

November 21, 2022

## Economy

**Investment in NPCs declines to \$763 million**

**Economy | Negative**

In the wake of growing political uncertainty and worsening economic fundamentals in the country, overseas Pakistanis have aggressively started pulling out investments from the Naya Pakistan saving certificates through their Roshan Digital Accounts (RDAs). According to the central bank's latest report on Pakistan's External Debt and Liabilities (Outstanding), the 'net' investment in Naya Pakistan Certificates (NPCs) declined to \$763 million on September 30, 2022. (ET) | [Click for more info.](#)

**NA informed; \$5.66bn foreign loan, aid received**

**Economy | Neutral**

The National Assembly was informed on Friday that the total amount of foreign loans and aid received by the present government from April 11, 2022 to September 30, 2022 amounts to \$5.666 billion, whereas, disbursement received against loans is \$ 5.61 billion, and disbursement received against grants is \$ 55.92 million. (BR) | [Click for more info.](#)

**Currency swap facility costs Rs36.3b**

**Economy | Negative**

The cost of a \$4.5 billion Chinese currency swap facility for repaying debt went up by 39% to a record Rs36.3 billion in the last fiscal year, a burden that will increase further as Pakistan has requested China to augment the facility's size. Annual financial accounts of the State Bank of Pakistan (SBP) for financial year 2021-22 disclosed that Pakistan paid Rs36.3 billion in interest on using the \$4.5 billion Chinese trade finance facility. In the preceding fiscal year, the country had paid Rs26.1 billion in interest cost, which increased by 39%, or Rs10.2 billion, in one year. (ET) | [Click for more info.](#)

**Historic accord to fund climate damages struck**

**Economy | Neutral**

A fraught climate summit wrapped up on Sunday with a landmark deal on funding to help vulnerable countries cope with devastating impacts of global warming with Pakistan hailing the outcome as it noted that the UN conference had responded to the "voices of the damaged". (Dawn) | [Click for more info.](#)

## Oil & Gas

**Circular debt of gas sector soars to Rs 900 billion: Ogra to hold public hearing on SSGC petition tomorrow**

**SSGC | Negative**

The Oil and Gas Regulatory Authority (Ogra) will hold a public hearing on Monday (tomorrow) on a petition of the Sui Southern Gas Company (SSGC) about its revenue requirement for the financial year 2022-23 of Rs184,881 million, including Rs33,787 million of un-recouped shortfall for the year 2021-22, and seeking an increase in average prescribed price by Rs667.44 per mmbtu in its prices effective from July 1, 2022 to compensate for the increase in the cost of gas and other components mentioned in the petition. The cost of gas is linked to the international price of crude oil/ fuel oil in accordance with the agreements between the federal government and the gas producers. According to government estimates, meanwhile, the circular debt in the gas sector has reached Rs900 billion. (BR) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	28,982.2	28,942.9	-39.3	-0.1%
KSE100	42,819.7	42,730.2	-89.5	-0.2%
KSE30	15,763.3	15,701.1	-62.1	-0.4%
KMI30	72,492.9	72,362.5	-130.4	-0.2%

### Top Five Gainers

	Open	Close	Chg.	%
SFL	1,153.3	1,230.0	76.7	6.6%
PRET	622.1	668.8	46.7	7.5%
SAPT	1,102.2	1,130.0	27.8	2.5%
SCL	268.0	285.0	17.0	6.3%
PECO	260.0	270.0	10.0	3.8%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
UNITY	17.4	16.7	-0.7	58.80
WTL	1.5	1.5	0.0	14.85
HASCOL	7.9	7.9	0.0	9.85
GCIL	27.5	25.5	-2.1	9.61
FCCL	14.5	14.6	0.0	6.04

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.05	0.00	0.05
F-Corporates	0.97	-0.81	0.15
O/S Pakistanies	1.37	-1.42	-0.06
<b>Net</b>	<b>2.38</b>	<b>-2.24</b>	<b>0.14</b>
LIPI			
Individuals	20.86	-19.60	1.27
Companies	1.00	-0.99	0.02
Comm. Banks	1.23	-0.64	0.58
NBFC	0.50	-0.85	-0.35
Mutual Funds	1.08	-1.86	-0.79
Other	0.05	-0.13	-0.08
Brokers Proprietary	5.70	-5.72	-0.03
Insurance	0.16	-0.94	-0.78
<b>Net</b>	<b>30.58</b>	<b>-30.73</b>	<b>-0.14</b>

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	80.08	-2.4%
Brent oil	USD/bbl.	87.62	-2.7%
Gold	USD/t oz.	1750.68	-0.5%
Silver	USD/t oz.	20.94	-0.1%
Coal	USD/ton	201.35	3.3%
Steel Scrap (LME)	USD/ton	343.00	1.0%
Steel Rebar (LME)	USD/ton	634.50	-0.3%
USD/PKR	Interbank	6.23	-0.3%

News Source: Local / Int'l Newspapers and websites

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MORNING BRIEFING

### OMCs reliance on short-term loans ups financial risks

#### OMCs | **Negative**

The huge reliance of oil marketing companies (OMCs) on short-term borrowings increases the financial risk of the sector, indicated a study. "The borrowing needs of the sector arise from working capital financing for which the sector relies heavily on short-term borrowings as they constitute an average of 90 percent of the total borrowings," Pakistan Credit Rating Agency (PACRA)'s study on OMCs stated. (The News) | [Click for more info.](#)

### LPG air mix plant; Ogra finds SNGPL responsible for delay

#### SNGPL | **Neutral**

The Oil and Gas Regulatory Authority (OGRA) found the Sui Northern Gas Pipeline Limited (SNGPL) responsible for a two-year delay in the installation of the LPG air mix plant in Gilgit and misleading the Economic Coordination Committee (ECC) about its progress and has fined it Rs20 million. (BR) | [Click for more info.](#)

### ARL links supply of JP-8 to FFO upliftment

#### ATRL | **Neutral**

M/s Attock Refinery Limited (ARL) has linked supply of JP-8 to Pakistan Air Force (PAF) subject to upliftment of its Furnace Fuel Oil (FFO) by the power plants. This cautionary message has been conveyed by the oil refinery to the federal government and PAF through a letter dated November 7, 2022. (BR) | [Click for more info.](#)

### POL exports up 66.01pc

#### Oil | **Neutral**

Petroleum products, excluding top NSPHTA, exports during the first four month of fiscal year of 2022-23 increased by 66.01 percent as compared to the exports of the commodity during the corresponding period of last year. (The News) | [Click for more info.](#)

### LNG imports at high prices cause Rs10b loss

#### Gas | **Negative**

Pakistan has borne a loss of over Rs10 billion due to mismanagement in the import of liquefied natural gas (LNG) cargoes that led to the purchase of expensive fuel, noted the Auditor General of Pakistan in its report. (ET) | [Click for more info.](#)

### Cheap oil, gas; Pakistan communicates with Russia

#### Oil & Gas | **Neutral**

Pakistan Saturday communicated with Russia to procure cheap oil and gas. The authorities have expressed their interest to the Russian administration in buying cheap oil and gas, but have put up the condition of not imposing any sort of restrictions on Pakistan, according to the sources. (BR) | [Click for more info.](#)

## Power

### Discos demand 25-paise hike, KE seeks Rs1.9 cut for October

#### Discos, KEL | **Neutral**

The ex-Wapda distribution companies (Discos) on Friday sought an additional fuel cost (FCA) of about 25 paise per unit to generate about Rs2.5 billion in supplementary revenue on account of a higher cost of electricity consumed in October. On the other hand, K-Electric has proposed a reduction in FCA by about Rs1.9 per unit to refund through tariff adjustment of about Rs3.16bn to consumers on account of cheaper electricity produced in October. Separately, KE has also sought about Rs7.8 per unit negative quarterly tariff adjustment for the July-September period. (Dawn) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
US - Dow 30	33,745.7	199.37	0.59%
INDONESIA - IDX	7,082.2	37.19	0.53%
PHILP - PSEi	6,437.4	33.64	0.53%
US - S&P 500	3,965.3	18.78	0.48%
CHINA - Shanghai	3,097.2	-18.20	-0.58%
Taiwan - TWII	14,505.0	-30.24	-0.21%
HK - Hang Seng	17,992.5	-53.12	-0.29%
INDIA - SENSEX	61,663.5	-87.12	-0.14%
KSA - Tadawul	11,053.2	-88.86	-0.80%
PAK (KSE-100)	42,730.2	-89.48	-0.21%

### Board Meetings

Scrp	Day	Agenda	Time
BAPL	Wednesday	1QA/c as at 30-Sep-22	2:00 PM
KSTM	Thursday	Ann A/c as at 30-Jun-22	11:00 AM
SIEM	Thursday	Ann A/c as at 30-Sep-22	11:00 AM
TSML	Thursday	3QA/c as at 30-Jun-22	2:00 PM
ARUJ	Friday	Ann A/c as at 30-Jun-22	11:00 AM
DADX	Friday	1QA/c as at 30-Sep-22	11:30 AM
KCL	Saturday	1QA/c as at 30-Sep-22	2:00 PM
GLOT	Monday	1QA/c as at 30-Sep-22	11:30 AM
EXIDE	Tuesday	HY A/c as at 30-Sep-22	3:00 PM

Source: PSX

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MORNING BRIEFING

**Pakistan's power generation cost dips 9% month-on-month in Oct Power | Positive**

The total cost of generating electricity in the country declined by 9%, hitting Rs9.02 KWh in October 2022 compared to Rs9.91 KWh in September. However, on a year-on-year (YoY) basis, electricity generation cost declined marginally by 3%. (BR) | [Click for more info.](#)

**EPQL urges govt to notify 'GDMO' for smooth operation****EPQL | Neutral**

Engro Powergen Qadirpur Limited (EPQL) has urged the government to notify Gas Depletion Mitigation Option (GDMO) at the earliest for continued operation of the plant. (BR) | [Click for more info.](#)

**Power projects; Huge receivables hurdle to new funding: China****Power | Negative**

Beijing has reportedly conveyed to Islamabad that huge receivables of existing Chinese power projects are the main hurdle in convincing banks for further funding in other power projects to achieve their financial closures, well informed sources in federal government told. (BR) | [Click for more info.](#)

**Tunnel collapse causes total damage of Rs22.5bn****Power | Negative**

The 969 MW Neelum-Jhelum hydropower project, which is non-operational since July 6, 2022 in the wake of blockage that appeared in the 3.5 kms Tail Race Tunnel (TRT), has seen an estimated damage of Rs22.50 billion (Rs2.50 bn construction cost and Rs20 billion as business loss). "The project will now come on stream by the end of February 2023. Till February 2023, the project would brave a business loss of Rs20 billion," a senior official of the Neelum-Jhelum Hydropower Company Limited (NJHPCL) told. (BR) | [Click for more info.](#)

**Autos****IMC raises Toyota vehicle prices****INDU | Neutral**

Despite the low cost of import on account of the rupee's recovery against the dollar in the last one and a half months, Indus Motor Company (IMC) has increased prices by Rs190,000-700,000. (Dawn) | [Click for more info.](#)

**Fertilizer****ECC allows TCP to import urea from China and Azerbaijan****Fertilizer | Positive**

The Economic Coordination Committee (ECC) of Cabinet on Friday allowed the Trading Corporation of Pakistan (TCP) to import 160,000 tonnes of urea from China and Azerbaijan under the government-to-government arrangement (G2G). (Dawn) | [Click for more info.](#)

**Steel****Steel sector sees 40% decline****Steel, ASTL | Negative**

The management of Amreli Steels Limited (ASTL), on Friday, said the local steel industry has witnessed a contraction of around 40% the recent quarter due to the floods. International scrap prices have increased by about 20% to \$640 per tonne in 4QFY22. (ET) | [Click for more info.](#)

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MORNING BRIEFING

## Sugar

**Govt willing to export surplus sugar: report****Sugar | Neutral**

The government has decided to export sugar instead of asking the millers to start crushing on time and sell their stock in the local market. According to Pakistan Sugar Mills Association sources, issues related to the export of sugar have been settled between the government and mill owners. In the first phase, 500,000 tonne sugar will be exported but its price would not increase in the country. However, its rates can increase after the arrival of new stocks. (The News) | [Click for more info.](#)

**Sugarcane support price okayed at Rs300 per maund****Sugar | Neutral**

Chief Minister Chaudhry Pervaiz Elahi presided over the 4th provincial cabinet meeting at his office Friday. The provincial cabinet accorded an approval to fix the support price of sugarcane at Rs300 per maund. Approval was also granted to incorporate Bank of Punjab in the Ehsaas Rashan Riayat Programme. (The News) | [Click for more info.](#)

## Miscellaneous

**Insurance Industry's Gross Premium Grew by 24% in 2021****Insurance | Positive**

The gross premiums of the insurance industry demonstrated a growth of 24 percent during the calendar year 2021 as a result of the Securities and Exchange Commission of Pakistan's (SECP) initiatives and regulatory reforms in the insurance sector. (Proapakistani) | [Click for more info.](#)

**REITs fund size hits Rs98.344bn mark: SECP chief****REIT | Positive**

Securities and Exchange Commission of Pakistan (SECP) Chairman Aamir Khan has said that the size of the Real Estate Investment Trusts (REITs) has reached Rs98.344 billion during 2021-22 marking a growth of 81 percent over the previous fiscal year's figure. (BR) | [Click for more info.](#)

**Dollar liquidity crunch: IT sector seeks review of ban on direct carrier billing****Technology | Neutral**

After the State Bank of Pakistan's decision to revoke Direct Carrier Billing (DCB) for cellular mobile operators (CMOs) for making payments abroad in dollars to vendors and different paid Apps, the Ministry of Information Technology & Telecommunication, as well as other stakeholders, have decided to write a joint letter to the Ministry of Finance and SBP by next week. (The News) | [Click for more info.](#)

**Rice exporters fear big drop in shipments after floods****MATCO | Negative**

Rice exporters are braced for a lacklustre year ahead amid fears of at least a 30 per cent drop in production in Sindh due to damage to crops caused by flash floods earlier this year. Besides, they also face fierce competition from India, which is offering lower prices to foreign buyers. (Dawn) | [Click for more info.](#)

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**Turkey eyes \$5b trade in three years****Economy | Neutral**

Turkey and Pakistan enjoy heart-to-heart relations and Ankara is keen to boost bilateral trade to at least up to \$5 billion in the next two to three years. The current volume of trade is not reflective of the actual potential of both countries. (ET) | [Click for more info.](#)

**Stock trading; SECP to introduce category of 'online-only brokers'****PSX | Neutral**

The SECP's new annual report (2021-22) revealed that in line with the global trend of increased digitalisation in the financial markets, a new category of "online-only" brokers has been proposed to be introduced which shall enable trading in stock market using online means only. (BR) | [Click for more info.](#)

**Political News****Nawaz hatched Imran's assassination plot, alleges self-proclaimed PML-N leader**

In shocking revelations, a person insisting to be a member of the PML-N has claimed that former prime minister and party supremo Nawaz Sharif had discussed assassination plots of slain journalist Arshad Sharif and PTI Chairman Imran Khan with him. (ET) | [Click for more info.](#)

**Process for COAS selection begins today**

As process for the appointment of new army chief is likely to start on Monday (today), the government expressed the hope that President Dr Arif Alvi will not create any "hurdle" in the smooth process. (Dawn) | [Click for more info.](#)

**International News****Oil dips near 2-month lows as supply concerns ease**

Oil prices hovered near two-month lows on Monday as supply fears receded while concerns over China's fuel demand and rising interest rates weighed on prices. (Reuters) | [Click for more info.](#)

**Stocks Fall Amid Focus on Covid in China, Fed Rate: Markets Wrap**

Stocks fell in Asia amid concern that China may tighten Covid curbs and as investors weigh the outlook for rate hikes from the Federal Reserve. (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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