



July 29, 2022

Economy

S&P downgrades outlook on Pakistan's long-term ratings to 'negative'

Economy | Negative

After Moody's and Fitch, the S&P Global Ratings on Thursday revised the outlook on Pakistan's long-term ratings to negative from stable. The S&P affirmed its 'B-' long-term and 'B' short-term sovereign credit ratings on Pakistan, as well as 'B-' long-term issue rating on the country's senior unsecured notes and Sukuk Trust Certificates. "Pakistan's external position weakens against a backdrop of higher commodity prices, tighter global financial conditions, and a weakening rupee," said the agency. (Dawn) | [Click for more info.](#)

Pakistan's financing worries are overblown: SBP

Economy | Neutral

Pakistan's central bank governor has rejected market concerns about Islamabad's worsening liquidity crunch as "overblown" and said he expected the IMF to sign off on \$1.3 billion of new funding for the cash-strapped Asian country in August. (The News) | [Click for more info.](#)

Finance Ministry says political unrest risks financial stability

Economy | Neutral

The finance ministry said on Thursday the risk of a spillover of the ongoing political unrest could hurt the country's financial stability through exchange rate depreciation and less investment. The ministry has highlighted risks for Pakistan's economy including the persistence of higher inflation, falling foreign currency reserves, and slower economic growth in the current fiscal year. (The News) | [Click for more info.](#)

Import ban on luxury items lifted

Economy | Negative

The government has increased dealers' commission on the sale of petroleum products by up to an unprecedented 70 per cent and lifted a ban imposed in May on the import of "non-essential and luxury items", excluding automobiles, cell phones and electronics. The committee also approved tenders for 200,000 tonnes of wheat at about \$408 a tonne and allowed \$11.6 million goodwill compensation for the Chinese casualties at the Dasu hydropower project in July last year. The meeting approved an increase of 70pc in the dealers' commission on the sale of high-speed diesel (HSD) to Rs7 per litre from Rs4.13 at present. Likewise, it also increased the dealers' commission on the sale of petrol by 43pc to Rs7 instead of Rs4.90 per litre at present. This is the steepest increase in margins allowed in one go in the country. (Dawn) | [Click for more info.](#)

Inflation may continue to remain high in short run

Economy | Negative

The Ministry of Finance in its Monthly Economic Outlook and Update July 2022 released on Thursday said that inflation may continue to remain high in the immediate short run, recalling that YoY inflation has accelerated more than 20 per cent. (PT) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	27,713.0	27,868.2	155.2	0.6%
KSE100	39,972.6	40,276.6	304.0	0.8%
KSE30	15,158.1	15,303.0	144.9	1.0%
KMI30	65,616.7	65,864.5	247.8	0.4%

Top Five Gainers

	Open	Close	Chg.	%
BATA	2,022.0	2,172.0	150.0	7.4%
MEHT	708.1	761.2	53.1	7.5%
SIEM	732.9	770.0	37.1	5.1%
COLG	2,049.0	2,070.0	21.0	1.0%
AABS	275.0	295.6	20.6	7.5%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	1.2	1.2	0.0	32.62
TPLP	17.3	18.0	0.7	20.38
LOTCEM	28.5	30.2	1.7	16.95
TRG	80.4	85.3	4.9	10.77
CNERGY	4.8	4.8	0.0	10.23

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.02	-0.02	0.00
F-Corporates	3.01	-2.95	0.07
O/S Pakistanians	3.06	-2.81	0.25
Net	6.10	-5.77	0.32
LIPI			
Individuals	40.36	-42.65	-2.28
Companies	2.60	-1.86	0.74
Comm. Banks	2.76	-0.99	1.77
NBFC	0.04	-0.03	0.01
Mutual Funds	2.57	-2.63	-0.06
Other	0.39	-0.37	0.03
Brokers Proprietary	11.83	-11.95	-0.12
Insurance	0.62	-1.04	-0.41
Net	61.18	-61.50	-0.32

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	96.42	-0.9%
Brent oil	USD/bbl.	101.83	0.2%
Gold	USD/t oz.	1755.97	1.2%
Silver	USD/t oz.	20.01	4.8%
Coal	USD/ton	335.35	1.6%
Steel Scrap (LME)	USD/ton	387.50	-0.6%
Steel Rebar (LME)	USD/ton	682.50	-0.4%
USD/PKR	Interbank	6.56	2.7%

News Source: Local / Int'l Newspapers and websites

Research Team

research@abaalihabib.com

Aba Ali Habib Securities (Pvt) Limited

(021) 32429665, Ext. 106



July 29, 2022

MORNING BRIEFING

FY22: Profit repatriation rises to \$1.5bn

Economy | **Negative**

Foreign investors repatriated some \$1.5 billion as profit and dividend on their investments in Pakistan during the last fiscal year (FY22). (BR) | [Click for more info.](#)

External debt, liabilities amount to \$126bn

Economy | **Negative**

The National Assembly was informed on Thursday that as of May 31, 2022, the country's total external debt and liabilities amounted to \$126.07 billion of which \$85.64 billion was on account of public external debt. (BR) | [Click for more info.](#)

SBP-held foreign exchange reserves down \$754mn, now stand at \$8.58bn

Economy | **Negative**

Foreign exchange reserves held by the State Bank of Pakistan (SBP) declined a further \$754 million, clocking in at \$8.58 billion during the week ended July 22, 2022, a fall attributed "mainly to external debt and other payments". Data released on Thursday revealed total liquid foreign reserves held by Pakistan stood at \$14.42 billion as of July 22, while net foreign reserves held by commercial banks amounted to \$5.84 billion. (BR) | [Click for more info.](#)

The great fall continues: Rupee closes near 240 against US dollar

Economy | **Negative**

As per the State Bank of Pakistan (SBP), the rupee closed at 239.94, a day-on-day fall of Rs3.92 or 1.63%, against the greenback. (BR) | [Click for more info.](#)

Oil & Gas

Govt may increase petrol, diesel prices by Rs10-17per litre

Oil | **Neutral**

From August 01, 2022, there may be an increase in petrol and diesel prices by Rs10-17 per litre despite the fact that prices of petroleum products and crude oil remained just a little lower. However, the increase has been estimated upwards just because of the fact that the exchange rate has gone crazy. (The News) | [Click for more info.](#)

KE's TDS issue; SSGCL seeks PD's help

KEL, SSGC | **Negative**

Sui Southern Gas Company Limited (SSGCL) has sought help from Petroleum Division for resolution of KE's Tariff Differential Subsidy (TDS) issue that would enable the power utility to pay its gas bills. SSGCL argued that release of KE subsidy would enable KE to clear its dues to SSGCL which would be paid to SNGPL for onward remittance to PSO to save it from international default. The Petroleum Division is well aware of the fact that SSGCL is severely trapped in circular debt crisis. (BR) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	56,857.8	1041.47	1.87%
US - Dow 30	32,529.6	332.04	1.03%
PAK (KSE-100)	40,276.6	304.00	0.76%
PHILP - PSEi	6,379.3	142.50	2.28%
KSA - Tadawul	12,155.0	102.84	0.85%
INDONESIA - IDX	6,956.8	58.60	0.85%
US - S&P 500	4,072.4	48.82	1.21%
CHINA - Shanghai	3,282.6	6.82	0.21%
Taiwan - TWII	14,891.9	-29.69	-0.20%
HK - Hang Seng	20,622.7	-47.36	-0.23%

Board Meetings

Scrp	Day	Agenda	Time
ATLH	Friday	1Q A/c for 30Jun22	9:00 AM
HABSM	Friday	3Q A/c for 30Jun22	12:00 PM
COLG	Friday	Ann A/c for 30Jun22	5:00 PM
AGSML	Saturday	3Q A/c for 30Jun22	10:00 AM
EXIDE	Saturday	1Q A/c for 30Jun22	12:00 PM
SSGC	Saturday	1Q A/c for 30Jun22	12:00 PM
HWQS	Saturday	3Q A/c for 30Jun22	4:00 PM
ICI	Monday	Ann A/c for 30Jun22	2:30 PM
WAVES	Tuesday	Multiple Periods	11:30 AM
SMTM	Tuesday	Multiple Periods	12:30 PM

Source: PSX

Research Team

research@abaalihabib.com

Aba Ali Habib Securities (Pvt) Limited

(021) 32429665, Ext. 106



July 29, 2022

MORNING BRIEFING

Power

Nepra hints at Rs11.37/unit hike for KE, Rs9.89 for Discos in August bills

KEL | Positive, Power | Negative

The electricity consumers across the country will face unprecedented high utility bills in August 2022, as the National Electric Power Regulatory Authority (Nepra) Thursday hinted to allow K-Electric (KE) to charge Rs11.37/unit and ex-Wapda distribution companies' (XWDiscos) to collect an additional Rs9.89/unit from consumers in their next month's bills. (The News) | [Click for more info.](#)

Import capson coal to aggravate power crisis

Power | Negative

Recent loss of generation from Guddu power plant and problems with Neelum Jhelum, Independent Power Plants (IPPs) based on imported coal would face further depletion of inventory, which would aggravate the country's power crisis. (The News) | [Click for more info.](#)

Govt to revise transaction structure for JCC privatization

Power | Neutral

Owing to the Capital Development Authority (CDA) reservation on the selling of state-owned Jinnah Convention Center (JCC), the federal government has decided to formulate a revised transaction structure in consultation with the civic body. (The News) | [Click for more info.](#)

Autos

Auto manufacturers reeling from informal quota

HCAR | Neutral

Automobile manufacturers in Pakistan are currently utilizing ad-hoc measures to continue operations amidst the economic downturn and the limited quota allowances given to them. "The State Bank has given interim relief by allowing 50% of imports based on our monthly average imports in March, April, May, and June." said Vice President and Company Secretary at Honda Cars Pakistan Limited. (PT) | [Click for more info.](#)

Miscellaneous

Tobacco exports witness 51.24 percent increase

PAKT | Positive

Tobacco exports during the twelve months of fiscal year of 2021-22 grew up by 51.24 percent as compared to the exports of the commodity during the corresponding period of last year. During the period from July-June 2021-22, (Pakobserver) | [Click for more info.](#)

Export-oriented industry; Energy subsidy to be reviewed quarterly

Textile | Neutral

The government has decided for a quarterly review of subsidy available to export industry for both gas and electricity, in addition to seeking list of captive units enjoying subsidy both on gas and electricity, well informed sources told. (BR) | [Click for more info.](#)

Research Team

research@abaalihabib.com

Aba Ali Habib Securities (Pvt) Limited

(021) 32429665, Ext. 106



July 29, 2022

MORNING BRIEFING

Berlitz to seek listing on GEM board

CLVL | **Positive**

Language-teaching institute Berlitz Pakistan is gearing up for a listing on the Growth Enterprise Market (GEM) counter of the Pakistan Stock Exchange (PSX) in the next two years, Cordoba Logistics and Ventures Ltd (CLVL) Chairman Zeeshan Afzal told Dawn in an interview on Thursday. CLVL is acquiring a 30 per cent shareholding in Berlitz Pakistan against an investment of Rs30 million, according to a recent regulatory filing. (Dawn) | [Click for more info.](#)

Political News

Elections to be held on time, govt to complete its tenure: PDM

Amid calls by the Pakistan Tehreek-e-Insaf (PTI) for snap polls in the country, the Pakistan Democratic Alliance (PDM) has reiterated its stance that the general elections will be held on time and the coalition government will complete its tenure. (ET) | [Click for more info.](#)

Govt demands 'immediate' announcement of verdict in PTI's foreign funding case

The coalition government Thursday reiterated its demand, urging the Election Commission of Pakistan (ECP) to issue the verdict on PTI's "foreign funding" case — which has been pending since 2014. PTI's founding member Akbar S Babar had filed the case in 2014, alleging that the party received foreign funding and the ECP, on June 21, reserved the verdict in the case. (The News) | [Click for more info.](#)

NA speaker accepts resignation of 11 PTI members

Speaker National Assembly Raja Pervaiz Ashraf accepted the resignations of 11 members of the Pakistan Tehreek-e-Insaf (PTI). (BR) | [Click for more info.](#)

International News

Shares rally as markets bet on more gradual rate hikes

Asian stocks took their cue on Friday from a late rally on Wall Street, as markets focused on a possible slowdown in the pace of rate hikes rather than a U.S. recession after data showed its economy shrinking for a second straight quarter. (Reuters) | [Click for more info.](#)

Oil mixed as U.S. gasoline demand rebounds but recessionary fears loom

Oil prices were mixed on Thursday as concerns about a potential global recession that would knock energy demand offset lower U.S. crude inventories and a rebound in gasoline consumption. (Reuters) | [Click for more info.](#)

Research Team

research@abaalihabib.com

Aba Ali Habib Securities (Pvt) Limited
(021) 32429665, Ext. 106



Disclaimer

This report has been prepared by Aba Ali Habib Securities and is provided for information purposes only. Under no circumstances this is to be used or considered as an offer to sell or solicitation of any offer to buy. While reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time, Aba Ali Habib Securities and/or any of its officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. This report is provided only for the information of professional advisers who are expected to make their own investment decisions without undue reliance on this report. Investments in capital markets are subject to market risk and Aba Ali Habib Securities accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents.

In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors, who should seek further professional advice or rely upon their own judgment and acumen before making any investment. The views expressed in this report are those of Aba Ali Habib Securities' Research Department and do not necessarily reflect those of the company or its directors. Aba Ali Habib as a firm may have business relationships, including investment- banking relationships, with the companies referred to in this report. Aba Ali Habib Securities or any of its officers, directors, principals, employees, associates, close relatives may act as a market maker in the securities of the subject company, may have a financial interest in the securities of the subject company to an amount exceeding 1% of the value of the securities of the subject company, may serve or may have served in the past as a director or officer of the subject company, may have received compensation from the subject company for corporate advisory services, brokerage services or underwriting services or may expect to receive or intend to seek compensation from the subject company for the aforesaid services, may have managed or co-managed a public offering, take-over, buyback, delisting offer of securities or various other functions for the subject company.

All rights reserved by Aba Ali Habib Securities. This report or any portion hereof may not be reproduced, distributed or published by any person for any purpose whatsoever. Nor can it be sent to a third party without prior consent of Aba Ali Habib Securities. Action could be taken for unauthorized reproduction, distribution or publication.

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.

Analyst Certification ^{AC}

The research Analyst(s) hereby certify that the views about the company/companies and the security/securities discussed in this report accurately reflect his or her or their personal views and that s/he has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendation or views in this report. The analyst(s) is/are principally responsible for preparation of this research report and that s/he or his/her close relative/family member doesn't own 1% or more of a class of common equity securities of the following company/companies covered in this report.

THE TEAM

CEO

Zahid Ali Habib
Zahid@abaalihabib.com
(021) 32425022

RESEARCH TEAM

Contact: (021) 32429665, Ext. 106

Muhammad Ali - Research Analyst
Muhammadali@abaalihabib.com

Kainat Rohra- Research Analyst
Kainatrohra@abaalihabib.com

Ayesha Abid – Research Analyst
ayasha.abid@abaalihabib.com

SALES TEAM

Zaheer Ahmed - Head of Equity Sales & Business Dev.
Zaheer.ahmed@abaalihabib.com
(021) 32418693-94

Mr. Salman Naqvi - Head of Retail Sales
(021) 32431925

Fahed Fazal- Manager Equity Sales
Fahedfazal@abaalihabib.com
(021) 32431925

Syed Khalid Ahmed - Equity Trader
Syedkhalid@abaalihabib.com
(021) 32429664

Shoaib- Equity Trader
shoibqadri@abaalihabib.com
(021) 32429664

Muhammad Faisal - Equity Trader
faisal@abaalihabib.com
(021) 32464835

Karachi Office

Suite# 505, 5th Floor, Business Plaza,
Mumtaz Hussan Road, Off I.I. Chundrigar
Road, Karachi
Contact: 021-32429664-7
Cell: [+92 3312766771](tel:+923312766771)