

01 Aug, 2022

KSE -100 Index



KSE -100 Index- Key Statistics

Open	40,203.28
High	40,421.24
Low	40,026.86
Closing	40,150.36
Change	-126.28
Volume	93,013,884

Source: PSX

Key Economic Data

Reserves (15-July-22)	\$15.24bn
Inflation CPI (Jul'21-Jun'22)	21.3%
Exports - (Jul'21-Jun'22)	\$31.79bn
Imports - (Jul'21-Jun'22)	\$80.18bn
Trade Balance- (Jul'21-Jun'22)	\$(44.77)bn
Current A/C- (Jul'21-Jun'22)	\$(17.4)bn
Remittances - (Jul'21-Jun'22)	\$29.45bn

Source: SBP

FIPI/LIPI (USD Million)

FIPI (29-Jul-22)	1.95
Individuals (29-Jul-22)	(0.70)
Companies (29-Jul-22)	0.450
Banks/DFI (29-Jul-22)	0.70
NBFC (29-Jul-22)	0.00
Mutual Fund (29-Jul-22)	(0.49)
Other Organization (29-Jul-22)	0.36
Brokers (29-Jul-22)	(0.94)
Insurance Comp: (29-Jul-22)	(1.34)

Source: NCCPL

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Country's exports plummet by \$718m in July

Source: The News

NEGATIVE

The country's stumbling economy suffered yet another blow as exports in July 2022 plummeted by \$718 million to \$2.182 billion as against \$2.9 billion exports in June 2022. In addition, the trade deficit in July 2022 stood at \$2.9 billion with imports of \$5 billion during the period. However, the country's imports also registered \$2.8 billion decline on month-to-month basis as the import bill in June hovered around \$7.8 billion, as per the data of FBR. On year-to-year basis, the exports in July also registered a modest decline as compared to \$2.3 billion exports of June 2021.

Govt decreases petrol by Rs3.05, increases diesel by Rs8.95 per litre

Source: Tribune Express

NEUTRAL

The government on Sunday decreased the price of petrol by Rs3.05 per litre, bringing the price of the fuel to Rs227.19 per litre. According to a statement issued by the Finance Division, the price of high-speed diesel has been jacked up by Rs8.95 per litre, while that of kerosene oil Rs4.62 per litre. The prices have reportedly been changed for a period of 15 days. The prices were previously revised on July 14 following a drop in the prices of oil globally.

IMF likely to begin tranche release process this week

Source: Dawn

NEUTRAL

The International Monetary Fund (IMF) is likely to start the process for releasing the seventh and eighth tranches of a \$6 billion loan programme for Pakistan later this week, IMF and diplomatic sources told Dawn. The IMF's summer recess ends on Aug 12. "So, technically the IMF Executive Board's meeting could take place before Aug 20, if recommendations are sent to the board by Aug 6," one of the sources said.

Rs30bn taxes to be imposed to save PSO from default

Source: Dawn

NEUTRAL

The government has decided to impose additional taxes to the tune of Rs30 billion as it struggles to arrange Rs100bn emergency funding to avoid international default on oil and gas payments and keep the staff-level agreement with the International Monetary Fund (IMF) intact. The decision was taken at a special meeting of the Economic Coordination Committee (ECC) of the cabinet presided over by Finance Minister Miftah Ismail on Sunday. The meeting was informed that the budgetary commitment with the IMF for Rs153bn primary budget surplus could not be met without additional taxation.

Rupee Overshot Temporarily, Expected To Appreciate Over The Next Few Months:

SBP

NEGATIVE

Source: Augaf

The Rupee can overshoot temporarily as it has done recently. However, it moves both ways over time. Government of Pakistan expect this pattern to re-assert itself in the coming period. As a result, the Rupee should strengthen in line with improved fundamentals in the form of a smaller current account deficit as well as stronger sentiment, according to the joint statement issued by Ministry of Finance and State Bank of Pakistan. Around half of the Rupee depreciation since December 2021 can be attributed to the global surge in the US dollar, following historic tightening by the Federal Reserve and heightened risk aversion.

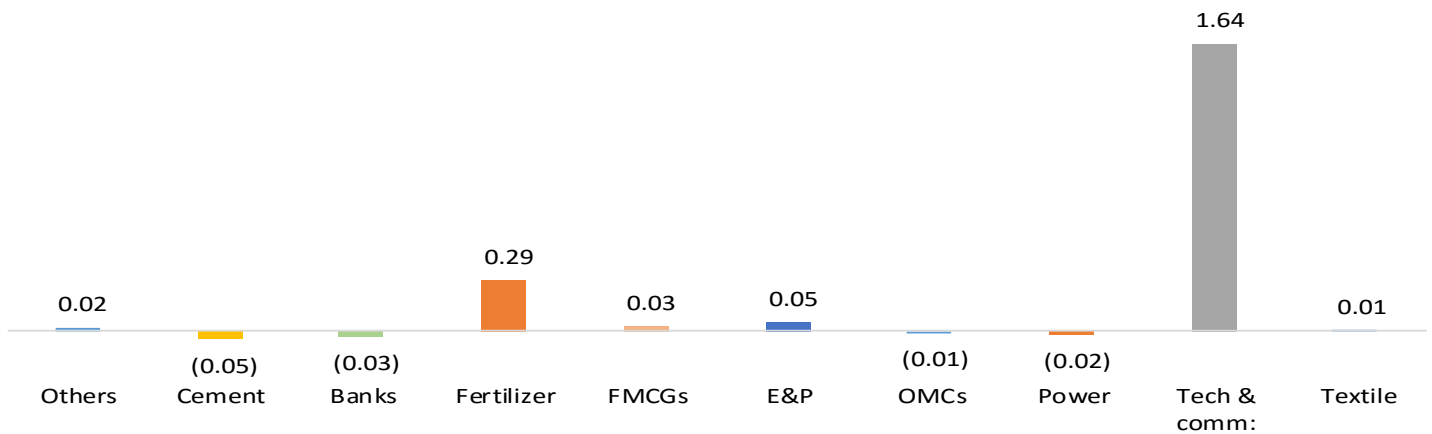
SBP may hike policy rate by 150-200bps: Citigroup

Source: Mettis Global

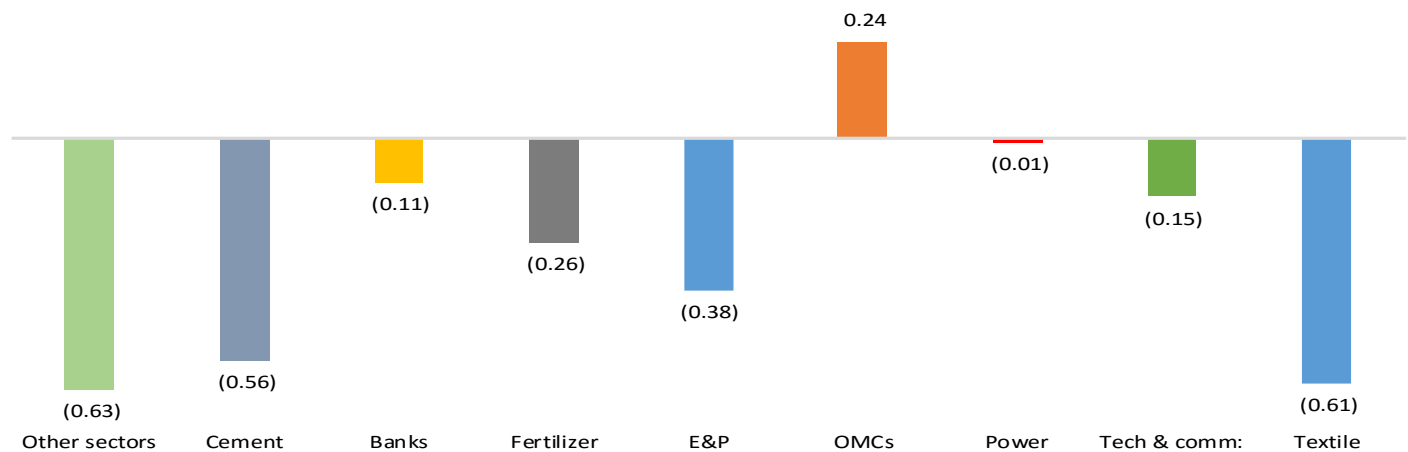
NEUTRAL

In order to curb demand and safeguard external stability, the State Bank of Pakistan (SBP) may hike the policy rate by 150-200 basis points (bps) to 16.5-17%, Citigroup forecasted in its latest report. Since inflation concerns continue to head higher and the latest round of administered price adjustment alongside rising core is expected to lead to headline inflation averaging about 18-20% in FY23 before coming off, the SBP may opt for further tightening.

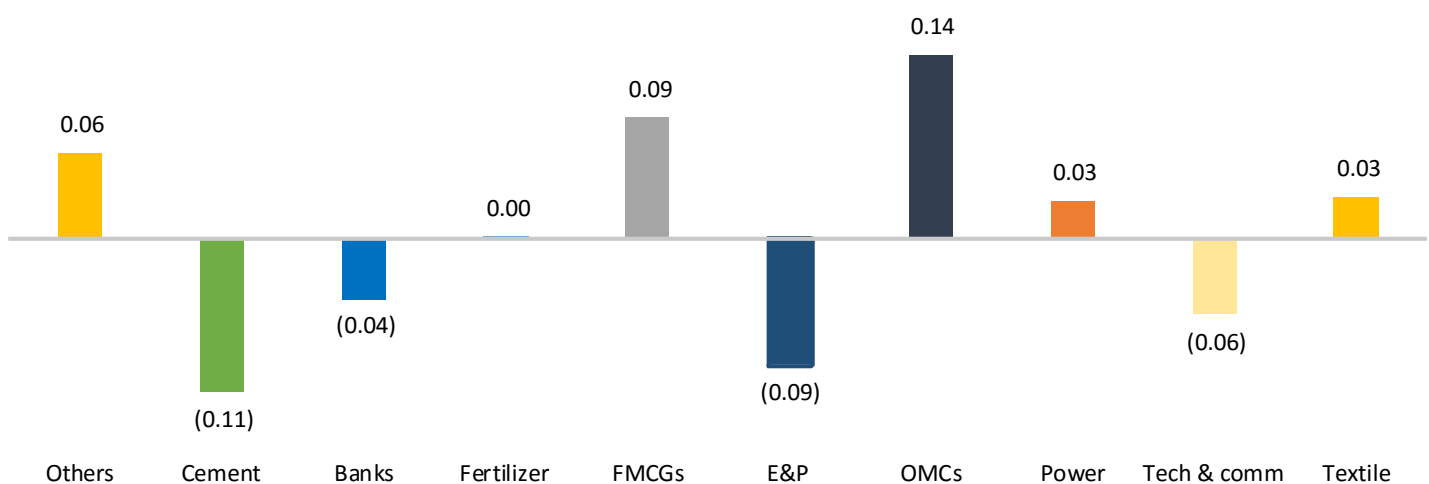
FII Sector Wise USD (Mil)



Mutual Funds Sector Wise USD (Mil)



Banks/DFIs Sector Wise USD (Mil)



Source: NCCPL

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WE Financial Services Ltd. uses three rating categories, depending upon return form current market price, with Target period as December 2021 for Target Price. In addition, return excludes all type of taxes. For more details kindly refer the following table;

Potential to target price	
Buy Upside	More than +10% from last closing price
HOLD	In between -10% and +10% from last closing price
SELL	Less than -10% from last closing price

Equity Valuation Methodology

WE Research uses the following valuation technique(s) to arrive at the period end target prices;

- Discounted Cash Flow (DCF)
- Dividend Discount Model (DDM)
- Relative valuation (P/E, P/B, P/S)
- Equity & Asset return based (EVA, Residual income)

Risks

The following risks may potentially impact our valuations of subject security(ies);

- Market Risk
- Interest Rate Risk
- Exchange rate risk

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