



Market Outlook

The stock market on Monday remained negative in majority part of the day and concluded the session in the red zone amid uncertainty over government measures in the upcoming budget. The Benchmark KSE-100 index made an intra-day high and low at 73,915.45 (161.44 points) and 72,981.34 (-772.67) respectively while closed at 73,252.56 by losing 501.45 points.. Trading volume decrease to 90mn shares as compared to 209mn shares on the previous trading day. Going forward, following the SBP's decision to cut the rate by 150 basis points, which aligns with the anticipated 200 basis points reduction, we can expect a short-term boost in market optimism. However, sustained market stability remains uncertain. Volatility is likely to persist until the budget is announced and the ongoing IMF negotiations reach a conclusion. Investors are advised to focus on mid to long-term investments, as this period presents a favorable opportunity for accumulation. The index's support lies at 73,000 and if it closes below this level then the market could drop till 71,000, while finding resistance at 74,800.

Key News

International

Asian Stocks Cautious Before Key US Indicators: Markets Wrap

Chinese shares led losses in Asian equities on concern over the weak property sector and uncertain growth outlook. Most other regional benchmarks also fell as investors positioned for this week's US inflation data and Federal. [see more...](#)

Oil Holds Biggest Gain Since March Ahead of OPEC Market Report

Oil held the biggest jump since March ahead of an OPEC report that will provide a snapshot on the market outlook. Brent traded near \$82 a barrel after surging 2.5% on Monday, while West Texas Intermediate was below \$78.. [see more...](#)

Politics

Nawaz Sharif, Narendra Modi exchange rare greetings after Indian elections

Top leaders of the archrivals Pakistan and India — former prime minister Nawaz Sharif and newly elected Premier Narendra Modi — engaged in diplomacy on popular social media site X, expressing a desire for peace in the region. Taking to X, formerly Twitter, Pakistan. [see more...](#)

Economy

Budget 2024-25: NEC approves Rs3.5 trillion development budget – Neutral

In a baby step towards federal fiscalism and consensus decisions on major national economic matters, Prime Minister Shehbaz Sharif also set up a committee under his trustworthy Economic Affairs Minister Ahad. [see more...](#)

73,252	▼ -502	▼ -0.68%
90 mn	YTD 13.29%	1 Year 75.32%

ASIA	Value	Pts	Chg. (%)
NIFTY 50	23,259.20	30.95	0.13% ▼
DSE 30	1,811.79	46.19	2.49% ▼
SHANGHAI	3,019.75	31.53	1.03% ▼
Hang Seng	18,036.00	330.95	1.80% ▼
Nikkei 225	39,161.50	107.00	0.27% ▲

EUROPE	Value	Pts	Chg. (%)
FTSE 100	8,228.48	16.89	0.20% ▼
DAX 30	18,488.33	68.94	0.37% ▼

USA	Value	Pts	Chg. (%)
DOW JONES	38,868.04	69.05	0.18% ▲
S&P 500	5,360.79	13.80	0.26% ▲
NASDAQ	19,072.36	71.41	0.38% ▲

Commodities	Value	Chg.	Chg. (%)
Gold (t oz.)	2,320.90	6.1	0.26% ▼
Oil-WTI (bbl)	77.59	0.15	0.19% ▼

Currencies	Value	Chg.	Chg. (%)
USD/PKR	278.60	-	-
EURO/PKR	300.00	4.02	1.32% ▼
GBP/PKR	356.24	-	-
AED/PKR	76.36	0.01	0.01% ▼

Source: dps.psx.com.pk, investing.com, forex.com

MORNING GLANCE

Amid 'tough' IMF conditions, govt likely to propose 'heavy' taxation budget - **Negative**

The finance ministry and the IMF are locked in last-minute talks ahead of the budget for the fiscal year 2024-25 as the federal government is in a fix over some "tough" demands by the loaning agency, a ministry official told Anadolu wishing not to be named as he was not allowed to speak on the record. [see more...](#)

Finally, policy rate cut 150bps to 20.5pc - **Positive**

After maintaining a policy rate at all-time high level of 22 percent for almost a year, the Monetary Policy Committee of the State Bank of Pakistan (SBP) has started monetary easing and cut the policy rate by 150bps to 20.5 percent on lower inflation. The cut in the policy rate has been witnessed after a gap of four years, as the previous committee reduced the policy. [see more...](#)

GST rate to stay unchanged at 18pc - **Neutral**

The standard rate of sales tax would remain unchanged at 18 percent from July 1, 2024. Sources told Business Recorder that the budget proposal of raising sales tax rate from 18 to 19 percent was again discussed between the Federal Board of Revenue (FBR) and top government decision makers. The. [see more...](#)

O/N reverse repo rate will be 21.5pc - **Neutral**

As the State Bank of Pakistan (SBP) has decided to decrease policy rate (target rate) from 22 percent to 20.50 percent. The SBP overnight reverse repo (ceiling) rate will be at 21.50 percent, ie, 100 bps above the SBP Policy Rate with effect from June 11, 2024. The SBP overnight repo (floor) rate will be at 19.50 percent, ie, 100 bps below the SBP policy rate.. [see more...](#)

SBP expects FX to stay above \$9bn despite debt servicing - **Neutral**

The State Bank of Pakistan (SBP) expects that the foreign exchange reserves will remain above \$9 billion by the end of this month, even after clearing external repayment during this period. During a post-policy briefing on Monday, Governor of the SBP Jameel Ahmad expected the reserves to stay above. [see more...](#)

Rs3.792trn development outlay approved - **Neutral**

A meeting of the National Economic Council (NEC) has approved Rs3.792 trillion consolidated development outlay for the next fiscal year with an increase of 57 per cent over Rs950 billion for the current fiscal year federal PSDP to achieve GDP growth target of 3.6 per cent. Sources said that the meeting presided over by Prime. [see more...](#)

100pc shareholding; CCP clears acquisition of Tenaga by Artistic - **Positive**

The Competition Commission of Pakistan (CCP) has approved the acquisition of 100 percent shareholding of M/s Tenaga Generasi Limited (TGL), an independent power producer with a 49.5 MW wind power plant, by M/s Artistic Milliners (Private) Limited (AMPL). [see more...](#)

Sazgar reports 3.76x YoY surge in auto rickshaw sales for May 2024 - **Positive**

Sazgar Engineering Works Limited (PSX: SAZEW) witnessed a substantial rise of 275.86% YoY in the sale of its auto rickshaws in May 2024, with 1,962 units sold compared to the topline of 522 three-wheelers in the same month.. [see more...](#)

Around 24 SOEs to be privatised in coming years - **Neutral**

Amid strong reservations by both treasury and opposition benches over a "flawed" privatisation approach, the government on Monday informed the National Assembly that it is going to privatise around 24 state-owned entities (SOEs) in the coming years. Responding to questions, the Minister for Privatisation Aleem Khan. [see more...](#)

PSMA allowed, albeit conditionally, export of sugar - **Positive**

The government has conditionally allowed the Pakistan Sugar Mills Association (PSMA) to export 150,000 metric tons of sugar and has directed it to maintain local stocks to ensure a smooth supply of the commodity in local markets at a sustainable price. The decision to this effect was taken in the meeting of the Sugar Advisory Board (SAB). [see more...](#)

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DEFINITION OF TERMS

TP	Target Price	DDM	Dividend Discount Model	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DCF	Discounted Cash Flows
PE	Price to Earnings Ratio	PB	Price to Book Ratio	BVPS	Book Value Per Share
EPS	Earnings Per Share	DPS	Dividend Per Share	ROE	Return of Equity
ROA	Return on Assets	SOTP	Sum of the Parts	JPB	Justified Price to Book

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To arrive at our Target Price, Abbasi & Company (Private) Limited uses different valuation methods which include:

- I. Discounted Cash Flow Model
- II. Dividend Discount Model
- III. Relative Valuation Model
- IV. Sum of Parts Valuation

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BUY	Greater than 15%	Overweight	Positive
HOLD	Between -5% to 15%	Market Weight	Neutral
SELL	Less than and equal to -5%	Underweight	Negative

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The Research Analyst is not and was not involved in issuing of a research report on any of the subject company's associated companies

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