

MORNING GLANCE



43,100






▲ 117



▲ 0.27%




85 mn



YTD -3.35%





1 Year -5.65%

ASIA		Value	Pts	Chg. (%)
	NIFTY 50	16,266.15	456.75	2.89% ▲
	DSE 30	2,277.16	39.51	1.70% ▼
	SHANGHAI	3,132.24	14.33	0.46% ▼
	Hang Seng	20,393.00	324.24	1.57% ▼
	Nikkei 225	26,860.00	120.97	0.45% ▲

EUROPE		Value	Pts	Chg. (%)
	FTSE 100	7,389.98	87.24	1.19% ▲
	DAX 30	13,981.91	99.61	0.72% ▲

USA		Value	Pts	Chg. (%)
	DOW JONES	31,261.90	8.77	0.03% ▲
	S&P 500	3,901.36	0.57	0.01% ▲
	NASDAQ	11,835.62	40.01	0.34% ▼

Commodities		Value	Chg.	Chg. (%)
	Gold (t oz.)	1,852.86	10.76	0.58% ▲
	Oil-WTI (bbl)	110.74	0.46	0.42% ▲

Currencies		Value	Chg.	Chg. (%)
	USD/PKR	200.45	0.15	0.07% ▲
	EURO/PKR	212.20	2.14	1.02% ▲
	GBP/PKR	249.47	1.69	0.68% ▲
	AED/PKR	54.96	0.47	0.86% ▲

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

Market Outlook

KSE-100 on Friday remained volatile throughout the day and concluded the session in the green zone ahead of the MPC meeting on the 23rd of May. The index made an intra-day high and low at 43,186 (202 points) and 42,939 (-45 points) respectively while closed at 43,101 by gaining 117 points. Trading volume has increased to 85mn shares as compared to 82mn shares on the previous day. Going forward, the market is likely to remain volatile as we expect the SBP to raise the policy rate by a further 100-150 bps in today's MPC meeting amid the anticipation of a hike in inflation because of the probable removal of fuel subsidies. 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 Down as Uncertain Economic Outlook Remains

Asia Pacific stocks were mostly down on Monday morning, with investors continuing to assess the economic growth outlook for the world's largest economies and whether a recent selloff will continue. Japan's Nikkei 225 gained 0.45% by 10:25 PM ET (2:25 AM GMT), while South Korea's KOSPI inched down 0.01%. In Australia, the ASX 200 inched up 0.05%. Saturday's election that delivered a clear [see more...](#)

Oil climbs in tight market as U.S. driving season looms

Oil prices rose in early trade on Monday with U.S. fuel demand, tight supply and a slightly weaker U.S. dollar supporting the market, as Shanghai prepares to reopen after a two-month lockdown fuelled worries about a sharp slowdown in growth. Brent crude futures rose 82 cents to \$113.37 a barrel at 0126 GMT, while U.S. West Texas Intermediate (WTI) crude futures climbed 69 cents, or 0.6%, to \$110.97 a barrel, adding to last week's small gains [see more...](#)

Politics

Imran out to start civil war: PM Shehbaz

Prime Minister Shehbaz Sharif has alleged that PTI chairman Imran Khan wants a civil war in the country, but warned him that the nation will hold him by the collar for his 'nefarious designs'. "Imran Niazi wants to initiate a civil war in the country. But he is mistaken. The nation will never forgive him [for the sin] and will hold him by the collar," [see more...](#)

Economy

Fate of IMF talks hinges on PM's 'big nod' - Neutral

The talks between the government and the International Monetary Fund (IMF) for the revival of the bailout package are moving at a snail's pace as the economic managers are still waiting for the 'big nod' from Prime Minister Shehbaz Sharif which is crucial to bridging differences with the fund. Due to indecisiveness of the political leadership, Finance Minister Miftah Ismail, [see more...](#)

MORNING GLANCE

Pakistan international bond yields spike on doubts over quick breakthrough in IMF talks - Negative

Pakistan's sovereign bond yields have increased sharply owing to growing doubts on the country's capacity to cope with external obligations with its dollar reserves spent down to bare bones. "Since December 2021, Pakistan's International Bond yields have spiked significantly. Moreover, with dwindling reserves, one major concern is repayment of a bond worth \$1 billion maturing in July 2022, followed by another bond maturing in December [see more...](#)

Doha talks to decide market direction - Neutral

Stocks are seen sensitive to the progress of parleys in Doha, Qatar, for the resurrection of International Monetary Fund's (IMF) loan facility as a possible Sri Lanka-like default is in the brewing, traders said. KSE-100 closed the week at 43,101 points, down 0.89 percent week-on-week, while average volume for the week stood at 220.8 million against 274.04 million for the last rollercoaster week. Brokerage Arif Habib Ltd (AHL) in its weekly market outlook [see more...](#)

Budget to be presented on June 10, says official - Neutral

Amid ongoing talks with the International Monetary Fund (IMF) in Doha, the government seeks to present the federal budget 2022-23 in the National Assembly on June 10. "The annual budget for FY2022-23 along with the Finance Bill 2022 is scheduled to be presented in the National Assembly of Pakistan on Friday, June 10, 2022," Secretary Finance Hamed Yaqoob Sheikh has informed the relevant authorities conveying the approval of the prime [see more...](#)

FBR eyes new taxation steps with a view to achieving Rs7,255bn target - Neutral

The Federal Board of Revenue (FBR) will propose new taxation measures of over Rs 300-350 billion to achieve the Rs 7,255 billion revenue collection target for the next fiscal year that was identified in the International Monetary Fund's sixth review documents. An official of Ministry of Finance confirmed [see more...](#)

MNCs offered tax breaks on condition that they would help spur exports - Neutral

Federal Minister for Finance and Revenue Miftah Ismail said here on Friday that talks were underway with International Monetary Fund (IMF) and expressed the hope that there would be a turnaround in country's economic situation very soon. The minister thanked the foreign multinationals that operate in Pakistan and pay a large amount of taxes, provide employment and bring in technology. [see more...](#)

Rupee falls for 11th day in a row - Negative

Pakistan's currency maintained its downturn for the 11th consecutive working day, as it inched down by Rs0.14 on a day-to-day basis to a new record low at Rs200.14 against the US dollar in the inter-bank market on Friday. It closed at Rs200 against the greenback on Thursday, according to the central bank. [see more...](#)

FDI inflows stand at \$170.6 million in April - Neutral

Long-term foreign investors injected a four-month high capital at net \$170.6 million during April 2022, in major sectors of Pakistan's economy including power, banks, electronics and communication despite global as well as domestic political and economic uncertainties. The foreign direct investment (FDI) recorded a turn-around in the month under review as compared to a net outflow of \$30.4 million in the prior month [see more...](#)

Pakistan's debt mounts to Rs53.5tr - Negative

Pakistan's total debt and liabilities jumped to Rs53.5 trillion – an addition of Rs23.7 trillion under the watch of former prime minister Imran Khan, who failed to meet his promise of bringing down by half the debt pile left behind his arch-rival – the PML-N. The increase in public debt alone, which is the direct responsibility of the government, was Rs19.5 trillion, as it swelled to Rs44.4 trillion by March 2022, according [see more...](#)

PSO fears Rs60bn swell in receivables - Negative

Pakistan State Oil (PSO) on Saturday said its receivable could bloat by a staggering Rs50-60 billion in the last quarter of this fiscal year, if subsidy payments hit snags, The News learnt on Saturday. According to the data shared by the company, during the third quarter of FY2022, PSO's overdue receivables grew by Rs90 billion on quarter-on-quarter basis to Rs305 billion on account of LNG supplies. [see more...](#)

Pakistan requires Rs1.4tr in subsidies to keep POL prices unchanged - Neutral

The International Monetary Fund (IMF) has estimated that Pakistan requires Rs1,416 billion in subsidies for keeping the POL prices unchanged on an annual basis at the prevalent existing prices in the international market, so Islamabad will have to reverse fuel subsidies for achieving fiscal [see more...](#)

Pakistan Refinery plans \$1.2bn expansion - Positive

The Pakistan Refinery Ltd (PRL) will spend around \$1.2 billion for the upgrade and expansion of its operational capacity, a top official said on Saturday. "The PRL will expand its capacity by doubling it to 100,000bpd from the current nameplate of 50,000bpd, while converting to deep conversion from the existing hydro skimming," said Zahid Mir, Managing Director & CEO of PRL talking to The News. "Rest of the refineries will upgrade their units to meet Euro V [see more...](#)

Power charges likely to go up by Rs4.5 - Negative

The power tariff in the country is likely to go up by Rs4.5 per unit, imposing an additional burden of Rs59.45 billion on the consumers. The Central Power Purchasing Agency (CPPA-G) has submitted a request to the National Electric Power Regulatory Authority (Nepra) to increase the price of electricity on account of fuel charges adjustment for the month of April. [see more...](#)

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DEFINITION OF TERMS

TP	Target Price	DDM	Dividend Discount Model	FCF	Free Cash Flows
CFE	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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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

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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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