

24 May, 2022

## KSE -100 Index



## KSE -100 Index- Key Statistics

Open	42,930.39
High	42,930.39
Low	42,341.64
Closing	42,440.24
Change	-660.46
Volume	54,453,888

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 (23- May-22)	(0.57)
Individuals (23- May-22)	1.38
Companies (23- May-22)	0.495
Banks/DFI (23- May-22)	0.29
NBFC (23- May-22)	0.01
Mutual Fund (23- May-22)	(1.33)
Other Organization (23- May-22)	(0.01)
Brokers (23- May-22)	0.36
Insurance Comp: (23- May-22)	(0.63)

Source: NCCPL

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## SBP hikes policy rate by 150bps to 13.75pc to 'anchor inflation, contain risks'

Source: Dawn

NEGATIVE

The State Bank of Pakistan (SBP) hiked the benchmark policy rate by 150 basis points to 13.75 per cent on Monday to "keep inflation expectations anchored and contain risks to external stability". In a statement, the SBP's Monetary Policy Committee (MPC) said the move, along with fiscal consolidation, would help moderate demand to a sustainable pace. The central bank had announced an increase of 250bps in the policy rate last month. "Since last meeting, estimates suggest growth in FY22 has been much stronger than expected. Meanwhile external pressures remain elevated and inflation outlook deteriorated due to home-grown and international factors," it said in a series of tweets.

## Rupee falls for 13th consecutive session, closes at 200.93 against dollar

Source: Business Recorder

NEGATIVE

The local currency continued its slide for the 13th consecutive session on Monday and slipped to 200.93, down 0.39%, against the US dollar in the inter-bank market. The rupee breached the 201 per dollar mark once again in intra-day trading but managed to regain some ground by close. Last week on Friday, the currency had fallen 0.07% to close at 200.14, with exchange companies reporting surplus availability of dollars and low demand in the open market. They are diverting the dollars to the inter-bank market, where demand is higher.

## Pakistan incurs \$13.03bn external loans in 10MFY22

Source: Mettis Global

NEGATIVE

Pakistan has incurred foreign loans of \$13.03 billion in the first ten months of the ongoing fiscal i.e., July- April FY22 from multiple financing sources against the annual budget estimates of \$14.09bn for the entire fiscal year FY22, the latest monthly bulletin by the Economic ut of \$13.03bn, the government obtained \$10.26bn loan for non-project aid that includes \$9.02bn in the form of program/budgetary support assistance to restructure Pakistan's economy, \$1.21bn for short-term credit, and \$31.41mn for TDPs while \$1.82bn has been obtained for project aid financing and guaranteed loans of \$832.53 during July-April FY22.

## Banks' profits keep growing

Source: Dawn

POSITIVE

Banks made huge profits during Jan-March this year. And, they may continue to make huge profits in April-June as well. During Jan-March 2022, the announced annual results of 20 banks listed on the Pakistan Stock Exchange showed that they made Rs80.712 billion after-tax profit, up 19 per cent from 67.673bn they earned during October-December 2021, according to a Topline Securities' report. The year-on-year increase in profitability was 28pc. Financial institutions are sure to invest aggressively in government debt papers and since the demand for government borrowings will remain very strong in April-June, the returns on T-bills will remain high, contributing to growth in banks' overall net interest income and profits during this quarter

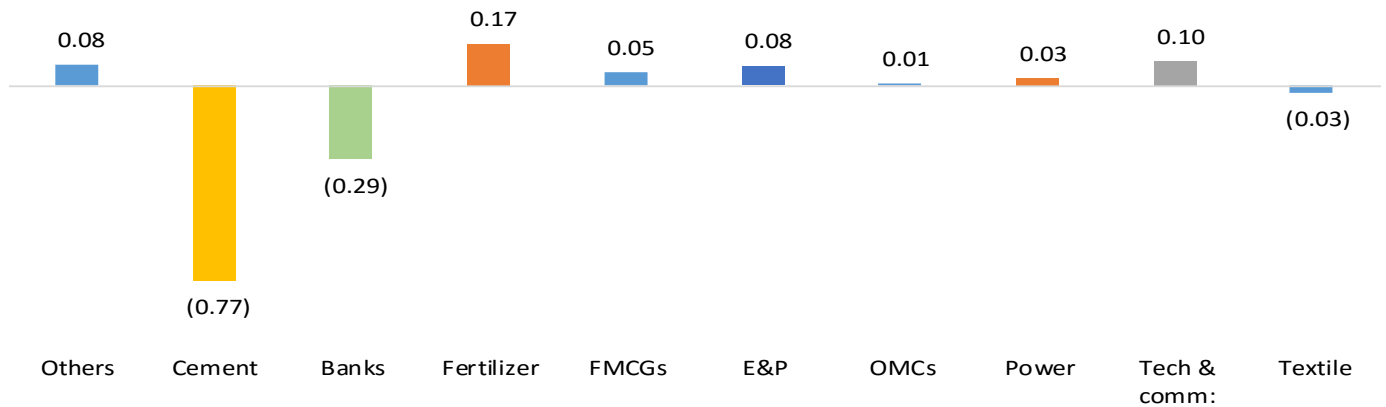
## Miftah Ismail rules out removal of fuel, energy subsidies ahead of policy-level talks with IMF

NEUTRAL

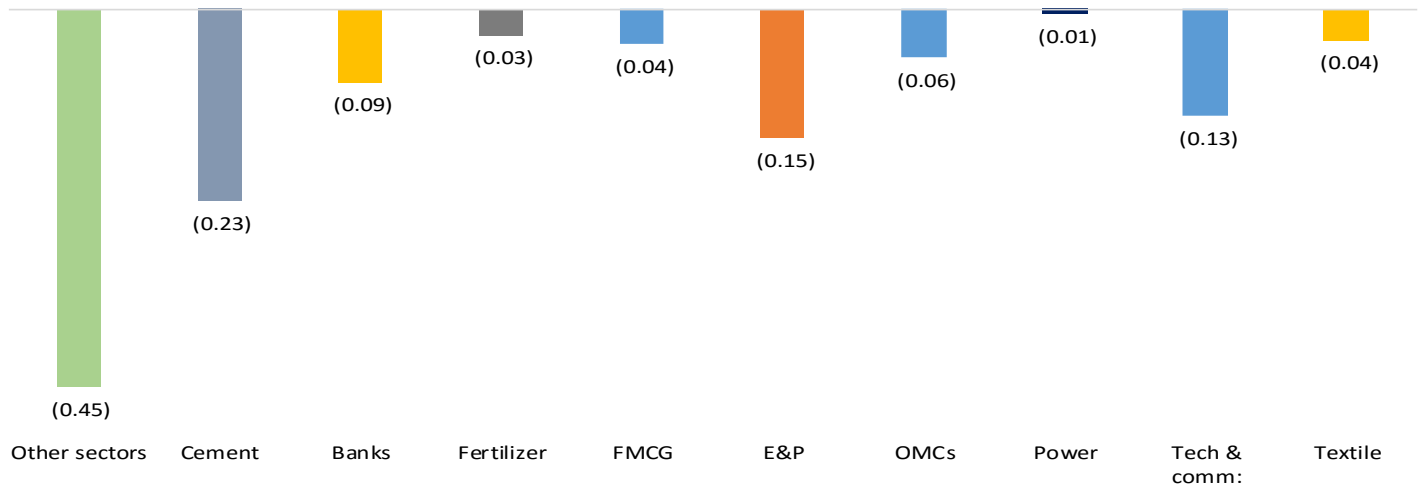
Source: Dawn

Finance Minister Miftah Ismail said on Monday that he would convey to the International Monetary Fund (IMF) that fuel and energy subsidies — which were introduced by the previous PTI government — could not be reversed as the "nation cannot endure it". He said that according to the deal finalised by former finance minister Shaukat Tarin, Pakistan would have to raise the price of diesel by over Rs150 and petrol by Rs100. "It will not happen. I have refused. Shehbaz Sharif sahb has refused. Nawaz Sharif sahb has refused," Ismail added.

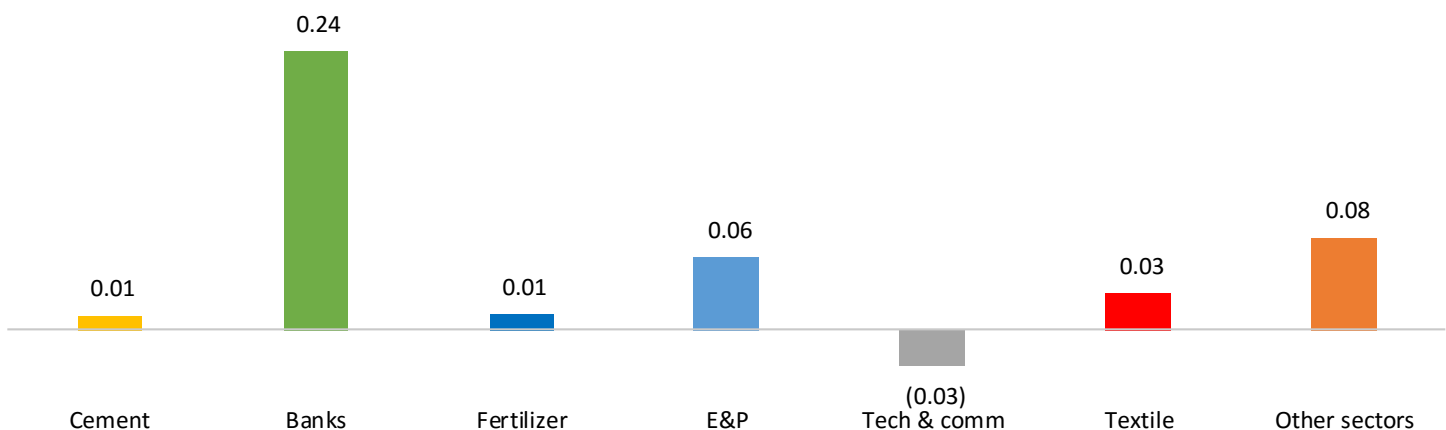
### FII Sector Wise USD (Mil)



### 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 form 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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