



August 3,

MORNING BRIEFING

## Economy

### IMF official says country has met final pre-requisite

#### Economy | Neutral

Pakistan has met all prior conditions for the combined 7th and 8th review under the Extended Fund Facility (EFF) programme and the International Monetary Fund (IMF) Executive Board meeting is tentatively planned for late August. After the Board's approval, Pakistan will receive around \$1.177 billion. The agreement is subject to approval by the IMF's Executive Board. Subject to Board approval, about \$1,177 million (SDR 894 million) will become available, bringing total disbursements under the programme to about \$4.2 billion. (BR) | [Click for more info.](#)

### PKR gains 46 paise in interbank market as import bill expected to dip

#### Economy | Neutral

The rupee extended its gains in the interbank market for the third consecutive day on Tuesday, rising to 238 against the dollar. The local currency, which closed at 238.84 yesterday, gained 84 paise by 10:33am, according to the Forex Association of Pakistan (FAP). According to the State Bank of Pakistan (SBP), the rupee closed at 238.38, up 46 paise, or 0.19 per cent. (Dawn) | [Click for more info.](#)

### Trade deficit shrinks by 46.77% MoM in July: PBS

#### Economy | Positive

Pakistan's merchandise trade deficit for the month of July 2022 clocked in at \$2.64 billion compared to a deficit of \$4.96bn in the preceding month, narrowed by 46.77% MoM, latest data issued by Pakistan Bureau of Statistics showed today. (Mettis) | [Click for more info.](#)

### SBP measures to stave off economic crisis

#### Economy | Neutral

State Bank of Pakistan (SBP) acting governor Dr Murtaza Syed said the central bank has taken tough measures to help stave off an economic crisis and stabilise battered rupee. (The News) | [Click for more info.](#)

## Oil & Gas

### Cabinet yet to approve hike in gas rates

#### Gas | Neutral

The federal cabinet has not yet approved the recommendation to raise gas rates approved by the Economic Coordination Committee (ECC) of the Cabinet. The ECC held on 8 July partially approved the hike in gas tariff for different slabs ranging from 43 to 353 percent and reduced the slabs from seven to five. The federal cabinet is expected to take up the matter shortly, informed sources told. (BR) | [Click for more info.](#)

### Jul 2022 oil sales lowest since Feb 2021

#### Oil | Negative

Pakistan oil sales commenced FY23 with a decline of 26 percent on month-on-month basis to clock in at 1.44 million tons in July 2022. The oil sales in July 2022 are the lowest since February 2021. (BR) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	27,841.6	27,898.3	56.8	0.2%
KSE100	40,076.0	40,191.6	115.7	0.3%
KSE30	15,189.7	15,247.8	58.1	0.4%
KMI30	65,281.5	65,688.4	407.0	0.6%

### Top Five Gainers

	Open	Close	Chg.	%
AWTX	3,138.3	3,373.5	235.2	7.5%
COLG	2,149.5	2,310.7	161.2	7.5%
BATA	2,010.0	2,150.0	140.0	7.0%
MEHT	879.6	900.0	20.4	2.3%
ATLH	341.0	360.0	19.0	5.6%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
TPLP	17.8	19.0	1.2	35.09
AGL	7.6	8.1	0.5	22.63
PRL	15.3	16.1	0.8	13.18
CNERGY	4.8	4.9	0.1	9.39
GGL	15.5	16.0	0.5	9.19

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	-0.02	-0.02
F-Corporates	0.33	-0.55	-0.23
O/S Pakistanies	1.60	-1.50	0.10
<b>Net</b>	<b>1.93</b>	<b>-2.06</b>	<b>-0.14</b>
LIPI			
Individuals	16.68	-16.76	-0.08
Companies	1.43	-1.31	0.12
Comm. Banks	0.84	-0.39	0.45
NBFC	0.03	-0.02	0.01
Mutual Funds	1.31	-1.80	-0.49
Other	0.27	-0.27	0.00
Brokers Proprietary	7.15	-7.01	0.14
Insurance	0.05	-0.33	-0.29
<b>Net</b>	<b>27.75</b>	<b>-27.89</b>	<b>-0.14</b>

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	94.42	0.6%
Brent oil	USD/bbl.	100.54	0.4%
Gold	USD/t oz.	1761.29	-0.6%
Silver	USD/t oz.	19.99	-1.8%
Coal	USD/ton	320.35	-0.7%
Steel Scrap (LME)	USD/ton	364.00	0.6%
Steel Rebar (LME)	USD/ton	625.00	-0.6%
USD/PKR	Interbank	6.60	0.9%

News Source: Local / Int'l Newspapers and websites

Research Team

[research@abaalihabib.com](mailto:research@abaalihabib.com)

Aba Ali Habib Securities (Pvt) Limited

(021) 32429665, Ext. 106



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**Ministry agrees to increase OMCs margin on MS, HSD OMCs | Positive**

The Ministry of Energy has partially accepted a demand of the oil marketing companies (OMCs) for increasing their margins on sale of petroleum products, officials said on Tuesday. Source in petroleum division said an increase in OMC's margin to Rs6 per litre on the motor spirit and high-speed diesel was agreed at a meeting between senior ministry officials and industry representatives held in Islamabad on Tuesday. (The News) | [Click for more info.](#)

**GO to launch fueling service**

**Oil | Neutral**

Gas & Oil Pakistan Ltd. (GO) is planning to roll out an innovative fuel station concept "goLink" across Pakistan that would enable motorists' easy access and convenient fueling services in their direct vicinity, a statement said on Tuesday. (The News) | [Click for more info.](#)

**Power**

**Over Rs129bn PHL loans; MoF asks PD to engage lenders for rescheduling**

**Power | Neutral**

The Finance Ministry has advised the Power Division to engage lenders for rescheduling of Rs129.310 billion loans of Power Holding Limited (PHL) as fiscal constraints do not allow it to pay the principal amount, well-informed sources told. (BR) | [Click for more info.](#)

**K-Electric newly inducted 450 MW goes offline after gas turbine fault**

**KEL | Negative**

As per a statement by K-Electric, "The development arose during testing being performed by Siemens AG as part of the final stages of commissioning. Representatives from the Siemens AG and Harbin Electric International, the contractor's consortium, immediately initiated assessment. (Augaf) | [Click for more info.](#)

**Autos**

**Sazgar Announces a Shocking Price Hike for Haval H6**

**SAZEW | Positive**

Sazgar Engineering Works Limited (SEWL) has announced a massive increase in the price of Haval H6. Both variants of the SUVs are locally assembled and were affected by the ongoing dollar rate hike. (Propakistani) | [Click for more info.](#)

**Cement**

**Cement sales plunge 47.7pc on construction slowdown**

**Cement | Negative**

The country's overall cement despatches – local sales and exports – declined by 47.7 per cent in July to 2.009 million tonnes, down from 3.899m tonnes a year ago. (Dawn) | [Click for more info.](#)

**World Indices**

	Last	Chg.	Chg. %
PAK (KSE-100)	40,191.6	115.65	0.29%
PHILP - PSEI	6,362.3	50.27	0.80%
INDIA - SENSEX	58,136.4	20.86	0.04%
INDONESIA - IDX	6,988.2	19.37	0.28%
US - S&P 500	4,091.2	-27.44	-0.67%
KSA - Tadawul	12,310.6	-28.32	-0.23%
CHINA - Shanghai	3,186.3	-73.69	-2.26%
Taiwan - TWII	14,747.2	-234.46	-1.56%
US - Dow 30	32,396.2	-402.23	-1.23%
HK - Hang Seng	19,689.2	-476.63	-2.36%

**Board Meetings**

Scrip	Day	Agenda	Time
UBL	Wednesday	HYA/c for 30Jun22	9:30 AM
SKRS	Wednesday	Ann A/c for 30Sep21	5:00 PM
MARI	Thursday	Ann A/c for 30Jun22	9:30 AM
EPQL	Thursday	HYA/c for 30Jun22	10:00 AM
CEPB	Thursday	Ann A/c for 30Jun22	3:00 PM
LUCK	Friday	Ann A/c for 30Jun22	11:30 AM
LOTCEM	Friday	Ann A/c for 30Jun22	12:00 PM

Source: PSX

Research Team

[research@abaalihabib.com](mailto:research@abaalihabib.com)

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## Banks

**NBP Funds achieves another milestone**

**NBP | Positive**

NBP Fund Management Limited (NBP Funds) announced that it had achieved a new milestone of managing over Rs 20,000 crores (Rs 200 billion) of investors' savings as of July 31st, 2022. (BR) | [Click for more info.](#)

**SBP ask banks to expedite payments under Mera Pakistan Mera Ghar scheme**

**Banks | Neutral**

State Bank of Pakistan asked all banks to expedite disbursement of approved cases under Mera Pakistan Mera Ghar scheme as advised earlier by the Central Bank. (Augaf) | [Click for more info.](#)

**SBP Slaps Rs. 131.4 Million Fine on 3 Major Banks**

**HBL, JSBL, BOP | Negative**

According to the notification, the central bank has imposed JS Bank a heavy penalty of Rs. 85.14 million on the violation of regulatory instructions pertaining to CDD/KYC, asset quality, FX, and general banking operations. Habib Bank Limited (HBL) has been imposed a penalty of Rs. 29 million for the violation of regulatory instructions pertaining to CDD/KYC. Bank of Punjab (BOP) was hammered with a penalty of Rs. 17.24 million for violation of regulatory instructions pertaining to CDD/KYC. (Propakistani) | [Click for more info.](#)

**SBP introduces two separate categories of forex, PKR accounts**

**Banks | Neutral**

In order to facilitate the business entities incorporated abroad with majority shareholding of non-resident Pakistanis, the State Bank of Pakistan (SBP) has introduced two separate categories of foreign currency and Pak rupee accounts namely Foreign Currency Business Value Account (FCBVA) and Non-Resident Rupee Business Value Account (NRBVA). (BR) | [Click for more info.](#)

## Textile

**Pakistan's textile exports dip 10% in July as energy woes bite:**

**APTMA**

**Textile | Negative**

Pakistan's textile exports clocked in at a provisional \$1.54 billion, a drop of 10%, in July 2022 compared to \$1.71 billion in June 2022, stated the All Pakistan Textile Mills Association (APTMA) on Tuesday. On a yearly basis, textile exports were up 5%, compared to \$1.47 billion recorded in July 2021, showed the provisional data released by APTMA. In July 2022, the percentage of textile exports in total exports reached 66%, it added. (BR) | [Click for more info.](#)

**Nishat Chunia to transfer NCPL's shares to its shareholders**

**NCL | Neutral**

The management of Nishat (Chunia) Limited (PSX: NCL) shall transfer to its members the Nishat Chunia Properties (NCPL)'s shares owned by it in the ratio of 0.78 shares of NCPL for one fully paid-up share of NCL, the company filing on PSX showed today. (Mettis) | [Click for more info.](#)

Research Team

[research@abaalihabib.com](mailto:research@abaalihabib.com)

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## Miscellaneous

**After 22 months, exports tumble 24pc in July**

**Economy | Negative**

The country's exports of merchandise entered a negative growth in July after 22 months when the economy recovered from the impact of Covid-19. The export proceeds fell 5.17 per cent to \$2.21 billion in the first month of the current fiscal year from \$2.34bn in the corresponding month last year, data from the Pakistan Bureau of Statistics showed on Tuesday. (Dawn) | [Click for more info.](#)

**Govt may sell off 5 to 10 MHz spectrum**

**Technology | Neutral**

The government is exploring options to sell off 5 to 10 megahertz (MHz) spectrum in an auction in order to fetch \$150 to \$300 million into the national kitty. (The News) | [Click for more info.](#)

**CCP to Initiate Legal Proceedings Against Dairy Companies for Selling Frozen Desserts Under Ice Cream Category**

**UPFL, FCEPL | Negative**

The Competition Commission of Pakistan (CCP) has decided to initiate legal proceedings against two leading dairy companies for committing deceptive marketing practices by disseminating misleading information of selling frozen desserts under the category of ice cream. The CCP has compiled an enquiry report which recommended action against Unilever Pakistan and FrieslandCampina Engro Pakistan Limited. (Propakistani) | [Click for more info.](#)

**Omani group interested in investing in railway, power projects of Pakistan**

**Economy | Neutral**

Board of Investment (BoI) on Tuesday has claimed that an Omani group, which is interested in developing railway infrastructure in Pakistan, is ready to invest at least \$2.3 billion on the 1,087 Km railway line between Gwadar and Jacobabad. (PT) | [Click for more info.](#)

## International News

**Fed Views Boost Yields, Dollar as Haven Bid Ebbs: Markets Wrap**

Stocks in Asia look set for a steadier session Wednesday as anxiety over US-China tension eases a little, though a surge in bond yields and the dollar on hawkish Federal Reserve views may keep the mood cautious. (Bloomberg) | [Click for more info.](#)

**Oil edges up ahead of OPEC meeting despite recession worries**

Oil futures edged up less than 1% on Tuesday ahead of a meeting of OPEC+ producers this week that may not lead to a further boost in crude supply amid concerns a possible global recession could limit energy demand. (Reuters) | [Click for more info.](#)

Research Team

[research@abaalihabib.com](mailto:research@abaalihabib.com)

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



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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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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](mailto:Zahid@abaalihabib.com)  
(021) 32425022

### RESEARCH TEAM

**Contact:** (021) 32429665, Ext. 106

Muhammad Ali - Research Analyst  
[Muhammadali@abaalihabib.com](mailto:Muhammadali@abaalihabib.com)

Kainat Rohra- Research Analyst  
[Kainatrohra@abaalihabib.com](mailto:Kainatrohra@abaalihabib.com)

Ayesha Abid – Research Analyst  
[ayasha.abid@abaalihabib.com](mailto:ayasha.abid@abaalihabib.com)

### SALES TEAM

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

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

Fahed Fazal- Manager Equity Sales  
[Fahedfazal@abaalihabib.com](mailto:Fahedfazal@abaalihabib.com)  
(021) 32431925

Syed Khalid Ahmed - Equity Trader  
[Syedkhalid@abaalihabib.com](mailto:Syedkhalid@abaalihabib.com)  
(021) 32429664

Shoaib- Equity Trader  
[shoibqadri@abaalihabib.com](mailto:shoibqadri@abaalihabib.com)  
(021) 32429664

Muhammad Faisal - Equity Trader  
[faisal@abaalihabib.com](mailto:faisal@abaalihabib.com)  
(021) 32464835

### Karachi Office

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