

October 26, 2022

Morning Briefing

Economy

Credit default swap hits 13-year high on ratings downgrades, default worries

Economy | Negative

The cost of insuring Pakistan's sovereign debt against default climbed to a 13-year high as ratings downgrades and speculations of debt restructuring raised concerns among international investors about Pakistan's ability to meet its bond obligations. (The News) | [Click for more info.](#)

Govt borrows heavily from banks for budgetary support

Economy | Negative

The federal government borrowed heavily from banks for budgetary support during the first 105 days of the current fiscal year. The State Bank of Pakistan's latest release on Tuesday showed that the government borrowed Rs608.5 billion from July 1 to Oct 14, 2022-23 against a net debt retirement of Rs37bn in the same period of last year. (Dawn) | [Click for more info.](#)

Pakistan, Saudi Arabia agree to boost ties

Economy | Neutral

Prime Minister Shehbaz Sharif Tuesday has a meeting with Saudi Arabia Crown Prince Mohammed Bin Salman in which both leaders reviewed the entire gamut of bilateral relations and affirmed commitment to further strengthen the fraternal bond between Pakistan and Saudi Arabia. (The News) | [Click for more info.](#)

Rupee registers third successive gain, settles at 219.73 against US dollar

Economy | Positive

Pakistan's rupee recorded a gain for the third successive session against the US dollar, and registered an appreciation of 0.31% in the inter-bank on Tuesday. As per the State Bank of Pakistan (SBP), the rupee closed at 219.73 after appreciating Re0.68. (BR) | [Click for more info.](#)

Oil & Gas

Govt on tightrope over diversion of costly RLNG to domestic sector

Gas | Negative

Country's gas sector is already soaked in mammoth circular debt of Rs1,500 bn owing to which it has become unsustainable like the power sector facing Rs2,500 billion circular debt. During this winter, the government is inclined to inject LNG of 250-350mmcf into the domestic sector to cater to the energy needs of the domestic sector. This will cost the government another Rs110 billion," a senior official of the Energy Ministry told. (The News) | [Click for more info.](#)

Furnace oil glut forces PARCO to slash prices

Refinery | Negative

Lower consumption of furnace oil by the power sector has led one of the domestic refineries to cut its price, while other refineries have also been taking measures to avoid piling up of inventories at their premises. (The News) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	28,813.7	28,710.2	-103.5	-0.4%
KSE100	42,347.2	42,190.0	-157.2	-0.4%
KSE30	15,602.6	15,537.3	-65.4	-0.4%
KMI30	71,388.4	71,384.5	-3.9	0.0%

Top Five Gainers

	Open	Close	Chg.	%
SFL	1,031.9	1,084.4	52.5	5.1%
KHTC	303.9	326.7	22.8	7.5%
SIEM	781.3	801.7	20.3	2.6%
SCL	258.5	277.9	19.4	7.5%
ICI	668.8	682.9	14.2	2.1%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
HASCOL	6.7	6.8	0.1	35.21
WTL	1.6	1.6	0.0	13.01
GTECHBR	0.9	0.3	-0.6	11.06
NCPL	17.5	16.5	-0.9	9.08
PTC	6.8	7.0	0.2	6.63

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	0.33	-0.87	-0.53
O/S Pakistanies	3.56	-3.27	0.29
Net	3.89	-4.14	-0.25
LIPI			
Individuals	36.51	-37.80	-1.29
Companies	1.58	-1.32	0.27
Comm. Banks	0.81	-0.79	0.02
NBFC	0.01	-0.05	-0.03
Mutual Funds	1.69	-1.18	0.51
Other	1.26	-0.41	0.85
Brokers Proprietary	9.72	-9.81	-0.10
Insurance	0.15	-0.12	0.02
Net	51.73	-51.48	0.25

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	84.86	0.0%
Brent oil	USD/bbl.	91.35	-0.1%
Gold	USD/t oz.	1652.83	0.1%
Silver	USD/t oz.	19.33	0.1%
Coal	USD/ton	240.35	0.1%
Steel Scrap (LME)	USD/ton	364.50	-0.5%
Steel Rebar (LME)	USD/ton	670.00	-1.5%
USD/PKR	Interbank	5.75	-0.1%

News Source: Local / Int'l Newspapers and websites

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Power

KE subscribers to get third successive tariff relief of Rs4.70 for September

KEL | Positive

The National Electric Power Regulatory Authority (Nepra) on Tuesday approved Rs4.70 per unit reduction in fuel cost adjustment (FCA) for electricity used by K-Electric consumers in September. Once the approval is formally notified in a couple of days, the KE would be required to refund about Rs7.78 billion to consumers through adjustment in November's bill. (Dawn) | [Click for more info.](#)

KE's average generation cost 300pc higher than CPPA-G's: Nepra

KEL | Neutral

National Electric Power Regulatory Authority (Nepra) on Tuesday disclosed that K-Electric's (KE's) own average power generation is over 300 per cent costlier at Rs 37.74 per unit as compared to Rs 10 per unit of CPPA-G. (BR) | [Click for more info.](#)

CPPA-G agrees to support PQEPCL

Power | Neutral

Central Power Purchasing Agency –Guaranteed (CPPA-G) has shown willingness to renegotiate forced outage during conversion of imported coal-fired power plant of Port Qasim Electric Power Co. Ltd (PQEPCL) on ten percent blending of Thar coal, sources in PPIB told. (BR) | [Click for more info.](#)

Miscellaneous

HACPL launches Honda HR-V 2022

HCAR | Positive

The All-New Honda HR-V 2022 is a significant automobile preferred by customers in more than 100 countries worldwide. The success of Honda HR-V has been witnessed worldwide. Moreover, recently in March 2022, Honda HR-V was honored at Red Dot Award for its design on a global level. (BR) | [Click for more info.](#)

TRG staves off alleged hostile takeover bid

TRG | Neutral

TRG Pakistan Ltd has mounted a legal battle against an alleged attempt at hostile takeover by companies belonging to the JS Group as well as other entities and individuals that the IT firm believes are "acting in concert". (Dawn) | [Click for more info.](#)

HBL, Arif Habib Ltd sign MoU with Ghani Ceramics Ltd

GHGL | Neutral

HBL and Arif Habib Limited have formed a consortium for providing advisory services in respect of the Initial Public Offering and listing of Ghani Ceramics Limited on the Pakistan Stock Exchange. (BR) | [Click for more info.](#)

Unfunded expenditure pledged, but not spent as yet

Textile | Neutral

The government agreed to Rs19.99 per unit tariff to the five export sectors on the eve of the departure of Federal Finance Minister Ishaq Dar to attend the annual IMF/World Bank meeting estimated to cost Rs 100 billion. An additional Rs 33 billion is due from the previously announced subsidy of 6.5 cents per unit. The government had budgeted only Rs 20 billion under this account for the current year. (BR) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
US - Dow 30	31,836.7	337.12	1.07%
US - S&P 500	3,859.1	61.77	1.63%
PHILP - PSEi	6,073.4	44.62	0.74%
CHINA - Shanghai	2,976.3	-1.28	-0.04%
INDONESIA - IDX	7,048.4	-4.66	-0.07%
HK - Hang Seng	15,165.6	-15.10	-0.10%
KSA - Tadawul	11,973.9	-101.41	-0.84%
PAK (KSE-100)	42,190.0	-157.21	-0.37%
Taiwan - TWII	12,666.1	-190.86	-1.48%
INDIA - SENSEX	59,544.0	-261.43	-0.44%

Board Meetings

Scrip	Day	Agenda	Time
ASHT	Wednesday	1QA/c as at 30-Sep-22	9:00 AM
ABOT	0	3QA/c as at 30-Sep-22	10:00 AM
BHAT	0	1QA/c as at 30-Sep-22	10:00 AM
HBL	0	3QA/c as at 30-Sep-22	10:00 AM
PSMC	0	3QA/c as at 30-Sep-22	10:00 AM
PKGI	0	3QA/c as at 30-Sep-22	10:00 AM
PICT	0	3QA/c as at 30-Sep-22	10:00 AM
AGIL	0	1QA/c as at 30-Sep-22	10:30 AM
ICIBL	0	1QA/c as at 30-Sep-22	10:30 AM
JSBL	0	3QA/c as at 30-Sep-22	10:30 AM
PKGP	0	3QA/c as at 30-Sep-22	10:30 AM
BERG	0	1QA/c as at 30-Sep-22	11:00 AM
BTL	0	1QA/c as at 30-Sep-22	11:00 AM
FATIMA	0	3QA/c as at 30-Sep-22	11:00 AM
FFC	0	3QA/c as at 30-Sep-22	11:00 AM
GAMON	0	1QA/c as at 30-Sep-22	11:00 AM
GIL	0	1QA/c as at 30-Sep-22	11:00 AM
IDSM	0	1QA/c as at 30-Sep-22	11:00 AM
MCB	0	3QA/c as at 30-Sep-22	11:00 AM
MTL	0	1QA/c as at 30-Sep-22	11:00 AM
RUPL	0	1QA/c as at 30-Sep-22	11:00 AM
TPLT	0	1QA/c as at 30-Sep-22	11:00 AM
MFL	0	1QA/c as at 30-Sep-22	12:00 PM
SAZEW	0	1QA/c as at 30-Sep-22	12:15 PM
KML	0	1QA/c as at 30-Sep-22	12:30 PM
LOADS	0	1QA/c as at 30-Sep-22	12:30 PM
PRWM	0	1QA/c as at 30-Sep-22	12:30 PM

Source: PSX

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Political News

Imran Khan says PTI's long march to begin from Lahore on October 28

Former prime minister and Pakistan Tehreek-e-Insaf (PTI) Chairman Imran Khan announced Tuesday that his party's long march towards Islamabad would commence from Lahore's Liberty Chowk on October 28. (BR) | [Click for more info.](#)

International News

Saudi energy minister says countries should not misuse oil stocks

Saudi Arabia's energy minister Prince Abdulaziz bin Salman said on Tuesday some countries were using their emergency stocks to manipulate markets when their purpose should be to mitigate any shortages of supply. (Reuters) | [Click for more info.](#)

Tailwind for Asian Stocks Weakens on Tech Giants: Markets Wrap

Gains in Asian stocks may be curbed Wednesday after a three-day rally on Wall Street was marred by post-market slumps in Google parent Alphabet Inc. and Microsoft Corp. (Bloomberg) | [Click for more info.](#)

Oil falls on build in U.S. crude oil stocks, stronger dollar

Oil prices fell in early trade on Wednesday as the dollar firmed and as industry data showing U.S. crude oil stockpiles rose more than expected reinforced fears of a global recession that would cut demand. (Reuters) | [Click for more info.](#)

MORNING BRIEFING

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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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