

05 Aug, 2022

KSE -100 Index



KSE -100 Index- Key Statistics

Open	41,170.35
High	41,630.63
Low	41,170.35
Closing	41,425.37
Change	+356.50
Volume	114,511,701

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 (04-Aug-22)	(0.17)
Individuals (04-Aug-22)	0.27
Companies (04-Aug-22)	0.061
Banks/DFI (04-Aug-22)	(0.56)
NBFC (04-Aug-22)	0.01
Mutual Fund (04-Aug-22)	0.31
Other Organization (04-Aug-22)	0.03
Brokers (04-Aug-22)	(0.02)
Insurance Comp: (04-Aug-22)	0.07

Source: NCCPL

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FX reserves fall by \$206mn to \$14.2bn in a week: SBP

Source: Mettis Global

NEGATIVE

The total liquid foreign exchange reserves held by the country dropped by \$206 million or 1.42% WoW to stand at \$14.2 billion during the week ended on July 29, 2022, compared to \$14.4bn in the previous week, weekly data released by the State Bank of Pakistan (SBP) on Thursday showed. On the back of external debt and other payments, reserves held by the central bank during the week dipped by \$189.7mn or 2.21% WoW to clock in at \$8.23bn. The data further revealed that the reserves of commercial banks went down by \$16.2mn or 0.27% WoW to \$5.84bn.

Friendly countries ready to plug \$4b financing hole

Source: Tribune Express

POSITIVE

Pakistan is set to get assurances of \$4 billion additional financing from friendly countries this week that will pave the way for the revival of the International Monetary Fund (IMF) programme, State Bank of Pakistan (SBP) Acting Governor Dr Murtaza Syed said on Wednesday. Saudi Arabia is the first country that has agreed to give commitment to the IMF, a top government source confirmed. Pakistan was also in discussions with China for additional financing, he added.

SBP imposes Rs131.4 million in fines on 3 banks over regulatory violations

Source: Dawn

NEGATIVE

The State Bank of Pakistan (SBP) has imposed fines amounting to Rs131.42 million on three banks for violating regulatory instructions related to customer due diligence (CDD)/know your customer (KYC) policy, among other things. The penalties were part of significant enforcement actions taken by the central bank during the quarter that ended on June 30. The highest fine of Rs85.148m was imposed on JS Bank Limited for "violation of regulatory instructions pertaining to CDD/KYC, asset quality, FX.

Service trade deficit doubles to \$5.2bn

Source: Dawn

NEGATIVE

The trade deficit in services more than doubled to \$5.2 billion during the previous fiscal year, with the June's figure coming in at around \$727 million, up nearly 150 per cent from a year ago. The export of services grew 17.2pc year-on-year in FY22 mainly driven by information technology, showed data released by the Pakistan Bureau of Statistics (PBS) on Wednesday. Service exports reached \$6.97bn in FY22 from \$5.9bn a year ago. The target was projected at \$7.5bn for FY22.

IMF pre-condition: Pakistan considering slashing POL prices review time to a week

Source: The News

NEUTRAL

The federal government is considering revising the existing fortnightly (15-day) review process of the petroleum products prices to a weekly basis. This is a pre-condition of the International Monetary Fund (IMF) to revive the already-stalled \$6 billion loan programme and open the way for Islamabad to global bond markets. Currently, the government is reviewing and changing the POL price twice a month. Due to the long period, the price changes in the international market were not fully translated to the local market and, therefore, there was a need to reduce the time.

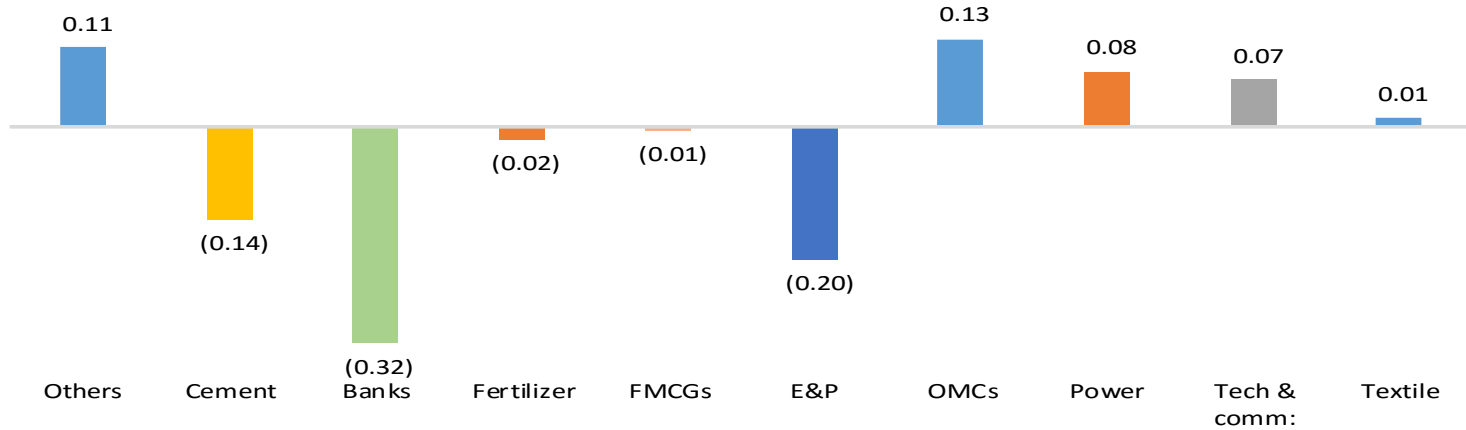
Rupee continues recovery against USD for fourth consecutive day

Source: Tribune Express

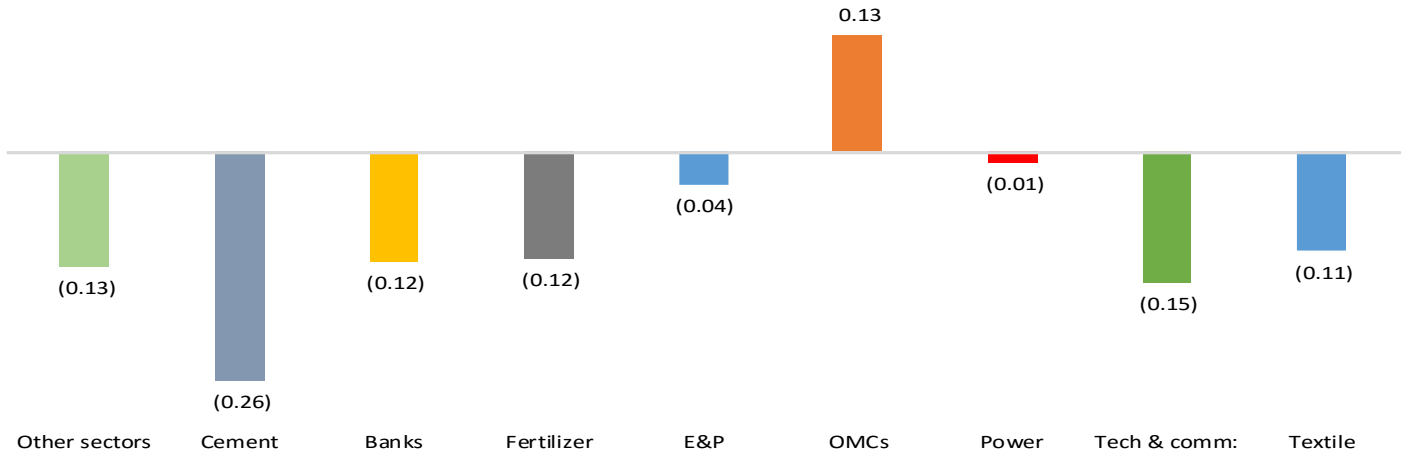
POSITIVE

The Pakistani rupee continued its upward trajectory on Thursday and was being traded at Rs226.19 against the US dollar in the interbank market. The rupee on Wednesday made an all-time high recovery of Rs9.98 in a single day and closed at a three-week high of Rs228.80 against the US dollar. Experts said the rupee saw its first major recovery after a gap of over three months after the government had reported a massive drop in import payments. In addition, they added, the International Monetary Fund (IMF) had also acknowledged Pakistan meeting all the prerequisite conditions for its multibillion-dollar programme.

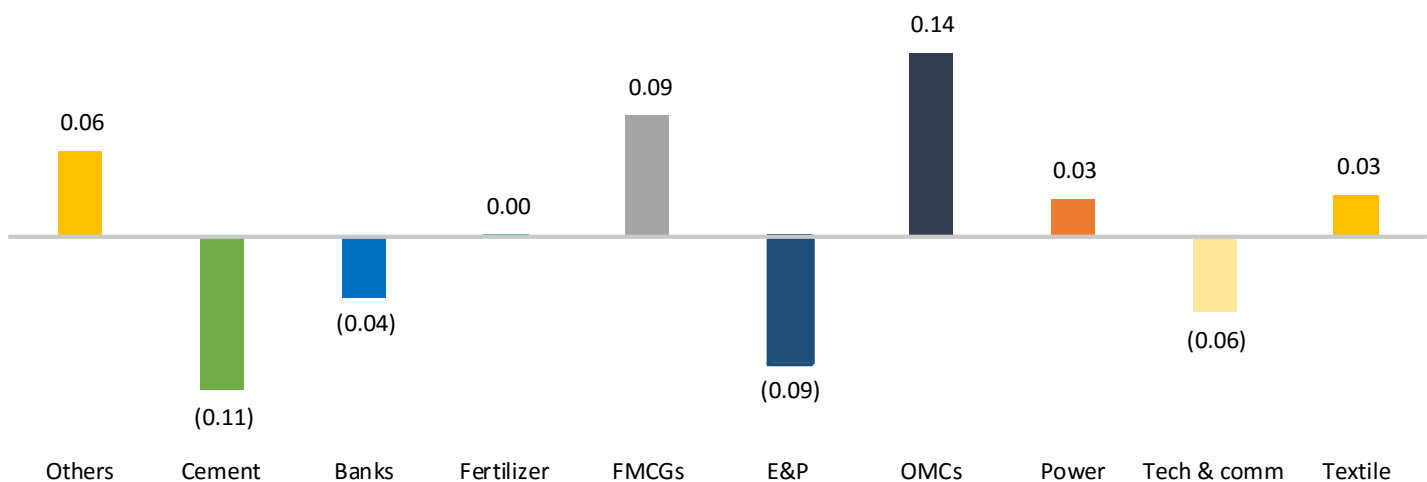
FIPI Sector Wise USD (Mil)



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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