

15 July, 2022

KSE -100 Index



KSE -100 Index- Key Statistics

Open	42,030.02
High	42,362.91
Low	41,986.65
Closing	42,348.91
Change	486.14
Volume	132,598,345

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 (14-Jul-22)	0.17
Individuals (14-Jul-22)	(0.58)
Companies (14-Jul-22)	(0.409)
Banks/DFI (14-Jul-22)	(0.88)
NBFC (14-Jul-22)	0.00
Mutual Fund (14-Jul-22)	0.46
Other Organization (14-Jul-22)	0.06
Brokers (14-Jul-22)	0.98
Insurance Comp: (14-Jul-22)	0.20

Source: NCCPL

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Foreign exchange reserves down by \$132m

Source: Business Recorder

NEGATIVE

The country's total liquid foreign exchange reserves dropped by \$132 million during the last week. According to State Bank of Pakistan's (SBP) weekly foreign exchange reserves report issued on Thursday, total liquid foreign exchange reserves held by the country stood at \$15.611 billion as of July 7, 2022 compared to \$15.742 billion as of June 30, 2022. During the week under review, SBP's reserves decreased by \$99 million due to external debt payments. SBP's foreign exchange reserves declined to \$9.717 billion by the end of the last week down from \$9.816 billion. Net foreign reserves held by commercial banks also slide by \$33 million to \$5.893 billion.

Govt slashes petroleum prices by up to Rs40.54 per litre

Source: Tribune Express

POSITIVE

Prime Minister Shahbaz Sharif on Thursday announced a reduction of Rs40.54 per litre in the price of diesel and Rs18.50 per litre in that of petrol in order to pass on the benefit of the drop in global oil prices to the consumers. Addressing the nation on television and radio, the prime minister said that by slashing the petroleum prices, the incumbent government was also fulfilling its promise of passing on the benefit of any decrease to the consumers in Pakistan.

Pakistan reaches staff-level agreement with IMF for \$1.17bn loan tranche

Source: Tribune Express

POSITIVE

The International Monetary Fund (IMF) on Thursday announced a staff-level agreement with Pakistan on the completion of two outstanding programme reviews and increased the total loan size to \$7 billion. The global lender, however, said that Islamabad should stand ready to "take any additional measures". The IMF statement revealed that against the primary budget surplus target of Rs153 billion or 0.2% of the GDP set in the newly revised budget, the global lender has, in fact, given the 0.4% target.

After clinching deal with IMF: Pakistan plans to generate around \$10bn in loans

Source: The News

NEUTRAL

After striking a staff level agreement with the IMF, Pakistan has made plans to generate approximately \$9 to \$10 billion in loans from other multilateral creditors, including the World Bank, Asian Development Bank and Islamic Development Bank through programme and project lending during the current fiscal year. The revival of the IMF program will pave the way for provision of a Letter of Comfort (LoC) from the Fund and the revival of program/policy lending from the WB, ADB and IDB.

Gas price hike to fuel inflation

Source: Dawn

NEGATIVE

The impact of the proposed gas price hike of up to 235 per cent on monthly headline inflation will be between 50 and 100 basis points. Speaking to Dawn on Wednesday, Topline Securities Deputy Director of Research Umair Naseer said the month-on-month reading of the consumer price index (CPI) would increase up to one percentage point because of the revised gas prices if all other variables remained constant.

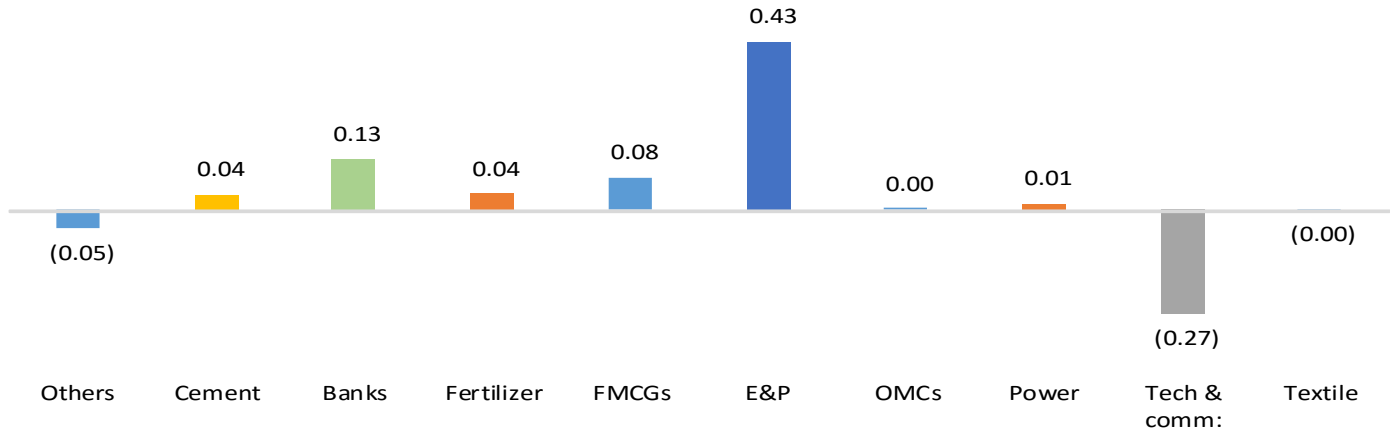
Banking sector: deposits, advances post double-digit growth YoY in June

Source: Business Recorder

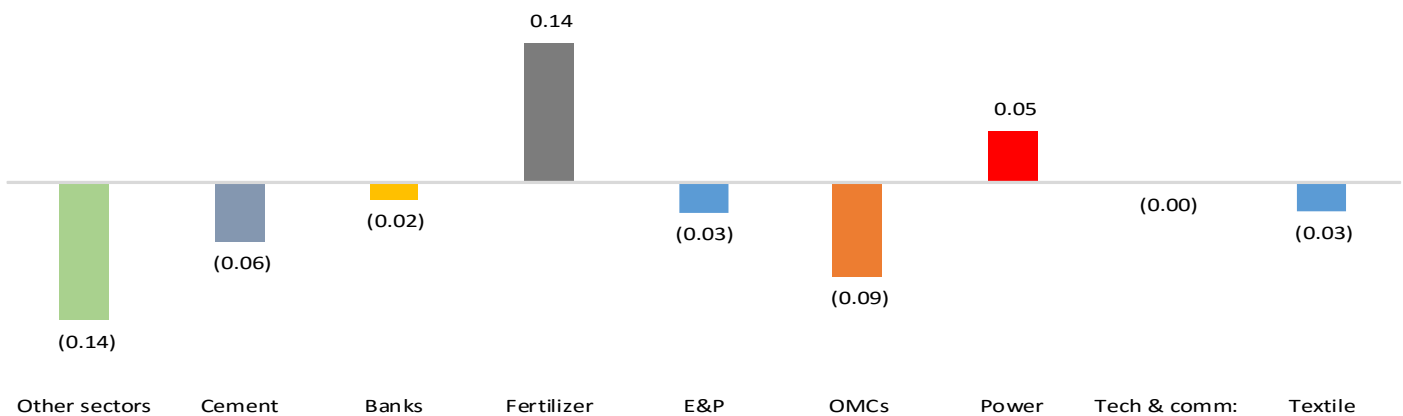
POSITIVE

Pakistan's banking sector deposits posted a growth of 15.2% on a year-on-year (YoY) basis in June 2022, shared the State Bank of Pakistan (SBP) on Thursday. Deposits increased to Rs22.8 trillion by June 2022, compared to Rs19.8 trillion in June 2021. Moreover, on a monthly basis, deposits rose by 7.8%, compared to Rs21.15 trillion in May 2022. According to brokerage house Arif Habib Limited (AHL), advances also grew by a healthy 21% YoY to Rs10.89 trillion during the last month of FY22, as compared to Rs8.99 trillion in the same period last year.

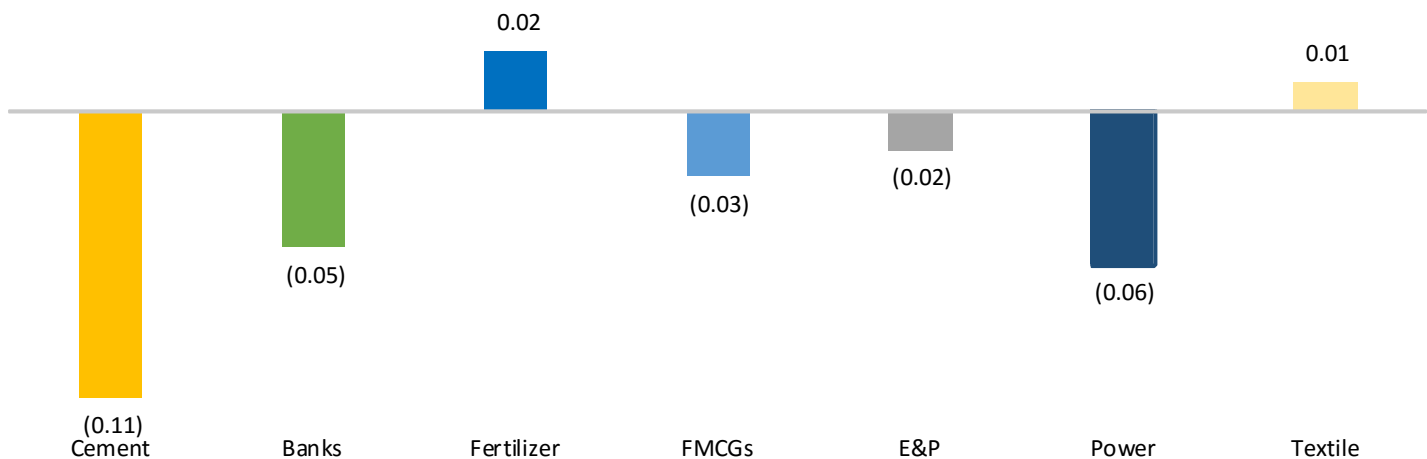
FII Sector Wise USD (Mil)



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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