

# MORNING GLANCE



|        |           |               |
|--------|-----------|---------------|
| 42,190 | ▼ -157    | ▼ -0.37%      |
| 72 mn  | YTD -5.4% | 1 Year -7.11% |

| ASIA       | Value     | Pts    | Chg. (%) |
|------------|-----------|--------|----------|
| NIFTY 50   | 17,656.35 | 74.4   | 0.42% ▼  |
| DSE 30     | 2,242.68  | 34.97  | 1.54% ▼  |
| SHANGHAI   | 2,990.90  | 14.62  | 0.49% ▲  |
| Hang Seng  | 15,362.00 | 196.41 | 1.30% ▲  |
| Nikkei 225 | 27,540.00 | 289.72 | 1.06% ▲  |

| EUROPE   | Value     | Pts    | Chg. (%) |
|----------|-----------|--------|----------|
| FTSE 100 | 7,013.48  | 0.51   | 0.01% ▼  |
| DAX 30   | 13,052.96 | 121.51 | 0.94% ▲  |

| USA       | Value     | Pts    | Chg. (%) |
|-----------|-----------|--------|----------|
| DOW JONES | 31,836.74 | 337.12 | 1.07% ▲  |
| S&P 500   | 3,859.11  | 61.77  | 1.63% ▲  |
| NASDAQ    | 11,669.99 | 239.73 | 2.10% ▲  |

| Commodities   | Value    | Chg. | Chg. (%) |
|---------------|----------|------|----------|
| Gold (t oz.)  | 1,657.05 | 0.95 | 0.06% ▼  |
| Oil-WTI (bbl) | 84.84    | 0.48 | 0.56% ▼  |

| Currencies | Value  | Chg. | Chg. (%) |
|------------|--------|------|----------|
| USD/PKR    | 220.30 | 0.7  | 0.32% ▼  |
| EURO/PKR   | 217.49 | 0.2  | 0.09% ▼  |
| GBP/PKR    | 248.73 | 2.54 | 1.01% ▼  |
| AED/PKR    | 59.94  | 0.19 | 0.32% ▼  |

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

## Market Outlook

KSE-100 on Tuesday opened on a positive note. However, later on, it lost the impetus and reversed all of its intra-day gains while concluded the session in the red zone amid macroeconomic and political instability. The index made an intra-day high and low at 42,534 (176 points) and 42,157 (-196 points) respectively while closed at 42,190 by losing 157 points. Trading volume has increased to 72mn shares as compared to 65mn shares on the previous trading day. Going forward, we expect the market to remain volatile amid political unrest owing to the announcement of long march by PTI. The support for the index resides at 42,021 (50 DMA). Breaking this level can further drag the index towards 41,500. Contrarily, the resistance for the index resides at 42,800.

## Key News

### International

#### Asian shares rise on hopes of rate hike slowdown

Asian shares edged higher on Wednesday as investors clung to hopes that the pace of U.S. and global rate hikes will start to slow, though U.S. futures dropped after disappointing results from tech giants Alphabet (NASDAQ:GOOGL) and Microsoft (NASDAQ:MSFT). E-mini futures for the S&P 500 fell 1% in early trade after Google-owner Alphabet posted softer-than-expected ad sales after the bell and Microsoft [see more...](#)

#### 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. Brent crude futures for December dropped \$1.17, or 1.3%, to \$92.35 a barrel at 0111 GMT, after climbing 26 cents in the previous session. U.S. West Texas Intermediate (WTI) crude futures for December [see more...](#)

### Politics

#### 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, Aaj News reported. "I'm announcing that the long march will start on Friday from Liberty Chowk," he said at a press conference in [see more...](#)

### Economy

#### Pakistan, Saudi Arabia agree to boost ties - 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. Just had excellent meeting with HRH Crown Prince Mohammed Bin Salman. We agreed to upgrade & enhance bilateral ties & fraternal [see more...](#)

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### Credit default swap hits 13-year high on ratings downgrades, default worries - **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. On October 24 (Monday), Pakistan's benchmark five-year credit default swap (CDS) increased by 3,071 basis points [see more...](#)

### Rupee registers third successive gain, settles at 219.73 against US dollar - **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. On Monday, Pakistan's rupee had closed at 220.41 after appreciating Re0.43 or 0.20% in the inter-bank. In the last three sessions, the [see more...](#)

### Govt on tightrope over diversion of costly RLNG to domestic sector - **Negative**

Keeping in view the backlash from the masses from the impending huge gas deficit, the government's top mandarins are in a fix on what quantity of costly imported RLNG should be diverted to the domestic sector in the winter season. In the last four winters, Rs108 billion imported product was injected into the domestic sector and the said cost had not yet been recovered. "The [see more...](#)

### Furnace oil glut forces PARCO to slash prices - **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. A day earlier, Pak Arab Refinery (PARCO) announced a reduction in the price of furnace oil by Rs10,000 tonnes to decrease it to Rs125,000 per tonne. "The price cut by PARCO is an indication of the low lifting of furnace oil for [see more...](#)

### NEPRA reduces KE tariff by Rs4.70/unit - **Positive**

The National Electric Power Regulatory Authority (NEPRA) has approved a reduction in power tariff by Rs4.70 per unit for K-Electric (KE) consumers on account of fuel cost adjustment (FCA) for September 2022. According to the notification, the fuel cost adjustment for K-Electric consumers would be lowered by Rs4.70 per unit. With the decision of lowering tariff, KE consumers will get relief of nearly Rs8 billion, the National Electric Power [see more...](#)

### KE's average generation cost 300pc higher than CPPA-G's: Nepra - **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. These statistics were shared by the regulator at a public hearing held to determine financial impact of Fuel Charges Adjustment (FCA) for [see more...](#)

### Testing of Thar-blended coal: CPPA-G agrees to support PQEPCL - **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 Business Recorder. CPPA-G conveyed this stance to PPIB, seeking amendment in [see more...](#)

### FDI in Agriculture Sector Declines by \$54 Million in First Quarter - **Negative**

The Foreign Direct Investment (FDI) in Pakistan's agriculture sector declined to just \$0.56 million during the first quarter (July-Sept) of the current fiscal year (FY23) as compared to \$54.9 million in the same period of the last fiscal year. According to an official document seen by ProPakistani, the FDI in agriculture, forestry, and fishing is on decreasing [see more...](#)

### Rs133bn for export sectors, Rs264.6m to deal with PTI long march: Unfunded expenditure pledged, but not spent as yet - **Neutral**

Two unfunded proposals that have been approved by the Economic Coordination Committee and ratified by the Cabinet are: (i) Rs 100 billion as subsidy on electricity to the five export-oriented sectors for the last nine months; and (ii) Rs 410 million to deal with the announced long march of [see more...](#)

### Advisory on IPO, listing on PSX: HBL, Arif Habib Ltd sign MoU with Ghani Ceramics Ltd - **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. A signing ceremony was held at the Head Office of Ghani Group in Lahore. Ghani Ceramics Limited is a concern of Ghani Group; a reputed business house [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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