

02 Aug, 2022

KSE -100 Index



KSE -100 Index- Key Statistics

Open	40,122.79
High	40,122.79
Low	40,069.27
Closing	40,075.96
Change	-74.40
Volume	46,740,818

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 (01-Aug-22)	(0.10)
Individuals (01-Aug-22)	0.13
Companies (01-Aug-22)	(0.085)
Banks/DFI (01-Aug-22)	0.04
NBFC (01-Aug-22)	0.00
Mutual Fund (01-Aug-22)	(0.04)
Other Organization (01-Aug-22)	(0.11)
Brokers (01-Aug-22)	0.13
Insurance Comp: (01-Aug-22)	0.04

Source: NCCPL

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Inflation jumps to 14-year high of 24.9pc

Source: The News

NEGATIVE

Consumer inflation accelerated to its highest in 14 years in July on runaway food prices, stoked by a battered rupee, official data showed on Monday. Consumer price index (CPI) inflation rose to 24.93 per cent in July, whereas in July 2021, it was recorded at 8.4 per cent, according to data released by the Pakistan Bureau of Statistic. That compares with a 21.3 per cent jump in June. This level was last seen in August 2008.

CPPA-G to seek Rs1.55/unit hike in KE tariff

Source: Business Recorder

POSITIVE

Central Power Purchasing Agency-Guaranteed (CPPA-G) on Monday said that it is working to file another motion within NEPRA for increase of Rs 1.55 per unit in KE's tariff for second quarter (October -December) 2021-22 under Quarterly Tariff Adjustment (QTA), in addition to Rs 0.57 per unit for first quarter of FY 22 except lifeline consumers, aimed at maintaining uniform tariff across the country.

OMCs sales dip by 26% MoM in July

Source: Mettis Global

NEGATIVE

Pakistan's oil marketing companies (OMCs)' sales declined in July for the second consecutive month by 26% MoM to 1.44 million tons (MTs), the lowest level since Feb 2021. This was mainly led by lower High-Speed Diesel (HSD) and Motor Spirit (MS) sales which declined by 38% and 15% MoM to 0.44 MTs and 0.59MTs respectively, majorly due to the higher MS and HSD prices in July'22, after the incumbent government removed the fuel subsidies, passing on the full cost of supply impacts to domestic consumers. While sales of Furnace Oil (FO) also witnessed a fall of 23% MoM to stand at 0.35 MTs in July'22.

Pakistan's Trade Deficit Decreased To Half In July 2022

Source: Augaf

NEUTRAL

Pakistan trade deficit plunged 47.9 percent during the month of July to USD 2,589 million, according to data of Pakistan Revenue Automation Limited. As per the latest data released, exports stood at USD 2,324 million while Imports were USD 4,913 million during July 2022. The data showed that exports during July 2022 were 20.2 percent lower than exports of June 2022 and decreased by 0.7 percent compared to exports of July 2021. The data showed that imports during July 2022 were 37.7 percent lower than imports of June 2022 and decreased by 12.3 percent compared to imports of July 2021.

Subsidized power to export-oriented sectors: PD says it needs Rs77.9bn

Source: Business Recorder

NEUTRAL

The Finance Ministry would be required to provide Rs77.9 billion to the Power Division if it wanted to provide electricity at a subsidised rate to the five export-oriented sectors for the entire fiscal year of 2022-23. Sources said that the Power Division in response to the Ministry of Commerce Textile Wing's letter in its comments on a draft proposal regarding regionally competitive energy rates of energy for export-oriented sectors, stated that it would be required this amount for the fiscal year 2023.

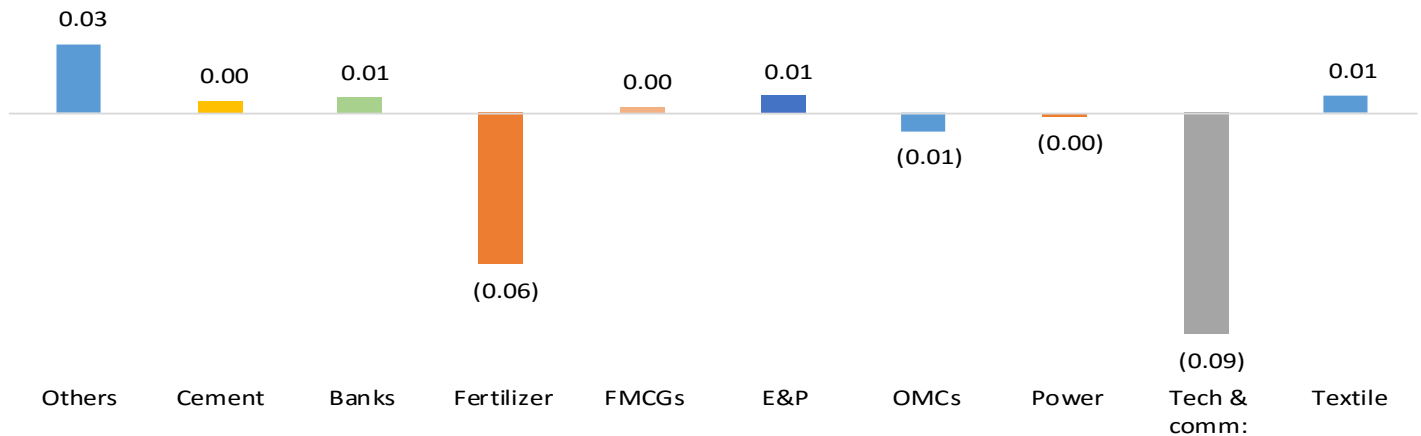
Mountains of debt weaken the rupee

Source: Dawn

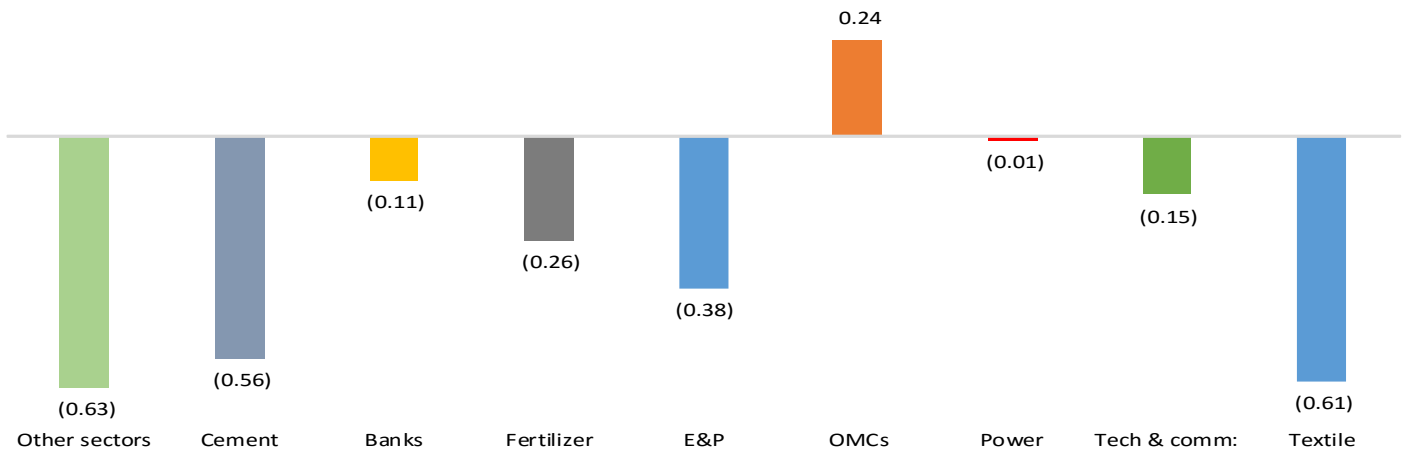
NEGATIVE

During the week ending on July 29, the rupee lost 4.8 per cent more of its value against the US dollar. This brings the total loss the rupee has suffered since the end of Imran Khan's government on April 7 to 27.2pc. Meanwhile, foreign exchange reserves held by the State Bank of Pakistan (SBP) that stood at \$11.425 billion at the end of March gradually shrank to \$8.575bn as of 22nd July. Falling reserves and declining rupee are hot topics of heated political debates with some blaming the post-IK political chaos for this debacle and some claiming that the current PML-N led coalition government had inherited mountains of external debts.

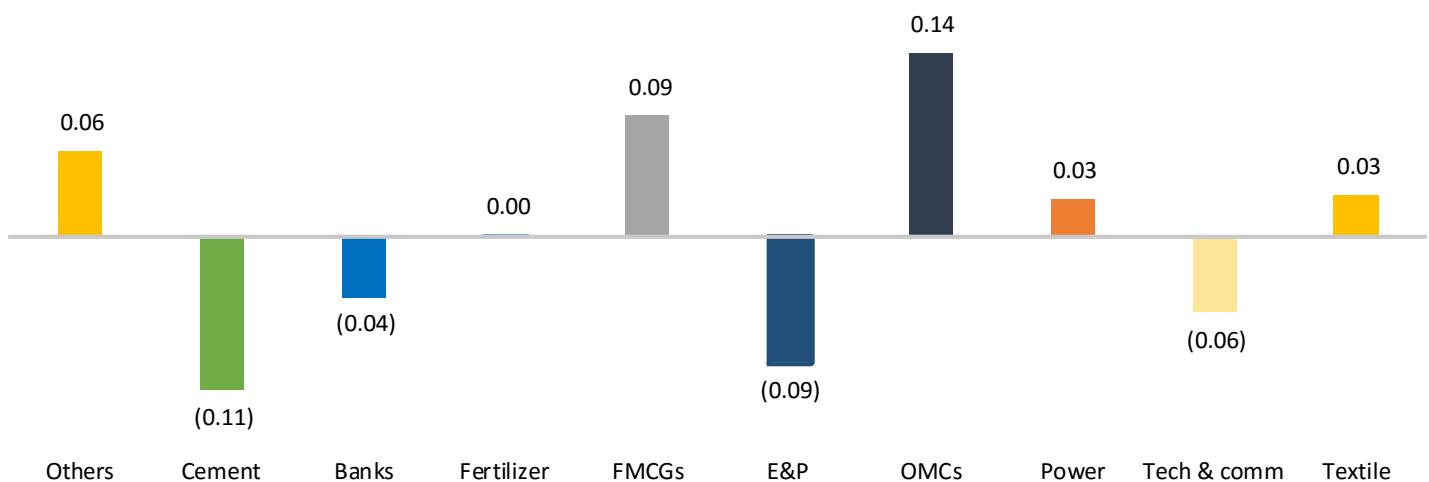
FIPI Sector Wise USD (Mil)



Mutual Funds Sector Wise USD (Mil)



Banks/DFIs Sector Wise USD (Mil)



Source: NCCPL

Analyst Certificate:

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WE Financial Services Ltd. uses three rating categories, depending upon return from 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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