



August 22,

MORNING BRIEFING

## Economy

### Electronic asset declaration system on the cards

#### Economy | Positive

For transparency and accountability, an electronic asset declaration system will be set up through which movable and immovable assets of the bureaucracy abroad would be made public. Citizens will also be able to access the declaration of the assets of the members of parliament. Besides, the assets possessed by the wives and children of grade-17 to grade-22 employees would also be made public. (ET) | [Click for more info.](#)

### Pakistan 'over-financed': SBP acting governor

#### Economy | Positive

State Bank of Pakistan (SBP) Acting Governor Dr Murtaza Syed on Friday said that Pakistan is "over-financed," thanks to the recently secured \$4 billion of additional financing commitments from friendly countries. Dr Syed said the International Monetary Fund programme has ensured that the country's financing needs will be fully met over the next 12 months. (Dawn) | [Click for more info.](#)

### SBP says forex reserves, currency, current account under temporary pressure

#### Economy | Neutral

Central bank's acting governor Dr Murtaza Syed said on Friday pressures on forex reserves, currency and current account are temporary and are being forcefully addressed through proactive and concerted policy measures. (The News) | [Click for more info.](#)

### SBP may keep policy rate on hold

#### Economy | Neutral

Pakistan's central bank is scheduled to review the current state of the economy and announce its key policy rate on Monday. Financial experts have developed consensus that the bank will maintain the rate at the current level of 15% for the next seven weeks. (ET) | [Click for more info.](#)

### Govt allows luxury items with revised tariff

#### Economy | Neutral

Federal Minister for Finance Miftah Ismail has said that the Tariff Policy Board would soon come up with imposition of regulatory duty on luxury and non-essential imported items. The federal minister said that it would ensure that our limited foreign exchange was spent on essential items and not on luxury goods. Miftah Ismail said in order to meet with international obligations, the government has issued an SRO to reverse the ban on import of luxury items. The goods stuck at the ports would gradually be released with penalty surcharge of up to 100 percent of assessed value. (The News) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	29,776.3	29,650.8	-125.5	-0.4%
KSE100	43,481.5	43,270.7	-210.8	-0.5%
KSE30	16,475.6	16,398.7	-77.0	-0.5%
KMI30	71,571.0	71,313.4	-257.6	-0.4%

### Top Five Gainers

	Open	Close	Chg.	%
SIEM	705.0	750.0	45.0	6.4%
SCL	282.0	303.1	21.1	7.5%
GATI	381.4	400.0	18.7	4.9%
INDU	1,000.3	1,014.2	13.9	1.4%
DYNO	203.5	215.0	11.5	5.6%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
HASCOL	6.3	6.9	0.6	71.46
PRL	19.9	19.8	-0.1	19.46
BOP	5.8	6.0	0.2	19.14
CNERGY	5.9	5.8	0.0	18.38
WTL	1.4	1.5	0.0	17.80

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	-0.01	0.00
F-Corporates	0.22	-1.46	-1.24
O/S Pakistanies	1.85	-1.44	0.41
<b>Net</b>	<b>2.07</b>	<b>-2.90</b>	<b>-0.83</b>
LIPI			
Individuals	25.89	-25.59	0.30
Companies	2.79	-1.86	0.93
Comm. Banks	3.36	-1.23	2.13
NBFC	0.04	-0.04	0.00
Mutual Funds	1.59	-4.22	-2.63
Other	0.75	-0.54	0.21
Brokers Proprietary	6.45	-6.38	0.07
Insurance	0.13	-0.30	-0.16
<b>Net</b>	<b>41.00</b>	<b>-40.17</b>	<b>0.83</b>

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	90.77	0.3%
Brent oil	USD/bbl.	96.72	0.2%
Gold	USD/t oz.	1747.06	-0.6%
Silver	USD/t oz.	19.05	-2.1%
Coal	USD/ton	333.25	1.7%
Steel Scrap (LME)	USD/ton	384.00	-0.4%
Steel Rebar (LME)	USD/ton	642.00	-0.5%
USD/PKR	Interbank	6.02	-1.1%

News Source: Local / Int'l Newspapers and websites

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## Fixed ST via power bills suspended

### Economy | Neutral

Prime Minister Shehbaz Sharif on Saturday immediately suspended fixed sales tax collection through electricity bills and ordered the formulation of a new mechanism in this regard. (ET) | [Click for more info.](#)

## Pakistan mulls taking upfront cost

### Economy | Neutral

Pakistan is reviewing a proposal to receive upfront 20% of the total cost of five China-Pakistan Economic Corridor (CPEC) projects as deposits in the central bank in a bid to get breathing space amid declining foreign exchange reserves. As per the proposal, Pakistan can receive at least \$1.4 billion in its central bank out of the total cost of \$7 billion. (ET) | [Click for more info.](#)

## Budget deficit hits Rs5.3tr, debt servicing Rs3.18tr

### Economy | Negative

Despite ballooning economic size after rebasing national accounts, Pakistan's budget deficit escalated to a historic height by touching Rs 5.259 trillion, equivalent to 7.9 per cent of Gross Domestic Product, in the last fiscal year. (The News) | [Click for more info.](#)

## Inflation breaks record as SPI exceeds 42%

### Economy | Negative

As Pakistan continues to reel through political and economic instability, inflation is consistently on the rise with the Sensitive Price Index (SPI) showing an increase of 3.35 per cent in the week that ended on August 18. Shattering old records, the year-on-year increase went up to 42.31 per cent. (ET) | [Click for more info.](#)

## Foreign currency shortage hits open market

### Economy | Negative

After a long time, the open market is running short of US dollars, which increased the price compared to the interbank rate of the greenback. The Forex Association of Pakistan reported the dollar traded at a price of Rs218 in the open market on Saturday, while the inter-bank dollar rate was Rs214.65 on Friday. (Dawn) | [Click for more info.](#)

## Oil & gas

### Govt okays major changes to LNG policy

#### Gas | Positive

Ahead of Prime Minister Shehbaz Sharif's visit to Doha next week, the Economic Coordination Committee (ECC) of the Cabinet on Friday approved major changes to the Liquefied Natural Gas (LNG) Policy to remove restrictions on upcoming private sector LNG terminals to provide their part capacity to the government. (Dawn) | [Click for more info.](#)

## Gas pipeline washed away in Bolan flood

### SSGC | Neutral

The gas supply to several parts of Balochistan was cut off after the gushing floodwater washed away a dispatch main line in Bolan, reported Sui Southern Gas Company (SSGC) on Friday. (ET) | [Click for more info.](#)

World Indices			
	Last	Chg.	Chg. %
PHILP - PSEi	6,863.9	39.23	0.57%
Taiwan - TWII	15,408.8	12.02	0.08%
HK - Hang Seng	19,773.0	9.12	0.05%
INDONESIA - IDX	7,172.4	-14.13	-0.20%
CHINA - Shanghai	3,258.1	-19.46	-0.59%
US - S&P 500	4,228.5	-55.26	-1.29%
KSA - Tadawul	12,554.5	-67.23	-0.53%
PAK (KSE-100)	43,270.7	-210.85	-0.48%
US - Dow 30	33,706.7	-292.30	-0.86%
INDIA - SENSEX	59,646.2	-651.85	-1.08%

Board Meetings			
Scrip	Day	Agenda	Time
JGICL	Monday	HY A/c for 30Jun22	10:00 AM
PICT	Monday	HY A/c for 30Jun22	11:15 AM
SBL	Monday	HY A/c for 30Jun22	2:00 PM
INIL	Monday	Ann A/c for 30Jun22	3:00 PM
JSGCL	Monday	HY A/c for 30Jun22	3:00 PM
SMBL	Tuesday	HY A/c for 30Jun22	10:30 AM
GSKCH	Tuesday	HY A/c for 30Jun22	11:00 AM
NPL	Tuesday	Ann A/c for 30Jun22	11:00 AM
EFUG	Tuesday	HY A/c for 30Jun22	11:30 AM
KSBP	Tuesday	HY A/c for 30Jun22	11:45 AM
HASCOL	Tuesday	Multiple Periods	12:00 PM
GLAXO	Tuesday	HY A/c for 30Jun22	1:00 PM
DAWH	Tuesday	HY A/c for 30Jun22	3:00 PM
NEXT	Tuesday	Ann A/c for 30Jun22	3:45 PM
CYAN	Tuesday	HY A/c for 30Jun22	4:30 PM
JSBL	Wednesday	HY A/c for 30Jun22	10:30 AM
ALAC	Wednesday	HY A/c for 30Jun22	11:00 AM
CSAP	Wednesday	Ann A/c for 30Jun22	11:00 AM
TPLI	Wednesday	HY A/c for 30Jun22	11:00 AM
ALIFE	Wednesday	HY A/c for 30Jun22	11:30 AM
PIAA	Wednesday	HY A/c for 30Jun22	11:45 AM
BAHL	Wednesday	HY A/c for 30Jun22	12:00 PM
ASIC	Wednesday	HY A/c for 30Jun22	2:00 PM
JLICL	Wednesday	HY A/c for 30Jun22	2:00 PM
CPPL	Wednesday	Ann A/c for 30Jun22	3:00 PM
FCEPL	Wednesday	HY A/c for 30Jun22	3:30 PM
CSIL	Wednesday	HY A/c for 30Jun22	4:00 PM
IGIL	Wednesday	HY A/c for 30Jun22	4:00 PM
PIL	Wednesday	HY A/c for 30Jun22	4:00 PM
SCBPL	Wednesday	HY A/c for 30Jun22	4:00 PM

Source: PSX

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## UFG losses rates on RLNG distribution reinstated

**SSGC, SNGP | Neutral**

The government has reinstated the rates of Unaccounted for Gas (UFG) losses on the distribution of RLNG (Regasified Liquid Natural Gas) to pre-August 2020 levels. According to the Oil and Gas Regulatory Authority's (OGRA) latest notified prices of RLNG for August, the rates of UFG losses of gas companies i.e., the Sui Northern Pipelines Limited (SNGPL) and the Sui Southern Gas Company (SSGC) now stand at over 7.86 percent and 12.32 percent respectively. The UFG rates were reduced on RLNG distribution network to a unified 6.9 percent for PSO imports and 6.7 percent for PLL imports, from nearly 12 percent for the distribution network of the SNGP and 18 percent for the SSGC in August 2020. (BR) | [Click for more info.](#)

## Public transport; OGRA extends ban on LPG as fuel

**BPL | Neutral**

The Oil and Gas Regulatory Authority (OGRA) has extended the ban on the use of LPG as fuel in public transport and letters have been issued to all chief secretaries of the provinces. Liquefied Petroleum Gas (LPG) as fuel in public transport is the reason behind blasts which continue unabated despite a ban imposed by the OGRA. (BR) | [Click for more info.](#)

## Power

### FCA for July; CPPA-G seeks Rs4.70 per unit hike in Discos' tariffs

**Power, Discos | Neutral**

The Central Power Purchasing Agency-Guaranteed (CPPA-G) has sought an increase of Rs 4.70 per unit in Discos' tariffs for July 2022 under monthly Fuel Charges Adjustment (FCA), due to higher cost of imported coal, RFO, RLNG and HSD. The proposed FCA of Rs 4.70 per unit for July 2022 is less compared to FCA of Rs 9.90 per unit in June, showing a reduction of over Rs 5 per unit mainly due to higher generation from hydel resources. (BR) | [Click for more info.](#)

### NEPRA imposes Rs50m fine on power firm

**Power | Neutral**

The National Electric Power Regulatory Authority (Nepra), while taking cognisance of the power breakdown which plunged the whole country into darkness, has imposed a fine of Rs50 million on the Central Power Generation Company Limited (CPGCL) on account of negligence by the management of Guddu Power Plant, according to a press release issued on Friday. (ET) | [Click for more info.](#)

### Import value of Afghanistan coal fixed at USD140/mt

**Power | Neutral**

Directorate General of Customs Valuation Karachi has fixed US\$140 Per Metric Ton (PMT) as import value of Afghan-origin coal imported into Pakistan via land-borders Custom stations. (BR) | [Click for more info.](#)

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## Installed power generation capacity stands at 38,906MW

**Power | Neutral**

The installed power generation capacity of National Transmission and Despatch Company (NTDC) from various sources, including hydel, thermal, nuclear and renewable, stands at 38,906 megawatts (MW). (Nation) | [Click for more info.](#)

## Autos

**Lucky Motor to maintain prices**

**LUCK | Neutral**

Lucky Motor Corporation has announced not to jump on the bandwagon of reducing prices of its vehicles. The company maintains that its price hike came after a long period unlike other industry players who increase prices regularly and then decrease them by only a small margin. (ET) | [Click for more info.](#)

## Miscellaneous

**Spectrum auction to drive economic growth**

**Telecom | Neutral**

The number of telecom users is on an upward trajectory than ever before in the past. As a consequence, companies require more spectrum in order to preserve and enhance user experience. (ET) | [Click for more info.](#)

**Govt likely to allocate band of 700 MHz**

**Telecom | Neutral**

The government is likely to allocate the band of 700 MHz for adoption of 5G services in the country. The Ministry of Information Technology and Telecommunication has evaluated the following bands for adoption of 5G services as low bands, mid bands and high bands: (a) 700 MHz; (b) 2.3 GHz; (c) 2.6 GHz; (d) 3.5 GHz; (e) Milli8meter wave bands; (f) C-Band (3.6-4.2) GHz and (g) Unlicensed Backhaul Frequency bands (P2P & P2MP). (BR) | [Click for more info.](#)

**Tarbela Dam attains maximum capacity**

**Fertilizer, Power, Textile | Neutral**

The country's major water reservoir, Tarbela Dam, on Saturday attained its maximum capacity of holding water, indicating that there will be enough water available for irrigation of crops in the coming Rabi (winter) season. The filling of the dam to its maximum level would also help generate maximum low-cost electricity, thus curtailing price pressure on power consumers. (The News) | [Click for more info.](#)

**Modaraba regulations amended**

**Modaraba | Neutral**

The regulator allowed Modarabas to engage in real-estate business, simplified requirements for reserve funds following the withdrawal of tax incentives, aligned the time period for filling casual vacancies with the Companies Act, 2017, and created an enabling provision to impose penalties for violations of provisions of the Modaraba Regulations, 2021. (The News) | [Click for more info.](#)

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## Export strategy for 10 priority sectors unveiled

**Economy | Neutral**

The strategy is part of the Strategic Trade Policy Framework 2020-25, approved in November last year and identified 18 priority sectors with guidelines to develop sector-specific policy measures to promote their exports. The NPSES focuses on 10 of the 18 STPF priority sectors, including engineering goods, leather, processed food and beverages, fruits and vegetables, meat and poultry, pharmaceuticals, software development and services, business process outsourcing, logistics and inst. coordination. (Dawn) | [Click for more info.](#)

## Pakistan to negotiate transit deal

**Economy | Neutral**

In a bid to diversify export markets, Pakistan is negotiating a transit trade agreement with Kazakhstan and Tajikistan. Pakistan has traditionally depended on the export markets of the Middle East, United States and European Union (EU). However, Central Asian states offer a big potential for exports, which remains an untapped market for Pakistan. (ET) | [Click for more info.](#)

## Political News

### PTI asks supporters to take to streets amid possibility of Imran's arrest

Leaders of the Pakistan Tehreek-e-Insaf (PTI) have asked party workers and supporters to take to the streets to protest against the possible arrest of former prime minister and party chief Imran Khan. (ET) | [Click for more info.](#)

## International News

### Stocks, US Futures Drop as Fed Outlook Takes Toll: Markets Wrap

Stocks fell along with US equity futures Monday on escalating threats to global economic growth, in particular the Federal Reserve's commitment to tighter monetary settings to quell inflation. (Bloomberg) | [Click for more info.](#)

### Oil falls on concerns economic slowdown may dent fuel demand

Oil prices fell on Monday, ending three days of gains, on fears aggressive U.S. interest rate hikes may lead to a global economic slowdown and dent fuel 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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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.

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