

May 23,  
2022

## Economy

### Fate of IMF talks hinges on PM's 'big nod'

#### Economy | Neutral

The talks between the government and the International Monetary Fund (IMF) for the revival of the bailout package are moving at a snail's pace as the economic managers are still waiting for the 'big nod' from Prime Minister Shehbaz Sharif which is crucial to bridging differences with the fund. Due to indecisiveness of the political leadership, Finance Minister Miftah Ismail, who was originally scheduled to leave for Doha on Sunday, will now go on Monday. Without political commitments for the next fiscal year, talks would remain inconclusive, said sources. (ET) | [Click for more info.](#)

### Pakistan international bond yields spike on doubts over quick breakthrough in IMF talks

#### Economy | Negative

Pakistan's sovereign bond yields have increased sharply owing to growing doubts on the country's capacity to cope with external obligations with its dollar reserves spent down to bare bones. (The News) | [Click for more info.](#)

### Budget to be presented on June 10, says official

#### Economy | Neutral

Amid ongoing talks with the International Monetary Fund (IMF) in Doha, the government seeks to present the federal budget 2022-23 in the National Assembly on June 10. (Dawn) | [Click for more info.](#)

### MNCs offered tax breaks on condition that they would help spur exports

#### Economy | Neutral

Federal Minister for Finance and Revenue Miftah Ismail said here on Friday that talks were underway with International Monetary Fund (IMF) and expressed the hope that there would be a turnaround in country's economic situation very soon. The minister thanked the foreign multinationals that operate in Pakistan and pay a large amount of taxes, provide employment and bring in technology. (BR) | [Click for more info.](#)

### FDI inflows stand at \$170.6 million in April

#### Economy | Neutral

Long-term foreign investors injected a four-month high capital at net \$170.6 million during April 2022, in major sectors of Pakistan's economy including power, banks, electronics and communication despite global as well as domestic political and economic uncertainties. (ET) | [Click for more info.](#)

### Rupee falls for 11th day in a row

#### Economy | Negative

Pakistan's currency maintained its downturn for the 11th consecutive working day, as it inched down by Rs0.14 on a day-to-day basis to a new record low at Rs200.14 against the US dollar in the inter-bank market on Friday. (ET) | [Click for more info.](#)

### Pakistan's debt mounts to Rs53.5tr

#### Economy | Negative

Pakistan's total debt and liabilities jumped to Rs53.5 trillion – an addition of Rs23.7 trillion under the watch of former Prime Minister Imran Khan, who failed to meet his promise of bringing down by half the debt pile left behind his arch-rival – the PML-N. The increase in public debt alone, which is the direct responsibility of the government, was Rs19.5 trillion, as it swelled to Rs44.4 trillion by March 2022, according to the central bank. (ET) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	29,249.9	29,347.4	97.5	0.3%
KSE100	42,983.5	43,100.7	117.3	0.3%
KSE30	16,350.1	16,367.1	17.0	0.1%
KMI30	69,461.5	69,483.7	22.2	0.0%

### Top Five Gainers

	Open	Close	Chg.	%
SFL	1,023.0	1,092.8	69.8	6.8%
COLG	2,110.5	2,152.0	41.5	2.0%
GATI	415.1	440.0	24.9	6.0%
PRET	800.8	825.0	24.2	3.0%
PECO	260.0	279.5	19.5	7.5%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
KEL	2.6	2.6	0.0	19.22
SILK	1.2	1.3	0.1	17.01
PAEL	15.6	16.1	0.4	16.46
PRL	15.1	15.6	0.5	13.03
WTL	1.5	1.6	0.1	12.47

### 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	1.77	-1.60	0.17
<b>Net</b>	<b>2.45</b>	<b>-3.68</b>	<b>-1.23</b>
<b>LIPI</b>			
Individuals	27.96	-26.94	1.01
Companies	1.66	-1.66	0.01
Comm. Banks	3.81	-1.09	2.72
NBFC	0.01	-0.01	0.00
Mutual Funds	0.95	-3.13	-2.17
Other	0.33	-0.42	-0.09
Brokers Proprietary	8.15	-8.16	-0.01
Insurance	0.06	-0.29	-0.23
<b>Net</b>	<b>42.93</b>	<b>-41.70</b>	<b>1.23</b>

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	110.28	0.4%
Brent oil	USD/bbl.	112.55	0.5%
Gold	USD/t oz.	1846.50	0.2%
Silver	USD/t oz.	21.78	-0.7%
Coal	USD/ton	337.00	2.3%
Steel Scrap (LME)	USD/ton	481.50	-0.7%
Steel Rebar (LME)	USD/ton	790.00	-0.6%
USD/PKR	Interbank	200.14	0.1%

News Source: Local / Int'l Newspapers and websites

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## Oil & Gas

**Pakistan Refinery plans \$1.2bn expansion**

**PRL | Positive**

The Pakistan Refinery Ltd (PRL) will spend around \$1.2 billion for the upgrade and expansion of its operational capacity. "The PRL will expand its capacity by doubling it to 100,000bpd from the current nameplate of 50,000bpd, while converting to deep conversion from the existing hydro skimming," said Managing Director & CEO of PRL. (The News) | [Click for more info.](#)

**PSO fears Rs60bn swell in receivables**

**PSO | Negative**

Pakistan State Oil (PSO) on Saturday said its receivable could bloat by a staggering Rs50-60 billion in the last quarter of this fiscal year, if subsidy payments hit snags. (The News) | [Click for more info.](#)

**Pakistan requires Rs1.4tr in subsidies to keep POL prices unchanged**

**Oil | Neutral**

The International Monetary Fund (IMF) has estimated that Pakistan requires Rs1,416 billion in subsidies for keeping the POL prices unchanged on an annual basis at the prevalent existing prices in the international market, so Islamabad will have to reverse fuel subsidies for achieving fiscal prudence. (The News) | [Click for more info.](#)

## Power

**Electricity production rises 24% in April**

**Power | Positive**

The electricity generation increased 24% year-on-year to 12,960 gigawatt-hours (GWh) in April 2022 but the growth in production came at a high cost as the fuel cost component in tariff rose 84% to Rs10.24 per unit. (ET) | [Click for more info.](#)

**Power charges likely to go up by Rs4.5**

**Power | Negative**

The power tariff in the country is likely to go up by Rs4.5 per unit, imposing an additional burden of Rs59.45 billion on the consumers. (ET) | [Click for more info.](#)

**KE urges FD to release budgeted subsidy directly**

**KEL | Neutral**

Karachi Electric (KE) has urged the Finance Division to release budgeted subsidy directly to it to ensure business continuity in coming days. (BR) | [Click for more info.](#)

## Tech. & Communication

**IT exports surge to \$2.2 billion**

**Tech. & Communication | Positive**

Remittances from Pakistan's information and communication technology (ICT) exports, including telecommunication, computer and information technology services, surged 29.29% year-on-year to \$2.198 billion in the period July 2021 to April 2022. (ET) | [Click for more info.](#)

## Banks

**Private sector borrowings swell 22.9pc to Rs7.854tr in April**

**Banks | Positive**

The private sector credit off-take jumped 22.9 percent year-on-year to Rs7.854 trillion in April on strong demand for working capital loans, the State Bank of Pakistan (SBP) showed on Friday. (The News) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	54,326.4	1534.16	2.91%
HK - Hang Seng	20,717.2	596.56	2.96%
Taiwan - TWII	16,144.9	124.53	0.78%
PAK (KSE-100)	43,100.7	117.25	0.27%
INDONESIA - IDX	6,918.2	94.81	1.39%
PHILP - PSEI	6,746.3	86.28	1.30%
CHINA - Shanghai	3,146.6	49.60	1.60%
US - Dow 30	31,261.9	8.77	0.03%
US - S&P 500	3,901.4	0.57	0.01%
KSA - Tadawul	12,334.9	-93.02	-0.75%

### Board Meetings

Scrip	Day	Agenda	Time
HACC	Tuesday	3QA/C - 31-Mar-22	11:30 AM
BAFS	Tuesday	HYA/C - 31-Mar-22	5:00 PM
TICL	Tuesday	HYA/C - 31-Mar-22	6:00 PM
SHSML	Wednesday	HYA/C - 31-Mar-22	11:30 AM
HABSM	Wednesday	HYA/C - 31-Mar-22	12:00 PM
MIRKS	Wednesday	HYA/C - 31-Mar-22	2:30 PM
HCAR	Thursday	ANN A/C - 31-Mar-22	9:00 AM
CWSM	Thursday	Multiple Period	10:00 AM
SIEM	Thursday	HYA/C - 31-Mar-22	10:00 AM
CHAS	Thursday	HYA/C - 31-Mar-22	11:00 AM
IML	Thursday	3QA/C - 31-Mar-22	11:00 AM
ALNRS	Thursday	HYA/C - 31-Mar-22	11:30 AM
MRNS	Thursday	HYA/C - 31-Mar-22	11:30 AM
PMRS	Thursday	HYA/C - 31-Mar-22	11:30 AM
KPUS	Thursday	HYA/C - 31-Mar-22	2:30 PM
HSM	Friday	HYA/C - 31-Mar-22	10:00 AM
JSML	Friday	HYA/C - 31-Mar-22	11:30 AM
SHJS	Friday	HYA/C - 31-Mar-22	11:30 AM
SANSM	Friday	HYA/C - 31-Mar-22	4:30 PM
SASML	Saturday	HYA/C - 31-Mar-22	12:30 PM
AGSML	Monday	HYA/C - 31-Mar-22	11:00 AM
JDWS	Monday	HYA/C - 31-Mar-22	11:00 AM

Source: PSX

## Q1: Profitability of listed banks up by 28pc YoY

**Banks | Positive**

Pakistan listed banks' profitability grew by 28 percent on year-on-year basis in the first quarter of 2022 driven by rising asset yields and lower provision expense. (BR) | [Click for more info.](#)

## Banking sector spread increases by 35 bps to 5.02% in April

**Banks | Positive**

The banking sector spread for the month of April 2022 increased by 35 basis points (bps) over the month which brings its latest value to 5.02% as compared to the prior month's spread of 4.67%. (Mettis) | [Click for more info.](#)

## Car Financing Witnesses 25% Increase Compared to Last Year

**Banks | Positive**

Auto financing has once again risen up to Rs. 367 billion in April 2022, recording a Month-over-Month (MoM) increase of just 0.9 percent and a Year-over-Year (YoY) increase of 25.4 percent. (Propakistani) | [Click for more info.](#)

## Miscellaneous

### Meat exports fall 21pc in 10MFY22

**TOMCL | Negative**

Meat exports in April soared to 7,716 tonnes fetching \$35 million from 6,386 tonnes valuing \$29m in March which was considered as a peak period of LSD. In February, exports were 6,246 tonnes that earned \$28m. However, total meat exports fell 21 per cent to 64,113 tonnes (\$284m) in 10MFY22 from 81,561 tonnes (\$279m) in the same period last fiscal year. (Dawn) | [Click for more info.](#)

### PM removes 17pc GST on solar panels

**Economy | Positive**

In a move to encourage power generation through alternative energy sources, Prime Minister Shehbaz Sharif on Friday announced removal of 17 per cent general sales tax on solar panels imposed by the previous PTI government, claiming that it is only way forward to reduce the country's oil import bill that stood at \$20 billion amid the fast rising prices of the US currency that has crossed the barrier of Rs200. (Dawn) | [Click for more info.](#)

### Insurance sector; New risk-based capital regime from July 1

**Insurance | Neutral**

The Securities and Exchange Commission of Pakistan (SECP) will issue a risk-based capital regime from July 1, 2022, which will help each insurance company determine the required minimum capital in accordance with the risks faced by it. (BR) | [Click for more info.](#)

### Banning import of luxury items; MoC seeks proposals from stakeholders

**Economy | Neutral**

Commerce Ministry clarified that in terms of proviso to the paragraph-4 of the Import Policy Order, 2022, the imports where Bill of Lading (B/L) or irrevocable Letter of Credit (LC) was issued or established prior to the notification of the SRO 598()/2022 shall be exempt from the operation of the SRO. (BR) | [Click for more info.](#)

### Categorization; SECP implementing new regime for brokers

**Capital Market | Neutral**

Brokers meeting higher benchmarks would be permitted to retain custody of investors' assets while brokers unable to comply with such requirements shall be required to transfer custody of investors' assets to third party professional clearing member or another securities broker. (BR) | [Click for more info.](#)

**FBR eyes new taxation steps with a view to achieving Rs7,255bn target**

**Economy | Neutral**

The Federal Board of Revenue (FBR) will propose new taxation measures of over Rs 300-350 billion to achieve the Rs 7,255 billion revenue collection target for the next fiscal year that was identified in the International Monetary Fund's sixth review documents. (BR) | [Click for more info.](#)

## Political News

**Govt, stakeholders lock horns over tenure**

The coalition government hinted on Saturday that it was ready to walk away from power and take its case to the people if not allowed to freely rule the country and complete the remaining constitutional term. (ET) | [Click for more info.](#)

**'Long march' to Islamabad on 25<sup>th</sup>**

After a series of public rallies to build momentum for a month, Pakistan Tehreek-e-Insaf (PTI) Chairman Imran Khan on Sunday finally announced the date for their 'long march' on Islamabad. However, instead of leading his supporters to the federal capital, Imran Khan has said that he would welcome them at the entrance of Islamabad at 3pm on May 25. (BR) | [Click for more info.](#)

## International News

**Stocks, US Futures Rise; Treasuries, Dollar Dip: Markets Wrap**

Stocks and US futures advanced Monday as investors assess the outlook for growth in the world's largest economies and whether the recent selloff has further to run. (Bloomberg) | [Click for more info.](#)

**Oil Ticks Higher as Traders Weigh Tight Gasoline Market, Growth**

Oil rose at the start of the week as investors weighed tight product markets against concerns over slowing global growth. (Bloomberg) | [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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