

April 4,
2022

Economy

Pakistan Default Risk Soars to level of 2013, Currency Sinks on Political Turmoil

Economy | Negative

Pakistan's political upheaval is adding to a surge in the nation's default risk and triggering off further losses in the nation's bonds and currency. (Augaf) | [Click for more info.](#)

IMF talks to remain a challenge in post no-trust vote scenario

Economy | Negative

As the country continues to bleed foreign currency reserves at a meteoric rate, the first and the most formidable task for the government, regardless of the outcome of no-confidence motion, is to convince IMF for clubbing 7th and 8th reviews together for the revival of \$6 billion Extended Fund Facility. (The News) | [Click for more info.](#)

Worsening ties with US could hurt Pakistan on multiple fronts

Economy | Negative

Talking about the most alarming and obvious consequence of dragging the US into Pakistan's domestic political turmoil, a prominent financial news service has warned that Pakistan's default risk was on the rise. (Dawn) | [Click for more info.](#)

Country witnesses \$1.5bn capital outflow during ongoing fiscal year

Economy | Negative

The Federation of Pakistan Chambers of Commerce and Industry's Businessmen Panel (BMP) has said political uncertainty has rattled the Pakistan's economy, hitting the stock market constantly, as the country has witnessed the capital outflow of around \$ 1.5 billion during the ongoing fiscal year, with major foreign investment outflows from Pakistan Investment Bonds (PIBs) despite high-yield returns on them. (BR) | [Click for more info.](#)

Pakistan's public debt increases by Rs17.79tr during current govt

Economy | Negative

Pakistan's total public debt continued to snowball as it increased by Rs17.79 trillion during the current government to stand at Rs42.75tr till December 2021 from Rs24.95tr by the end of FY2018. (Mettis) | [Click for more info.](#)

Exchange rate spirals out of SBP's control

Economy | Negative

Mounting pressure on the rupee has slashed its value by 3.2 per cent against the US dollar alone in March, leaving little doubt that the falling forex reserves of the State Bank of Pakistan (SBP) and deepening political crisis could further devalue the local currency in coming days. During the week that ended on April 1, dollar was traded at Rs184.09, a rise of Rs2.34 or 1.2pc. (Dawn) | [Click for more info.](#)

Inflation stands at 12.7% in March

Economy | Negative

The inflation rate in March, which could turn out to be the last month of the government of Prime Minister Imran Khan, rose 12.7% due to a surge in prices of food and energy goods – a pace that was almost triple the one recorded in June 2018. (ET) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	30,788.3	30,855.5	67.3	0.2%
KSE100	44,928.8	45,152.1	223.3	0.5%
KSE30	17,117.5	17,238.3	120.8	0.7%
KMI30	72,914.9	73,239.3	324.3	0.4%

Top Five Gainers

	Open	Close	Chg.	%
NESTLE	5,821.7	5,892.0	70.3	1.2%
SAPT	940.6	1,008.5	68.0	7.2%
INDU	1,305.6	1,370.7	65.0	5.0%
SFL	850.0	896.8	46.8	5.5%
GATI	488.9	525.0	36.1	7.4%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
TELE	14.2	14.4	0.3	35.43
TPLP	20.2	20.8	0.6	26.36
TREET	33.9	34.4	0.5	24.86
PAELR3	1.9	1.7	-0.2	21.81
GGL	17.3	17.4	0.1	21.63

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	4.85	-4.69	0.16
Net	5.01	-9.80	-4.79
LIPI			
Individuals	52.43	-50.39	2.04
Companies	3.25	-2.71	0.54
Comm. Banks	4.95	-0.87	4.09
NBFC	0.02	-0.10	-0.07
Mutual Funds	2.86	-4.29	-1.44
Other	0.14	-0.22	-0.08
Brokers Proprietary	11.11	-11.70	-0.59
Insurance	0.78	-0.47	0.30
Net	75.54	-70.75	4.79

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	99.27	-1.0%
Brent oil	USD/bbl.	104.39	-1.0%
Gold	USD/t oz.	1925.68	-0.6%
Silver	USD/t oz.	24.63	-0.6%
Coal	USD/ton	251.75	-1.0%
Steel Scrap (LME)	USD/ton	638.00	-0.4%
Steel Rebar (LME)	USD/ton	942.00	1.8%
USD/PKR	Interbank	184.09	0.3%

News Source: Local / Int'l Newspapers and websites

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REP-055



Oil & Gas

Govt mulls new levy on oil products

Oil | Neutral

The government is planning to impose infrastructure development levy (IDL) of Re1 per litre on petroleum products to generate around Rs354 billion and build strategic reserves of around 2 million tons. Sources told that the government wanted to build the strategic petroleum reserves to cover 30 days of requirement. It would require creating a storage for around 2 million tons with project cost of Rs354 billion, they noted. (ET) | [Click for more info.](#)

Higher differential claims for oil companies notified

OMC | Neutral

With the rising international oil prices and continuing domestic price freeze, the Petroleum Division has notified substantially higher per litre price differential claims (PDCs) for oil marketing companies (OMCs) for the first fortnight of April. (Dawn) | [Click for more info.](#)

ECC okays Rs26bn grant

PSO | Neutral

An official announcement said that the ECC approved Rs25bn supplementary grant for the Petroleum Division to address liquidity constraints of Pakistan State Oil for avoiding instant disruption in LNG and oil supply chain. Similarly, the ECC also approved Rs828m as a supplementary grant for the Ministry of Information Technology and Telecommunication for Special Communication Organization. (Dawn) | [Click for more info.](#)

SSGC seeks Rs1,013/MMBTU increase in FY23 gas tariff

SSGC | Neutral

Sui Southern Gas Company (SSGC) on Saturday sought an increase of Rs1,013 per MMBTU in the average prescribed price for fiscal year 2022-23. SSGC filed a petition for the increase in gas tariff with Oil & Gas Regulatory Authority (OGRA) under Section 8 (1) of OGRA Ordinance 2022 for the determination of its estimated revenue requirements/prescribed prices for FY2023. (The News) | [Click for more info.](#)

Power

KE asks govt to release Rs3.4bn under PM's relief package

KEL | Neutral

The K-Electric (KE) has sought Rs 3.4 billion from the federal government as first installment from the prime minister's relief package under which a subsidy of Rs 5 per unit has been approved for domestic consumers using up to 700 units a month and commercial non-ToU consumers having a sanctioned load of less than 5 KV. (BR) | [Click for more info.](#)

Autos

Pak Suzuki raises prices

PSMC | Positive

Pak Suzuki Motor Company Ltd (PSMCL) on Friday increased the prices of two-wheelers by Rs8,000-15,000 and four-wheelers' by Rs99,000-1.615 million. (Dawn) | [Click for more info.](#)

Car prices ratchet up by average 10pc in March

Autos | Neutral

Automakers cranked up car prices by average 10 percent in March, citing cost pressures, caused by free falling rupee, surging freights, and rising prices of imported raw materials such as steel. (The News) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	59,276.7	708.18	1.21%
PAK (KSE-100)	45,152.1	223.28	0.50%
US - Dow 30	34,818.3	139.92	0.40%
KSA - Tadawul	13,090.4	52.18	0.40%
HK - Hang Seng	22,039.6	42.70	0.19%
CHINA - Shanghai	3,282.7	30.52	0.94%
US - S&P 500	4,545.9	15.45	0.34%
INDONESIA - IDX	7,078.8	7.32	0.10%
PHILIP - PSEi	7,152.9	-50.59	-0.70%
Taiwan - TWII	17,625.6	-67.88	-0.38%

Board Meetings

Scrip	Day	Agenda	Time
PAKRI	Wednesday	ANN A/c - 31Dec21	11:00 AM
FPJM	Friday	ANN A/c - 31Dec21	12:00 PM
PRIC	Friday	ANN A/c - 31Dec21	2:00 PM
FCCL	Tuesday	3Q A/c - 31Dec21	11:00 AM
UPFL	Tuesday	1Q A/c - 31Dec21	2:30 PM

Source: PSX



Banks

Islamic banking assets soar past Rs5tr

Banks | Positive

The growth of Islamic banking industry (IBI) hit a new peak in 2021 as its assets surpassed the Rs5 trillion mark and reached Rs5.58 trillion after a historic increase of Rs1.31 trillion, reported the State Bank of Pakistan (SBP). (ET) | [Click for more info.](#)

Miscellaneous

Fertilizer firms being issued show-cause notices despite SRO compliance

Fertilizer | Neutral

In spite of due compliance of relevant SRO, the Federal Board of Revenue (FBR)'s field formations are issuing show cause notices to the fertilizer companies for disallowance of input tax on sales to unregistered persons. (BR) | [Click for more info.](#)

Export-oriented sector; MoF for linking subsidies to higher growth

Economy | Neutral

Ministry of Finance (MoF) has proposed that subsidies for the export-oriented sectors should be linked to increase in growth in export of quantities instead of banking on increase in prices as multiple incentives are putting substantial burden on the government. (BR) | [Click for more info.](#)

Exports cross \$23 billion mark

Economy | Positive

Pakistan's merchandise exports posted a growth of 25 per cent in the first nine months of the current fiscal year from a year ago, showing data released by the commerce ministry on Friday. (Dawn) | [Click for more info.](#)

Alternative currency-based payment mechanism with Iran on the cards

Economy | Neutral

Pakistan needs to initiate work on creating an alternative currency-based payment mechanism to enhance trade with Iran because barter trade limits volume, and also forge ahead on the issue of IPI pipeline with extreme care. (BR) | [Click for more info.](#)

Political News

SC, suo motu, decides to hear matter today

Political turmoil deepened on Sunday, when Prime Minister Imran Khan avoided an attempt to oust him and sought fresh elections after dissolving parliament, a move the opposition called treasonous and vowed to fight. (BR) | [Click for more info.](#)

International News

U.S. Futures Dip, Treasury Curve Inversions Deepen: Markets Wrap

U.S. equity futures and Treasuries declined Monday, while Asian shares were mixed, as traders weighed the prospect of aggressive Federal Reserve interest-rate hikes and stiffer sanctions on Russia. (Bloomberg) | [Click for more info.](#)

Oil prices fall after truce in Middle East conflict, petroleum reserve news

Oil prices fell at the start of Asian trade on Sunday, after the United Arab Emirates and the Iran-aligned Houthi group welcomed a truce that would halt military operations on the Saudi-Yemeni border, alleviating some concerns about potential supply issues. (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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