

MORNING GLANCE



40,420






▲ 673



▲ 1.69%




204 mn



YTD -9.36%





1 Year -9%

ASIA	Value	Pts	Chg. (%)
 NIFTY 50	18,131.70	26.40	0.15% ▲
 DSE 30	2,195.30	1.10	0.05% ▲
 SHANGHAI	3,089.26	15.56	0.51% ▲
 Hang Seng	19,781.41	40.27	0.20% ▲
 Nikkei 225	26,094.50	0.83	-

EUROPE	Value	Pts	Chg. (%)
 FTSE 100	7,451.74	60.98	0.81% ▼
 DAX 30	13,923.59	148.13	1.05% ▼

USA	Value	Pts	Chg. (%)
 DOW JONES	33,147.25	73.55	0.22% ▼
 S&P 500	3,839.50	9.78	0.25% ▼
 NASDAQ	10,939.76	11.29	0.10% ▼

Commodities	Value	Chg.	Chg. (%)
 Gold (t oz.)	1,830.10	4.10	0.22% ▲
 Oil-WTI (bbl)	80.51	2.11	2.69% ▲

Currencies	Value	Chg.	Chg. (%)
 USD/PKR	226.75	-	-
 EURO/PKR	241.38	0.57	0.24% ▲
 GBP/PKR	273.09	0.25	0.09% ▲
 AED/PKR	62.22	0.52	0.84% ▲

Source: dps.psx.com.pk, investing.com, forex.com

Market Outlook

KSE-100 on Friday showed positive momentum throughout the day and concluded the session in the green zone. The benchmark KSE-100 index made an intra-day high and low at 40,420 (673 points) and 39,649 (-53.24 points) respectively while closed at 40,420 by gaining 673 points. Trading volume has increased to 204mn shares as compared to 167mn shares on the previous trading day. Going forward, we expect the market to test its resistance at 41,000. Breaking this level would further push the index towards 41,701 (50DMA). Contrarily, the support for the index resides at 39,700.

Key News

International

Asian Stock Market: All set to end 2022 on a positive note despite challenges from China

Asian stocks grind higher as traders brace for a positive close to the volatile 2022 during the last trading of the year. While portraying the mood, the MSCI's index of Asia-Pacific shares outside Japan rises nearly half a percent whereas Japan's Nikkei 225 remains sluggish by the press time. On a broader front, US 10-year Treasury yields fade the [see more...](#)

Brent Crude Up By 8.8% By Year-End, With WTI Futures Up By 5.5%

Global oil prices are rising by 2%-3% on Friday evening, and the price of Brent oil has risen by 8.8% throughout 2022. As of 19:44 GMT, the price of March futures for Brent crude oil was trading up by 2.9% to \$85.88 per barrel, and February futures for WTI rose by 2.46% to \$80.33 per barrel. Throughout the year, Brent has risen by 8.8%, WTI - by 5.5% [see more...](#)

Politics

Former army chief's 'set-up' still active, alleges Imran

Former prime minister Imran Khan on Sunday lashed out at the former army chief again, alleging that Qamar Javed Bajwa stabbed him in the back and that his "set-up" was still active in the establishment purportedly to stop the Pakistan Tehreek-i-Insaf (PTI) from coming back to power. [see more...](#)

Economy

Pakistan to repay \$1.3bn loan by Jan 10 - Neutral

Pakistan will have to repay \$1.3 billion in foreign loans by January 10, 2023, which may result in further depletion of the foreign exchange reserves. "There is a due loan repayment of commercial loans to the tune of \$1 billion to Dubai-based commercial banks. Now it has come to the surface that there is another loan repayment of \$300 million due on account of a sovereign loan extended by Islamabad to the Chinese side for execution of an important project. [see more...](#)

MORNING GLANCE

Without IMF umbrella, strong headwinds ahead - Neutral

As the International Monetary Fund (IMF) programme remains the only viable option to avoid sovereign default, the government sees stagflation and low foreign exchange reserves as the key challenges in the remainder half of the fiscal year. Two separate events on Friday –a monthly economic outlook report by the Ministry of Finance and a closed door civil-military huddle at Prime Minister [see more...](#)

BWHL, SURC announce plant closure, production cuts - Negative

Auto parts maker Baluchistan Wheels Limited (BWHL) and Suraj Cotton Mills Limited (SURC), a textile manufacturer, on Friday announced plant closure and production cuts respectively on depressed demand. “As explained earlier vide our letters dated December 9, 2022, and December 23, 2022, regarding temporary closure of production activities due to a drop in our sales orders from the OEMs [see more...](#)

FDI in Pakistan not up to mark despite govt efforts - Negative

The vigorous steps being taken by the government of Pakistan to ensure a conducive business environment in the country have so far failed to attract the desired volume of foreign investment, WealthPK reported. According to the data of the State Bank of Pakistan, foreign investment in the country was recorded at \$1.78 billion in the first quarter of the current fiscal compared to \$4.58 billion in [see more...](#)

Jul-Oct; Fiscal deficit rises 1.5pc of GDP to Rs1.266trn YoY - Negative

Overall, the fiscal deficit has increased to 1.5 percent of GDP (Rs1,266 billion) during July-October fiscal year 2023 compared to 0.9 percent of GDP (Rs587 billion) for the same period a year before on the back of an increase in the current expenditure on account of debt servicing. According to the monthly economic outlook and update for December [see more...](#)

Rs220 billion hole surfaces against FBR’s target - Negative

The tax collection remained at just Rs3.4 trillion till Friday, as the government is expected to face a record shortfall of around Rs220 billion during the first half of the fiscal year due to contractionary economic policies, exemptions to traders and legally questionable revenue measures. Against the July-December target of Rs3.65 trillion, the Federal Board of Revenue collected Rs3.4 trillion as of Friday—falling short of the goal by a [see more...](#)

PSO’s circular debt soars to around Rs600bn - Negative

Pakistan State Oil Company Limited’s (PSOCL’s) circular debt has reached around Rs600 billion including Rs180 billion of the power sector till the end of calendar year 2022. The winter season is posing a greater threat to the country’s supply chain security with the substantial increase in gas-related circular debt receivables. The circular debt stands in the oil and gas sector at Rs1,500 billion. [see more...](#)

Hubco-backed JV firm acquires Eni business - Positive

The Hub Power Company Ltd (Hubco) said on Friday its joint-venture firm has completed the Eni transaction that involves the acquisition of the Pakistan business of the global energy exploration giant. The country’s largest independent power producer has carried out the transaction through Prime International Ltd in which Hubco controls 50 per cent shares through its [see more...](#)

TLA with KIA Corp; SECP drops winding-up proceedings against Dewan Motors - Positive

The Securities and Exchange Commission of Pakistan (SECP) has dropped the winding-up proceedings initiated against Dewan Farooque Motors Limited after the company signed a Technical License Agreement (TLA) with KIA Corporation for assembly/manufacturing of commercial vehicles. According to an order of the SECP’s [see more...](#)

Faysal shifts to ‘Islamic only’ banking - Positive

Faysal Bank Ltd said on Friday it has surrendered its conventional banking licence to the State Bank of Pakistan and received an Islamic banking licence instead. It’ll conduct its business as an Islamic bank from Jan 1, 2023, it said. Five Islamic banks and 17 conventional banks with Islamic banking branches already operate in Pakistan. The share of Islamic banking assets in the overall [see more...](#)

Major feed unit announces closure - Negative

The poultry and dairy industry on Friday shocked as one of the major feed mills announced its closure due to a ban on raw material import and the unavailability of local inputs. A notice issued by the Hi-Tech Feeds Pvt Ltd, Raiwind Road, to its employees on Thursday said that the unit is being closed from Jan 31, 2023, due to business instability, ever-increasing power and gas tariffs and unprecedented [see more...](#)

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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

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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.

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

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