

November 2, 2022

Economy

PM in Beijing to discuss debt, CPEC
Economy | Neutral

Prime Minister Shehbaz Sharif arrived in Beijing on Tuesday to meet Chinese leaders and discuss plans for the China Pakistan Economic Corridor (CPEC), a \$65 billion investment in the South Asian nation. On his two-day maiden visit to Beijing since taking office in April, Sharif will also seek some debt relief from China, in particular the rolling over of bilateral debt, an aide travelling with the prime minister told. Chinese loans - around \$23 billion - make up the largest chunk of Pakistan's \$27 billion of bilateral debt. (BR) | [Click for more info.](#)

Pakistan could face difficulty in restructuring its dollar bonds: Report
Economy | Neutral

According to a report by the Financial Times, there could be a big problem in the option to restructure one of Pakistan's close-to-maturity dollar bonds, and the culprit is that bond's issuing authority itself. The report states that, to restructure any foreign currency bond, an onerous or extraordinary resolution has to be passed by the issuer. This resolution requires a voting from the bond holders, upon which, if a certain threshold of voters is reached, the resolution is passed. (PT) | [Click for more info.](#)

Reko Diq deal vital to avoid \$10bn penalty, SC told
Economy | Neutral

On being asked to identify the parts of its 2013 judgement in the Reko Diq case that supposedly resulted in the annulment of the earlier agreement, Additional Attorney General (AAG) Chaudhry Aamir Rehman startled the Supreme Court when he divulged on Tuesday that after the verdict, the Balochistan government invested Rs4-6 billion to explore and mine gold and copper in the area, in vain, adding that Pakistan would incur a penalty of \$10 billion if the project failed to materialise. (Dawn) | [Click for more info.](#)

Business confidence drops to lowest level
Economy | Negative

Entrepreneurs are getting increasingly pessimistic about the conditions of their businesses owing to the country's political and economic situation, according to a Gallup Pakistan survey conducted in the ongoing quarter of 2022. The Gallup Business Confidence Index showed 65 per cent of business owners believe their businesses are facing bad conditions. Findings of the survey show the Net Future Business Confidence score has worsened by 50pc since the beginning of 2022 and is now at -10pc. (Dawn) | [Click for more info.](#)

Inflation reverses course in October, jumps to 26.6pc
Economy | Negative

Prices rose at the fastest pace in decades last month, driving annual consumer inflation back to a near-record level of 26.6 per cent, as the country continued to be in the grip of high food and transport prices, official data showed on Tuesday. (Dawn) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	28,144.6	28,450.5	305.9	1.1%
KSE100	41,264.7	41,808.7	544.0	1.3%
KSE30	15,061.5	15,286.4	224.9	1.5%
KMI30	69,310.3	70,424.3	1114.0	1.6%

Top Five Gainers

	Open	Close	Chg.	%
NESTLE	5,700.0	5,800.0	100.0	1.8%
RCML	532.0	570.0	38.0	7.1%
GATI	356.0	382.7	26.7	7.5%
KHTC	344.3	370.1	25.8	7.5%
EXIDE	225.0	240.9	15.9	7.1%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	1.3	1.5	0.2	33.12
CNERGY	4.6	4.8	0.1	11.63
TRG	109.9	118.1	8.2	8.20
PRL	16.4	17.2	0.8	7.17
GTECH	8.8	8.8	0.0	5.93

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	0.16	-0.31	-0.15
O/S Pakistanies	1.59	-1.63	-0.04
Net	1.74	-1.94	-0.19
LIPI			
Individuals	30.34	-28.86	1.48
Companies	0.56	-0.53	0.03
Comm. Banks	1.09	-1.09	0.00
NBFC	0.03	-0.16	-0.13
Mutual Funds	1.45	-2.03	-0.58
Other	0.22	-0.15	0.07
Brokers Proprietary	8.75	-8.55	0.20
Insurance	0.27	-1.15	-0.88
Net	42.70	-42.51	0.19

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	88.70	2.9%
Brent oil	USD/bbl.	94.75	2.0%
Gold	USD/t oz.	1646.86	0.9%
Silver	USD/t oz.	19.63	2.4%
Coal	USD/ton	219.30	2.2%
Steel Scrap (LME)	USD/ton	355.50	-2.8%
Steel Rebar (LME)	USD/ton	637.00	-6.1%
USD/PKR	Interbank	5.83	0.1%

News Source: Local / Int'l Newspapers and websites

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MORNING BRIEFING

Oil & Gas

Petrol, diesel sales plunge as demand for automobiles plummets

OMCs | Negative

Declining demand for automobiles amid the economic slowdown is well reflected in the sales of petrol and diesel which fell by 18 per cent and 26pc, respectively, in the first four months of the current fiscal year. (Dawn) | [Click for more info.](#)

GST on petroleum products likely in second half of Nov

Oil | Neutral

Federal government is likely to impose general sale tax (GST) on petroleum products in the second half of November as an additional measure to cover October's shortfall of Rs 22 billion, an official of Petroleum Division told. (BR) | [Click for more info.](#)

Ogra raises LPG price by Rs34.93 for 11.8kg domestic cylinder

BPL | Positive

Oil & Gas Regulatory Authority (OGRA) Tuesday increased the price of liquefied petroleum gas (LPG) by Rs 34.93 for 11.8-kilogramme domestic cylinder and Rs 134 for commercial cylinder. (Nation) | [Click for more info.](#)

Power

International coal market slump to benefit Pakistan's power sector

Power | Positive

Cost of electricity generated would likely decline by Rs0.5-1.5/kwh following a slump in international coal price, which was now at an eight-month low. According to the power sector analysts, power sector consumes around 9 million tonnes of coal per annum against total consumption requirement of around 28 million tonnes. (The News) | [Click for more info.](#)

Discos seek increase in tariffs

Discos | Neutral

Power Distribution Companies (Discos) have sought an increase of Rs 2.10 per unit in their tariffs for first quarter (July-September) CFY 2022-23 under QTA mechanism to recover additional Rs 42.6 billion from consumers, sources in CPPA-G told. (BR) | [Click for more info.](#)

Rs50bn escrow account activated for payment of dues to Chinese IPPs

Power | Neutral

The government had to relax contractual conditions and shift about Rs50 billion worth of budgetary allocations for electricity subsidies to an escrow account for automatic partial payments to Chinese Independent Power Producers (IPPs) to pacify M/s Sinosure, a Chinese insurance company, into facilitating future projects in Pakistan. (Dawn) | [Click for more info.](#)

Fertilizer

TCP finalises 0.3m tons of urea import deal

Fertilizer | Neutral

Trading Corporation of Pakistan (TCP) has finalised a deal for import of some 300,000 tons urea to avoid any shortage in the domestic market in the Rabi season. TCP received poor response and in response to the tender, opened last Wednesday, only three (3) international bidders participated and quoted prices between \$520 per metric ton to \$801 per metric ton for supply of commodities. (BR) | [Click for more info.](#)

World Indices	Last	Chg.	Chg. %
HK - Hang Seng	15,455.3	768.25	5.23%
PAK (KSE-100)	41,808.7	544.03	1.32%
INDIA - SENSEX	61,121.4	374.76	0.62%
Taiwan - TWII	13,037.2	87.46	0.68%
CHINA - Shanghai	2,969.2	75.72	2.62%
US - S&P 500	3,856.1	-15.88	-0.41%
INDONESIA - IDX	7,052.3	-46.59	-0.66%
PHILP - PSEI	6,153.4	-77.15	-1.24%
US - Dow 30	32,653.2	-79.75	-0.24%
KSA - Tadawul	11,530.4	-137.36	-1.18%

Board Meetings			
Scrip	Day	Agenda	Time
QUICE	Friday	Ann A/c as at 30-Jun-22	11:00 AM
MWMP	Friday	Ann A/c as at 30-Jun-22	12:30 PM
DNCC	Friday	Ann A/c as at 30-Jun-22	2:30 PM
HIRAT	Saturday	Ann A/c as at 30-Jun-22	2:30 PM

Source: PSX

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MORNING BRIEFING

Textile

Concessional energy to export-oriented sector

Textile | **Neutral**

The Economic Coordination Committee (ECC) of the Cabinet has approved amendments in Cabinet's earlier decision regarding provision of electricity and RLNG at concessional rates for five export-oriented sectors. (BR) | [Click for more info.](#)

Fall in textile exports termed 'alarming'

Textile | **Negative**

Apparel makers-cum-exporters on Tuesday called the 16.56 percent fall in export during Oct 2022 "alarming", saying the slump has pulled down the textile growth, resultantly. Textile export receded to \$1.335 billion in October 2022 against \$1.60 billion in October 2021. They said the decline is "alarming" for the sustainability of economy. (BR) | [Click for more info.](#)

Miscellaneous

Faysal Bank's Assets Touch Rs. 1 Trillion Mark

FABL | **Positive**

Faysal Bank Limited (FBL) has achieved the landmark of Rs. 1 trillion mark in balance sheet footings with a record profit before tax of Rs. 15 billion, 51 percent higher than the corresponding period last year. (Propakistani) | [Click for more info.](#)

International News

Oil up nearly 2% as weaker dollar offsets China concerns

Oil prices rose on Tuesday, recouping losses from the previous session, on optimism that China, the world's second-largest oil consumer, could reopen from strict COVID curbs. (Bloomberg) | [Click for more info.](#)

Caution Clouds Global Assets Ahead of Fed Meeting: Markets Wrap

Asian stocks were mixed on Wednesday following declines in US shares as hopes that the Federal Reserve would soften its hawkish stance faded on robust US jobs data. (Bloomberg) | [Click for more info.](#)

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Rating Criteria

Rating - Expected Total Return

Buy - Greater than 10%

Hold - Neither Buy nor Sell

Sell - Less than and equal to -10%

Valuation Methodology

To arrive at our 12-months Price Target, ABA Ali Habib Research uses different valuation methods which include: 1). DCF methodology, 2). Relative valuation methodology, and 3). Asset-based valuation methodology. In this report, our PT is founded on FCFF based DCF methodology.

Analyst Certification ^{AC}

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