

January 5, 2023

# Morning Briefing

## Economy

**Geneva moot; Pakistan seeking to generate \$8bn**

**Economy | Neutral**

Pakistan is eyeing generating around \$8 billion from the international community and donor agencies for the rehabilitation and reconstruction of the flood-affected people from the “International Conference on Climate Resilient Pakistan” scheduled to be held on January 9 in Geneva. Diplomatic sources said that total of \$16.8 billion will be required for the reconstruction and rehabilitation of more than 33 million flood-affected people of Pakistan. (BR) | [Click for more info.](#)

**Forex reserves to be propelled by ‘friends’: Dar**

**Economy | Neutral**

Finance Minister Ishaq Dar on Wednesday claimed that friendly countries have announced their support which will help improve depleting forex reserves in the country ahead of unveiling the government’s plan to impose flood levy and tax windfall gain on exchange transactions to mobilise additional revenue. (BR) | [Click for more info.](#)

**Trade deficit falls, still at \$17.13bn in 1HFY23**

**Economy | Positive**

No macro indicator of the economy shows positive signs particularly on the external front as the trade deficit in the first half of the current fiscal year FY23 remained at \$17.13 billion. (Dawn) | [Click for more info.](#)

**Ecneec approves Rs478bn uplift plans**

**Economy | Neutral**

The Executive Committee of the National Economic Council (ECNEC), on Wednesday, approved over Rs478 billion in 10 development projects including the Flood Response Emergency Housing Project of Rs160 billion including a World Bank loan of US\$ 500 million. (BR) | [Click for more info.](#)

**Govt’s strategy to save Rs62 billion via energy saving plan won’t work: FPCCI**

**Economy | Neutral**

The apex trade body on Wednesday raised questions on a government’s plan of saving Rs62 billion in energy consumption expenditures by closing markets by 8:30pm and wedding halls by 10pm, saying the decision was “an exercise in futility.” (The News) | [Click for more info.](#)

## Oil & Gas

**SSGC, FFBL ink GSA for supply of 68MMCFD gas**

**SSGC, FFBL | Positive**

The Managing Directors of Sui Southern Gas Company Limited (SSGC) and Fauji Fertilizer Bin Qasim Limited (FFBL) signed on the Third Addendum to the Gas Supply Agreement (GSA) on January 4, 2023 at SSGC’s Head Office. (BR) | [Click for more info.](#)

**Cynergico secures 91.06% Stake in Coastal Refinery**

**CNERGY | Positive**

Byco Terminals Pakistan limited (BTPL) and Byco Oil Pakistan limited (BOPL) under Share Purchase Agreement (SPA) has transferred 46.39mn shares comprising 91.06% of the shares to Cnergico PK limited (Cnergico) and the Company has become a subsidiary of Cnergico. (Mettis) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	27,568.3	27,489.4	-79.0	-0.3%
KSE100	40,630.6	40,539.3	-91.3	-0.2%
KSE30	14,975.3	14,951.8	-23.4	-0.2%
KMI30	68,795.9	68,573.5	-222.5	-0.3%

### Top Five Gainers

	Open	Close	Chg.	%
RMPL	9,100.0	9,599.0	499.0	5.5%
PRET	575.0	610.0	35.0	6.1%
RCML	673.9	700.0	26.1	3.9%
AABS	355.0	379.3	24.3	6.8%
PECO	287.9	309.5	21.6	7.5%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
DFML	15.3	15.5	0.3	10.85
SSGC	10.3	11.1	0.7	10.73
ASCR2	1.4	1.1	-0.3	9.35
SNGP	41.6	40.4	-1.1	8.99
WTL	1.2	1.2	0.0	7.25

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.03	0.00	0.02
F-Corporates	0.72	-0.43	0.30
O/S Pakistanies	1.12	-1.32	-0.20
<b>Net</b>	<b>1.87</b>	<b>-1.75</b>	<b>0.12</b>
LIPI			
Individuals	19.18	-17.78	1.40
Companies	1.00	-0.78	0.23
Comm. Banks	0.77	-1.52	-0.75
NBFC	0.00	0.00	0.00
Mutual Funds	0.97	-2.14	-1.17
Other	0.16	-0.04	0.12
Brokers Proprietary	4.27	-4.16	0.11
Insurance	0.19	-0.24	-0.04
<b>Net</b>	<b>26.54</b>	<b>-26.66</b>	<b>-0.12</b>

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	73.38	-4.8%
Brent oil	USD/bbl.	78.01	-5.0%
Gold	USD/t oz.	1854.09	0.8%
Silver	USD/t oz.	23.74	-1.0%
Coal	USD/ton	185.65	1.4%
Steel Scrap (LME)	USD/ton	413.50	0.5%
Steel Rebar (LME)	USD/ton	688.00	0.7%
USD/PKR	Interbank	6.66	0.6%

**News Source:** Local / Int’l Newspapers and websites

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MORNING BRIEFING

## Power

**Power bills; FBR collects double income tax in Karachi**
**KEL | Neutral**

Despite being victimized by dilapidated road infrastructure, high air pollution, gas shortage, ever-increasing street crime, unemployment, etc, Karachi is the only city where the Federal Board of Revenue (FBR) is collecting double income tax on electricity bills. The issue came to the surface when the field formations of the FBR issued notices to shopping malls and amusement parks in Karachi, whereby they were asked to collect income tax on the electricity bills under section 235 of the Ordinance. (BR) | [Click for more info.](#)

## Cement

**Overall cement sales plunge**
**Cement | Negative**

Domestic cement sales dipped 17 per cent to 20 million tonnes in the first half of the current fiscal year from 24m tonnes in the same period last year reflecting the construction slowdown due to persisting unfavourable economic conditions. All Pakistan Cement Manufacturers Association (APCMA) spokesperson on Wednesday said that builders were reluctant to launch new projects while the routine maintenance of residences had been postponed for better times due to soaring inflation. Overall cement despatches (domestic and exports) were 21.764m tonnes in 1HFY23, showing a drop of 21pc from 27.456m tonnes in the same period last fiscal year, showed APCMA data. (Dawn) | [Click for more info.](#)

## Fertilizer

**Urea price likely to increase as Agritech halts production**
**Fertilizer | Negative**

The price of urea fertiliser may see a rising trend following closure of a manufacturing plant on natural gas shortages, which is basic raw material for producing farm compost. The Sui Northern Gas Pipelines Limited (SNGPL) has formally informed the Agritech Limited (LNG) that Regasified Liquefied Natural Gas (RLNG) supply to the urea plant will be suspended from January 4, 2023 for an indefinite period. (The News) | [Click for more info.](#)

## Miscellaneous

**PICIC to resume operations after merger with Crescent Star**
**PIL | Neutral**

PICIC Insurance Limited (Company) is set to resume its operation after being merged with Crescent Star Foods (CSF), the company's progress report revealed on Wednesday. The petition for approval of the Scheme of Arrangement (SoA) was filed before the Sindh High Court for approval. (Mettis) | [Click for more info.](#)

**Aluminium waste, auto-parts scrap; Customs classification body imposes 30pc duty**
**Autos & Auto Parts | Negative**

The customs classification committee of the Federal Board of Revenue (FBR) has imposed 30 percent customs duty on the import of aluminium waste and scrap of auto-parts', and not zero percent duty as claimed by the importer. (BR) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
HK - Hang Seng	20,793.1	647.82	3.22%
US - Dow 30	33,269.8	133.40	0.40%
PHILP - PSEi	6,718.5	132.49	2.01%
US - S&P 500	3,853.0	28.83	0.75%
CHINA - Shanghai	3,123.5	7.01	0.22%
Taiwan - TWII	14,199.1	-24.99	-0.18%
INDONESIA - IDX	6,813.2	-75.52	-1.10%
PAK (KSE-100)	40,539.3	-91.34	-0.22%
KSA - Tadawul	10,531.9	-129.04	-1.21%
INDIA - SENSEX	60,657.5	-636.75	-1.04%

### Board Meetings

Scrp	Day	Agenda	Time
JDWS	Thursday	Ann A/c for 30-Sep-22	11:00 AM
SSGC	Thursday	Ann A/c for 30-Sep-22	2:00 PM
HWQS	Thursday	Ann A/c for 30-Sep-22	4:00 PM
AGSML	Friday	Ann A/c for 30-Sep-22	10:00 AM
FRSM	Friday	Ann A/c for 30-Sep-22	11:30 AM
TSML	Friday	Ann A/c for 30-Sep-22	3:00 PM

Source: PSX

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**No airport to be privatised: CAA****Economy | Neutral**

The Civil Aviation Authority (CAA), on Wednesday, clarified the media reports about the privatisation of the country's airports as "contrary to the fact", saying that the purpose of outsourcing is to provide high-quality international facilities to passengers at domestic airports. "The purpose of outsourcing is to provide high quality international facilities to passengers at domestic airports," the spokesperson said in a statement. (BR) | [Click for more info.](#)

**Atta, chicken rates soar amid no sign of let-up****Food | Negative**

An uncontrollable upward trend in prices of wheat flour and chicken has left consumers high and dry as rates witnessed a fresh jump over the last few days. (Dawn) | [Click for more info.](#)

**Markets refuse to close early under govt's energy conservation plan****Economy | Neutral**

Markets in major cities on Wednesday spurned a new government directive to shut early under an energy conservation drive, in a blow to the cash-strapped country's plans to curtail energy imports amidst an economic crisis. (BR) | [Click for more info.](#)

## Political News

**Imran challenges ECP notice seeking his removal as PTI chairman**

Pakistan Tehreek-e-Insaf (PTI) Chairman Imran Khan on Wednesday challenged the notice sent to him by the Election Commission of Pakistan (ECP) as part of its proceedings to strip the former premier as his party's chairman. (The News) | [Click for more info.](#)

**Vote of confidence: Parvez Elahi in trouble as three PTI MPs rebel**

The Pakistan Tehreek-e-Insaf (PTI) and Punjab Chief Minister Parvez Elahi seem to be in trouble as they struggle to complete the requisite number of votes needed to secure the upcoming vote of confidence in the provincial assembly. (The News) | [Click for more info.](#)

## International News

**Foreigners Cash Out From Southeast Asia Stocks After Strong Year**

The strong appetite for Southeast Asia stocks seen over the past year is starting to ebb as the reopening of China draws global funds to cheaper northern markets. (Bloomberg) | [Click for more info.](#)

**Oil Edges Higher After Two-Day Slump on Sour Demand Outlook**

Oil rose after tumbling around 9% over the first two sessions of the year on concerns about the demand outlook in the US and China. (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.

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