

December 6, 2022

## Economy

### Stalemate on 9th review: IMF to stay engaged with govt on targets Economy | Neutral

The International Monetary Fund (IMF) will continue its dialogue and engagement with Pakistan on policies and reforms needed to keep bailout programme's targets on track and to complete the pending ninth review, a Fund official said on Monday. (The News) | [Click for more info.](#)

### Govt debt stocks hit historic high of Rs50.152trn

#### Economy | Negative

The federal government's total debt (domestic and external) stocks crossed the Rs 50 trillion mark by the end of October 2022. The central government's total domestic and external debt stocks rose by 5 percent during the first four months of this fiscal year. With current increase, cumulatively, the central government's total domestic and external debt stocks rose to historical level of Rs 50.152 trillion at the end of October 2022 compared to Rs 47.784 trillion in June 2022, depicting an increase of Rs 23.673 trillion. (BR) | [Click for more info.](#)

### New estimates place flood losses at \$46bn

#### Economy | Negative

Federal Minister for Planning, Development and Special Initiatives Ahsan Iqbal on Monday said that the total estimated cost of damages, loss and needs caused by the devastating floods is about \$46.4 billion. (BR) | [Click for more info.](#)

## Oil & Gas

### Russian fuel on discounted price soon, says minister

#### Oil | Neutral

Russia has agreed to provide crude oil, petrol and diesel to Pakistan at discounted rates besides long-term contracts for LNG supply and construction of gas pipelines, said Minister of State for Petroleum Musadik Malik. (Dawn) | [Click for more info.](#)

### Local refineries explore HSFO export option; PARCO invites bids

#### Refinery | Neutral

Local refineries have started exploring the options to export high sulfur fuel oil (HSFO), with Pak Arab Refinery Limited (PARCO) becoming the first one to invite bids for the purpose this season. During the last few weeks, HSFO stock started piling up at the local refineries after power plants refused to procure the commodity for power generation due to falling consumption of electricity in the country. Presently, the total HSFO stock stands at 490,000 tonnes. (The News) | [Click for more info.](#)

## Power

### Payables/receivables; Govt offered to seek resolution of dispute thru ICA, KE CEO tells Senate panel

#### KEL | Positive, Power | Negative

K-Electric's Chief Executive Officer (CEO) Syed Moonis Abdullah Alvi Monday testified before a Senate panel that the power utility has offered the government to resolve the issue of outstanding payables/receivables from International Court of Arbitration (ICA) but the authorities are reluctant fearing that they will lose the case. (ET) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	28,496.7	28,214.6	-282.1	-1.0%
KSE100	42,150.1	41,612.7	-537.4	-1.3%
KSE30	15,588.3	15,360.3	-228.1	-1.5%
KMI30	71,298.8	70,035.0	-1263.8	-1.8%

### Top Five Gainers

	Open	Close	Chg.	%
PSEL	861.7	926.3	64.6	7.5%
RCML	665.0	705.0	40.0	6.0%
GATI	317.0	340.8	23.8	7.5%
SIEM	760.0	777.0	17.0	2.2%
PAKT	920.0	935.0	15.0	1.6%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	1.4	1.4	0.0	9.85
FCCL	13.2	12.5	-0.7	9.48
HASCOL	7.7	7.8	0.1	8.04
KEL	2.6	2.6	0.0	6.84
DSIL	2.8	3.1	0.3	6.38

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	0.35	-0.42	-0.07
O/S Pakistanians	1.64	-1.53	0.11
<b>Net</b>	<b>1.99</b>	<b>-1.95</b>	<b>0.04</b>
<b>LIPI</b>			
Individuals	14.17	-13.64	0.54
Companies	0.67	-0.42	0.25
Comm. Banks	0.76	-0.65	0.10
NBFC	0.01	-0.02	-0.02
Mutual Funds	0.56	-1.34	-0.78
Other	0.13	-0.18	-0.05
Brokers Proprietary	4.03	-4.11	-0.08
Insurance	0.10	-0.11	0.00
<b>Net</b>	<b>20.44</b>	<b>-20.47</b>	<b>-0.04</b>

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	77.40	-3.2%
Brent oil	USD/bbl.	82.94	-3.1%
Gold	USD/t oz.	1768.39	-1.6%
Silver	USD/t oz.	22.25	-3.8%
Coal	USD/ton	248.25	0.5%
Steel Scrap (LME)	USD/ton	386.00	-0.4%
Steel Rebar (LME)	USD/ton	673.00	0.1%
USD/PKR	Interbank	6.44	-0.3%

News Source: Local / Int'l Newspapers and websites

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## Afghan suppliers; Coal importers making 'informal' payments Power | Neutral

Pakistani coal importers are making payments to their Afghan coal suppliers in an informal manner due to non-availability of formal channels. (BR) | [Click for more info.](#)

## Autos

### Auto financing drops for fourth consecutive month

#### Banks | Neutral, Autos | Negative

The amount of outstanding auto loans decreased for the fourth consecutive month at the end of October, data released by the State Bank of Pakistan (SBP) showed on Monday. The outstanding auto financing stood at Rs345 billion at the end of last month, which is 0.1 per cent lower than the October 2021 figure of Rs346bn. The latest outstanding auto financing figure is 1.4pc lower than its September 2022 level. (Dawn) | [Click for more info.](#)

### Tractor sales may decline 67pc

#### AGTL, MTL | Neutral

The sale of tractors during the financial year 2022-23 may plummet up to 67 percent on the back of catastrophic floods, inflation, and import restrictions on auto parts, Pakistan Association of Auto Parts and Accessories Manufacturers (PAAPAM) stated on Monday. (The News) | [Click for more info.](#)

## Fertilizer

### Pakarab Fertilizers to amalgamate with FATIMA

#### FATIMA | Neutral

The board of directors of Fatima Fertilizer Company Limited (PSX: FATIMA) on Monday approved a business expansion plan to further consolidate all the fertilizer business by amalgamating its associated company, Pakarab Fertilizers Limited (PFL) with and into Fatima with effect from July 01, 2022. (Mettis) | [Click for more info.](#)

## Miscellaneous

### Engro to invest in towers

#### ENGRO | Neutral

In a statement to Pakistan Stock Exchange on Monday, the company's secretary notified, "The board of directors of Engro Corporation Limited has authorized the company to pursue (directly or indirectly, through one or more of its group companies) a potential investment opportunity in the tower infrastructure sector in Pakistan." (The News) | [Click for more info.](#)

### Revolving fund account for CPEC IPPs approved; ECC allows import of 0.583MTs of wheat

#### Foods, IPPs | Neutral

The Economic Coordination Committee (ECC) of the Cabinet has allowed the import of 0.583 million tonnes of wheat and approved the revolving fund account for the CPEC Independent Power Producers from "Pakistan Energy Revolving Fund" to "Pakistan Energy Revolving Account". (BR) | [Click for more info.](#)

### Govt considers allowing exports of 500,000T sugar

#### Sugar | Neutral

The government is considering allowing mills to ship out half-a-million of sugar instead of the one million tonnes demanded by the Pakistan Sugar Mill Association (PSMA), industry officials said. (The News) | [Click for more info.](#)

## World Indices

	Last	Chg.	Chg. %
HK - Hang Seng	19,518.3	842.94	4.51%
CHINA - Shanghai	3,211.8	55.67	1.76%
Taiwan - TWII	14,980.7	10.06	0.07%
INDONESIA - IDX	6,987.3	-32.31	-0.46%
INDIA - SENSEX	62,834.6	-33.90	-0.05%
PHILP - PSEi	6,442.1	-47.52	-0.73%
US - S&P 500	3,998.8	-72.86	-1.79%
KSA - Tadawul	10,419.2	-304.80	-2.84%
US - Dow 30	33,947.1	-482.78	-1.40%
PAK (KSE-100)	41,612.7	-537.43	-1.28%

## Board Meetings

Scrip	Day	Agenda	Time
FFL	Wednesday	Other Matters	10:30 AM
MCB	Wednesday	Other Matters	11:00 AM
FFBL	Thursday	Other Matters	11:00 AM
SILK	Thursday	Other Matters	11:00 AM
IDYM	Thursday	Ann A/c as at 30-Jun-22	12:00 PM
NICL	Friday	Other Matters	11:00 AM
EWIC	Friday	Other Matters	3:00 PM

Source: PSX

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## Political News

### 'Informal' govt-PTI talks underway: Fawad

Pakistan Tehreek-e-Insaf (PTI) Senior Vice President Fawad Chaudhry has revealed that they were holding 'informal' talks with the federal government and trying to convey to them about the gravity of situation in the country. (BR) | [Click for more info.](#)

### ECP whirrs into action to remove Imran from PTI top slot

The Election Commission of Pakistan (ECP) on Monday set into motion the process to remove Imran Khan as chairman of the Pakistan Tehreek-i-Insaf (PTI) in light of the election watchdog's verdict in the Toshakhana case, which disqualified the former premier under Article 63(1)(p) for making "false statements and incorrect declaration". (Dawn) | [Click for more info.](#)

## International News

### Asian Stocks Fall as Data Bolster Higher Fed Peak: Markets Wrap

Asian stocks followed US shares lower after unexpectedly strong services data bolstered the case for the Federal Reserve to deliver higher interest rates. (Bloomberg) | [Click for more info.](#)

### Oil Resumes Advance as China's Covid Pivot Aids Demand Outlook

Oil rose after a two-day drop on more signs China is moving away from its strict Covid Zero policy, and as investors assessed the implications for global flows from the price cap imposed on Russian crude. (Bloomberg) | [Click for more info.](#)

MORNING BRIEFING

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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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