

September 13, 2022

MORNING BRIEFING

## Economy

**Pakistan lacking 'effectiveness' on four FATF-linked goals**

**Economy | Neutral**

The Asia-Pacific Group (APG) on Money Laundering has rated Pakistan's level of effectiveness as 'low' on 10 out of 11 international goals on anti-money laundering and combating the financing of terror (AML/CFT), even though the country is now compliant on 38 out of 40 technical recommendations. (Dawn) | [Click for more info.](#)

**Rupee depreciates to settle at 229.82 against US dollar**

**Economy | Negative**

As per the State Bank of Pakistan (SBP), the rupee closed at 229.82 after declining by Rs1.64. During the last seven trading sessions, the rupee has cumulatively declined by Rs11.22 or 4.9% against the US dollar. In the open market, the PKR lost 1.50 rupees for both buying and selling against USD, closing at 234 and 236, respectively. (BR) | [Click for more info.](#)

## Oil & Gas

**OMCs raise concerns on OGRA's terms of references**

**OMCs | Neutral**

Oil Marketing Companies (OMCs) have concerns over terms of references (ToRs) to be developed by the Oil and Gas Regulatory Authority (OGRA) with the specified timeline regarding the deregulation of petroleum products. (The News) | [Click for more info.](#)

## Power

**Nepra allows Discos to raise extra Rs69bn**

**Discos | Positive**

The National Electric Power Regulatory Authority (Nepra) on Monday notified Rs4.34 per unit additional fuel cost adjustment (FCA) for ex-Wapda Distribution Companies (Discos) for electricity consumed in July to provide Rs69 billion additional funds to cash-starved entities in September's bills. (Dawn) | [Click for more info.](#)

**Financial close, RCO of Thar coal project**

**Power | Neutral**

M/s Shanghai Electric has sought extension in financial closing date and required commercial operation (RCO) date sans conditions for its 1,320 MW Thar coal project till December 31, 2022 and July 22, 2023 respectively, saying that circumstances are not in the company's control. (BR) | [Click for more info.](#)

## Autos

**Auto Sales May Drop Again Next Month Due to Production Issues**

**Autos | Neutral**

The inflationary pressures and import hurdles continue to pound the local auto industry. Carmakers have witnessed a decline in production, which may cause sales to plummet further in the coming months. (Propakistani) | [Click for more info.](#)

# Morning Briefing

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	28,815.2	28,747.4	-67.9	-0.2%
KSE100	41,948.2	41,862.3	-85.9	-0.2%
KSE30	15,770.6	15,662.8	-107.8	-0.7%
KMI30	69,219.7	69,099.7	-120.0	-0.2%

### Top Five Gainers

	Open	Close	Chg.	%
SAPT	992.0	1,066.4	74.4	7.5%
TICL	295.6	313.0	17.4	5.9%
SFL	1,243.3	1,260.0	16.7	1.3%
ATLH	328.0	340.0	12.0	3.7%
POML	151.3	160.0	8.7	5.8%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
HBLTETF	10.0	10.0	0.0	45.07
TRG	93.8	96.2	2.3	15.75
WTL	1.2	1.2	0.0	9.94
SCBPL	21.5	22.8	1.4	6.33
KEL	3.2	3.2	0.1	5.00

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	0.07	-0.07	0.00
O/S Pakistanies	2.52	-1.20	1.31
<b>Net</b>	<b>2.59</b>	<b>-1.28</b>	<b>1.31</b>
<b>LIPI</b>			
Individuals	18.70	-18.36	0.34
Companies	1.77	-0.71	1.07
Comm. Banks	2.54	-2.73	-0.19
NBFC	0.01	-0.01	0.00
Mutual Funds	3.18	-1.39	1.79
Other	0.44	-0.16	0.28
Brokers Proprietary	4.95	-5.17	-0.22
Insurance	0.04	-4.41	-4.37
<b>Net</b>	<b>31.63</b>	<b>-32.94</b>	<b>-1.31</b>

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	87.78	1.1%
Brent oil	USD/bbl.	94.18	1.4%
Gold	USD/t oz.	1724.72	0.5%
Silver	USD/t oz.	19.80	5.0%
Coal	USD/ton	299.00	-3.5%
Steel Scrap (LME)	USD/ton	355.00	-1.4%
Steel Rebar (LME)	USD/ton	670.00	-0.7%
USD/PKR	Interbank	6.32	0.5%

News Source: Local / Int'l Newspapers and websites

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## Honda Atlas Sees a Huge Decline in Sales for August 2022

### HCAR | Neutral

Honda Atlas Cars Limited's (HACL) sales have fallen even further compared to July. According to details, the company sold 1,809 units in August, recording a 29% Month over Month (MOM) decline in sales. (Propakistani) | [Click for more info.](#)

## Hyundai Nishat Witnesses a Massive Rise in Sales

### NML | Positive

Hyundai Nishat Motors Private Limited (HNMPL) had a successful August 2022, witnessing a massive rise in sales. A recent report from autojournal.pk suggests that the company sold over 1,900 units last month, recording an 860% Month Over Month (MOM) increase in sales. (Propakistani) | [Click for more info.](#)

## Tractor manufacturing; Imports of auto parts will be made easier: Miftah

### AGTL, MTL | Positive

The finance minister said that imports of auto parts will be made easier to help promote the local tractor manufacturing. He said that difficult decision had to be taken to save Pakistan from bankruptcy. He added that the economic pressure has increased due to the recent floods; however, efforts are being made to improve the situation. (BR) | [Click for more info.](#)

## Banks

### Banks' deposits surge by 15% YoY Rs22.2tr in August: SBP

#### Banks | Positive

The total deposits held by scheduled banks have shown a growth of around 15% YoY to around Rs22.2 trillion in August 2022, against Rs19.8tr in the same month of last year on account of strong overseas inflows, data issued by State Bank showed today. Likewise, on a monthly basis, local banks' deposits inched up by 0.2% from Rs22.1tr in July 2022. (Mettis) | [Click for more info.](#)

## Investors withdraw offer to buy Bahria Town-owned bank

### ESCORT | Neutral

Owing to a "lack of progress" in the proposed transaction, a group of three investors has formally decided not to proceed with the acquisition of more than 50 per cent shares in Escorts Investment Bank Ltd, a subsidiary of real estate developer Bahria Town Ltd, a bourse filing said on Monday. (Dawn) | [Click for more info.](#)

## Tech. & Communication

### System Limited Get SECP Approval for Issuance of 11.8 Million New Shares

#### SYS | Positive

Securities and Exchange Commission of Pakistan (SECP) have approved the other than rights issue of 11,822,500 shares as requested by Systems Limited. This new issuance forms 4.25 percentage of Paid-up Capital before issue and 4.07 percentage of Paid-up Capital after issue. (Augaf) | [Click for more info.](#)

## Chinese firm to invest in telecom

### Technology | Positive

Hunan Sunwalk Group, China has planned to undertake a multi billion dollar investment in telecom infrastructure and fiber business in Pakistan, specifically in Tier-2 and Tier-3 cities, a statement said on Monday. (The News) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
HK - Hang Seng	19,362.3	507.63	2.69%
INDIA - SENSEX	60,115.1	321.99	0.54%
US - Dow 30	32,381.3	229.63	0.71%
Taiwan - TWII	14,807.4	224.01	1.54%
PHILP - PSEi	6,715.8	109.75	1.66%
KSA - Tadawul	12,022.1	81.76	0.68%
US - S&P 500	4,110.4	43.05	1.06%
CHINA - Shanghai	3,262.1	26.46	0.82%
INDONESIA - IDX	7,254.5	11.80	0.16%
PAK (KSE-100)	41,862.3	-85.87	-0.20%

### Board Meetings

Scrip	Day	Agenda	Time
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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## Miscellaneous

### PSX Shift Quice Food from Default to Normal Counter

**QUICE | Positive**

Pakistan Stock Exchange (PSX) is hereby informed to all concerned that Quice Food Industries Limited ("QUICE") has rectified the default of PSX regulation by payment of outstanding dues to the Exchange. (Augaf) | [Click for more info.](#)

### SECP proposes enhancement in scope of REITs assets

**REIT | Neutral**

According to the SECP's concept paper, "Review of Landscape and Revamping Framework-REITs," under the existing regime, at least seven different approvals are required, making REITs less competitive; the universe of the REIT assets and infrastructure is limited and the regulatory overburden in terms of segmented reporting and approvals leading to no value addition. (BR) | [Click for more info.](#)

### Textile millers gear up to source cotton for meeting export orders

**Textile | Neutral**

As sizeable amount of Pakistan's domestic cotton crop was ravaged by the floods, textile millers have geared up to source the silver fiber from around the world in an effort to maintain the export momentum. (The News) | [Click for more info.](#)

## Political News

### Can talk to govt if it is ready for fresh elections, says Imran

PTI chief and former prime minister Imran Khan on Monday said that he was willing to hold a dialogue with the incumbent government if it was ready to hold fresh elections. (Dawn) | [Click for more info.](#)

## International News

### Asia Extends Risk-On Rally Into US CPI Report: Markets Wrap

Asian equities extended the global rally in risk assets amid speculation Tuesday's US consumer price data will support bets that inflation there is near peaking. (Bloomberg) | [Click for more info.](#)

### Oil prices settle higher amid supply concerns heading into winter

Oil prices settled higher on Monday, shaking off weaker demand expectations as supply concerns mount heading into the winter. (Reuters) | [Click for more info.](#)

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### HBL launches new fixed income fund on PSX

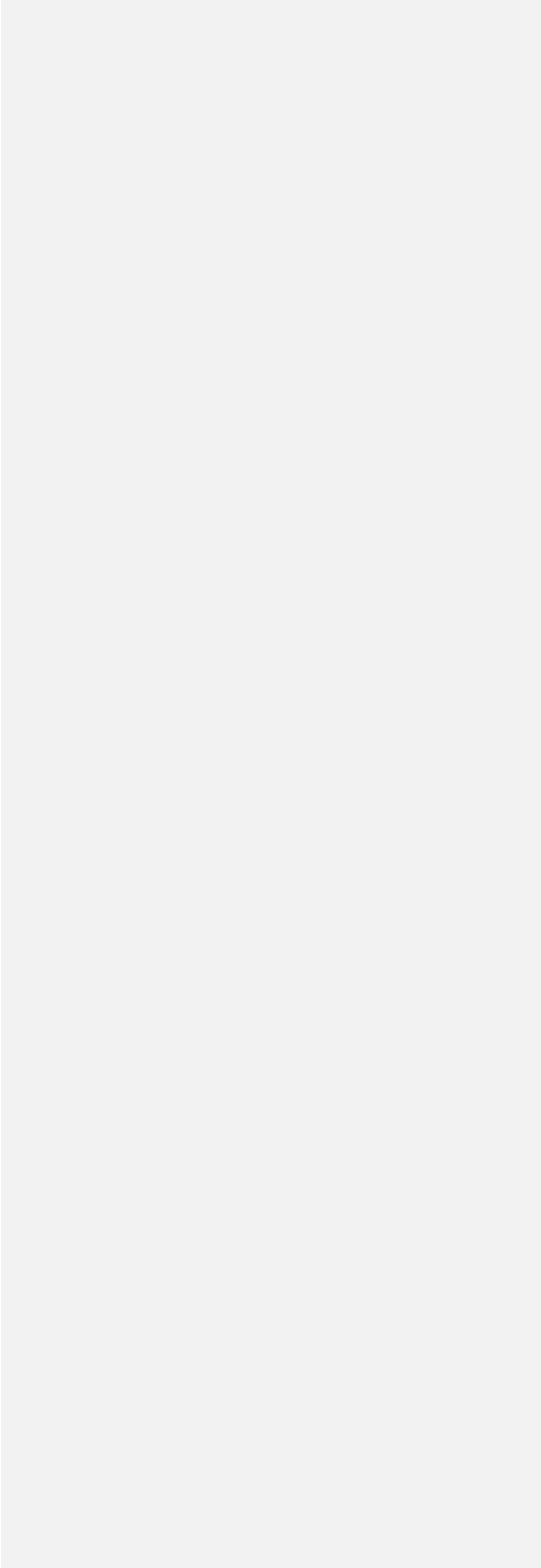
**HBL | Neutral**

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.](#)



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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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