

November 7, 2022

Economy

Another \$13bn incoming from China, S. Arabia

Economy | Positive

Pakistan on Friday said to have secured about \$13 billion in additional financial support from two traditional friends — about \$9bn from China and over \$4bn from Saudi Arabia — on top of assurances for about \$20bn investments. The Chinese leadership promised to roll over \$4bn in sovereign loans, refinance \$3.3bn commercial bank loans and increase currency swap by about \$1.45bn — from 30bn yuan to 40bn yuan. The total worked out at \$8.75bn. (Dawn) | [Click for more info.](#)

Incoming inflows yet to trigger rupee turnaround

Economy | Positive

The dollar remained unchanged at Rs227.75 on Saturday in the open market, unmoved by Finance Minister Ishaq Dar's guarantee a day ago that the country had secured about \$13 billion in additional financial support from two friendly countries, on top of assurances for about \$20bn investments. (Dawn) | [Click for more info.](#)

Agri package, concessional electricity; IMF irked by govt steps

Economy | Negative

Serious reservations against the recently announced package for agriculture sector and subsidy for concessional electricity for export-oriented sectors prompted International Monetary Fund (IMF) to seek a reversal of both decisions by or compensate through new tax measures(mini-budget). (BR) | [Click for more info.](#)

Talks with IMF likely by month-end

Economy | Neutral

Negotiations between Pakistan and International Monetary Fund (IMF) are expected to be held in last week of November. As per sources, IMF has put up the condition for Pakistan urging review of budget targets. IMF also asked Pakistan to enhance tax collection. Matter related to international payments will also come under discussion during negotiations. (BR) | [Click for more info.](#)

Govt considers Rs60b mini-budget

Economy | Neutral

The government may slap 17% sales tax on high-grade petrol as it is considering imposing more taxes on imports to cover a projected shortfall of Rs100 billion in customs duty collection. (ET) | [Click for more info.](#)

All provincial govts post budget surplus of Rs218 billion in first quarter

Economy | Positive

All four provincial governments recorded budget surplus of Rs218 billion during the first quarter (July to September) of the current fiscal year, which helped the federal government in restricting its fiscal deficit to 1 percent of the gross domestic product (GDP). (Nation) | [Click for more info.](#)

Services trade deficit shrinks 26.22pc as exports grow by 4.63pc

Economy | Positive

The services trade deficit shrank by 26.22 percent as exports witnessed a growth of 4.63 percent during the first quarter (Q1) of the current fiscal year as compared to the corresponding period of last year, the PBS reported. (Nation) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	28,657.5	28,552.8	-104.7	-0.4%
KSE100	42,090.7	41,856.3	-234.4	-0.6%
KSE30	15,394.5	15,226.8	-167.7	-1.1%
KMI30	71,149.2	70,590.0	-559.1	-0.8%

Top Five Gainers

	Open	Close	Chg.	%
SAPL	982.1	1,028.0	46.0	4.7%
PAKT	900.0	918.0	18.0	2.0%
PAKT	900.0	918.0	18.0	2.0%
PRET	630.5	645.0	14.5	2.3%
AKDHL	162.3	174.5	12.2	7.5%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	1.5	1.6	0.0	73.16
HASCOL	8.3	8.4	0.1	73.15
SSGC	9.6	10.4	0.8	9.36
DCL	6.2	6.0	-0.2	8.78
CNERGY	5.0	4.8	-0.1	8.40

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	0.19	-0.28	-0.09
O/S Pakistanies	1.53	-1.45	0.08
Net	1.72	-1.73	-0.01
LIPI			
Individuals	25.06	-24.13	0.93
Companies	0.85	-0.70	0.15
Comm. Banks	0.96	-0.70	0.26
NBFC	0.01	-0.21	-0.20
Mutual Funds	0.84	-1.53	-0.69
Other	0.14	-0.16	-0.01
Brokers Proprietary	6.80	-6.32	0.48
Insurance	0.22	-1.13	-0.91
Net	34.89	-34.88	0.01

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	92.61	5.2%
Brent oil	USD/bbl.	98.57	4.2%
Gold	USD/t oz.	1681.87	3.2%
Silver	USD/t oz.	20.86	7.2%
Coal	USD/ton	209.00	-1.4%
Steel Scrap (LME)	USD/ton	349.00	-0.4%
Steel Rebar (LME)	USD/ton	633.00	0.2%
USD/PKR	Interbank	5.90	0.1%

News Source: Local / Int'l Newspapers and websites

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MORNING BRIEFING

Q1 fiscal deficit soars to 1pc of GDP from 0.7pc of GDP YoY

Economy | Negative

The government has closed the first quarter of the current fiscal year with one percent of GDP fiscal deficit as opposed to 0.7 percent of the GDP for the same period a year before despite provincial surplus of Rs218 billion and statistical discrepancy of Rs67.6 billion. (BR) | [Click for more info.](#)

FBR chairman rules out any new tax amnesty

Economy | Neutral

Federal Board of Revenue (FBR) Chairman Asim Ahmed on Saturday ruled out any tax amnesty schemes on account of International Monetary Fund (IMF) restrictions. Ahmed also rejected the reports about an upcoming mini-budget in the days ahead, and announced that a tax reforms commission was being revived under the directions of Finance Minister Ishaq Dar. (The News) | [Click for more info.](#)

FBR chief fears decline in tax collection

Economy | Neutral

Federal Board of Revenue (FBR) Chairman Asim Ahmed has said that the tax revenue may go down in the coming months, which the tax board will try to curb with the help of administrative measures. He denied having knowledge of the upcoming mini-budget or the imposition of new taxes and stressed that the FBR had achieved its tax collection target till October. (ET) | [Click for more info.](#)

Oil & Gas

FBR proposal to levy 17pc GST on HOBC, RON-97 deferred

Oil | Neutral

The Economic Coordination Committee (ECC) of the Cabinet has deferred the Federal Board of Revenue's proposal seeking the imposition of 17 percent sales tax on High Octane Blending Component (HOBC) and RON-97. However, the ECC allowed increase in petroleum levy on RON-95 and above. The meeting presided over by Finance Minister Ishaq Dar instead decided to increase petroleum levy from Rs30 to Rs50 per litre on RON-95 and above from November 16, 2022. (BR) | [Click for more info.](#)

POL starts production from Tolanj well

POL | Positive

Pakistan Oilfields Ltd (POL) said on Friday production from the Tolanj West-2 well has started "significantly ahead" of the original plan. Earlier, the company announced on Aug 16 and Aug 25 the testing results of Tolanj West-2 well. It said at the time that production from the well was expected to start from December 2022. (Dawn) | [Click for more info.](#)

PSO to recover Rs594b in circular debt

PSO | Negative

The supply of expensive liquefied natural gas (LNG), during the past four seasons, to domestic consumers has resulted in a steep hike in circular debt, trapping gas-utilities and Pakistan State Oil (PSO). The gas sector is currently facing circular debt of Rs1.5 trillion, with LNG being the major contributing force. Additionally, captive powerplants and fertiliser plants have been receiving gas at discounted rates which has also contributed significantly to the ballooning of circular debt. (ET) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
HK - Hang Seng	16,161.1	821.65	5.36%
US - Dow 30	32,403.2	401.97	1.26%
INDIA - SENSEX	60,950.4	113.95	0.19%
KSA - Tadawul	11,521.3	82.09	0.72%
CHINA - Shanghai	3,070.8	72.99	2.43%
US - S&P 500	3,770.6	50.66	1.36%
Taiwan - TWII	13,026.7	40.11	0.31%
PHILP - PSEI	6,185.5	29.42	0.48%
INDONESIA - IDX	7,045.5	10.96	0.16%
PAK (KSE-100)	41,856.3	-234.40	-0.56%

Board Meetings

Scrip	Day	Agenda	Time
HCL	Monday	Ann A/c as at 30-Jun-22	11:00 AM
JOPP	Monday	Ann A/c as at 30-Jun-22	11:00 AM
TSML	Tuesday	HY A/c as at 31-Mar-22	2:00 PM
FPJM	Wednesday	Multiple Periods	11:00 AM
HASCOL	Thursday	Multiple Periods	12:00 PM
PGLC	Thursday	Ann A/c as at 30-Jun-22	3:00 PM
HCAR	Wednesday	HY A/c as at 30-Sep-22	11:30 AM

Source: PSX

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Franchise areas; Gas cos asked to install town border stations to cut down UfG**SNGP, SSGC | Neutral**

The Petroleum Division has directed both gas companies - Sui Northern Gas Pipelines Limited (SNGPL) and Sui Southern Gas Company (SSGC) to install TBS (Town border station) in their franchises/areas to bring down unaccounted for gas (UfG) in accordance with international standards. Installation of TBS is not part of gas companies' estimated revenue requirements (ERRs) for current financial year and may submit in review petitions, sources said. (BR) | [Click for more info.](#)

Furnace oil; Slow upliftment may lead to closure of refineries**Refineries | Neutral**

Pakistan State Oil (PSO) and local refineries have raised serious concerns on slow upliftment of furnace oil by the power plants, which may lead to closure of refineries. (BR) | [Click for more info.](#)

Power**Thar power plant to get PPA effectiveness from execution date****Power | Neutral**

The government has decided to allow effectiveness of Power Purchase Agreement (PPA) of 1320-MW of Shanghai Electric Power Company Limited at Thar from August 27, 2019 sans Financial Closure (FC) as the sponsor has almost completed the project with equity of \$ 2 billion. (BR) | [Click for more info.](#)

FC to Azad Pattan power project; PPIB spurs efforts to clear bottlenecks**Power | Neutral**

Private Power & Infrastructure Board (PPIB) has expedited its efforts to clear bottlenecks in achieving of Financial Closure of 700-MW Azad Pattan Hydropower Project, after Prime Minister's recent visit to China, wherein issues related to delay in projects came under discussion. (BR) | [Click for more info.](#)

Cement**Maple Leaf Adds Cement Production Unit****MLCF | Positive**

According to a stock filing, an additional dry process clinker production line of 7,000 tons per day grey clinker, a brown field expansion at the company's existing site in Iskanderabad, has successfully started production on November 03, 2022. (Propakistani) | [Click for more info.](#)

Cement, CNG, fertiliser sectors to face gas shortage in winter**Cement, Fertilizer | Negative**

The government is to exercise gas load management for winter where the household consumers would be prioritised; however, the industries [other than five zero-rated industries] including cement, CNG, and fertiliser sectors will face significant gas shortages. The five zero-rated sectors including textile, carpets, sports, surgical, and leather would get uninterrupted concessional gas supplies. (The News) | [Click for more info.](#)

Miscellaneous**Investors extend tenor of Summit Bank's TFC****SMBL | Positive**

Bondholders of Summit Bank Ltd have approved a one-year extension in the maturity date of a Rs1.5 billion term finance certificate (TFC), the bank said on Friday. (Dawn) | [Click for more info.](#)

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Nishat Mills Limited Raises Rs. 7.5 Billion Through Islamic Short-Term Sukuk Issue**NML | Positive**

This transaction is significant in its nature as it is the first-ever Islamic short-term Sukuk Issue for Pakistan's textile sector. The Sukuk issue was oversubscribed by -1.9X due to the investors' confidence in Nishat Mills Ltd. and on account of the unique and robust structuring of the issue by the MCB-led consortium. (Propakistani) | [Click for more info.](#)

Pakistan's rice exports to China crosses 1,111,352 tons**MATCO | Neutral**

Pakistan's rice export to China in the first three quarters of this year surpassed US\$421.94 million with a volume of 1,111,352.57 tons (more than one million tonnes), for the first time in history, Gwadar Pro reported on Friday quoting China's General Admin. of Customs. (Pakobserver) | [Click for more info.](#)

KPK health programme; \$100m financing pact signed with ADB Economy | Positive

The government has signed a financing agreement worth \$100 million with the Asian Development Bank (ADB) for "Khyber-Pakhtunkhwa Health Systems Strengthening Programme." (BR) | [Click for more info.](#)

\$161m exports of Pak products made at Torkham in three months**Economy | Neutral**

The export volume of Pakistani products to Afghanistan through Torkham border point was continuously increasing as during the months of July, August and September the trade volume increased up to \$161 million thus contributing \$2.3 million to the national kitty. (Pakobserver) | [Click for more info.](#)

Political News**Imran Khan says PTI's long march to resume from Wazirabad on Tuesday**

Former premier and Pakistan Tehreek-e-Insaf (PTI) Chairman Imran Khan announced Sunday that his party's long march will resume on Tuesday (November 8) from the "same place where he was shot in Wazirabad". (BR) | [Click for more info.](#)

International News**U.S. stocks slip as China sticks to pandemic policy**

U.S. stock futures slipped in Asia on Monday after Beijing denied it was considering easing its zero COVID-19 policy, helping the dollar recover some losses while dealing a setback to oil and commodities. (Reuters) | [Click for more info.](#)

Oil falls as China sticks to strict COVID policy

Oil prices fell more than 2% at the start of Asia trade on Monday after Chinese officials on the weekend reiterated their commitment to a strict COVID containment approach, dashing hopes of an oil demand rebound at the world's top crude importer. (Reuters) | [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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