

December 20, 2022

## Economy

External sources; Jul-Nov govt borrowing rises to \$5.114bn from \$4.699bn YoY

**Economy | Negative**

The government has borrowed \$5.114 billion from multiple financing sources, including \$1.166 billion from the International Monetary Fund (IMF), during the first five months (July-November) of 2022-23 compared to \$4.699 billion borrowed during the same period of last fiscal year. (BR) | [Click for more info.](#)

PM toughens FY23 target regardless of import contraction

**Economy | Neutral**

Prime Minister Shehbaz Sharif has directed the FBR to achieve the revenue target of Rs7.6 trillion by June 30, 2023 against the target of Rs7.47 trillion, despite the fact chairman FBR hinted at reduction in collection of sales tax, custom duty, and federal excise duty due to import contraction, higher inflation, exchange rate, and interest rate polices. (BR) | [Click for more info.](#)

FBR attempts to convince IMF it can achieve target without new taxes

**Economy | Neutral**

Pakistan is trying to narrow gaps with the International Monetary Fund (IMF) over revenue collection projection for the next seven months (December-June) in a bid to end the uncertainty that has stemmed from the delay in the 9th review of the Extended Fund Facility (EFF) programme. The fund officials estimate a shortfall of Rs422 billion in FY23, which the Federal Board of Revenue (FBR) has rejected. The board has, however, put forward its estimates before the IMF, stating that despite falling imports, the projected budgetary target can be achieved. (Dawn) | [Click for more info.](#)

'FASTER' system; Jul-Nov payment of ST refunds rises 44.5pc to Rs143.8bn YoY

**Economy | Negative**

The Federal Board of Revenue (FBR) has made payment of sales tax refunds of Rs143.8 billion under the 'FASTER' system during the first five months of current fiscal year as compared to Rs99.5 billion, reflecting an increase of 44.5 percent. (BR) | [Click for more info.](#)

Failure to deposit CVT on foreign assets

**Economy | Negative**

The taxpayers/resident individuals who failed to deposit Capital Value Tax (CVT) on their foreign assets by December 15, 2022 would be liable to pay the default surcharge at the rate of 12 percent per annum. The one percent CVT is applicable on the value of the foreign assets of a resident individual where the value of such assets on the last day of the tax year in the aggregate exceeds Rs100 million. (BR) | [Click for more info.](#)

## Oil & Gas

OGDCL finds gas in Sanghar

**OGDC | Positive**

Oil and Gas Development Company Ltd (OGDCL) informed investors on Monday that it had discovered oil and gas in an exploratory well named Chak-5 Dim South-3 in Sindh's Sanghar district. (Dawn) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	27,809.2	27,565.9	-243.4	-0.9%
KSE100	41,301.5	40,970.8	-330.7	-0.8%
KSE30	15,241.8	15,076.1	-165.7	-1.1%
KMI30	69,506.8	68,568.8	-938.0	-1.3%

### Top Five Gainers

	Open	Close	Chg.	%
PSEL	1,450.0	1,548.0	98.0	6.8%
SFL	1,215.0	1,270.0	55.0	4.5%
SAPL	1,065.0	1,101.0	36.0	3.4%
MEHT	860.0	888.0	28.0	3.3%
GATI	354.6	379.9	25.3	7.1%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
BAFL	30.8	30.7	-0.1	29.02
WTL	1.3	1.2	0.0	12.44
HASCOL	6.8	6.1	-0.7	9.45
KEL	2.5	2.5	0.0	5.06
DFML	14.6	13.5	-1.1	4.43

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	0.10	-4.09	-3.99
O/S Pakistanies	0.65	-0.90	-0.26
<b>Net</b>	<b>0.74</b>	<b>-4.99</b>	<b>-4.25</b>
LIPI			
Individuals	10.78	-10.80	-0.02
Companies	0.41	-0.59	-0.18
Comm. Banks	5.67	-0.49	5.19
NBFC	0.01	-0.01	0.01
Mutual Funds	1.00	-1.63	-0.63
Other	0.43	-0.05	0.38
Brokers Proprietary	2.70	-2.92	-0.22
Insurance	0.19	-0.47	-0.28
<b>Net</b>	<b>21.20</b>	<b>-16.95</b>	<b>4.25</b>

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	75.89	1.9%
Brent oil	USD/bbl.	80.19	1.5%
Gold	USD/t oz.	1787.44	-0.2%
Silver	USD/t oz.	22.95	-0.9%
Coal	USD/ton	213.60	-1.7%
Steel Scrap (LME)	USD/ton	385.50	-0.4%
Steel Rebar (LME)	USD/ton	665.00	-0.2%
USD/PKR	Interbank	6.46	0.9%

News Source: Local / Int'l Newspapers and websites

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MORNING BRIEFING

## HNMPL, Shell Pakistan to launch co-branded lubricant

**SHEL, NML | Positive**

Hyundai Nishat Motor (Private) Limited (HNMPL) has collaborated with Shell, the leading global supplier of finished lubricants for 16 years, to launch co-branded lubricant products exclusively designed for Hyundai vehicles. (The News) | [Click for more info.](#)

## Power

### 1320MW coal-fired power added to national grid: Murad

**Power | Positive**

Sindh Chief Minister Syed Murad Ali Shah has said that 1320-MW of coal-fired energy has been added to the national grid this month and another 660-MW would be added next year. (BR) | [Click for more info.](#)

### Power tariff may go up to revive IMF package

**Power | Negative**

In a last-ditch effort to revive the stalled IMF programme, the government has made a plan with four options under consideration for slashing circular debt whereby the maximum electricity tariff can go up by Rs31.6/kWh through the imposition of a new surcharge. (The News) | [Click for more info.](#)

### Fuel cost for power generation drops by 34pc

**Power | Positive**

The cost of fuel for electricity generation in November went down by more than one-third to Rs5.99 per unit from a month ago, according to data recently released by the National Electric Power Regulatory Authority. (Dawn) | [Click for more info.](#)

## Autos

### Indus Motors shuts down production plant in Pakistan on delay in import approvals

**INDU | Negative**

Indus Motors Company (IMC), the maker of Toyota vehicles, has decided to shut down its production plant in the country from December 20-30, citing a delay in import approvals from the State Bank of Pakistan (SBP). (Dawn) | [Click for more info.](#)

## Miscellaneous

### Imports from Japan, China: customs values on tyres, tubes raised

**GTJR | Positive**

Keeping in view Chinese investment in local manufacturing of tyres and tubes, Directorate General Customs Valuation Karachi has raised customs values on tyres and tubes of trucks and buses imported from Japan and China. (BR) | [Click for more info.](#)

### Pesco ordered to reverse increase in ROW charges

**Technology | Negative**

The Competition Commission of Pakistan (CCP) has issued an order in favour of Nayatel and CyberNet against Peshawar Electric Supply Company (Pesco) for abusing its dominant position. (Dawn) | [Click for more info.](#)

## World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	61,806.2	468.38	0.76%
INDONESIA - IDX	6,779.7	-32.49	-0.48%
US - S&P 500	3,817.7	-34.70	-0.90%
CHINA - Shanghai	3,107.1	-60.74	-1.92%
KSA - Tadawul	10,186.2	-65.50	-0.64%
PHILP - PSEi	6,414.3	-82.23	-1.27%
Taiwan - TWII	14,433.3	-95.23	-0.66%
HK - Hang Seng	19,352.8	-97.86	-0.50%
US - Dow 30	32,757.5	-162.92	-0.49%
PAK (KSE-100)	40,970.8	-330.66	-0.80%

## Board Meetings

Scrim	Day	Agenda	Time
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

## Political News

### IK says PTI to contest polls jointly with PML-Q

Reacting to Punjab Chief Minister Chaudhry Pervaiz Elahi's statement in favour of former army chief General Qamar Javed Bajwa (retired), Pakistan Tehreek-e-Insaf (PTI) Chairman Imran Khan has said that Elahi stands with the PTI and "despite the differences, we will contest the upcoming elections together". (BR) | [Click for more info.](#)

## International News

### Asian Stocks Slide as Inflation Fight Endures: Markets Wrap

Asian equities headed for a fourth day of declines as investors focused on the outlook for inflation and interest rates ahead of the Bank of Japan's policy decision later Tuesday. (BR) | [Click for more info.](#)

### Oil rises on hopes for China's economy; recession fears limit gains

Oil prices rose on Monday, as optimism around China relaxing its COVID-19 restrictions outweighed fears of a global recession that would weigh on energy demand. (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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