

MORNING GLANCE

ASIA

	Value	Pts	Chg. (%)
KSE 100	43,913.44	204.95	0.46% ▼
NIFTY 50	17,086.25	82.50	0.49% ▲
DSE 30	2,504.08	16.03	0.64% ▲
SHANGHAI	3,619.19	3.22	0.09% ▲
Hang Seng	23,252.50	28.74	0.12% ▲
BIST 100	1,897.13	5.85	0.31% ▲
MOEX	3,740.63	37.91	1.02% ▲
CSE All-Share	12,008.49	62.19	0.52% ▼
Nikkei 225	28,975.50	299.04	1.04% ▲
KLCI	1,540.57	6.66	0.43% ▲

Source: Investing.com

EUROPE

	Value	Value	Pts
FTSE 100	7,372.10	1.24	0.02% ▼
DAX 30	15,835.25	78.94	0.50% ▲
CAC 40	7,140.39	53.81	0.76% ▲
FTSE MIB	27,231.20	214.98	0.80% ▲
SMI 20	12,866.90	81.58	0.64% ▲

Source: Investing.com

USA

	Value	Value	Pts
DOW JONES	36,302.38	351.82	0.98% ▲
S&P 500	4,791.19	65.40	1.38% ▲
NASDAQ 100	16,567.50	259.29	1.59% ▲
US Dollar Index	96.10	0.01	0.01% ▲

Source: Investing.com

GULF

	Value	Value	Pts
ADX General	8,394.14	-	-
Tadawul All-Share	11,161.04	7.26	0.07% ▼
QE General	11,619.59	32.66	0.28% ▼
Premier Market	7,631.40	-	-

Source: Investing.com

Commodity

	Value	Value	Chg.
Gold (t oz.)	1,810.50	1.70	0.09% ▲
Silver (t oz.)	23.05	0.06	0.25% ▲
Oil-WTI (bbl.)	75.88	0.31	0.41% ▲
Oil-Brent (bbl.)	78.41	0.09	0.11% ▼
Steel Scrap (tons)	468.00	-	-
Cotton (lb.)	112.40	3.57	3.28% ▲

Source: Investing.com

Currency

	Value	Value	Chg.
USD/PKR	178.25	-	-
EURO/PKR	201.64	0.29	0.14% ▼
GBP/PKR	238.84	-	-
JPY/PKR	1.56	-	-
CNY/PKR	28.15	-	-
AED/PKR	48.49	0.01	0.02% ▼
SAR/PKR	47.43	0.01	0.02% ▼
CAD/PKR	139.01	0.14	0.10% ▲
AUD/PKR	128.89	0.04	0.03% ▲

Source: Forex.com.pk



Market Outlook

KSE-100 on Monday remained volatile throughout the day while concluded the session in the red zone amid uncertainty over the mini-budget. The index made an intra-day high and low at 44,167 (49.19 points) and 43,847 (-271 points) respectively while closed at 43,913 by losing 205 points. Trading volume has been decreased to 53mn shares as compared to 71mn shares on the previous day. Going forward, we expect the market to remain volatile ahead of mini budget ordinance. The support for the index resides at 42,800. Breaking this level could further drag the index towards 42,000. However, the resistance for the index resides at 45,108.

Key News

International

Most Asia Stocks Rise After Record for U.S. Shares

Most Asian stocks rose Tuesday after another all-time high for U.S. shares on optimism that the global recovery can weather risks from the coronavirus and tightening monetary policy. Equities climbed in Japan but dipped in South Korea, while U.S. futures inched lower. The S&P 500 posted its 69th record close this year, though volumes were lower than [see more...](#)

Oil prices rise to highest level in a month as Omicron concern eases

Oil prices rose more than 2% on Monday to the highest level since late November on hopes that the Omicron coronavirus variant will have a limited impact on global demand in 2022, even as surging cases. [see more...](#)

Politics

NSC approves Pakistan's first-ever National Security Policy

The National Security Committee (NSC) — the highest forum for coordination on security issues — on Monday approved the country's first-ever National Security Policy aimed at strengthening the security apparatus to tackle all internal and external challenges as well as ensuring the protection of citizens. [see more...](#)

MORNING GLANCE

Economy

Pakistan's GDP growing at 5pc - **Positive**

Fiscal deficit down to 1.1pc of GDP during 4MFY22 against 1.7%pc of GDP in the same period last fiscal. The average monthly economic indicator (MEI) for the first five months of current fiscal year (2021-22) indicates that average economic (GDP) growth of Pakistan during the period could be estimated at around 5%, said a monthly report issued by the Ministry of Finance and Revenue on Monday. [see more...](#)

Shanghai Electric Still Interested In Acquiring Majority Stake In Karachi Electric - **Neutral**

Manager to the Offer, would like to intimate that the time period for making the public announcement of offer (as extended by the Acquirer) made by Shanghai Electric Power Company Limited to acquire Karachi Electric will lapse as of December 28, 2021 ("Expiry Date") on the basis that certain regulatory and other approvals for the Transaction remain outstanding. [see more...](#)

Senate passes resolution to set up infrastructure for electric vehicles - **Positive**

The Senate has unanimously passed three resolutions on subjects including electric vehicles (EVs) and establishment of charging stations network and infrastructure across the country. The government had earlier approved the Electric Vehicle Policy that would help tackle environmental issues and save billions of rupees oil import bill. [see more...](#)

Telecom services; Proposed taxation to hinder IT sector's growth - **Negative**

The proposed increase of five percent in the withholding tax (WHT) on telecom services and the standard rate of 17 percent sales tax on import of computers and accessories in the forthcoming mini-budget will severely impact the growth of IT sector, besides compromising the envisaged ICT exports target of \$5 billion. [see more...](#)

Surplus of rice to be exported: minister - **Positive**

Federal Minister for National Food Security and Research Syed Fakhar Imam said on Monday that surplus stock of rice would be exported and new markets were being explored globally. The country has stock of over eight million tonnes of rice, however, local consumption is nearly 3.5 million tonnes. [see more...](#)

Inflation won't subside anytime soon - **Neutral**

The government has conceded inflationary pressure would continue for a while in the country even though the country has been on a high growth trajectory compared to the growth observed during the fiscal year 2021. The Ministry of Finance in its monthly economic outlook for December 2021 said that Pakistan is on a higher growth trajectory, compared to growth observed in fiscal year 2021. [see more...](#)

Three large Discos; Ministerial panel to consider bifurcation: Report - **Neutral**

The Federal Government has constituted a five-member ministerial panel to firm up recommendations on the viability of bifurcation of three large power Distribution Companies (Discos), i.e., Mepco, PESCO and QESCO, sources close to Minister for Energy told Business Recorder. The decision was taken at a federal cabinet meeting presided over by PM [see more...](#)

Fauji Cement Co Ltd signs Rs37,400m syndicated term loan facilities for expansion - **Positive**

The signing ceremony for credit facilities for path breaking expansions by Fauji Cement Company Limited and Askari Cement Limited was held on Monday. Both the companies are part of the Fauji Group and have been in the forefront of infrastructure development in Pakistan. The expansions are in line with the Fauji Group's vision to play a role in the [see more...](#)

Ending of Anti Dumping Duty Protection for EPCL in June to bring down Construction cost - **Positive**

Anti Dumping duties imposed on imports of Polyvinyl Chloride Resin (PVC) is set to expire on 12 June 2022. Government has imposed duty in 2017 to stop dumping of PVC resin by Korean and Chinese companies into Pakistan. However, due to increase in landed cost for imported PVC domestic PVC manufacturer has increased its prices significantly [see more...](#)

FBR Orders to Charge 16% Sales Tax on 59 Services - **Negative**

The Federal Board of Revenue (FBR) has directed ICTO zone Islamabad to charge 16 percent sales tax on fifty-nine services. The commissioner ICTO zone Islamabad Mohy UD DIN Ismail has directed its officers to facilitate such persons rendering or providing taxable services within their relevant [see more...](#)

DISCLAIMER

This report has been prepared by Abbasi & Company (Private) Limited 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, Abbasi & Company (Private) Limited 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 Abbasi & Company (Private) Limited 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 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 Abbasi & Company (Private) Limited Research Department and do not necessarily reflect those of the company or its directors. Abbasi & Company (Private) Limited as a firm may have business relationships, including investment-banking relationships, with the companies referred to in this report. Abbasi & Company (Private) Limited does not act as a market maker in the securities of the subject company. Abbasi & Company (Private) Limited or any officers, directors, associates or close relatives do not 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 at the time of issuance of this report. Abbasi & Company (Private) Limited or any officers, directors, associates or close relatives are not currently serving or have served in the past three years as a director or officer of the subject company. Abbasi & Company (Private) Limited or any officers, directors, associates or close relatives have not received compensation from the subject company in the previous 12 months. The subject company currently is not, or during the 12-month period preceding the date of publication or distribution of this report, was not, a client of Abbasi & Company (Private) Limited. We have not managed or co-managed a public offering or any take-over, buyback or delisting offer of securities for the subject company in the past 12 months and/or received compensation for corporate advisory services, brokerage services or underwriting services from the subject company in the past 12 months. Abbasi & Company (Private) Limited does not expect to receive or intend to seek compensation for corporate advisory services or underwriting services from the subject company in the next 3 months

All rights reserved by Abbasi & Company (Private) Limited. 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 Abbasi & Company (Private) Limited. Action could be taken for unauthorized reproduction, distribution or publication

VALIDITY OF THE PUBLICATION OR REPORT

The information in this publication or report is, regardless of source, given in good faith, and may only be valid as of the stated date of this publication or report. The information may be subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed and it may not contain all material information concerning the company, jurisdiction or financial instruments referred to in this report. The valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report and were based upon several estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein is not to be relied upon as a representation and/or warranty by Abbasi & Company (Private) Limited and/or its other associated and affiliated companies, that:

- I. Such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- II. There is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein

DEFINITION OF TERMS

TP	Target Price	DDM	Dividend Discount Model	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DCF	Discounted Cash Flows
PE	Price to Earnings Ratio	PB	Price to Book Ratio	BVPS	Book Value Per Share
EPS	Earnings Per Share	DPS	Dividend Per Share	ROE	Return of Equity
ROA	Return on Assets	SOTP	Sum of the Parts	JPB	Justified Price to Book

VALUATION METHODOLOGY

To arrive at our Target Price, Abbasi & Company (Private) Limited uses different valuation methods which include:

- I. Discounted Cash Flow Model
- II. Dividend Discount Model
- III. Relative Valuation Model
- IV. Sum of Parts Valuation

RATINGS CRITERIA

Abbasi & Company (Private) Limited employs a three-tier ratings system to rate a stock and sector, as mentioned below, which is based upon the level of expected return for a specific stock and outlook of sector. The rating is based on the following with stated time horizon

Stock Rating	Expected Total Return	Sector Rating	Sector Outlook
BUY	Greater than 15%	Overweight	Positive
HOLD	Between -5% to 15%	Market Weight	Neutral
SELL	Less than and equal to -5%	Underweight	Negative

Ratings are updated to account for any development impacting the economy/sector/company, changes in analysts' assumptions or a combination of these factors.

RESEARCH DISSEMINATION POLICY

Abbasi & Company (Private) Limited endeavors to make all reasonable efforts to disseminate research to all eligible clients in a timely manner through either physical or electronic distribution such as email, fax mail etc. Nevertheless, all clients may not receive the material at the same time

OTHER DISCLOSURES

The research analyst is primarily involved in the preparation of this report, certifies that:

- I. The views expressed in this report accurately reflect his/her personal views about the subject company/stock /sector and economy
- II. No part of his/her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report

The Research Analyst is not and was not involved in issuing of a research report on any of the subject company's associated companies

PREPARED BY

Muhammad Ahmed

Phone: (+92) 42 38302028

Ext: 118

Email: mahmed@abbasiandcompany.com

RESEARCH DEPARTMENT

6 - Shadman, Lahore

Phone: (+92) 42 38302028; Ext: 116, 117

Email: research@abbasiandcompany.com

web: www.abbasiandcompany.com

HEAD OFFICE

6 - Shadman, Lahore

Phone: (+92) 42 38302028

Email: info@abbasiandcompany.com

web: www.abbasiandcompany.com

BRANCH OFFICE

42 - Mail Road, Lahore

Phone: (+92) 42 38302028-37320707

Email: info@abbasiandcompany.com

web: www.abbasiandcompany.com