

# MORNING GLANCE



|        |            |               |
|--------|------------|---------------|
| 42,160 | ▲ 549      | ▲ 1.32%       |
| 161 mn | YTD -5.46% | 1 Year -5.61% |

| ASIA       | Value     | Pts    | Chg. (%) |
|------------|-----------|--------|----------|
| NIFTY 50   | 17,331.80 | 57.50  | 0.33% ▲  |
| DSE 30     | 2,343.04  | 16.87  | 0.73% ▲  |
| SHANGHAI   | 3,024.39  | 16.81  | 0.55% ▼  |
| Hang Seng  | 17,800.00 | 212.15 | 1.18% ▼  |
| Nikkei 225 | 27,166.00 | 145.3  | 0.53% ▼  |

| EUROPE   | Value     | Pts   | Chg. (%) |
|----------|-----------|-------|----------|
| FTSE 100 | 6,997.27  | 55.35 | 0.78% ▼  |
| DAX 30   | 12,470.78 | 46.4  | 0.37% ▼  |

| USA       | Value     | Pts    | Chg. (%) |
|-----------|-----------|--------|----------|
| DOW JONES | 29,926.94 | 346.93 | 1.15% ▼  |
| S&P 500   | 3,744.52  | 38.76  | 1.02% ▼  |
| NASDAQ    | 11,485.50 | 87.68  | 0.76% ▼  |

| Commodities   | Value    | Chg. | Chg. (%) |
|---------------|----------|------|----------|
| Gold (t oz.)  | 1,718.95 | 1.85 | 0.11% ▼  |
| Oil-WTI (bbl) | 88.54    | 0.09 | 0.10% ▲  |

| Currencies | Value  | Chg. | Chg. (%) |
|------------|--------|------|----------|
| USD/PKR    | 222.25 | 2    | 0.89% ▼  |
| EURO/PKR   | 220.23 | 3.38 | 1.51% ▼  |
| GBP/PKR    | 251.69 | 4.73 | 1.84% ▼  |
| AED/PKR    | 60.48  | 0.53 | 0.87% ▼  |

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

## Market Outlook

KSE-100 on Thursday remained positive throughout the day and concluded the session in the green zone amid continuous PKR appreciation and the expectation from the SBP to adopt a dovish stance in the upcoming MPC meeting. The index made an intra-day high and low at 42,202 (590 points) and 41,611 (0 points) respectively while closed at 42,161 by gaining 549 points. Trading volume has increased to 127mn shares as compared to 116mn shares on the previous trading day. Going forward, we expect the market to continue its upward momentum. The resistance for the index resides at 42,800. Breaking this level can push the index towards 43,330 (200 DMA). Contrarily, the support for the index resides at 41,876.

## Key News

### International

#### Asian stocks retreat on global recession angst; dollar firm

Asian stocks declined on Friday, extending a global equity slide to a third day, as investors fretted over recession risks amid signs of further aggressive central bank policy tightening. The dollar and Treasury yields remained elevated after multiple Federal Reserve officials continued to talk up additional rate hikes ahead of a crucial U.S. jobs report later in the day, while rising crude oil prices compounded concerns about [see more...](#)

#### Goldman raises oil price forecasts on 'very bullish' OPEC+ cuts

Goldman Sachs (NYSE:GS) has raised its oil price forecast for this year and 2023, as the U.S. bank expects the 2 million barrels per day (bpd) output cut agreed by OPEC+ producers to be "very bullish" for prices going forward. OPEC+, which groups members of the Organization of Petroleum Exporting Countries and allies including Russia, agreed its [see more...](#)

### Politics

#### Alvi should be 'tried under Article-6'

Federal ministers on Thursday said they had boycotted President Arif Alvi's address to the joint session of parliament as he had abrogated the Constitution and a case under Article-6 should be filed against him. In a landmark unanimous ruling, the Supreme Court on April 7 this year set aside then National Assembly deputy speaker's ruling to dismiss the [see more...](#)

### Economy

#### Pakistan's ratings downgraded to Caa1 after 7 years by Moody's - Negative

The Government of Pakistan's local and foreign currency issuer and senior unsecured debt ratings on Thursday were downgraded to Caa1 from B3 by Moody's Investors Service (Moody's) after seven years. The credit-rating agency has also downgraded the rating for the senior unsecured Medium Term Note (MTN) programme to (P)Caa1 from (P)B3. [see more...](#)

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### World Bank: Pakistan's Economy Slows Down While Inflation Rises Amid Catastrophic Floods - **Negative**

Pakistan's economy is expected to grow by only 2 percent in the current fiscal year ending June 2023. According to the World Bank's October 2022 Pakistan Development Update: Inflation and the Poor, the slower growth will reflect damages and disruptions caused by catastrophic floods, a tight monetary stance, high inflation, and a less conducive global environment. [see more...](#)

### Market-determined exchange rate pushes up cost of external debt: WB - **Negative**

Pakistan has a market-determined exchange rate, which makes the country's servicing cost on external debt susceptible to steep exchange rate depreciations, says the World Bank. The Bank in its latest report, "South Asia Economic Focus, Coping with Shocks Migration and the Road to Resilience", stated that beset with Sri Lanka's economic crisis, Pakistan's catastrophic floods, a [see more...](#)

### Public debt swells by quarter in August - **Negative**

Pakistan's public debt bloated 24.6 percent year-on-year to Rs49.5 trillion at the end of August 2022, the central bank data showed on Thursday, courtesy of unabated government borrowing to feed an almost bottomless budgetary pit, amid elusive inflows. Public debt stood at Rs39.7 trillion as of August 31, 2021. The debt, however, fell by Rs992 billion or 2 percent month-on-month. It was Rs50.5 trillion as of July 31, 2022. Public debt increased [see more...](#)

### 10th straight gain: Rupee settles below 222 - **Positive**

Pakistan's rupee maintained its upward trajectory against the US dollar for the tenth straight session, appreciating 0.9% in the inter-bank market on Thursday. As per the State Bank of Pakistan (SBP), the rupee closed at 221.94 after appreciating Rs2 or 0.90%. In the last ten trading sessions, the rupee has cumulatively appreciated Rs17.76 or 8%. On Wednesday, Pakistan's rupee appreciated against the US dollar for the ninth successive session, [see more...](#)

### FM Dar, SBP governor to meet IMF, WB next week - **Neutral**

Finance Minister Ishaq Dar and State Bank of Pakistan (SBP) Governor Jameel Ahmed are expected to meet the International Monetary Fund (IMF) and World Bank (WB) officials to share the impact of floods on the economy. The economic team will discuss the way forward for the economy especially in the context of devastation caused by the floods and suggest changes in the IMF's External Fund Facility (EFF) commitments. To note, FM [see more...](#)

### Rs7.47trn target: 21.5pc growth in FY23 revenue collection required - **Neutral**

The Federal Board of Revenue (FBR) requires growth of 21.5 percent in revenue collection to meet the annual target of Rs7,470 billion set for 2022-23 as compared to the tax collection in the previous fiscal year (2021-22). According to FBR report, the revenue target for 2022-23 has been fixed at Rs7,470 billion which demands growth of 21.5 percent over the collection of [see more...](#)

### Five export sectors to get power at Rs19.9/unit: Dar - **Positive**

With a tentative schedule of the IMF to kick-start the upcoming review talks with the Pakistani authorities from October 25, Federal Finance Minister Ishaq Dar on Thursday announced subsidized electricity tariffs of Rs19.99 per unit for five export-oriented sectors, including textile, till end June 2023. "Instead of fixing electricity tariff in dollar rate of [see more...](#)

### SBP's reserves fall by \$106m - **Negative**

The total liquid foreign exchange reserves held by the State Bank of Pakistan (SBP) decreased by \$106 million to \$7.899 billion during the week ended September 30, 2022 due to external debt repayment which includes interest payments on Eurobonds. The total liquid foreign exchange reserves held by the country stood at \$13.588 billion as of September 30, 2022. Net foreign exchange reserves held by commercial [see more...](#)

### JS Bank allowed to acquire 86.32m ordinary shares - **Positive**

The State Bank of Pakistan (SBP) has granted its approval to JS Bank Limited to acquire 86,316,964 ordinary shares, constituting 7.79 percent of the paid-up capital of the bank from Emirates NBD Bank PJSC. JS Bank Limited, an associated entity of BankIslami sponsor shareholder namely Jahangir Siddiqui & Company Limited, has released this public information pertaining to the acquisition of shares of [see more...](#)

### HUBCO to invest additional \$1mn in Thar Energy Limited - **Positive**

Hub Power Company Limited (HUBCO) plans to invest \$1 million in Thar Energy Limited (TEL), the company said in a notice to the Pakistan Stock Exchange (PSX) on Thursday. On Wednesday, HUBCO's board of directors in its Annual General Meeting authorised the company to make additional investments in TEL up to an amount not exceeding \$1 [see more...](#)

### AVN to acquire EmpiricAI Private Ltd - **Positive**

Avanceon Limited (AVN) is planning to purchase EmpiricAI Private Ltd company under a share swap agreement, the company's filings on the stock exchange showed on Thursday. AVN in a notice to the PSX said that the "board has approved the acquisition of EmpiricAI Private Limited, wholly owned subsidiary of Dawood Hercules Corporation Limited, under a share swap arrangement, and has authorized the chief [see more...](#)

### DAWH to purchase shares worth Rs5.35bn in EFERT, EPCL, EPQL, FCEPL - **Positive**

Dawood Hercules Corporation Limited (DAWH) on Thursday announced its plans to purchase Rs5.35 billion worth of shares in Engro Fertilizer Ltd, Engro Polymer and Chemicals Limited, Engro Powergen Qadirpur Limited, and Frieslandcampina Engro Pakistan Limited, the company's filings on the stock exchange showed. Further, the DAWH board approved [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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### PREPARED BY

Muhammad Salman

Phone: (+92) 42 38302028

Ext: 116

Email: salman@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