

MORNING GLANCE



42,983	▼ -44	▼ -0.10%
82 mn	YTD -3.62%	1 Year -6.52%

ASIA	Value	Pts	Chg. (%)
NIFTY 50	15,809.40	430.9	2.65% ▼
DSE 30	2,316.68	19.8	0.84% ▼
SHANGHAI	3,131.40	34.43	1.11% ▲
Hang Seng	20,506.00	385.32	1.92% ▲
Nikkei 225	26,665.50	262.66	0.99% ▲

EUROPE	Value	Pts	Chg. (%)
FTSE 100	7,302.74	135.35	1.82% ▼
DAX 30	13,882.30	125.46	0.90% ▼

USA	Value	Pts	Chg. (%)
DOW JONES	31,253.13	236.94	0.75% ▼
S&P 500	3,900.79	22.89	0.58% ▼
NASDAQ	11,875.63	52.69	0.44% ▼

Commodities	Value	Chg.	Chg. (%)
Gold (t oz.)	1,837.91	3.29	0.18% ▼
Oil-WTI (bbl)	108.59	1.3	1.18% ▼

Currencies	Value	Chg.	Chg. (%)
USD/PKR	200.30	2.30	1.16% ▲
EURO/PKR	210.06	1.46	0.70% ▲
GBP/PKR	247.78	0.61	0.25% ▲
AED/PKR	54.49	0.62	1.15% ▲

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

Market Outlook

KSE-100 on Thursday remained volatile throughout the day and concluded the session a bit below its previous close. The index made an intra-day high and low at 43,256 (229 points) and 42,939 (-88 points) respectively while closed at 42,983 by losing 43 points. Trading volume has decreased to 82mn shares as compared to 118mn shares on the previous day. Going forward, the market is likely to remain volatile amid prevailing financial instability and political uncertainty in the country. The support for the index resides at 42,800. Breaking this level can further drag the index towards 42,000. However, the resistance for the index resides at 43,500.

Key News

International

Asian Stocks Up, Sentiment Steadies but Chance of Further Volatility Remains

Asia Pacific stocks were up on Friday morning, with U.S. futures also climbing higher as a measure of calm returned to markets. However, concerns of an economic slowdown and China's ongoing COVID-19 outbreaks could lead to more volatility. Japan's Nikkei 225 was up 0.84% by 10:11 PM ET (2:11 AM GMT). The consumer price index [see more...](#)

Oil steady as economic worries offset possible China demand rise

Oil prices were little changed on Friday as worries about weaker economic growth offset expectations that crude demand could rebound in China as Shanghai lifts some coronavirus lockdowns. Brent futures for July delivery fell 36 cents, or 0.3%, to \$111.68 a barrel by 0015 GMT, while U.S. West Texas Intermediate (WTI) crude fell 36 cents, or 0.3%, to \$111.85 on its last day as the front-month. [see more...](#)

Politics

In US, Bilawal defends Imran's Moscow visit

Foreign Minister Bilawal Bhutto-Zardari on Thursday strongly defended Imran Khan's Moscow visit, saying there was no way for the former prime minister to know that Russia would invade Ukraine on the day he landed in the Russian capital. The foreign minister made these remarks during a news briefing at the UN headquarters [see more...](#)

Economy

US assures Pakistan of support in rebuilding economy - Positive

The United States has announced that it will continue to help Pakistan rebuild its economy. A State Department spokesperson on Thursday assured Pakistan of strong US support for their efforts to rebuild the Pakistani economy. The United States "Will continue to work bilaterally on ways to grow investment and trade opportunities to build a prosperous and stable Pakistan," the spokesperson said in Washington. [see more...](#)

MORNING GLANCE

'Emergency economic plan' unveiled - Neutral

Minister for Information and Broadcasting, Marriyum Aurangzeb Thursday announced the government decision to impose ban on the import of 38 non-essential luxury items, which would yield \$6 billion annual saving of foreign exchange reserves. Unveiling the move at a press conference here, the minister said that the government is working on an emergency plan to deal with the economic challenges and these steps are part of it. While briefing the media, she said [see more...](#)

THE RUPEE: PKR declines to 200 mark - Negative

The rupee's slide continued for the eleventh consecutive session on Thursday, as the local currency plummeted to Rs200 for the first time in the country's history against the US dollar in the inter-bank market. Investors have said that the government's inability to implement IMF conditions have raised concerns about the revival of the stalled \$6 billion Extended Fund Facility (EFF) programme. Meanwhile, ongoing domestic political uncertainty [see more...](#)

Current Account Deficit Shrinks to \$623 Million in April - Negative

The country's current account deficit narrowed significantly in April 2022 to stand at \$623 million, which is only two-thirds of the deficit reported in March 2022, according to the State Bank of Pakistan. The significant reduction in imports by \$246 million and an increase in remittances by \$315 million had a positive outcome on the situation of the worrisome deficit that had spiraled out of control in the previous month. The current account deficit stood at \$513 million in April 2021, the SBP's data said. [see more...](#)

Forex reserves decrease by \$145m - Negative

The total liquid foreign reserves held by the State Bank of Pakistan (SBP) decreased by \$145 million to \$10.163 billion during the week ended on May 13, 2022. According to data released by SBP on Thursday, the total liquid foreign reserves held by the country stood at \$16.161 billion as of 13-May-2022. Net foreign reserves held by the commercial banks stood at \$5.997 billion. [see more...](#)

4 additional cargoes of LNG, five cargoes of furnace oil arranged - Neutral

The federal government has arranged four additional cargoes of LNG and five cargoes of furnace oil to solve the shortage of fuel for power generation which will help end the loadshedding in the country. Minister for Power Khurram Dastgir Khan stated this in a joint conference with Minister of State for Petroleum Dr Musadik Malik on Thursday. Khurram said that the government [see more...](#)

Fuel shortage, technical faults; NPCC confirms 5,000MW power out of system - Negative

National Power Control Centre (NPCC) - the System Operator (SO) and an arm of National Transmission and Despatch Company (NTDC) - has confirmed officially that about 5,000 MW power is out from the system due to fuel shortage and technical faults, which implies 10-hour loadshedding across the country. [see more...](#)

Subsidy to zero-rated sectors - Neutral

Ministry of Commerce (MoC) has sought supplementary grant of Rs 32 billion to Power Division for supply of electricity at 9 Cents per unit to five export-oriented sectors during the current fiscal year, sources close to Secretary Commerce told Business Recorder. Commerce Ministry has prepared this emergent proposal after Power Division threatened to withdraw subsidy beyond May 31, 2022. Sharing the background, the sources said, Economic Coordination [see more...](#)

Urea fertiliser being sold at higher rates - Negative

Despite the government's repeated claims and directions to the relevant quarters to ensure the availability of the urea fertilizer at the control rate of Rs1,768 per bag the commodity in the market is being sold in the range of Rs2,500 to Rs3,000 per bag, Business Recorder has learnt. According to the farming community and the relevant officials, the [see more...](#)

DISCLAIMER

This report has been prepared by Abbasi & Company (Private) Limited and is provided for information purposes only. Under no circumstances, this is to be used or considered as an offer to sell or solicitation of any offer to buy. While reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time, Abbasi & Company (Private) Limited and or any of its officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. This report is provided only for the information of professional advisers who are expected to make their own investment decisions without undue reliance on this report. Investments in capital markets are subject to market risk and Abbasi & Company (Private) Limited accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. In particular, the report takes no account of the investment objectives, financial situation and needs of investors, who should seek further professional advice or rely upon their own judgment and acumen before making any investment. The views expressed in this report are those of Abbasi & Company (Private) Limited Research Department and do not necessarily reflect those of the company or its directors. Abbasi & Company (Private) Limited as a firm may have business relationships, including investment-banking relationships, with the companies referred to in this report. Abbasi & Company (Private) Limited does not act as a market maker in the securities of the subject company. Abbasi & Company (Private) Limited or any officers, directors, associates or close relatives do not have a financial interest in the securities of the subject company to an amount exceeding 1% of the value of the securities of the subject company at the time of issuance of this report. Abbasi & Company (Private) Limited or any officers, directors, associates or close relatives are not currently serving or have served in the past three years as a director or officer of the subject company. Abbasi & Company (Private) Limited or any officers, directors, associates or close relatives have not received compensation from the subject company in the previous 12 months. The subject company currently is not, or during the 12-month period preceding the date of publication or distribution of this report, was not, a client of Abbasi & Company (Private) Limited. We have not managed or co-managed a public offering or any take-over, buyback or delisting offer of securities for the subject company in the past 12 months and/or received compensation for corporate advisory services, brokerage services or underwriting services from the subject company in the past 12 months. Abbasi & Company (Private) Limited does not expect to receive or intend to seek compensation for corporate advisory services or underwriting services from the subject company in the next 3 months

All rights reserved by Abbasi & Company (Private) Limited. This report or any portion hereof may not be reproduced, distributed or published by any person for any purpose whatsoever. Nor can it be sent to a third party without prior consent of Abbasi & Company (Private) Limited. Action could be taken for unauthorized reproduction, distribution or publication

VALIDITY OF THE PUBLICATION OR REPORT

The information in this publication or report is, regardless of source, given in good faith, and may only be valid as of the stated date of this publication or report. The information may be subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed and it may not contain all material information concerning the company, jurisdiction or financial instruments referred to in this report. The valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report and were based upon several estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein is not to be relied upon as a representation and/or warranty by Abbasi & Company (Private) Limited and/or its other associated and affiliated companies, that:

- I. Such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- II. There is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein

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

VALUATION METHODOLOGY

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

RATINGS CRITERIA

Abbasi & Company (Private) Limited employs a three-tier ratings system to rate a stock and sector, as mentioned below, which is based upon the level of expected return for a specific stock and outlook of sector. The rating is based on the following with stated time horizon

Stock Rating	Expected Total Return	Sector Rating	Sector Outlook
BUY	Greater than 15%	Overweight	Positive
HOLD	Between -5% to 15%	Market Weight	Neutral
SELL	Less than and equal to -5%	Underweight	Negative

Ratings are updated to account for any development impacting the economy/sector/company, changes in analysts' assumptions or a combination of these factors.

RESEARCH DISSEMINATION POLICY

Abbasi & Company (Private) Limited endeavors to make all reasonable efforts to disseminate research to all eligible clients in a timely manner through either physical or electronic distribution such as email, fax mail etc. Nevertheless, all clients may not receive the material at the same time

OTHER DISCLOSURES

The research analyst is primarily involved in the preparation of this report, certifies that:

- I. The views expressed in this report accurately reflect his/her personal views about the subject company/stock /sector and economy
- II. No part of his/her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report

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

PREPARED BY

Muhammad Ahmed

Phone: (+92) 42 38302028

Ext: 118

Email: mahmed@abbasiandcompany.com

RESEARCH DEPARTMENT

6 - Shadman, Lahore

Phone: (+92) 42 38302028; Ext: 116, 117

Email: research@abbasiandcompany.com

web: www.abbasiandcompany.com

HEAD OFFICE

6 - Shadman, Lahore

Phone: (+92) 42 38302028

Email: info@abbasiandcompany.com

web: www.abbasiandcompany.com

BRANCH OFFICE

42 - Mail Road, Lahore

Phone: (+92) 42 38302028-37320707

Email: info@abbasiandcompany.com

web: www.abbasiandcompany.com