

November 22, 2022

Economy

Current account deficit shrinks

Economy | Positive

Managing with its low capacity to make international payments, Pakistan has successfully narrowed the gap between its higher foreign expenditure and its low income by restricting imports. Consequently, the current account deficit (CAD) has seen a decline by one-third reaching \$567 million in October 2022. According to data published by the State Bank of Pakistan's (SBP) on Monday, the CAD stood at \$1.78 billion during the same month last year. (ET) | [Click for more info.](#)

Foreign direct investment plunges 52pc in four months

Economy | Negative

Foreign direct investment nosedived 52 per cent during the first four months of the current fiscal year (FY23), reflecting the poor economic health and political instability in the country. The State Bank of Pakistan's latest data issued on Monday showed that the FDI fell to \$348.3 million in July-October FY23 from \$726.5m during the same period of the last fiscal year (FY22). (Dawn) | [Click for more info.](#)

Pakistan's default risk worsens

Economy | Negative

The perception of Pakistan's risk of default has worsened with the five-year credit default swap (CDS) surging by 30 percentage points in a week to 93% on Monday ahead of the repayment of \$1 billion for a maturing international bond early next month. According to a research house, the CDS had been at 4.2% in January 2021. (ET) | [Click for more info.](#)

Oil & Gas

High FFO stock; ARL on verge of closure

ATRL | Negative

Attock Refinery Limited (ARL) is likely to stop operations within the next 7-8 days due to higher stocks of Furnace Fuel Oil (FFO) as the refinery is now operating on 60 per cent capacity, which may also hit supply of J-1 to Islamabad Airport and JP-8 to Pakistan Air Force, well informed sources told. The main reason for the higher stocks of furnace oil is that the country's electricity requirement is about 12,000-MW due to which the government is not allowing operations of furnace oil-fired power plants. (BR) | [Click for more info.](#)

OGRA reserves decision on SSGCL petition for gas price hike

SSGC | Neutral

The Oil and Gas Regulatory Authority (OGRA) on Monday reserved its decision on a petition of Sui Southern Gas Company Limited (SSGCL) seeking an increase of its average prescribed price by Rs667.44 per mmbtu for FY2022-23. (The News) | [Click for more info.](#)

Saudi Aramco seeks 20-year tax holiday for refinery project

Refinery, Economy | Neutral

Saudi oil giant Aramco would not move forward on setting up a refinery in Pakistan without securing firm commitments and assurances from Pakistan government against its demands, including a 20-year tax holiday. (The News) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	28,942.9	28,927.2	-15.7	-0.1%
KSE100	42,730.2	42,761.2	31.0	0.1%
KSE30	15,701.1	15,727.4	26.3	0.2%
KMI30	72,362.5	72,349.2	-13.3	0.0%

Top Five Gainers

	Open	Close	Chg.	%
AWTX	2,249.8	2,418.5	168.7	7.5%
MEHT	753.0	808.0	55.0	7.3%
NESTLE	5,755.0	5,800.0	45.0	0.8%
KHTC	399.0	428.9	29.9	7.5%
BTL	360.0	387.0	27.0	7.5%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	1.5	1.4	0.0	14.13
TRG	141.6	146.6	5.0	10.23
UNITY	16.7	17.1	0.4	8.73
GCIL	25.5	24.1	-1.4	8.58
GGL	16.4	16.5	0.0	7.74

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	4.38	-4.30	0.08
F-Corporates	0.39	-0.22	0.17
O/S Pakistanies	2.24	-2.34	-0.10
Net	7.00	-6.85	0.15
LIPI			
Individuals	41.23	-40.69	0.54
Companies	3.74	-3.79	-0.05
Comm. Banks	1.41	-1.07	0.33
NBFC	0.05	-0.18	-0.13
Mutual Funds	0.89	-1.34	-0.45
Other	0.43	-0.43	0.00
Brokers Proprietary	14.02	-14.23	-0.21
Insurance	0.01	-0.18	-0.17
Net	61.77	-61.92	-0.15

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	80.36	0.3%
Brent oil	USD/bbl.	87.84	0.3%
Gold	USD/t oz.	1738.60	-0.7%
Silver	USD/t oz.	20.86	-0.4%
Coal	USD/ton	212.50	5.5%
Steel Scrap (LME)	USD/ton	343.50	0.1%
Steel Rebar (LME)	USD/ton	636.00	0.2%
USD/PKR	Interbank	6.19	-0.2%

News Source: Local / Int'l Newspapers and websites

Research Team

research@abaalihabib.com

 Aba Ali Habib Securities (Pvt) Limited
 (021) 32429665, Ext. 106

November 22, 2022

MORNING BRIEFING

Power

New solar power plants; Tariffs to be indexed annually: ECC

Power | Neutral

The Economic Coordination Committee (ECC) of the Cabinet has decided that tariff of new solar power plants will be indexed annually rather than on a quarterly basis on rate variation of USD/ PKR. (BR) | [Click for more info.](#)

Cement

ABAD decries cartel in cement sector

Cement | Neutral

Association of Builders and Developers of Pakistan (ABAD) has demanded the government to take stern action against 'cement cartel', which is badly affecting the country's economy. (BR) | [Click for more info.](#)

Miscellaneous

ITeS export remittances increase by 2.89pc in four months

Technology | Positive

The IT and IT-enabled Services (ITeS) export remittances comprising computer services and call centre services increased by 2.89 percent during the first four months of the current fiscal year 2022-23 and remained \$ 854 million compared to \$ 830 million during the same period of last fiscal year. (BR) | [Click for more info.](#)

Dawood Hercules plans Rs5.3bn investment

DAWH | Positive

Dawood Hercules Corporation Ltd is going to make long-term investments of more than Rs5.3 billion in its associated companies. (Dawn) | [Click for more info.](#)

Govt rejects sugar export demand

Sugar | Negative

The government on Monday turned down the demand of sugar millers for export of 1 million tons of sugar and said that surplus stocks were not independently "verifiable", staving off the pressure for now. (ET) | [Click for more info.](#)

APTMA seeks zero-rating regime revival for export boost

Textile | Negative

APTMA has asked PM Shehbaz Sharif to restore the zero-rating status for survival of the export industry, saying around 60 percent the textile industry had closed down on an extreme liquidity crunch, while the rest were on their way to closure, it warned. (The News) | [Click for more info.](#)

October textile exports dip 15pc

Textile | Negative

Pakistan's exports of textile and clothing post a negative growth of 15.23 per cent in October from a year ago, data compiled by the Pak-istan Bureau of Statistics (PBS) showed on Monday. (Dawn) | [Click for more info.](#)

Govt to fully support Vitol business activity in Pakistan: Dar

Oil, Economy | Neutral

Finance Minister Ishaq Dar on Monday has appreciated Vitol's contribution in Pakistan economy and said that the present government will fully support foreign direct investment and will provide conducive environment to the foreign investors. (Mettis) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
PAK (KSE-100)	42,761.2	30.95	0.07%
CHINA - Shanghai	3,085.0	-12.20	-0.39%
US - S&P 500	3,949.9	-15.40	-0.39%
INDONESIA - IDX	7,063.3	-18.93	-0.27%
PHILP - PSEi	6,403.2	-34.14	-0.53%
US - Dow 30	33,700.3	-45.41	-0.13%
Taiwan - TWII	14,449.4	-55.60	-0.38%
KSA - Tadawul	10,930.5	-122.65	-1.11%
HK - Hang Seng	17,655.9	-336.63	-1.87%
INDIA - SENSEX	61,144.8	-518.64	-0.84%

Board Meetings

Scrip	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

Research Team

research@abaalihabib.com

Aba Ali Habib Securities (Pvt) Limited
 (021) 32429665, Ext. 106

November 22, 2022

Trade ties, CARs connectivity**Economy | Neutral**

Pakistan is to despatch a high-powered delegation to Afghanistan to discuss and further deepen bilateral economic and trade relations and connectivity with Central Asian Republics (CARs). (BR) | [Click for more info.](#)

Political News**Army to get new chief by 25th: Khawaja Asif**

Defence Minister Khawaja Muhammad Asif said Monday the process for appointment of the army chief had begun and a letter in this regard had been dispatched to the General Headquarters (GHQ). (The News) | [Click for more info.](#)

International News**Asia Stocks Rise as Traders Mull China Covid Trend: Markets Wrap**

Stocks rose in Asia amid fragile sentiment as investors weighed the impact of Covid infections in China and parsed comments from Federal Reserve officials on interest rate hikes. (Bloomberg) | [Click for more info.](#)

Oil Steadies After Wild Ride With Chinese Demand, OPEC+ in Focus

Oil steadied after a volatile session as investors juggled a clouded supply outlook with concerns over weaker demand in virus-hit China. (Bloomberg) | [Click for more info.](#)

MORNING BRIEFING

Research Teamresearch@abaalihabib.comAba Ali Habib Securities (Pvt) Limited
(021) 32429665, Ext. 106

Disclaimer

This report has been prepared by ABA Ali Habib Securities and is provided for information purposes only. Under no circumstances this is to be used or considered as an offer to sell or solicitation of any offer to buy. While reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time, ABA Ali Habib Securities and/or any of its officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. This report is provided only for the information of professional advisers who are expected to make their own investment decisions without undue reliance on this report. Investments in capital markets are subject to market risk and ABA Ali Habib Securities accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents.

In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors, who should seek further professional advice or rely upon their own judgment and acumen before making any investment. The views expressed in this report are those of ABA Ali Habib Securities' Research Department and do not necessarily reflect those of the company or its directors. ABA Ali Habib as a firm may have business relationships, including investment- banking relationships, with the companies referred to in this report. ABA Ali Habib Securities or any of its officers, directors, principals, employees, associates, close relatives may act as a market maker in the securities of the subject company, may have a financial interest in the securities of the subject company to an amount exceeding 1% of the value of the securities of the subject company, may serve or may have served in the past as a director or officer of the subject company, may have received compensation from the subject company for corporate advisory services, brokerage services or underwriting services or may expect to receive or intend to seek compensation from the subject company for the aforesaid services, may have managed or co-managed a public offering, take-over, buyback, delisting offer of securities or various other functions for the subject company.

All rights reserved by ABA Ali Habib Securities. This report or any portion hereof may not be reproduced, distributed or published by any person for any purpose whatsoever. Nor can it be sent to a third party without prior consent of ABA Ali Habib Securities. Action could be taken for unauthorized reproduction, distribution or publication.

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}

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.

THE TEAM

CEO

Zahid Ali Habib
Zahid@abaalihabib.com
(021) 32425022

RESEARCH TEAM

Contact: (021) 32429665, Ext. 106

Muhammad Ali - Research Analyst
Muhammadali@abaalihabib.com

Kainat Rohra- Research Analyst
Kainatrohra@abaalihabib.com

Ayesha Abid – Research Analyst
ayesha.abid@abaalihabib.com

SALES TEAM

Zaheer Ahmed - Head of Equity Sales & Business Dev.
Zaheer.ahmed@abaalihabib.com
(021) 32418693-94

Mr. Salman Naqvi - Head of Retail Sales
(021) 32431925

Fahed Fazal- Manager Equity Sales
Fahedfazal@abaalihabib.com
(021) 32431925

Syed Khalid Ahmed - Equity Trader
Syedkhalid@abaalihabib.com
(021) 32429664

Shoaib- Equity Trader
shoibqadri@abaalihabib.com
(021) 32429664

Muhammad Faisal - Equity Trader
faisal@abaalihabib.com
(021) 32464835

Karachi Office

Suite# 505, 5th Floor, Business Plaza,
Mumtaz Hussan Road, Off I.I. Chundrigar
Road, Karachi
Contact: 021-32429664-7
Cell: [+92 3312766771](tel:+923312766771)