

September 8, 2022

## Economy

### Germany pledges Rs2.91bn for flood victims

#### Economy | Positive

The German Federal Minister for Economic Cooperation and Development, Svenja Schulze, Wednesday phoned Federal Climate Change Minister Senator Sherry Rehman and pledged Germany's support of €13 million (Rs2.91 billion) for Pakistan in this challenging time. (BR) | [Click for more info.](#)

### Govt raises Rs817bn via T-bills

#### Economy | Neutral

The government has raised Rs817 billion through an auction of the Market Treasury Bills (T-bills), with yields on 6 and 12 months' papers increasing slightly, a statement said on Wednesday. (The News) | [Click for more info.](#)

### Forex disclosure by inbound travellers brings rupee under stress

#### Economy | Negative

Amid the declining rupee value, the Ministry of Finance and the Federal Board of Revenue (FBR) expressed their ignorance about the declaration of foreign currency by international passengers on arrival in Pakistan on the orders of the Civil Aviation Authority (CAA) that further brought local currency under stress. (Dawn) | [Click for more info.](#)

### Dollar gains another Rs2

#### Economy | Negative

The US dollar kept its domination in both interbank and open markets showing its growing strength against the rupee on Wednesday. The closing price of the dollar appreciated by Rs2 to Rs223.42 in the interbank market raising concerns for the stakeholders. (Dawn) | [Click for more info.](#)

## Oil & Gas

### Emerging OMCs seek CCP role in deregulation of fuels

#### Oil | Neutral

Emerging oil marketing companies (OMCs) have recommended the top regulator to bring Competition Commission of Pakistan (CCP) on board for the deregulation of the oil sector to ensure a level-playing field for all the players in the market. (The News) | [Click for more info.](#)

## Power

### High electricity production cost, line losses

#### Power | Negative

Finance Minister Miftah Ismail has ruled out the possibility of zero load-shedding in the country in the near future due to the high cost of electricity production as well as higher line losses and low recovery of billed amount. The finance minister stated that zero load-shedding in the country would increase the per unit cost of electricity to Rs60 per unit and make it impossible for the consumers to endure fuel charge adjustments (FCA). (BR) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	28,731.9	28,681.6	-50.4	-0.2%
KSE100	41,860.4	41,766.1	-94.3	-0.2%
KSE30	15,750.8	15,709.3	-41.5	-0.3%
KMI30	69,195.8	68,994.3	-201.5	-0.3%

### Top Five Gainers

	Open	Close	Chg.	%
PRET	844.0	892.9	48.9	5.8%
COLG	2,336.3	2,385.0	48.7	2.1%
SIEM	685.0	720.0	35.0	5.1%
GATI	375.3	400.0	24.7	6.6%
TICL	240.8	258.9	18.1	7.5%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
HASCOL	7.1	6.9	-0.1	8.63
PRL	17.9	18.0	0.0	6.24
CNERGY	5.1	5.2	0.1	4.82
UNITY	22.2	21.6	-0.6	3.94
TPLP	18.3	18.1	-0.1	3.88

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	0.16	-0.15	0.01
O/S Pakistanies	0.94	-0.83	0.12
<b>Net</b>	<b>1.11</b>	<b>-0.97</b>	<b>0.13</b>
LIPI			
Individuals	12.26	-11.68	0.58
Companies	0.69	-0.34	0.35
Comm. Banks	0.65	-0.61	0.04
NBFC	0.01	0.00	0.01
Mutual Funds	1.28	-2.50	-1.22
Other	0.10	-0.05	0.06
Brokers Proprietary	2.99	-3.05	-0.06
Insurance	0.23	-0.13	0.10
<b>Net</b>	<b>18.22</b>	<b>-18.35</b>	<b>-0.13</b>

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	81.94	-5.7%
Brent oil	USD/bbl.	87.53	-5.7%
Gold	USD/t oz.	1718.41	1.0%
Silver	USD/t oz.	18.45	2.5%
Coal	USD/ton	342.00	-3.1%
Steel Scrap (LME)	USD/ton	373.00	1.4%
Steel Rebar (LME)	USD/ton	675.00	1.0%
USD/PKR	Interbank	6.09	-0.8%

News Source: Local / Int'l Newspapers and websites

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MORNING BRIEFING

## KE consumers; PD suggests Rs1.52 per unit surcharge

**KEL | Positive, Power | Negative**

The Power Division has proposed imposition of surcharge at Rs 1.52 per unit on consumers of K-Electric (KE) to recover an amount of Rs 204 billion as pending Quarterly Tariff Adjustments (QTAs) in 12 months, well-informed sources told. (BR) | [Click for more info.](#)

## Valuation exercise for power plants

**Power | Neutral**

The Cabinet Committee on Privatisation (CCoP) has allowed the reengagement of a financial advisor for the valuation exercise for the sale of two power plants parked under the National Power Parks Management Company Limited (NPPMCL). (BR) | [Click for more info.](#)

## Private sector in management of Discos

**Discos | Neutral**

The Privatisation Commission (PC) has sought some actions from the government to streamline participation of private sector in management of Discos and also to hand over some companies to provinces, well-informed sources told. (BR) | [Click for more info.](#)

## Banks

### Govt assures IMF of placing 2 banks in 'resolution' by March 2023

**SILK, SMBL | Negative**

The government has promised the International Monetary Fund (IMF) that two banks would be placed into "resolution" by May 2023 if they did not finish the first phase of their recapitalisation plan by March of that year. If this occurs, these banks might be next to undergo a forced restructuring or perhaps be completely sold off, similar to what happened to KASB Bank in 2015. Although the names of the two institutions were not mentioned, it was obvious that Silkbank and Summit Bank were being discussed. (The News) | [Click for more info.](#)

## Miscellaneous

### Matco Foods to further invest up to Rs50mn in Barentz Pakistan

**MATCO | Positive**

The Board of Directors of Matco Foods (MFL) have resolved to further invest up to Rs50 million as loan in Barentz Pakistan (Private) Limited (BPPL), in order to meet its working capital requirements / operational expenses, company's filing at bourse showed today. Barentz Pakistan (Private) Limited is an associated company of MFL. Following the aforesaid transaction, the total investment of MFL in BPPL will increase to Rs100 million. (Mettis) | [Click for more info.](#)

### Release of sales tax refunds

**Textile | Negative**

Delay in release of sales tax refunds have left the value-added textile exporters "annoyed", which they said, has also caused them financial hardships and liquidity crunch. (BR) | [Click for more info.](#)

## World Indices

	Last	Chg.	Chg. %
US - Dow 30	31,581.3	435.98	1.40%
US - S&P 500	3,979.9	71.68	1.83%
CHINA - Shanghai	3,246.3	2.84	0.09%
INDONESIA - IDX	7,186.8	-46.40	-0.64%
PAK (KSE-100)	41,766.1	-94.31	-0.23%
KSA - Tadawul	11,863.8	-130.91	-1.09%
PHILP - PSEi	6,554.1	-155.52	-2.32%
HK - Hang Seng	19,044.3	-158.43	-0.83%
INDIA - SENSEX	59,028.9	-168.08	-0.28%
Taiwan - TWII	14,410.1	-267.15	-1.82%

## Board Meetings

Scrip	Day	Agenda	Time
FDIBL	Thursday	ANN A/c for 30Jun22	1:00 PM
NATF	Thursday	ANN A/c for 30Jun22	3:00 PM
SSGC	Friday	HY A/c for 31Dec21	11:00 AM
RUPL	Friday	ANN A/c for 30Jun22	11:00 AM
SSGC	Friday	HY A/c for 30Jun22	11:00 AM
WTL	Friday	1QA/c for 31Mar22	11:30 AM
THALL	Friday	ANN A/c for 30Jun22	3:30 PM
FNBM	Friday	ANN A/c for 30Jun22	5:00 PM
MSCL	Monday	ANN A/c for 30Jun22	11:00 AM
ARM	Monday	ANN A/c for 30Jun22	2:00 PM
MERIT	Monday	ANN A/c for 30Jun22	3:00 PM

Source: PSX

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MORNING BRIEFING

## Flour, fresh milk prices raised again

### Economy | **Negative**

Already struggling to survive amid unprecedented inflationary pressures, consumers were given a new price shock by wheat flour millers and fresh milk retailers on Wednesday. The new rate of the 10kg flour bag has been fixed at Rs995 as compared to Rs945. A litre of fresh milk now costs Rs180 per litre after an increase of Rs10. (Dawn) | [Click for more info.](#)

## US OKs possible sale of F-16 equipment to Pakistan

### Economy | **Neutral**

The US State Department has approved the potential sale of F-16 aircraft sustainment and related equipment to Pakistan in a deal valued at up to \$450 million, the Pentagon said on Wednesday. The principal contractor will be Lockheed Martin Corp, the Pentagon said. (BR) | [Click for more info.](#)

## Political News

### All past military appointments on merit, save one or two: Asif

Defence Minister Khawaja Asif on Wednesday said that “barring one or two exceptions”, all prior appointments in the armed forces were made on merit. (ET) | [Click for more info.](#)

### Islamabad court extends Imran Khan’s bail till Sept 27

A district and sessions court in Islamabad extended on Wednesday the interim bail of former prime minister and Pakistan Tehreek-e-Insaf (PTI) Chairman Imran Khan in the case registered against him on charges of violating Section 144. (BR) | [Click for more info.](#)

## International News

### Stock Bounce in Asia Trails the US as Dollar Firms: Markets

#### Wrap

An Asian stock gauge rebounded Thursday from the lowest level since 2020 but the move trailed a Wall Street rally as Treasury yields stabilized and the dollar renewed its climb. (Bloomberg) | [Click for more info.](#)

### Oil Capitulates On Global Recession Fears

Breaking through new technical levels, Brent crude has plummeted nearly 4.6%, below \$90, and WTI has plunged to \$82, shedding over 5%, as fears of global recession appear to be driving the oil markets into a longer-term spiral downwards. (Oilprices.com) | [Click for more info.](#)

### Cornered FX Traders Brace for Dollar to Smash More Asia Records

Investors are re-writing playbooks on how to trade Asia’s hallmark currencies as the dollar’s rampage pummels peers to fresh lows. With the greenback supercharged by expectations of higher-for-longer US interest rates, traders are struggling to pick the bottom for Asian currencies. (Bloomberg) | [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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