



42,440	▼ -661	▼ -1.53%
54 mn	YTD -4.83%	1 Year -6.88%

ASIA	Value	Pts	Chg. (%)
NIFTY 50	16,214.70	51.45	0.32% ▼
DSE 30	2,309.75	32.58	1.43% ▲
SHANGHAI	3,122.11	24.75	0.79% ▼
Hang Seng	20,185.00	285.06	1.39% ▼
Nikkei 225	26,856.50	145.02	0.54% ▼

EUROPE	Value	Pts	Chg. (%)
FTSE 100	7,513.44	123.46	1.67% ▲
DAX 30	14,175.40	193.49	1.38% ▲

USA	Value	Pts	Chg. (%)
DOW JONES	31,880.24	618.34	1.98% ▲
S&P 500	3,973.75	72.39	1.86% ▲
NASDAQ	12,034.28	198.66	1.68% ▲

Commodities	Value	Chg.	Chg. (%)
Gold (t oz.)	1,853.16	5.36	0.29% ▲
Oil-WTI (bbl)	109.77	0.52	0.47% ▼

Currencies	Value	Chg.	Chg. (%)
USD/PKR	201.00	0.55	0.27% ▲
EURO/PKR	213.15	0.95	0.45% ▲
GBP/PKR	252.49	3.02	1.21% ▲
AED/PKR	54.68	0.28	0.51% ▼

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

Market Outlook

KSE-100 on Monday remained under immense selling pressure throughout the day and concluded the session deep into the losses ahead of the MPC meeting. The benchmark KSE-100 index made an intra-day high and low at 43,101 (0 points) and 42,345 (-756 points) respectively while closed at 42,440 by losing 660 points. Trading volume has decreased to 54mn shares as compared to 85mn shares on the previous day. Going forward, the market is likely to remain volatile as the SBP has raised the policy rate by a further 150 bps in yesterday's MPC meeting. The support for the index resides at 42,000. Breaking this level can further drag the index towards 41,000. However, the resistance for the index resides at 42,800.

Key News

International

Asia stocks slip with U.S. futures, euro holds gains

SYDNEY (Reuters) - Asian shares slipped on Tuesday as relief at a rally on Wall Street was quickly soured by a slide in U.S. stock futures, while the euro held near one-month highs as odds narrowed on a July rate rise by the ECB. After ending Monday firmer, Nasdaq futures lost 1.4%, with traders blaming an earnings warning from Snap (NYSE:SNAP) which saw shares in the Snapchat owner tumble 28%. [see more...](#)

Oil prices ease on concerns over recession, weaker consumption

Oil prices eased in early trade on Tuesday as concerns over a possible recession and weaker consumption outweighed an expectation of tight global supply and a pick-up in fuel demand in China after Beijing's promises of stimulus. Brent crude futures for July slid 35 cents, or 0.3%, to \$113.07 a barrel by 0122 GMT. U.S. West Texas Intermediate (WTI) crude futures for July delivery dropped 36 cents, or 0.3%, to \$109.93 a barrel. Both benchmarks declined by [see more...](#)

Politics

Crackdown belies govt claims of tolerance to PTI march

Even though the PML-N claimed that it would allow the Pakistan Tehreek-i-Insaf (PTI) to march on Islamabad as long as the procession remained peaceful, the government launched a crackdown late on Monday night. The government action, which came after a high-powered party meeting at Model Town — chaired by PM Shehbaz Sharif and [see more...](#)

Economy

IMF talks may extend beyond 25th: SBP chief - Neutral

Pakistan and the IMF are likely to go an extra mile to finish the seventh review under the bailout programme, the central bank chief said on Monday, indicating the ongoing talks could last longer than expected to cover the budgetary procedure. "Talks may continue beyond May 25 for a few more days, but the IMF will hopefully see a positive statement from [see more...](#)

MORNING GLANCE

Pakistan default risk surges - **Negative**

On 5 December 2017, the government of Pakistan sold \$1 billion worth of Pakistan Sukuk. Back in 2017, the bonds had a yield of 5.625 percent. Red alert: The bonds that are to mature on 5 December 2022 are now yielding a whopping 27 percent. Translation: An international bond guaranteed by the Government of Pakistan is now yielding 27 percent which means that Pakistan's default risk, as perceived by international investors, has surged. [see more...](#)

SBP upbeat on meeting external financing needs - **Neutral**

The State Bank of Pakistan on Monday said the country was in a comfortable position to meet its external financing requirements as odds of winning back the IMF bailout were brighter than before. The gross financing needs for the fourth quarter of this fiscal year and the FY2023 is met comfortably, the SBP said in an analyst presentation post monetary policy meeting. The SBP estimates available financing for the last quarter of FY2022 and the [see more...](#)

Over \$13bn debt incurred in 10 months: EAD - **Negative**

Pakistan incurred a foreign debt of \$13.033 billion from multiple financing sources in the first 10 months (July-April 2021-22) including \$ 2.623 billion from foreign commercial banks (20 percent) against the total budgeted external loans of \$ 14.088 billion for the entire fiscal year. The Economic Affairs Division (EAD) on Monday released data which shows that the country received \$ 262.14 million [see more...](#)

Trade deficit stands at \$43.3bn, NA told - **Negative**

Minister for Water Resources Syed Khurshid Shah on Monday said there is a huge difference between the country's imports and exports as according to the data of April, the total import bill stood at \$ 72 billion and export bill stood at \$ 28.7 billion. During question hour session of the National Assembly, the minister said while replaying a supplementary question of Dr Fehmida [see more...](#)

SBP raises key interest rate by 150 basis points, takes it to 13.75% - **Negative**

The Monetary Policy Committee (MPC) of the State Bank of Pakistan (SBP) announced that it has raised the key interest rate by 150 basis points, taking it to 13.75%. This is the highest interest-rate level since 2011 when it stood at 14%. In a statement, the SBP said that since the last MPC meeting, the provisional estimates suggest that growth in FY22 has been much stronger than expected. [see more...](#)

Rupee falls for 13th consecutive session, closes at 200.93 against dollar - **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 [see more...](#)

OMCs, refineries; PDCs seen at Rs63.12bn for May 16-31 on global oil prices - **Negative**

Based on current international prices, the price differential claims for Oil Marketing Companies/refineries is projected at Rs63.12 billion for May 16-31, 2022 fortnight, sources in the Finance Ministry said. Sources said that the Finance Ministry was informed by the Ogra not only about the upward revision in PDCs for the months of May 2022 but also told the Ministry that the PDC is projected to accumulate Rs214 [see more...](#)

Fauji Oil Terminal to build 6 storage tanks at Port Qasim - **Neutral**

Fauji Oil Terminal and Distribution Company (FOTCO) has plans to invest in developing six buffer storage tanks to address ship traffic congestion at Port Qasim and handle additional cargoes. "We have already pitched this plan to Oil and Gas Regulatory Authority (OGRA) seeking finalisation of pricing mechanism," Adnan Samdani, General [see more...](#)

Rs374m earmarked for Power Division as provisional IBCs - **Neutral**

Finance Division has earmarked Rs 374 million for Power Division as provisional Indicative Budget Ceilings (IBCs) for FY 2022-23 for civil expenditure, and directed that IBCs may be prepared in accordance with budgetary allocations. Finance Division has conveyed that IBCs for grants and subsidies and development projects (if any) will be [see more...](#)

IMC to launch its first locally assembled HEV SUV next year - **Neutral**

Indus Motor Company (IMC) is planning to launch its first locally assembled Hybrid Electric Vehicle (HEV) SUV, Toyota Corolla Cross, by 2023. "Yes, we are planning to launch our first-ever locally-assembled HEV SUV - Toyota Corolla Cross by 2023," said CEO IMC Ali Asghar Jamali at the 6th [see more...](#)

SBP increases EFS, LTFF rates by 2pc - **Neutral**

The State Bank of Pakistan (SBP) has raised the mark-up rates of Export Finance Scheme (EFS) and Long-Term Financing Facility (LTFF) by 200 basis points (bps) to rationalize with the key policy rate. The Monetary Policy Committee (MPC) of the SBP, in its meeting held on Monday for revision of policy rate, decided to raise the mark-up rates on EFS and LTFF loans aimed to strengthen monetary policy transmission. In addition, the committee decided to link the [see more...](#)

'Removal of 17pc GST will reduce price of solar systems by 30pc' - **Neutral**

Removal of 17 percent General Sales Tax (GST) would reduce the price of solar systems by 30%, said energy sector experts. It may be noted that some unconfirmed reports suggest that the government has withdrawn GST on solar system after Prime Minister Shehbaz Sharif had objected to it by terming it 'exorbitant' during his address to businessmen in Karachi last week. He had directed Finance Minister Miftah [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
BUY	Greater than 15%
HOLD	Between -5% to 15%
SELL	Less than and equal to -5%

Sector Rating	Sector Outlook
Overweight	Positive
Market Weight	Neutral
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 - Mall Road, Lahore

Phone: (+92) 42 38302028-37320707

Email: info@abbasiandcompany.com

web: www.abbasiandcompany.com