

December 19, 2022

Economy

Pakistan expects \$18-20bn inflows in second half of fiscal year

Economy | Neutral

Conceding before a parliamentary panel difficulties in materializing dollar inflows, State Bank of Pakistan Governor Jameel Ahmed said Pakistan was expecting \$18 to \$20 billion in inflows from multilateral and bilateral creditors in the second half (Jan-June) period of the current fiscal year to overcome persistent liquidity crunch. (The News) | [Click for more info.](#)

'All is not well' on economic front: Aisha

Economy | Neutral

Minister of State for Finance and Revenue, Dr Aisha Ghaus Pasha Friday admitted that all is not well on the economic front and the country is under stress, but would not default on the external obligation. (BR) | [Click for more info.](#)

FDI drops by more than half to \$430m

Economy | Negative

Foreign direct investment (FDI) coming into the country plummeted by more than half to \$430.1 million in the first five months (July to November) of the current fiscal year, the central bank data showed on Friday. The inflows were \$884.9m during the same period a year ago. The data for November showed a similar drop, as FDI plunged 48pc to \$81.8m from \$158.4m in the same month last year. (Dawn) | [Click for more info.](#)

Jul-Nov CAD shrinks 57pc YoY

Economy | Positive

The country's current account deficit shrank 57 percent during the first five months of this fiscal year (FY23), mainly due to lower goods import bill. (BR) | [Click for more info.](#)

SOEs in Reko Diq deposit \$562.5m

Economy | Neutral

Pakistan's three state-owned entities (SOEs), having 25% stake in Reko Diq project in Balochistan, have deposited \$562.5 million in an escrow account after signing a final agreement "with respect to the SOEs' participation in the reconstituted Reko Diq project, according to a bourse filing on Friday. (ET) | [Click for more info.](#)

Govt may slap flood levy on non-essential imported items

Economy | Neutral

The government is contemplating different options for slapping one or two per cent Flood Levy on non-essential imported items to fetch Rs 35-70 billion tax revenues. In a bid to revive the stalled IMF programme, the government is exploring different options to jack up tax revenues in the current fiscal year 2022-23. (The News) | [Click for more info.](#)

Oil & Gas

PSO may acquire govt stakes in NPP, Gepco

PSO | Neutral

Pakistan State Oil (PSO) is likely to acquire government stakes in Nandipur Power Plant (NPP) and Gujranwala Electric Power Company (Gepco) against outstanding due amount of over Rs100 billion, well informed sources in Petroleum Division told. (BR) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	27,720.6	27,809.2	88.6	0.3%
KSE100	41,179.8	41,301.5	121.7	0.3%
KSE30	15,215.3	15,241.8	26.5	0.2%
KMI30	69,383.1	69,506.8	123.8	0.2%

Top Five Gainers

	Open	Close	Chg.	%
UPFL	24,000.0	25,000.0	1,000.0	4.2%
PSEL	1,350.0	1,450.0	100.0	7.4%
SAPL	997.9	1,065.0	67.1	6.7%
SFL	1,155.1	1,215.0	60.0	5.2%
RMPL	8,700.0	8,756.0	56.0	0.6%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
BAFL	30.7	30.8	0.1	17.47
WTL	1.3	1.3	0.0	12.45
DFML	15.2	14.6	-0.7	8.11
DFSM	4.2	4.4	0.2	5.39
HASCOL	7.1	6.8	-0.3	5.30

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	0.34	-3.23	-2.89
O/S Pakistanies	1.16	-0.59	0.56
Net	1.50	-3.82	-2.32
LIPI			
Individuals	12.56	-13.67	-1.12
Companies	0.90	-0.67	0.24
Comm. Banks	4.81	-0.56	4.26
NBFC	0.01	-0.01	0.00
Mutual Funds	0.92	-1.63	-0.71
Other	0.68	-0.10	0.58
Brokers Proprietary	3.29	-3.74	-0.45
Insurance	0.21	-0.69	-0.48
Net	23.38	-21.06	2.32

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	74.45	-2.4%
Brent oil	USD/bbl.	79.04	-2.9%
Gold	USD/t oz.	1791.14	0.8%
Silver	USD/t oz.	23.15	0.4%
Coal	USD/ton	217.40	-4.1%
Steel Scrap (LME)	USD/ton	387.00	0.4%
Steel Rebar (LME)	USD/ton	666.50	-0.7%
USD/PKR	Interbank	6.44	-0.9%

News Source: Local / Int'l Newspapers and websites

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Govt restores 11 E&P licences of 3 private firms

E&P | Positive

The government has restored eleven revoked petroleum exploration licences of three private exploration and production (E&P) companies after an out-of-court settlement to go for enhancing oil and gas production activities in the country. The government approved a framework for revival of the revoked licences through out-of-court settlement, aiming to attract over \$100 million in investment in the blocks, while it will receive nearly \$5 million in its exchequer within next three months, according to official documents. (The News) | [Click for more info.](#)

Import of LNG; PLL likely to ink accord with SOCAR

Gas | Neutral

The government is likely to allow Pakistan LNG Limited (PLL) to sign pact with Azerbaijani company M/s SOCAR/ SOCAR Trading for import of one LNG cargo monthly, sources close to Minister of State for Petroleum and Natural Resources told. (BR) | [Click for more info.](#)

Petroleum imports dip 8pc as demand slows

Oil | Neutral

Imports of the petroleum group dipped nearly 8.11 per cent year-on-year to \$7.70 billion in the first five months of the current fiscal year owing to the sharp reduction in demand as a result of the slowing down of the economy. (Dawn) | [Click for more info.](#)

Power

Govt hammering out plan to cut circular debt

Power | Neutral

Without allowing an upward revision in electricity and gas tariffs, the government on Saturday directed the relevant authorities to come up with viable plans to reduce the monster of circular debt that had now peaked at Rs4 trillion. (The News) | [Click for more info.](#)

K-Electric says ready to pay back Rs7.04 per unit to consumers

KEL | Neutral

The K-Electric has shown its willingness to the National Electric Power Regulatory Authority (Nepra) to pay Rs7.04/unit back to power consumers in January 2023 bills on account of fuel charges adjustment (FCA) for November 2022. (The News) | [Click for more info.](#)

Discos' tariff slashed by 32-paisa for Oct

Power | Neutral

The National Electric Power Regulatory Authority (Nepra) has slashed Discos tariff by 32 paisa per unit for October 2022 under monthly Fuel Charges Adjustment (FCA) mechanism. (BR) | [Click for more info.](#)

Banks

Bank deposits rise 15pc to Rs22.7tr in Nov

Banks | Positive

Banking sector deposits rose by 15.6 percent year-on-year (YoY) to Rs22.7 trillion in November, a local brokerage house reported on Friday, with analysts attributing higher interest rates among reasons for the increase. (The News) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
PAK (KSE-100)	41,301.5	121.72	0.30%
HK - Hang Seng	19,450.7	82.08	0.42%
INDONESIA - IDX	6,812.2	60.33	0.89%
CHINA - Shanghai	3,167.9	-0.79	-0.02%
KSA - Tadawul	10,251.7	-38.74	-0.38%
US - S&P 500	3,852.4	-43.39	-1.11%
PHILP - PSEi	6,496.5	-70.30	-1.07%
Taiwan - TWII	14,528.6	-205.58	-1.40%
US - Dow 30	32,920.5	-281.76	-0.85%
INDIA - SENSEX	61,337.8	-461.22	-0.75%

Board Meetings

Scrip	Day	Agenda	Time
JSML	Monday	Ann A/c for 30-Sep-22	11:30 AM
KSTM	Wednesday	1Qtr A/c for 30-Sep-22	11:00 AM
SLL	Thursday	Multiple Period	12:00 PM
SASML	Friday	Ann A/c for 30-Sep-22	11:00 AM
KPUS	Friday	Ann A/c for 30-Sep-22	2:00 PM
SKRS	Friday	3Qtr A/c for 30-Jun-22	5:00 PM

Source: PSX

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MORNING BRIEFING

Micro-loan disbursements fall, delinquencies rise**Microfinance Banks | Neutral**

The disbursement of microfinance loans decreased 8.2 per cent in July-September on a quarterly basis while early delinquencies — borrowers missing loan payments — rose notably “mostly as a result” of the floods hitting parts of Sindh, Punjab and Khyber Pakhtunkhwa. Micro-loan disbursals in the third quarter of 2022 totalled Rs140.5 billion, down from Rs153.1bn from the preceding three-month period, the latest data released by the Pakistan Microfinance Network (PMN) shows. However, the increase was 25pc on a year-on-year basis. (Dawn) | [Click for more info.](#)

Miscellaneous**Veon Nears Sale of Pakistan Towers to TPL-TASC Group****TPLP | Positive**

Wireless operator Veon Ltd. is close to selling its tower assets in Pakistan to a consortium comprised of Pakistan’s TPL Corp. and UAE-based TASC Towers Holding Ltd. in what could be the country’s largest deal in more than a decade, according to people familiar with the matter. (Bloomberg) | [Click for more info.](#)

July-Nov textile group exports fall around 5pc YoY**Textile | Negative**

The country’s textile group exports declined by around five percent during the first five months (July-November) of the current fiscal year 2022-23 and remained at \$7.361 billion as compared to \$7.757 billion during the same period of last year, the Pakistan Bureau of Statistics (PBS) said. Country’s textile group exports witnessed a decline of 18.15 per cent in November 2022 on a year-on-year basis and remained at \$1.420 billion when compared to \$1.735 billion during the same month of last year. On a month-on-month (MoM) basis, the textile group registered 4.71 per cent growth compared to \$1.357 billion in October 2022. (BR) | [Click for more info.](#)

PIA to achieve Rs170b revenue target: Rafique**PIAA | Neutral**

Minister for Aviation and Railways Khawaja Saad Rafique has said that despite an annual loss of Rs20 billion which the national flag carrier is bearing due to an “irresponsible statement” of the former aviation minister, Pakistan International Airlines (PIA) is going to achieve its highest revenue target this year. (ET) | [Click for more info.](#)

LC restrictions crippling industries**Economy | Negative**

The non-issuance of letters of credit (LCs) is crippling industrial activities, leading to massive unemployment as companies are unable to import the raw material necessary to keep their manufacturing wheel running. (ET) | [Click for more info.](#)

Political News**Punjab, KP assemblies to be dissolved on 23rd: PTI MNAs to demand joint acceptance of resignations, says Imran**

Pakistan Tehreek-e-Insaf Chairman Imran Khan has announced that the Punjab and Khyber Pakhtunkhwa assemblies will be dissolved on December 23. (The News) | [Click for more info.](#)

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ECP wants digital census results by March

The Election Commission of Pakistan (ECP) whirled into action for the timely completion of the 7th Digital Population & Housing Census 2022 and said that the exercise – a constitutional requirement – was imperative for conducting delimitation of constituencies across the country before the next general elections. (ET) | [Click for more info.](#)

International News

Asian Equities Start the Week Mixed; Yen Advances: Markets Wrap

Asian stocks were mixed Monday as the Federal Reserve's resolve to keep raising rates reduced the appetite for riskier assets while China's pledge to boost growth allayed some concern in the region. (BR) | [Click for more info.](#)

Oil climbs on optimism over China's demand recovery

Oil prices reclaimed ground on Monday after tumbling more than \$2 a barrel in the previous session as optimism from China's reopening and oil demand recovery outweighed concerns of a global recession. (Reuters) | [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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