

10 Aug, 2022

KSE -100 Index



Source: PSX & WE Research

KSE -100 Index- Key Statistics

Open	41,511.82
High	42,168.08
Low	41,453.78
Closing	42,096.24
Change	670.87
Volume	198,134,379

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 (05-Aug-22)	(0.46)
Individuals (05-Aug-22)	(1.28)
Companies (05-Aug-22)	(0.054)
Banks/DFI (05-Aug-22)	(0.55)
NBFC (05-Aug-22)	(0.05)
Mutual Fund (05-Aug-22)	0.87
Other Organization (05-Aug-22)	0.20
Brokers (05-Aug-22)	0.77
Insurance Comp: (05-Aug-22)	(0.36)

Source: NCCPL

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PM Shehbaz welcomes UAE's planned \$1bn investment in Pakistan

Source: Dawn

POSITIVE

Prime Minister Shehbaz Sharif on Tuesday welcomed the recent announcement by the United Arab Emirates to invest \$1 billion in various economic and investment sectors in Pakistan. He expressed these views as he held a telephonic conversation with UAE President Sheikh Mohamed bin Zayed Al Nahyan. Last week, the UAE's state news agency WAM had reported that the kingdom intended to invest \$1bn in Pakistani companies across various sectors. The move will likely help revive investor sentiment in the country, which has been beset by dwindling foreign exchange reserves as well as a depreciating rupee.

Miftah directs immediate meeting to consider SOEs declaring 'healthy dividends'

Source: Business Recorder

NEUTRAL

Finance Minister Miftah Ismail has directed that a meeting be held immediately to consider the matter of state-owned enterprises (SOEs) declaring healthy dividends as it would "result in income and taxation revenue for the government", according to a statement by the Pakistan Stock Exchange (PSX) on Tuesday. "Presently, while some of the SOEs are extremely profitable, their payout ratio is a meagre 18%. The participants urged that this should be raised to 50%. The follow-up meeting came after Miftah's visit to PSX on August 5, when the finance minister said that the government will continue to suppress imports for the next three months at the cost of slower economic growth.

RDA: Inflows decline by 25% in June

Source: Mettis Global

NEGATIVE

Foreign exchange inflows through Roshan Digital Account (RDA) have declined by 25% MoM and reached \$4.79 billion by July 2022 since its launch in September 2020, latest data released by the State Bank of Pakistan showed. In the month of July 2022, the overseas Pakistanis deposited \$188mn into RDA which was 25% lower when compared with \$250mn recorded in the previous month.

Oil prices dip after industry data shows U.S. crude stockpiles rising

Source: Reuters

NEGATIVE

Oil prices edged lower on Wednesday, after industry data showed U.S. crude inventories unexpectedly rose last week, signaling a potential hiccup in demand. Brent crude futures fell 6 cents to \$96.25 a barrel by 0002 GMT. U.S. West Texas Intermediate crude futures declined 16 cents to \$90.34 a barrel.

GPCCI urges to lift import ban on automotives

Source: Tribune Express

NEUTRAL

The German Pakistan Chamber of Commerce and Industry (GPCCI) has warned that ban on import of vehicles from Germany may have adverse effects on upcoming GSP+ negotiations with the European Union (EU) and has requested the Pakistani government to immediately lift the import ban. The coalition government has imposed a ban on imports which includes German vehicles in CBU form. "We wish to bring your kind attention towards the existential crisis which is being faced by the three top German automotive brands in Pakistan- Audi, BMW and Mercedes-Benz. This is due to the current ban on imports", he said.

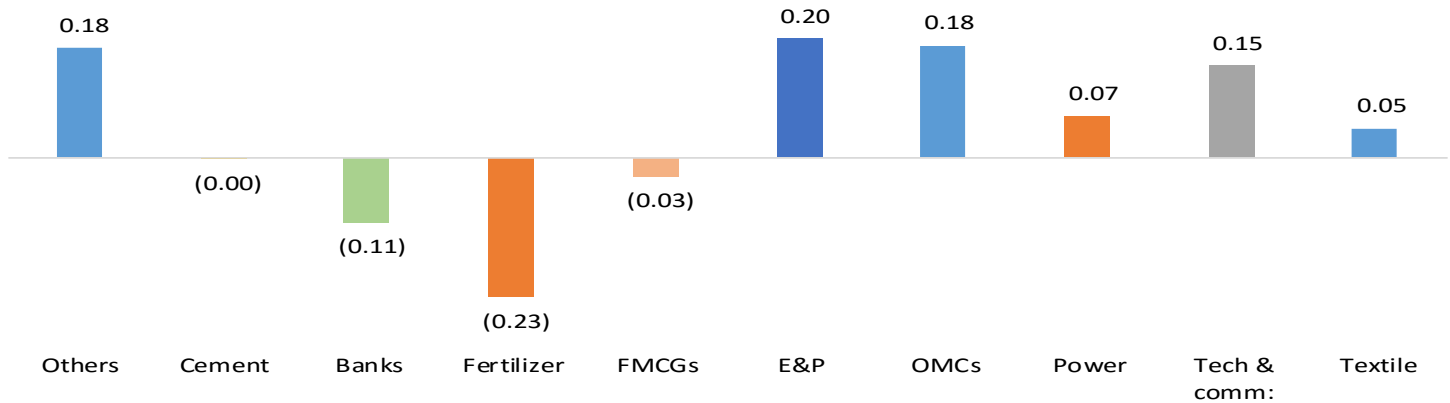
LUCK reports 29% YoY increase in net profits

Source: Mettsi Global

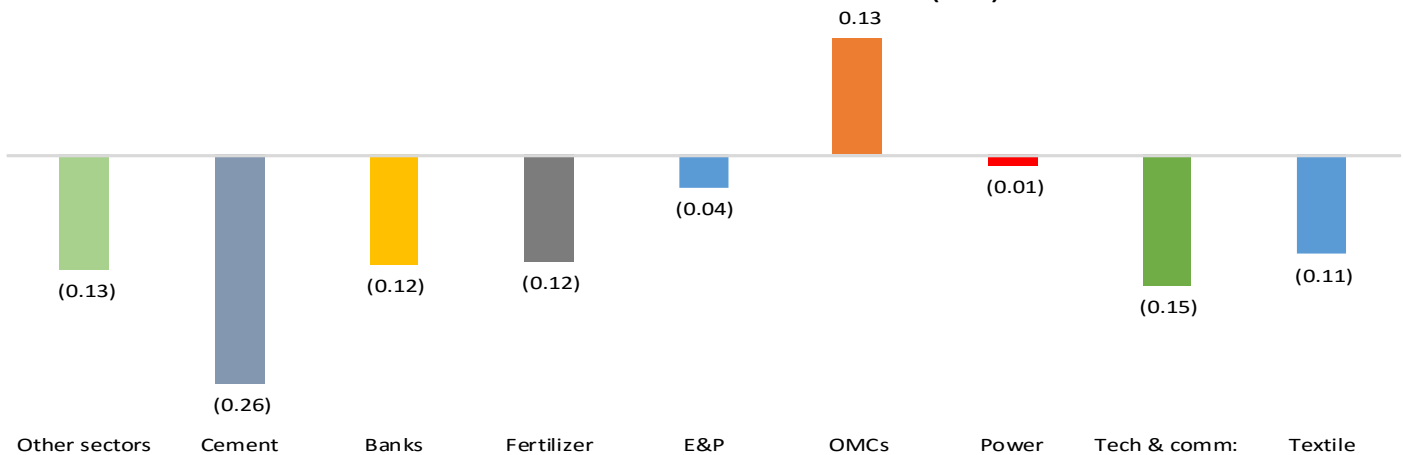
POSITIVE

Despite the challenges due to economic slowdown, higher interest rates and increased production costs across all segments, the company has been able to secure double-digit growth in its profitability mainly on the back of better return on power business. Moreover, the incidence of 10% super tax did not significantly impact FY22 earnings since most of the businesses (Power, car, mobile) are exempted from income tax. During the period, the company's top-line jumped by 60% YoY due to higher cement prices which neutralized the impact of the decline in offtake by 9%YoY.

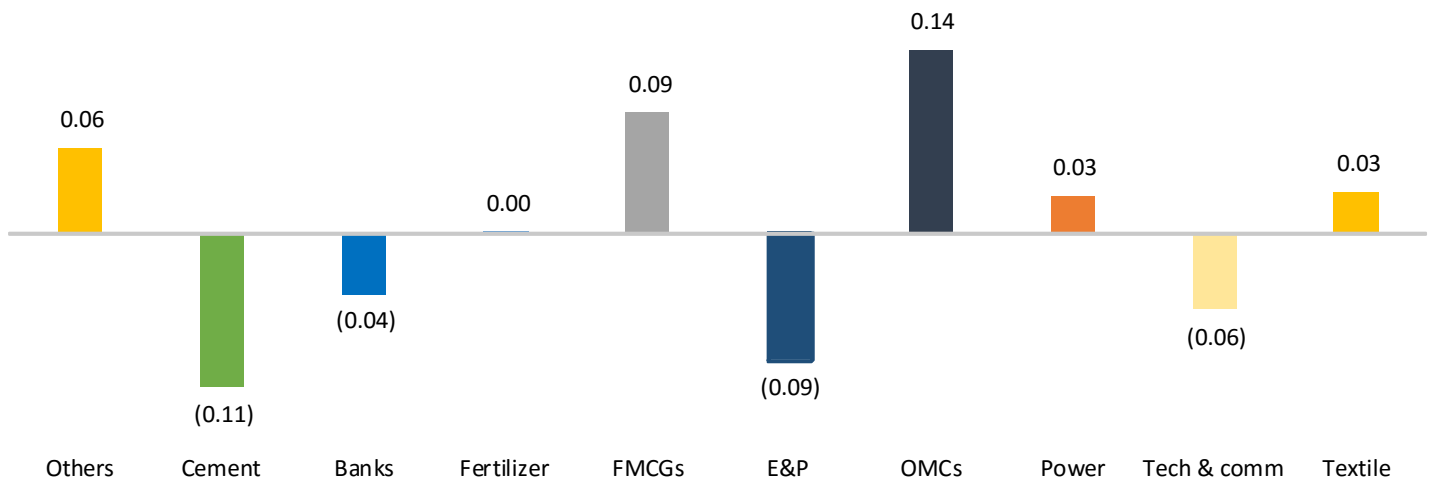
FII Sector Wise USD (Mil)



Mutual Funds Sector Wise USD (Mil)



Banks/DFIs Sector Wise USD (Mil)



Source: NCCPL

Analyst Certificate:

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Stock Ratings

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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