

September 12, 2022

MORNING BRIEFING

Economy

US extends further \$20m assistance

Economy | Positive

The United States on Friday announced an additional \$20 million in humanitarian assistance to support the people affected by severe flooding in Pakistan, making the country as the leading contributor so far with a total of \$50.1 million pledged. (BR) | [Click for more info.](#)

WB fund to strengthen pandemic response

Economy | Neutral

The World Bank has established a new fund to strengthen pandemic preparedness and response mechanisms in low and middle-income countries. (Dawn) | [Click for more info.](#)

UN's CERF allocates \$7m

Economy | Positive

The United Nations' Central Emergency Relief Fund (CERF) has allocated \$7 million to help boost flood support in Pakistan. (BR) | [Click for more info.](#)

GHG cut targets: External support remains low: IMF

Economy | Neutral

External support has so far remained below the levels needed to meet Pakistan's greenhouse gas (GHG) reduction targets, as the country has received about \$5½ billion for climate projects during 2016–19, of which \$3.4 billion were directed to mitigation, said the International Monetary Fund (IMF) country report about Pakistan. (BR) | [Click for more info.](#)

\$1b loan approval becomes harder

Economy | Negative

Pakistan's financial woes may not ease soon as the World Bank has indicated that it may club the approval of two policy loans valuing at over \$1 billion, which will require simultaneous implementation of many tough conditions, including withdrawal of subsidies and reopening of energy contracts. (ET) | [Click for more info.](#)

AIIB asked to increase funding to \$1bn

Economy | Neutral

Pakistan on Friday asked Asian Infrastructure and Investment Bank (AIIB) to enhance its overall financing for the current fiscal year to \$1 billion. (Dawn) | [Click for more info.](#)

UN chief to take up issue of 'debt swaps' with IMF, WB for Pakistan

Economy | Neutral

UN Secretary-General António Guterres has said that UN will strongly advocate for 'debt swaps' with IMF and World Bank through which developing countries like Pakistan instead of paying a debt to foreign creditors will be able to use that money to invest in climate resilience, investments in sustainable infrastructure, and green transition of their economies. (ET) | [Click for more info.](#)

Miftah estimates losses at \$18.5bn

Economy | Negative

Pakistan's exports are \$ 31 billion while imports are \$ 80 billion. No country can afford such a large trade deficit so we have to control unnecessary imports. While mentioning present 9.5 % tax-to-GDP ratio, he said if we boost the rate of tax-to-GDP and Exports-to-GDP to 15%, the government will not need to ask for aid from the world. (BR) | [Click for more info.](#)

Morning Briefing

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	28,707.9	28,815.2	107.4	0.4%
KSE100	41,824.8	41,948.2	123.4	0.3%
KSE30	15,710.2	15,770.6	60.4	0.4%
KMI30	69,137.7	69,219.7	82.0	0.1%

Top Five Gainers

	Open	Close	Chg.	%
UPFL	25,000.0	25,500.0	500.0	2.0%
PAKT	760.0	800.0	40.0	5.3%
TICL	275.0	295.6	20.6	7.5%
SIEM	720.0	733.3	13.3	1.9%
POML	140.7	151.3	10.6	7.5%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
TRG	89.7	93.8	4.1	15.10
KAPCO	31.0	31.4	0.4	12.81
EFERT	80.6	81.1	0.5	7.33
MLCF	28.7	28.6	0.0	6.40
FCCL	15.6	15.6	0.0	5.27

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	0.64	-1.03	-0.39
O/S Pakistanies	1.46	-2.67	-1.21
Net	2.11	-3.70	-1.60
LIPI			
Individuals	25.54	-26.16	-0.62
Companies	2.52	-0.65	1.87
Comm. Banks	1.67	-2.41	-0.74
NBFC	0.05	-0.02	0.03
Mutual Funds	2.59	-3.42	-0.83
Other	2.01	-0.21	1.80
Brokers Proprietary	6.63	-6.69	-0.06
Insurance	0.41	-0.26	0.15
Net	41.42	-39.83	1.60

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	86.79	3.9%
Brent oil	USD/bbl.	92.84	4.1%
Gold	USD/t oz.	1716.83	0.5%
Silver	USD/t oz.	18.86	1.7%
Coal	USD/ton	309.95	-6.3%
Steel Scrap (LME)	USD/ton	360.00	-1.1%
Steel Rebar (LME)	USD/ton	674.50	-0.1%
USD/PKR	Interbank	6.29	2.4%

News Source: Local / Int'l Newspapers and websites

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Friendly nations find trade deficit off-putting: Miftah

Economy | Negative

Finance Minister Miftah Ismail disclosed on Saturday that “none of the friendly countries is ready to financially support Pakistan” because it “has an imbalanced economy”, caused mainly by a huge difference between imports and exports. (Dawn) | [Click for more info.](#)

Yields on bonds spike in global markets

Economy | Negative

Yields on Pakistan’s international bonds and Sukuk have spiked in global markets, indicating the risk of default on international payments has increased in the wake of monetary policy tightening and economic slowdown across the world. The yield soared 778 basis points to a five-week high of nearly 40% on the Third Pakistan International Sukuk Co Ltd worth \$1 billion. The five-year Sukuk is maturing on December 5, 2022. (ET) | [Click for more info.](#)

Country in severe liquidity crunch

Economy | Negative

Pakistan is reeling under a severe dollar liquidity crunch while the recent flash floods have aggravated the macroeconomic fundamentals despite resumption of the IMF programme after a pause of seven months. (The News) | [Click for more info.](#)

Dollar still under pressure, not in favour of opening LCs: Miftah

Economy | Negative

Federal Finance Minister Miftah Ismail has admitted that there is still much pressure on the dollar, saying he is not in favour of opening LCs for imports. (The News) | [Click for more info.](#)

We may see another July like movement in PKR to USD

Economy | Negative

We may be seeing a remake of July when Rupee crashed from 210 to 230 in a matter of days. The only difference is that then it was the interbank market that led the rally and this time it is the open market. (Treslinkpro) | [Click for more info.](#)

Oil & Gas

PSO urges Power Div to revisit furnace oil demands

PSO | Neutral

Pakistan State Oil (PSO) has urged Power Division to revisit furnace oil demand for the month of October 2022, keeping in view considerable variance in demand and upliftment in September 2022, well informed sources told. (BR) | [Click for more info.](#)

RLNG prices reduced for SSGCL, raised for SNGPL

SSGC | Positive, SNGP | Neutral

The Oil and Gas Regulatory Authority (Ogra), on Friday, reduced the prices of imported Re-gasified Liquefied Natural Gas by -0.01 percent for Sui Southern Gas Company Limited (SSGCL) and increased by 0.19 percent for Sui Northern Gas Pipeline Limited (SNGPL). (BR) | [Click for more info.](#)

Khaqan says govt set to deregulate prices of POL products

Oil | Positive

Former premier Shahid Khaqan Abbasi has said that the government is all set to deregulate the prices of petroleum products because when the prices increase in the international oil market then the government has to jack up the prices and the masses have to bear the burden of hike in oil prices. (BR) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
HK - Hang Seng	19,362.3	507.63	2.69%
US - Dow 30	32,151.7	377.19	1.19%
PAK (KSE-100)	41,948.2	123.37	0.29%
KSA - Tadawul	11,940.4	106.10	0.90%
INDIA - SENSEX	59,793.1	104.92	0.18%
US - S&P 500	4,067.4	61.18	1.53%
CHINA - Shanghai	3,262.1	26.46	0.82%
Taiwan - TWII	14,677.2	16.10	0.11%
PHILP - PSEI	6,606.0	12.26	0.19%
INDONESIA - IDX	7,242.7	10.64	0.15%

Board Meetings

Scrip	Day	Agenda	Time
MSCL	Monday	ANN A/c for 30Jun22	11:00 AM
PNSC	Monday	ANN A/c for 30Jun22	12:30 AM
ARM	Monday	ANN A/c for 30Jun22	2:00 PM
MERIT	Monday	ANN A/c for 30Jun22	3:00 PM
DYNO	Tuesday	ANN A/c for 30Jun22	10:30 AM
DGKC	Tuesday	ANN A/c for 30Jun22	11:45 AM
STCL	Tuesday	ANN A/c for 30Jun22	4:00 PM
BRR	Wednesday	ANN A/c for 30Jun22	4:00 PM
SPEL	Wednesday	ANN A/c for 30Jun22	4:30 PM
ILP	Thursday	ANN A/c for 30Jun22	9:00 AM
GIL	Thursday	ANN A/c for 30Jun22	11:30 AM
KOHE	Thursday	ANN A/c for 30Jun22	2:15 PM
OLPM	Thursday	ANN A/c for 30Jun22	3:00 PM
FANM	Thursday	ANN A/c for 30Jun22	3:30 PM
PPVC	Friday	ANN A/c for 30Jun22	9:30 AM
OLPL	Friday	ANN A/c for 30Jun22	10:00 AM
KAPCO	Friday	ANN A/c for 30Jun22	10:30 AM
JKSM	Friday	ANN A/c for 30Jun22	11:00 AM
ISIL	Friday	ANN A/c for 30Jun22	11:30 AM
AKGL	Friday	ANN A/c for 30Jun22	2:00 PM

Source: PSX

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PPDA rejects deregulation of oil prices**Oil | Negative**

Rejecting the proposed complete deregulation of oil pricing, the petroleum dealers on Saturday threatened to go on strike across the country, saying that the new anticipated formula—that will end fixed dealer margin—is not suitable in Pakistan. PPDA Chairman Abdul Sami Khan said that petroleum dealers—who are a key stakeholder in the whole chain—would go on a countrywide strike if Ogra did not consult them before taking any final decision. (Dawn) | [Click for more info.](#)

Power**NEPRA renews KAPCO's generation license****KAPCO | Positive**

National Electric Power Regulatory Authority (NEPRA) has renewed the generation license of Kot Addu Power Company Limited (PSX: KAPCO) for a period of three years from the date of expiry on September 21, 2021. (Mettis) | [Click for more info.](#)

Pakistan to pay Rs50b to CPEC IPPs**IPPs | Positive**

Pakistan has promised to make payments of Rs50 billion to four China-Pakistan Economic Corridor (CPEC) power plants early next week to save them from default and send a positive signal across the border ahead of a visit by Prime Minister Shehbaz Sharif. (ET) | [Click for more info.](#)

K-Electric's tariff cut by Rs4.12**KEL | Neutral**

National Electric Power Regulatory Authority (Nepra) on Friday approved a reduction in power tariff by Rs4.12 per unit for consumers of K-Electric (KE) on account of fuel cost adjustment for July 2022. The reduction in tariff for July would be applicable for one month only and to all consumers of KE except for lifeline users. (ET) | [Click for more info.](#)

Advisers set conditions for LNG plants' sale**Power | Neutral**

Financial advisers of the National Power Parks Management Company Limited (NPPMCL) — which owns and operates two LNG-fired plants with a combined capacity of around 2,500 megawatts — have asked the government to immediately finalise gas-sale and power-purchase agreements, debt recapitalisation and payment mechanism if it wanted an early sale of the two units to Qatar. (Dawn) | [Click for more info.](#)

Fuel adjustment charges to be abolished from power bills next month: Dastgir**Power | Positive**

The energy minister has heralded that the fuel adjustment charges in the electricity bills will almost be vanished from next month while blaming previous government for bloating power tariff. (Pakobserver) | [Click for more info.](#)

Miscellaneous**July exports to nine regional states post 9pc growth****Economy | Positive**

Pakistan's exports to nine regional countries posted a paltry growth of 8.57 per cent in the first month of 2022-23 from a year ago, the latest data released by the State Bank of Pakistan showed. (Dawn) | [Click for more info.](#)

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HBL launches new fixed income fund on PSX**HBL | Neutral**

A new and innovative exchange traded fund has been launched at Pakistan Stock Exchange (PSX), namely the HBL Total Treasury Exchange Traded Fund. (BR) | [Click for more info.](#)

Robust commodity sales on expedited flood relief**Food | Neutral**

Heavy monsoon rains and subsequent floods have opened new sales prospects for commodity traders as political parties, non-governmental organisations (NGOs), wealthy individuals and traders gear up efforts to lift rations for the flood victims. Traders are offering a 5pc to 10pc discount on heavy lifting of commodity stocks. (Dawn) | [Click for more info.](#)

Political News**ECP likely to announce new dates for by-polls soon**

The Election Commission of Pakistan (ECP) may announce new dates for by-polls in 13 national and provincial assembly constituencies tomorrow (Monday). (Dawn) | [Click for more info.](#)

International News**Fed rush to cool inflation set to continue with another big hike**

Federal Reserve officials look on track for another jumbo increase in interest rates this month, as they hasten to crimp demand and assure Americans they will bring inflation back down to 2%. (Bloomberg) | [Click for more info.](#)

Asian Equities Extend Risk Rally as Dollar Weakens: Markets Wrap

Asian shares climbed Monday to build on gains made on Wall Street, while the euro advanced as investors weighed the prospect of Europe following the Federal Reserve with more outsized interest-rate hikes. (Bloomberg) | [Click for more info.](#)

Oil prices slide as China COVID curbs, possible rate hikes weigh on demand outlook

Oil prices slipped during Asian trade on Monday as the prospect of further interest rate hikes in the United States and Europe to quell inflation and the imposition of strict COVID-19 restrictions in China overshadowed the global demand outlook. (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.

Analyst Certification ^{AC}

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