

Market Summary

Index Level	24-Jun	1d Δ	1m Δ	3m Δ	6m Δ	12m Δ
KSE 30	15,662	-4.2%	-3.0%	-6.0%	-9.7%	-18.1%
KSE 100	41,052	-3.9%	-3.5%	-5.7%	-7.0%	-13.8%
KSE All Share	28,196	-3.3%	-2.9%	-5.6%	-6.6%	-13.4%

	Volume (mn shares)			Value (PKR mn)		
	1d	1m Avg.	6m Avg.	1d	1m Avg.	6m Avg.
KSE 30	128	68	61	8,099	4,029	4,229
KSE 100	211	101	102	9,602	4,883	5,232
KSE All Share	424	225	240	12,779	6,492	7,279

Portfolio investment (USD mn)

	24-Jun	1m	3m	6m	12m	CYTD
FIPI Net	2.3	(11.4)	(41.1)	(65.8)	(301.5)	(48.2)
LIPI Net	(2.3)	11.4	41.1	65.8	301.5	48.2
Ind.	1.3	18.5	79.4	84.5	153.8	81.9
Banks/DFIs	0.8	2.5	42.2	60.0	107.7	80.2
Co's	1.4	24.9	28.3	47.2	116.3	52.3
M.Funds	(4.3)	(10.2)	(62.3)	(93.1)	(127.9)	(115.5)
Brokers	0.3	(4.4)	(6.8)	(7.2)	(23.4)	(11.2)
Others	1.4	6.7	14.1	32.8	63.6	18.1
Ins.	(3.2)	(25.2)	(52.5)	(57.4)	7.8	(56.5)
NBFC	(0.1)	(1.5)	(1.3)	(1.0)	3.5	(1.1)

Sector wise FIPI LIPI (USD m)	FIPI	Ind.	Banks	M.Funds	Ins.	Other
Gross Buy	7.3	68.7	2.7	2.4	0.5	24.5
Gross Sell	(5.0)	(67.5)	(1.9)	(6.7)	(3.7)	(21.4)
All other Sectors	0.3	0.8	0.6	(0.7)	(0.5)	(0.6)
Cement	(0.1)	0.6	(0.0)	(0.7)	(0.3)	0.6
Commercial Banks	0.0	(0.3)	(0.1)	(1.2)	(0.1)	1.7
Fertilizer	0.1	0.6	(0.1)	(0.5)	(0.2)	0.1
Food and Personal Care	0.0	0.0	0.0	0.1	(0.2)	0.1
E&P Companies	0.3	0.7	(0.0)	(0.7)	(1.0)	0.7
OMC	0.0	(0.5)	0.1	0.0	(0.5)	0.9
Power Generation	0.1	0.4	0.0	(0.1)	0.0	(0.4)
Technology and Comm.	1.5	(0.8)	0.1	(0.4)	(0.3)	(0.1)
Textile Composite	0.0	(0.1)	0.1	(0.1)	0.0	0.1
Total	2.3	1.3	0.8	(4.3)	(3.2)	3.1

Commodities

	US\$	1d Δ	1m Δ	3m Δ	6m Δ	12m Δ
WTI (bbl)	107.7	0.1%	-6.4%	-5.4%	46.0%	45.5%
Brent (bbl)	113.3	0.2%	-5.1%	-6.1%	48.9%	48.8%
Arab Light (bbl)	111.4	0.0%	-8.3%	-3.8%	44.7%	49.6%
Coal (ton)	345.5	4.7%	4.7%	3.6%	147.7%	196.6%
Urea (ton)	690.0	0.0%	0.0%	-31.0%	-28.1%	53.3%
DAP (ton)	810.0	0.0%	-2.4%	-19.8%	8.0%	30.9%
PVC (*ton)	1,350.0	0.0%	0.0%	-7.5%	-6.9%	2.3%
Ethylene (lb)	1,105.0	0.0%	-4.3%	-21.4%	9.4%	28.5%
Gold (t oz)	1,834.8	0.4%	-1.0%	-6.3%	1.4%	3.0%
Cotton (lb)	97.0	-1.0%	-21.1%	-13.2%	7.0%	22.7%
Copper (lb)	379.2	1.3%	-12.1%	-19.3%	-13.0%	-11.5%
Steel (ton)	1,127.0	0.0%	-5.7%	0.4%	-30.3%	-32.3%
Skim Milk Powder (ton)	4,276.4	-3.0%	1.8%	-7.1%	13.7%	21.7%
Rubber (kg)	162.1	0.4%	-1.1%	-6.2%	-4.1%	-2.3%
Iron (ton)	129.7	0.0%	-2.6%	-13.5%	15.3%	-39.4%

Foreign Exchange

	Rate	1d	1m	3m	6m	12m
PKR/USD	211.97	0.0%	6.1%	16.6%	19.0%	34.2%
PKR/GBP	254.61	0.0%	1.2%	6.0%	6.2%	16.0%
PKR/EUR	218.49	0.0%	2.4%	9.2%	8.2%	15.7%
PKR/JPY	1.54	0.0%	-2.1%	3.0%	-1.6%	7.6%

Interest rates (change in bps)

	Rate %	1d Δ	1m Δ	3m Δ	6m Δ	12m Δ
PKRV 1YR	15.5	0.0	83.0	303.0	424.0	770.0
PKRV 3 YR	13.6	0.0	7.0	149.0	232.0	456.0
PKRV 5 YR	12.9	0.0	10.0	88.0	155.0	332.0
PKRV 10 YR	12.9	0.0	14.0	100.0	134.0	292.0

Board Meetings

Company	Date	Time	Company	Date	Time
Exide Pakistan (EXIDE)	29-Jun-22	12:00 PM			
Olympia Mills (OML)	30-Jun-22	11:00 AM			
Unilever Pakistan (UPFL)	26-Aug-22	2:30 PM			

Regional markets

	Rate	1d Δ	1m Δ	3m Δ	6m Δ	12m Δ
SHCOMP-China**	3,379	0.9%	8.0%	5.2%	-6.6%	-6.3%
SENSEX-India*	53,469	1.4%	-2.6%	-6.8%	-6.4%	1.0%
NIKKEI-Japan**	26,833	0.0%	0.2%	-4.7%	-6.8%	-7.7%
DJIA-USA*	31,501	0.0%	-5.2%	-9.6%	-12.4%	-8.5%
Hang seng-HK**	22,376	3.0%	8.1%	4.5%	-3.6%	-23.6%

* Reading as of last day closing

** Real time reading

Source: Bloomberg, PSX, NCCPL, Next Research

International

Oil slides more than \$1 as G7 debate Iran nuclear deal, Russia (Reuters): Oil prices slipped more than \$1 a barrel on Monday as global economic concerns depressed the oil demand outlook while investors eyed the G7 meeting this week for possible moves on Russian oil exports and a revival of the Iran nuclear deal. Brent crude futures slipped \$1.42, or 1.3%, to \$111.70 a barrel by 0010 GMT after rebounding 2.8% on Friday. U.S. West Texas Intermediate crude was at \$106.08 a barrel, down \$1.54, or 1.4%, following a 3.2% gain in the previous session. Both contracts posted their second weekly decline last week as interest rate hikes in key economies strengthened the dollar and fanned recession fear. **(Neutral)**

Economy

Central bank receives \$2.3b Chinese loan (Tribune): Pakistan received the much-awaited Chinese commercial loan of \$2.3 billion on Friday, which improved the country's foreign exchange reserves back into double digits at over \$10 billion. The Chinese loan, which has been rolled over, is the first significant inflow in the past six months that has increased the country's capacity to make international payments and avert the chances of default on import payments and foreign debt repayment. Pakistani currency, however, failed to maintain an upward trend for the second consecutive day after making a historic recovery, as it dropped 0.12% (or Rs0.25) to Rs207.48 against the US dollar in the inter-bank market on Friday. Finance Minister Miftah Ismail wrote on his official Twitter handle, "I am pleased to announce that the Chinese consortium loan of RMB 15 billion (roughly \$2.3 billion) has been credited into the SBP account today (Friday), increasing our foreign exchange reserves." The country's foreign exchange reserves had depleted around \$8 billion in the past six months to a 32-month low at \$8.23 billion in the week ended June 17, 2022, the central bank reported in its latest update on Thursday. "The drop in foreign exchange reserves and the robust recovery of the rupee above market expectations (of Rs4.70, or 2.22%, on Thursday) ... prevented the currency from maintaining the upward trend on Friday," a leading analyst said while talking to The Express Tribune. "The rupee is expected to gain further ground against the greenback after the receipt of Chinese loan." Pakistan had repaid the \$2.3 billion commercial loan in March in the hope of getting it back in April. However, China placed a condition that the money could not be used due to the weakening external sector position of Pakistan. **(Positive)**

NA to take up budget passage on 30th (The News): The National Assembly (NA) will take up the next fiscal year's budget for passage on June 30, while the Finance Bill would be tabled for adoption a day earlier. As per schedule, the bill will be sent to the president for his assent the same day. Top parliamentary sources told The News here Saturday that since the Finance Bill would be immediately consigned to the president, and it is feared the president would hold the bill if his past practice is kept in view. According to the arrangements, the budget will be in place on July 1 even without Finance Bill's implementation. The government has made all arrangements in case the presidential assent on the Finance Bill doesn't come before or immediately after budget's passage. The sources said the government, referring to the rules, has made it clear that all the ministries, divisions and relevant department will start getting their expenditures and sanctioned amount on July 1 since it would be initiation of the fiscal year. The sources reminded that the president has no option, but to give his assent and in case he doesn't offer it, the Finance Bill will become automatically enforced after ten days of its passage on July 9. **(Neutral)**

Supertax applicable to TY22 (BR): The supertax imposed on 13 large industries through the amended Finance Bill 2022, would be applicable to the tax year (2021-22), sources told Business Recorder on Saturday. According to sources, the one-time supertax would be applicable to Tax Year 2022 for companies and sectors specified in the amended Finance Bill 2022. The companies liable to pay supertax would deposit the amount at the time of filing of income tax returns in December 2022. However, high-income earner individuals and the Association of Persons (AoPs) would pay the tax in the income tax returns to be filed for Tax Year 2022 during September 2022. As per Finance Bill 2022, after section 4B of the Income Tax Ordinance 2001, the following new section shall be inserted, namely:—"4C. Tax on high-earning persons for poverty alleviation? A tax shall be imposed for poverty alleviation for tax year 2022 and onwards at the rates specified in Division IIB of Part I of the First Schedule, on income of every person, it added. **(Negative)**

Next Capital Limited

2nd Floor Imperial Court Building, Dr. Ziauddin Ahmed Road, Karachi 75530, Pakistan

☎: +92-21-111-639-825

☎: +92-21-35632321

www.nextcapital.com.pk

✉: research@nextcapital.com.pk

Disclaimer: The information contained in this report have been compiled by the research department of Next Capital Limited (NCL), from sources believed to be reliable and in good faith, but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness. Moreover, all opinions and estimates contained in the document constitute the judgments of the sales department of NCL as of the date of this document and are subject to change without notice and are provided in good faith but without legal responsibility.



PKR declines on falling forex reserves (BR): After a day's breather, rupee again recorded a loss against the US dollar on Friday as the market panicked over dip in the State Bank of Pakistan (SBP) foreign exchange reserves. On Thursday, data from the central bank revealed that foreign exchange reserves held by SBP decreased by a massive \$748 million on a weekly basis, falling to a critical \$8.24 billion amid expectations that the recently-signed agreement with Chinese banks would help boost the level. The dip came due to external debt repayment. Resultantly, the rupee closed with a loss of 25 paisa or 0.12% to close at Rs207.48 against the greenback. Total liquid foreign reserves held by the country stood at \$14.21 billion as of June 17, 2022 with net foreign reserves held by commercial banks clocking in at \$5.97 billion. **(Negative)**

Sector / Company

Pakistan seeks \$3.6bn Saudi oil on deferred payment (The News): Pakistan is negotiating with Saudi Arabia to enhance an oil facility on deferred payments facility to \$3.6 billion from an existing \$1.2 billion, a spokesperson at the Petroleum Division said. Saudi Arabia agreed to provide a \$4.2 billion support package to Pakistan, including a \$1.2 billion oil loan facility, during a visit of former Prime Minister Imran Khan to Riyadh in October last year. "We are trying to take our existing facility with Saudi Arabia from \$1.2 billion to \$3.6 billion," Syed Zakria Ali Shah, joint secretary of international and joint ventures at the Pakistani petroleum division, told Arab media. Under the existing Saudi oil facility, Pakistan gets \$100 million worth of oil on deferred payment every month. "When it was negotiated the oil prices were low but due to exponential rise in it, we are negotiating with Saudis to enhance the oil facility from \$100 million to \$300 million per month." **(Neutral)**

Govt mulling buying energy from Russia (BR): Prime Minister Shehbaz Sharif led coalition government has reportedly started weighing the possibility of importing oil and gas from Russia to meet country's energy requirements, well informed sources told Business Recorder. The move from the incumbent government came after harsh criticism from the main opposition party, PTI, which attributes its "ouster" from power due to the visit of its leader, former Prime Minister Imran Khan to Russia, on the eve of the Russian invasion of Ukraine, roundly denounced by the West. Former Prime Minister Imran Khan and his cabinet colleagues including former Energy Minister, Hammad Azhar and Finance Minister, Senator Shaukat Tarin claim that their administration was ready to purchase oil at 30 percent cheaper rates compared to other suppliers, like India, and are raising concerns as to why the incumbent government is not following suit. **(Neutral)**

Pakistan losing LNG bidding war to Europe (Dawn): With a spiraling energy crisis brought on by the Russian invasion of Ukraine putting pressure on global fuel reserves, a key member of the federal cabinet admitted on Saturday that the country simply could not compete with the buying power of European countries who were also potential customers for the same reserves that Pakistan desperately needed. According to State Minister for Petroleum Musadik Malik, Pakistan's failure to find a bidder for liquefied natural gas (LNG) slots had forced authorities to shift to alternative sources of energy for power generation, which would take a month or so to yield results. **(Negative)**

K-Electric tariff rises Rs5.27 per unit (Tribune): The National Electric Power Regulatory Authority (Nepra) has approved an increase of Rs5.27 per unit in the electricity tariff of K-Electric on account of fuel cost adjustment for April 2022. K-Electric had requested for a tariff increase of Rs5.307 per kilowatt-hour (kWh), which would have put a burden of Rs10.216 billion on the power consumers. The power sector regulator held a public hearing on the company's petition on June 14, 2022. It approved an increase of Rs5.2718 per kWh in the power tariff for April 2022. The tariff hike will force the power consumers to pay a total of Rs10.157 billion to the private power utility. K-Electric will recover the increase in electricity price in the bills of July 2022. The fuel cost adjustment will be applicable to all consumer categories except for lifeline consumers, who consume up to 50 units in a month. **(Neutral)**

ECC approves Rs17bn for RLNG-based power plants (BR): The Economic Coordination Committee (ECC) of the Cabinet has reportedly approved Rs17 billion for RLNG-based power plants – Haveli Bahadur Shah, Bhikki, and Balloki – in order to meet their cash requirements. Sources said that the Ministry of Energy submitted to the ECC meeting held on 22nd June while giving background that a meeting of the ECC on 31st March 2022 had approved Rs72.986 billion as a supplementary grant for the power sector in three equal monthly instalments – April, May, and June 2022 – to be released at the beginning of each month. The meeting also directed the Finance Division to ensure a budget allocation of Rs109.475 billion for the fiscal year 2023. **(Neutral)**

Auto Industry in Trouble as CKD Imports Come to a Halt (ProPakistani): Pakistan's automotive sector is in hot waters as the imports of Completely Knocked Down (CKD) kits have come to a complete halt. The development comes a month after the State Bank of Pakistan (SBP) had ordered automakers to seek permission from its Foreign Exchange Operations Department (FEOD) for the issuance/amendment of Letters of Credit (LCs). However, well-placed sources in the automotive industry have stated that the issuance of LCs for the import of CKD kits has been closed since 20 May as the central bank is fearing a shortage of foreign exchange reserves. **(Negative)**

FBR reduces CVT on vehicles under amended Finance Bill 2022 (BR): The Federal Board of Revenue (FBR) has reduced the capital value tax (CVT) on vehicles from two percent to one percent under the amended Finance Bill 2022. According to sources, under the Finance Bill 2022, the FBR has proposed levy of tax on capital value of certain assets. A tax shall be levied, charged and collected, to be called the capital value tax 2022 on the value of assets at the provided rates. The capital value tax shall be charged on the motor vehicle held in Pakistan where the value of motor vehicle exceeds Rs 5 million. Sources said that the CVT has now been reduced from two to one through an amendment in the Finance Bill 2022. **(Neutral)**

Fertilizer prices surge on massive rupee devaluation (Dawn): Fertiliser prices have skyrocketed as a result of rupee depreciation and rising production costs, putting agriculture and food security in greater jeopardy than previously anticipated. Di-ammonium phosphate (DAP) is currently being sold for between Rs11,500 and Rs12,500 per bag, according to market trends. A bag of sulphate of potash (SoP) has gone up to Rs1,600 and the muriate of potash (MoP) price has jumped to Rs11,000 per bag. The urea, though out of demand, still costs Rs2,200 per bag in pockets of the province. Engro Fertiliser increased DAP prices last week to Rs12,100 per bag, which is Rs700 more than what Fauji Fertiliser sells at. **(Negative)**

