

## MORNING GLANCE



|        |            |               |
|--------|------------|---------------|
| 42,730 | ▼ -89      | ▼ -0.21%      |
| 108 mn | YTD -4.18% | 1 Year -7.33% |

| ASIA       | Value     | Pts    | Chg. (%) |
|------------|-----------|--------|----------|
| NIFTY 50   | 18,307.65 | 36.25  | 0.20% ▼  |
| DSE 30     | 2,199.91  | 8.25   | 0.38% ▲  |
| SHANGHAI   | 3,060.67  | 36.57  | 1.18% ▼  |
| Hang Seng  | 17,463.50 | 529.04 | 2.94% ▼  |
| Nikkei 225 | 27,876.50 | 23.27  | 0.08% ▼  |

| EUROPE   | Value     | Pts    | Chg. (%) |
|----------|-----------|--------|----------|
| FTSE 100 | 7,385.52  | 38.98  | 0.53% ▲  |
| DAX 30   | 14,431.86 | 165.48 | 1.16% ▲  |

| USA       | Value     | Pts    | Chg. (%) |
|-----------|-----------|--------|----------|
| DOW JONES | 33,745.69 | 199.37 | 0.59% ▲  |
| S&P 500   | 3,965.34  | 18.78  | 0.48% ▲  |
| NASDAQ    | 11,677.02 | 0.16   | 0.03% ▲  |

| Commodities   | Value    | Chg. | Chg. (%) |
|---------------|----------|------|----------|
| Gold (t oz.)  | 1,747.55 | 6.85 | 0.39% ▼  |
| Oil-WTI (bbl) | 79.56    | 0.55 | 0.69% ▼  |

| Currencies | Value  | Chg. | Chg. (%) |
|------------|--------|------|----------|
| USD/PKR    | 223.33 | 0.63 | 0.28% ▲  |
| EURO/PKR   | 231.36 | 0.28 | 0.12% ▲  |
| GBP/PKR    | 265.54 | 0.61 | 0.23% ▲  |
| AED/PKR    | 60.75  | 0.16 | 0.26% ▲  |

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

### Market Outlook

KSE-100 on Friday remained volatile throughout the day and concluded the session in the red zone amid the rupee continued its downward trend for the sixth consecutive session against USD. The index made an intra-day high and low at 42,820 (0 points) and 42,601 (-219 points) respectively while closed at 42,730 by losing 89 points. Trading volume has increased to 108mn shares as compared to 72mn shares on the previous trading day. Going forward, the level of 42,925 (200 DMA) is crucial as the market needs to break it to unlock further upside. Breaking this level would further push the index towards 43,800. Contrarily, the support for the index resides at 42,500.

### Key News

#### International

##### Asia share markets fret on China COVID outbreaks, Fed outlook

Asian share markets turned hesitant on Monday as investors fretted about the economic fallout from fresh COVID-19 restrictions in China, while bonds and the dollar braced for more updates on U.S. monetary policy. Beijing's most populous district urged residents to stay at home on Monday as the city's COVID case numbers rose, while at least [see more...](#)

##### Oil dips near 2-month lows as supply concerns ease

Oil prices hovered near two-month lows on Monday as supply fears receded while concerns over China's fuel demand and rising interest rates weighed on prices. Brent crude futures for January had slipped 28 cents, or 0.3%, to \$87.34 a barrel by 0103 GMT after settling at their lowest since Sept. 27. U.S. West Texas Intermediate (WTI) crude futures for December were at \$80 a barrel, down 8 cents, ahead of the [see more...](#)

#### Politics

##### Nawaz hatched Imran's assassination plot, alleges self-proclaimed PML-N leader

In shocking revelations, a person insisting to be a member of the PML-N has claimed that former prime minister and party supremo Nawaz Sharif had discussed assassination plots of slain journalist Arshad Sharif and PTI Chairman Imran Khan with him. Speaking to the Pakistani media reportedly in London, the purported member of the ruling party [see more...](#)

#### Economy

##### Investment in NPCs declines to \$763 million - Negative

In the wake of growing political uncertainty and worsening economic fundamentals in the country, overseas Pakistanis have aggressively started pulling out investments from the Naya Pakistan saving certificates through their Roshan Digital Accounts (RDAs). According to the central bank's latest report on Pakistan's External Debt and Liabilities (Outstanding), the 'net' investment in Naya Pakistan Certificates (NPCs) [see more...](#)

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### Currency swap facility costs Rs36.3b - **Negative**

The cost of a \$4.5 billion Chinese currency swap facility for repaying debt went up by 39% to a record Rs36.3 billion in the last fiscal year, a burden that will increase further as Pakistan has requested China to augment the facility's size. Annual financial accounts of the State Bank of Pakistan (SBP) for financial year 2021-22 disclosed that Pakistan paid Rs36.3 billion in interest on using the \$4.5 billion Chinese trade finance facility. In the [see more...](#)

### NA informed : \$5.66bn foreign loan, aid received - **Neutral**

The National Assembly was informed on Friday that the total amount of foreign loans and aid received by the present government from April 11, 2022 to September 30, 2022 amounts to \$5.666 billion, whereas, disbursement received against loans is \$ 5.61 billion, and disbursement received against grants is \$ 55.92 million. This was stated by Minister for Economic Affairs Sardar Ayaz Sadi in a written reply to a question asked by the [see more...](#)

### PKR declines on rising political noise, falling forex reserves - **Negative**

The rupee lost value, albeit marginally, in all five sessions during the previous week to close at 223.17 against the US dollar in the inter-bank market, amid reports that talks with the International Monetary Fund (IMF) have been further delayed as the lender linked arrival of its mission in Islamabad with finalisation of macroeconomic framework with necessary adjustments. [see more...](#)

### Circular debt of gas sector soars to Rs 900 billion: Ogra to hold public hearing on SSGC petition tomorrow - **Negative**

The Oil and Gas Regulatory Authority (Ogra) will hold a public hearing on Monday (tomorrow) on a petition of the Sui Southern Gas Company (SSGC) about its revenue requirement for the financial year 2022-23 of Rs184,881 million, including Rs33,787 million of un-recouped shortfall for the year 2021-22, and seeking an increase in average prescribed price by Rs667.44 per [see more...](#)

### No export, no crushing season: PSMA - **Negative**

Sugar millers on Friday categorically refused to start the crushing season of 2022-23 unless they are given permission to export one million tonnes of surplus sugar lying in their godowns which has to potential to add up to \$1 billion to the national exchequer. At present 1.2 to 1.3 million tonnes of sugar is available, sufficient to meet the national domestic requirement until January 15, 2023. While addressing a press conference, Pakistan Sugar Mills [see more...](#)

### OMCs reliance on short-term loans ups financial risks - **Negative**

The huge reliance of oil marketing companies (OMCs) on short-term borrowings increases the financial risk of the sector, indicated a study. "The borrowing needs of the sector arise from working capital financing for which the sector relies heavily on short-term borrowings as they constitute an average of 90 percent of the total borrowings," [see more...](#)

### POL exports up 66.01pc - **Positive**

Petroleum products, excluding top NSPHTA, exports during the first four month of fiscal year of 2022-23 increased by 66.01 percent as compared to the exports of the commodity during the corresponding period of last year. During the period from July 22 to October 22, Petroleum products worth \$10.05 million were exported as compared to the exports of \$6.05 million during the same period of last year. [see more...](#)

### Pakistan's power generation cost dips 9% month-on-month in Oct - **Positive**

The total cost of generating electricity in the country declined by 9%, hitting Rs9.02 KWh in October 2022 compared to Rs9.91 KWh in September. However, on a year-on-year (YoY) basis, electricity generation cost declined marginally by 3%. "On YoY basis, the decline in fuel cost is witnessed after 22 months," said Arif Habib Limited (AHL) in a note on [see more...](#)

### Power projects: Huge receivables hurdle to new Chinese funding - **Negative**

Beijing has reportedly conveyed to Islamabad that huge receivables of existing Chinese power projects are the main hurdle in convincing banks for further funding in other power projects to achieve their financial closures, well informed sources in federal government told Business Recorder. The issue receivables and opening of revolving account for [see more...](#)

### Steel sector sees 40% decline - **Negative**

The management of Amreli Steels Limited (ASTL), on Friday, said the local steel industry has witnessed a contraction of around 40% the recent quarter due to the floods. During a corporate briefing, the ASTL management explained that many mills had recently shut down operations due to the high cost of scrap accompanied by other economic challenges. International scrap prices have increased by about 20% [see more...](#)

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## DEFINITION OF TERMS

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