

13 July, 2022

### KSE -100 Index



### KSE -100 Index- Key Statistics

Open	41,182.84
High	41,396.57
Low	41,009.10
Closing	41,344.01
Change	184.22
Volume	55,977,384

Source: PSX

### Key Economic Data

Reserves (13-May-22)	\$16.16bn
Inflation CPI (Jul'21-Mar'22)	10.75%
Exports - (Jul'21-Mar'22)	\$23.29bn
Imports - (Jul'21-Mar'22)	\$58.6bn
Trade Balance- (Jul'21-Mar'22)	\$(35.39)bn
Current A/C- (Jul'21-Feb'22)	\$(12.10)bn
Remittances - (Jul'21-Feb'22)	\$20.14bn

Source: SBP

### FIPI/LIPI (USD Million)

FIPI (7-Jul-22)	0.79
Individuals (7-Jul-22)	0.83
Companies (7-Jul-22)	0.297
Banks/DFI (7-Jul-22)	(0.01)
NBFC (7-Jul-22)	(0.01)
Mutual Fund (7-Jul-22)	(1.83)
Other Organization (7-Jul-22)	(0.00)
Brokers (7-Jul-22)	0.92
Insurance Comp: (7-Jul-22)	(0.99)

Source: NCCPL

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### POL prices to go down as PM seeks summary amid decline in int'l market

Source: Tribune Express

POSITIVE

Prime Minister Shehbaz Sharif has asked the ministries concerned to move a summary suggesting a reduction in petroleum prices in view of a dip in the international fuel prices. According to a statement released by the Prime Minister's Office on Tuesday, the premier, while chairing a meeting in Islamabad, asked the ministries of finance and petroleum to present a summary in this regard. He further said that the incumbent government would pass on full benefit of the price drop in the international market.

### Brent slumps to below \$100/barrel

Source: The News

POSITIVE

Global benchmark Brent crude tumbled to below \$100 a barrel Tuesday due to a stronger dollar, demand-sapping Covid-19 curbs in top crude importer China and fears of a global economic slowdown. Brent crude futures were down by \$7.62, or 7.1%, at \$99.48 a barrel by 11:04am ET (1504 GMT). US West Texas Intermediate crude was down \$7.69, or 7.3%, at \$96.42. "Crude trading under extreme pressure this AM as a defensive posture continues with consumer sentiment still in a depressed mode along with a COVID re-surface in China."

### Pakistan's exports to China surged 8 percent in June

Source: Pakistan Today

POSITIVE

Pakistan's exports to China in June 2022 have increased by 8% to US\$251.30 million as compared to the corresponding month of the previous year when it was recorded at US\$232.74 million in June 2021. Also, as compared to May 2022, Pakistan's exports to China have shown positive signs by gaining a value of US\$22.38 million. In May, the total exports to China were recorded as US\$228.92 million. Pakistan's exports to UAE, Italy, Netherlands, UK, Spain, Bangladesh, Thailand, Canada, and France have also increased as compared to the corresponding month of June 2021.

### Auto industry fears massive drop in sales

Source: Dawn

NEGATIVE

Auto industry players anticipate a 30 per cent sales drop in 2022-23 in view of uncertainty after the increase in withholding tax on filers and non-filers, imposition of one per cent capital value tax on vehicles exceeding 1,300cc, strict auto financing rules to compress demand, high interest rates and more price shocks on the cards. Flexing their muscles to pass on the impact of the continuous rupee devaluation against the dollar and high sea freight rates in the form of price hikes in vehicles after Eidul Azha, with many stressing that the industry is passing through a crisis.

### IMF, Pakistan inch closer to revival of loan package

Source: Dawn

POSITIVE

The International Monetary Fund (IMF) and Pakistan moved closer to the revival of their loan package on Saturday as Islamabad has taken several steps to reduce its expenditure, increase energy prices and improve tax collection, as demanded by the IMF. The moves bring Pakistan closer to meeting an IMF demand that the country achieve a primary budget surplus of 153 billion rupees — 0.2 per cent of the national output for the new financial year — to revive the bailout package.

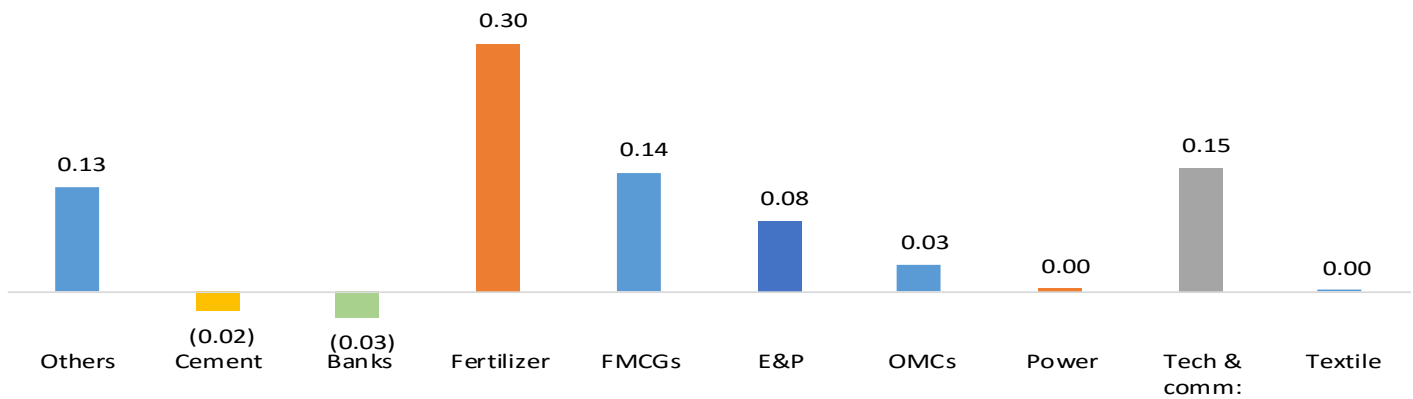
### China industries relocate elsewhere

Source: Tribune Express

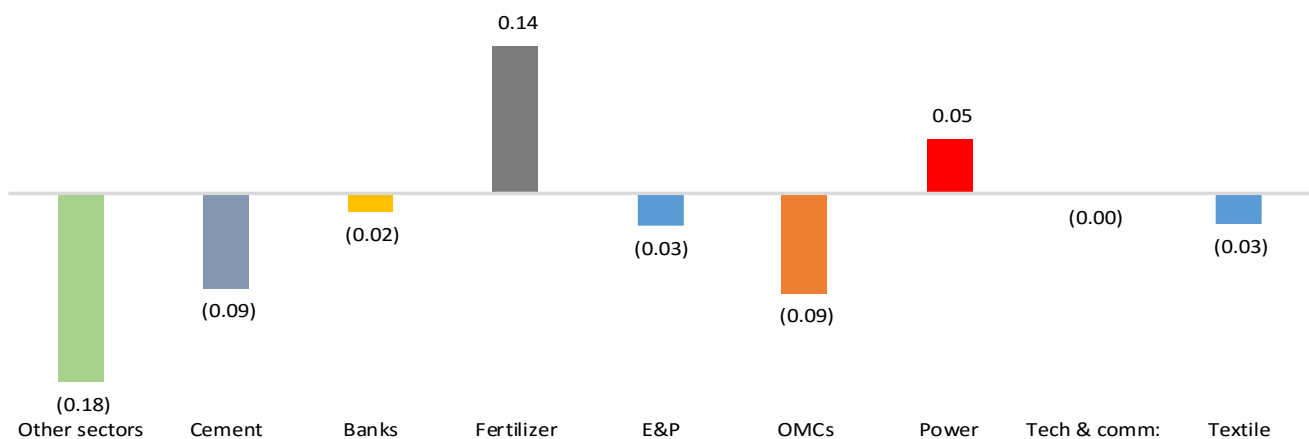
NEGATIVE

There was talk all around that world's second largest economy China would relocate its labour-intensive industries like textile to Pakistan to take advantage of reduced production cost. The move would create job opportunities for the low-cost labour in Pakistan and help boost export earnings. However, Pakistan has so far failed to woo Chinese industries as many have gone to Cambodia, Laos and even Ethiopia, though their cost of labour is higher than the cost in Pakistan and their markets are far smaller in terms of population.

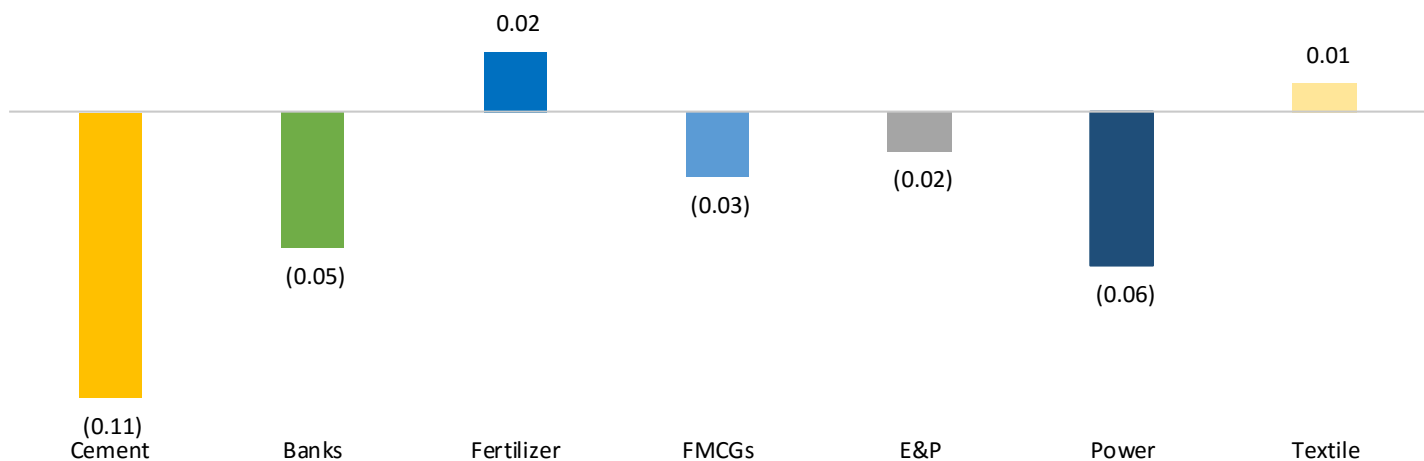
### FII Sector Wise USD (Mil)



### Mutual Funds Sector Wise USD (Mil)



### Banks/DFIs Sector Wise USD (Mil)



Source: NCCPL

## Analyst Certificate:

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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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