

December 23, 2022

Economy

S&P lowers Pakistan's sovereign rating

Economy | Negative

Highlighting political unrest and continued weakening of external, fiscal and economic metrics, Standard & Poor's on Thursday lowered Pakistan's long-term sovereign rating to CCC+ from B-negative and anticipated a stable outlook. (Dawn) | [Click for more info.](#)

SBP forex reserves fall to level less than 40 days of imports

Economy | Negative

The foreign exchange reserves held by the State Bank of Pakistan (SBP) plunged over \$500 million to their lowest level since April 2014 during the week that ended on December 16, the central bank said on Thursday. The central bank, in its weekly statement, said the foreign currency reserves held by the SBP were recorded at \$6,116.2 million during the week under review, down \$584 million compared with \$6,700 on December 9. (The News) | [Click for more info.](#)

Super tax to be applicable in TY23 and onwards: SHC

Economy | Positive

The Sindh High Court (SHC) has held that super tax on high-earning persons will not be applicable for the Tax Year 2022, but for Tax Year 2023 and onwards. (BR) | [Click for more info.](#)

International donors moot to seek over \$16bn for rehab of flood victims

Economy | Neutral

The International Donors Conference scheduled to be held in Geneva on January 9, 2023 will seek over \$16 billion in assistance for construction in the flood-affected areas in Pakistan. (The News) | [Click for more info.](#)

Review delay throws IMF's EFF off the track?

Economy | Neutral

The IMF's Extended Fund Facility (EFF) has once again fallen off track amid delays in completion of the 9th review, experts said. The IMF has raised concerns over the fiscal slippages emanating from a combination of the devastating floods and revenue shortfall, particularly from Petroleum Development Levy (PDL), experts said, adding that there have also been concerns over accuracy of the budgeted flood rehabilitation expenditure. (BR) | [Click for more info.](#)

Oil & Gas

OGDCL makes second discovery in Sanghar

OGDC | Positive

Oil and Gas Development Company Ltd (OGDC) said on Thursday a joint venture that it leads as operator has discovered oil and gas from an exploratory well named Kot Nawab-1 located in Sanghar, Sindh. (Dawn) | [Click for more info.](#)

Reduction in circular debt of gas sector by 70pc

Gas | Neutral

Prime Minister Shehbaz Sharif has directed Petroleum and Finance Divisions to prepare a master plan to reduce circular debt of the gas sector by 70 percent from existing Rs 1.6 trillion to Rs 500 billion by December 28, 2022, sources close to the finance minister told. (BR) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	26,674.9	26,952.0	277.1	1.0%
KSE100	39,342.9	39,838.3	495.4	1.3%
KSE30	14,460.0	14,683.2	223.3	1.5%
KMI30	65,875.8	67,003.6	1127.9	1.7%

Top Five Gainers

	Open	Close	Chg.	%
RMPL	7,755.0	7,911.0	156.0	2.0%
BATA	1,642.0	1,725.0	83.0	5.1%
BHAT	1,030.0	1,105.0	75.0	7.3%
COLG	1,913.0	1,950.0	37.0	1.9%
RCML	640.0	662.7	22.7	3.5%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
CENERGY	3.9	3.9	0.0	17.41
PRL	13.0	13.2	0.3	13.02
TPLP	17.1	17.8	0.7	10.10
WTL	1.2	1.2	0.0	9.64
HASCOL	5.4	6.1	0.7	9.23

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	-0.01	-0.01
F-Corporates	0.37	-0.35	0.02
O/S Pakistanies	2.57	-2.55	0.02
Net	2.94	-2.91	0.03
LIPI			
Individuals	25.41	-25.91	-0.50
Companies	7.02	-4.58	2.44
Comm. Banks	0.73	-1.07	-0.34
NBFC	0.01	-0.02	-0.01
Mutual Funds	1.70	-1.48	0.22
Other	0.14	-0.31	-0.18
Brokers Proprietary	10.11	-11.57	-1.46
Insurance	0.33	-0.54	-0.21
Net	45.45	-45.48	-0.03

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	78.45	-0.1%
Brent oil	USD/bbl.	81.62	-0.8%
Gold	USD/t oz.	1792.57	-1.2%
Silver	USD/t oz.	23.57	-1.6%
Coal	USD/ton	205.60	-1.6%
Steel Scrap (LME)	USD/ton	384.00	-0.3%
Steel Rebar (LME)	USD/ton	662.50	0.3%
USD/PKR	Interbank	6.50	-0.1%

News Source: Local / Int'l Newspapers and websites

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MORNING BRIEFING

December 23, 2022

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Power

Pakistan, IMF remain poles apart as power sector debt skyrockets

Power | Negative

Pakistan and the International Monetary Fund (IMF) on Thursday could not agree on a roadmap for recouping on an average monthly Rs123 billion power sector losses that are further ballooning highly unsustainable circular debt. The government added Rs393 billion into the circular debt during July-September period, which further increased to nearly Rs500 billion by end October, according to the documents and the government sources (ET) | [Click for more info.](#)

PQEPC seeks permanent exemption from application of IFRS-9

Power | Neutral

The Port Qasim Electric Power Company (Private) Limited (PQEPC) has sought permanent exemption from the application of IFRS-9 on trade debts under the powers provided to the SECP under section 225(3) of the Companies Act, 2017. (BR) | [Click for more info.](#)

Cement

Lucky Cement kick-starts new line, reaches 15.3 MTPA capacity

LUCK | Positive

Lucky Cement has become the largest cement manufacturer of Pakistan with 15.3 million tonnes per annum capacity after the completion of its brownfield expansion in Pezu, Khyber Pakhtunkhwa. (The News) | [Click for more info.](#)

Fertilizer

FFBL shuts down DAP plant on low demand

FFBL | Negative

Fauji Fertiliser Bin Qasim Limited (FFBL), Pakistan's only manufacturer of di-ammonium phosphate (DAP), has shutdown its plant for an indefinite period in the wake of low demand and glut in the farm nutrient market. (The News) | [Click for more info.](#)

Miscellaneous

Three markup waiver and financing schemes announced

Banks | Neutral

The federal government has announced three markup waiver and financing schemes for farmers in rain and flood affected areas under Kissan Package 2022. Under these schemes farmers can also avail up to Rs 200,000 financing at zero percent markup rate, besides waiver of markup on previously obtained financing. (BR) | [Click for more info.](#)

Imported soybean; Federal govt approves release of 9 consignments

Vanaspati | Positive

The federal government has approved release of nine stuck-up consignments of imported soyabean, poultry feed, in next two days. (BR) | [Click for more info.](#)

Move to bring 2m retailers into tax net

Economy | Neutral

The Senate Standing Committee on Finance has cleared the Tax Laws (Second Amendment) Bill, 2022 with some amendments and tax authorities stated that the government wanted to bring two million retailers into the tax net through simplified single-page tax return. (BR) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
HK - Hang Seng	19,679.2	518.73	2.71%
PAK (KSE-100)	39,838.3	495.44	1.26%
Taiwan - TWII	14,442.9	208.54	1.47%
PHILP - PSEi	6,576.9	56.14	0.86%
INDONESIA - IDX	6,824.4	3.77	0.06%
CHINA - Shanghai	3,054.4	-13.98	-0.46%
US - S&P 500	3,822.4	-56.05	-1.45%
KSA - Tadawul	10,215.8	-61.15	-0.60%
INDIA - SENSEX	60,826.2	-241.02	-0.39%
US - Dow 30	33,027.5	-348.99	-1.05%

Board Meetings

Scrip	Day	Agenda	Time
SASML	Friday	Ann A/c for 30-Sep-22	11:00 AM
KPUS	Friday	Ann A/c for 30-Sep-22	2:00 PM
SKRS	Friday	3Qtr A/c for 30-Jun-22	5:00 PM
SHSML	Monday	Ann A/c for 30-Sep-22	11:00 AM
HABSM	Monday	Ann A/c for 30-Sep-22	11:00 AM
ALNRS	Tuesday	Ann A/c for 30-Sep-22	11:00 AM
BAFS	Tuesday	Ann A/c for 30-Sep-22	11:00 AM
TICL	Tuesday	Ann A/c for 30-Sep-22	12:00 PM
AABS	Tuesday	Ann A/c for 30-Sep-22	4:00 PM

Source: PSX

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MORNING BRIEFING

Political News

Punjab: politicians wade into deeper, murkier waters

In a late Thursday night development the Punjab Governor Balighur Rehman de-notified Punjab Chief Minister Pervez Elahi after his failure to get vote of confidence from the provincial assembly. However, Pakistan Tehreek-e-Insaf (PTI) rejected the governor's action of de-notifying the Punjab Chief Minister. PTI leader Fawad Chaudhry said that the notification has no legal status. Speaker of Punjab Assembly Sibtain Khan said on Thursday that voting on no-confidence motion would be conducted in the first week of January. (BR) | [Click for more info.](#)

Decision to dissolve KP assembly postponed: Mahmood

Chief Minister Khyber Pakhtunkhwa (KP) Mahmood Khan said Thursday that the Pakistan Tehreek-e-Insaf (PTI) has decided to postpone the dissolution of the provincial assembly until the future of the Punjab Assembly is decided. In a media talk outside the Hayatabad Sports Complex in Peshawar today, Mahmood said: "Imran Khan will first decide the future of the Punjab Assembly." (BR) | [Click for more info.](#)

International News

Asian Stocks Follow US Lower as Data Backs Hikes: Markets Wrap

Asian equities opened lower Friday amid a downbeat tone in markets after a slump in US technology stocks and more economic data validating the case for the Federal Reserve to keep hiking interest rates. (Bloomberg) | [Click for more info.](#)

Oil falls by \$1/bbl as rate hike fears outweigh tighter U.S. stockpiles

Oil fell by around \$1 a barrel on Thursday in volatile trade as the impact of tighter U.S. crude stocks due to a winter storm in the United States was outweighed by fears that Federal Reserve interest rate hikes and China's rising COVID-19 cases would dent demand. (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 FCF based DCF methodology.

Analyst Certification ^{AC}

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