15% YoY to around Rs20 trillion in the second month of the calendar year i.e., February 2022, against Rs17.25tr in the same month of last year on account of strong overseas inflows, data issued by State Bank showed today. However, on a monthly basis, local banks' deposits showed a slight decrease of 0.2% from Rs19.94tn in January 2022. (Mettis) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
HK - Hang Seng	21,501.2	1413.73	7.04%
INDIA - SENSEX	57,863.9	1047.28	1.84%
Taiwan - TWII	17,448.2	507.39	3.00%
US - Dow 30	34,480.8	417.66	1.23%
KSA - Tadawul	12,769.2	112.98	0.89%
PHILP - PSEI	7,122.5	96.00	1.37%
US - S&P 500	4,411.7	53.81	1.23%
CHINA - Shanghai	3,215.0	44.33	1.40%
INDONESIA - IDX	6,964.4	-28.01	-0.40%
PAK (KSE-100)	43,807.2	-168.46	-0.38%

### Board Meetings

Scrip	Day	Agenda	Time
PSMC	Tuesday	ANN A/c - 31Dec21	10:00 AM
EFGH	Tuesday	ANN A/c - 31Dec21	4:00 PM
SIBL	Tuesday	ANN A/c - 31Dec21	4:30 PM
ZIL	Thursday	ANN A/c - 31Dec21	11:00 AM
APOT	Thursday	Multiple Period	2:00 PM
SAPL	Thursday	ANN A/c - 31Dec21	4:00 PM
OCTOPUS	Friday	ANN A/c - 31Dec21	10:00 AM
AGP	Friday	ANN A/c - 31Dec21	3:00 PM
IGIL	Friday	ANN A/c - 31Dec21	4:30 PM

Source: PSX

## BOP to raise Rs5bn for tier 1 capital

### BOP | Positive

Bank of Punjab (PSX: BOP) will raise Rs5 billion for tier 1 capital in the ongoing calendar year 2022 to improve the Capital Adequacy Ratio (CAR), the management of the bank informed during its corporate briefing session on Thursday. Accordingly, the CAR will increase to 14% from the existing level's 12.57% while another Rs5bn in tier 2 capital would increase the CAR to around 16%. (Mettis) | [Click for more info.](#)

## IFC boosts trade finance for BAH

### BAHL | Positive

International Finance Corporation (IFC) is partnering with Bank AL Habib Limited, a long-term client, to support the import of essential goods and equipment into Pakistan and foster a sustainable recovery from the Covid-19 pandemic. (BR) | [Click for more info.](#)

## Miscellaneous

### Govt Likely to Grant Incentives to IT Sector via Ordinance

#### Tech. & Communication | Positive

As yet another step towards generating opportunities for Pakistan's tech-savvy youth, the government will likely promulgate an ordinance to grant incentives, including tax exemptions, to facilitate the Information Technology (IT) sector, freelancers, and startups. (Propakistani) | [Click for more info.](#)

### Crescent Steel to supply 158,000 MTs steel for K-IV project

#### CSAP | Positive

Crescent Steel & Allied Products Limited (PSX: CSAP) is expected to start working on the K-IV project which is roughly 209 kilometres with a steel requirement of 158,000 metric tons worth Rs50 billion. (Mettis) | [Click for more info.](#)

### Govt raises support price for wheat to Rs2,200 per 40kg

#### Food | Negative

Amid political challenges, the government increased the minimum support price for wheat by 13pc on Thursday, with a public sector procurement target of 6.9 million tonnes at the cost of Rs376 billion. (Dawn) | [Click for more info.](#)

## Political News

### Voting against party policy or crossing floor: ECP says takes decision only after asked by NA speaker

The Election Commission of Pakistan (ECP) on Thursday said that it is empowered to take a decision only after receiving a declaration from the National Assembly speaker about the members voting against party policy or crossing floor. (The News) | [Click for more info.](#)

## International News

### U.S. Futures, Stocks Dip as China Tech Rally Cools: Markets Wrap

Stocks and U.S. equity futures slipped Friday as a rally in Chinese technology shares fizzled and oil jumped further above \$100 a barrel amid mixed signals from the peace talks between Russia and Ukraine. (Bloomberg) | [Click for more info.](#)

### Oil surges 8% amid warnings of Russian supply shortages

a series of wild daily swings, as the market rebounded from several days of losses with a renewed focus on supply shortages in coming weeks due to sanctions on 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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