

April 20, 2023

# Morning Briefing

## Economy

### Govt fails to implement WB-recommended tax reforms

#### Economy | Neutral

The government has failed to fully implement the World Bank recommended major tax reforms for enhancing revenue collection by Rs737 billion through the withdrawal of exemptions / concessions, the merger of the tax schedules for salaried and non-salaried taxpayers and combining two tiers of the federal excise duty (FED) into a single slab on cigarettes. The World Bank in its latest report, "Pakistan Public Expenditure Review 2023," has recommended reforms for enhancing revenue collection. (BR) | [Click for more info.](#)

### Foreign direct investment jumps 62pc to \$163m

#### Economy | Neutral

For the second month in a row, Foreign Direct Investment (FDI) jumped month-on-month by 62 per cent to \$163.4 million in March against a net outflow of \$30.4m in the same month last year, reported the State Bank of Pakistan (SBP) on Wednesday. (Dawn) | [Click for more info.](#)

### First current account surplus in two years

#### Economy | Positive

The country's current account turned to a surplus of \$654 million in March — a big monthly figure and the first surplus in over two years — against a deficit of \$36m in February. (Dawn) | [Click for more info.](#)

### In breach of law, govt borrows Rs239bn from State Bank: think tank

#### Economy | Negative

In an apparent deviation from the law, the State Bank of Pakistan (SBP) is reported to have extended Rs239 billion credit to the PMLN-led coalition government in January-February to meet ballooning debt servicing requirements of the domestic commercial banks. (Dawn) | [Click for more info.](#)

### REER index depreciates to 85.6 in March

#### Economy | Neutral

Pakistan's real effective exchange rate (REER), the value of the rupee against a basket of trading partner currencies, fell to 85.6 in March from 86.5 in the previous month, the central bank data showed on Wednesday. (The News) | [Click for more info.](#)

### PKR remains largely unchanged

#### Economy | Neutral

According to the State Bank of Pakistan (SBP), the local currency settled at 283.89, an increase of Re0.01. In the open market, the PKR lost 1 rupee for both buying and selling against USD, closing at 286 and 289, respectively. (BR) | [Click for more info.](#)

## Oil & Gas

### Minimum bill for gas consumers fixed at Rs500

#### SNGP, SSGC | Positive

The federal government on Wednesday fixed minimum bill for gas consumers at Rs500. Fixed charges of Rs500 have been slapped on the bills of non-protected consumers. (BR) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	26,678.5	26,723.5	45.0	0.2%
KSE100	40,448.1	40,499.3	51.3	0.1%
KSE30	15,080.4	15,095.6	15.1	0.1%
KMI30	70,384.8	70,530.0	145.2	0.2%

### Top Five Gainers

	Open	Close	Chg.	%
KHYT	638.3	680.0	41.8	6.5%
PRET	430.4	460.0	29.6	6.9%
GATI	255.3	274.5	19.1	7.5%
LCI	531.6	550.0	18.4	3.5%
MARI	1,502.0	1,512.7	10.7	0.7%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
SILK	1.0	1.1	0.1	6.40
WTL	1.2	1.2	0.0	5.13
ENGRO	285.2	292.7	7.5	4.28
PPL	67.3	67.4	0.1	2.94
BGL	10.7	11.7	1.0	2.88

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.02	-0.03	-0.01
F-Corporates	0.54	-0.63	-0.09
O/S Pakistanies	0.66	-1.09	-0.43
<b>Net</b>	<b>1.22</b>	<b>-1.74</b>	<b>-0.52</b>
LIPI			
Individuals	7.28	-7.01	0.27
Companies	1.55	-2.43	-0.89
Comm. Banks	0.56	-0.74	-0.18
NBFC	0.00	-0.01	0.00
Mutual Funds	1.00	-1.62	-0.62
Other	2.36	-0.21	2.15
Brokers Proprietary	2.32	-2.40	-0.08
Insurance	0.17	-0.29	-0.12
<b>Net</b>	<b>15.24</b>	<b>-14.72</b>	<b>0.52</b>

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	79.24	-2.1%
Brent oil	USD/bbl.	82.85	-1.9%
Gold	USD/t oz.	1993.26	-0.6%
Silver	USD/t oz.	25.26	0.2%
Coal	USD/ton	127.25	0.6%
Steel Scrap (LME)	USD/ton	427.00	0.0%
Steel Rebar (LME)	USD/ton	679.00	-0.7%
USD/PKR	Interbank	8.25	-0.2%

News Source: Local / Int'l Newspapers and websites

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MORNING BRIEFING

## PAC directs FIA to seize property, freeze bank accounts of Hascol HASCOL | Negative

The Public Accounts Committee (PAC) Wednesday directed the Federal Investigation Agency (FIA) to initiate the process of confiscation of the property and freeze the bank accounts of Hascol Petroleum Limited. (BR) | [Click for more info.](#)

## Petroleum imports dip on high prices

### Oil | Neutral

Imports of the petroleum group dipped 11.66 per cent year-on-year in the July-March period of FY23 owing to the sharp reduction in consumption as a result of the slowing down of the economy amid unprecedented inflation. (Dawn) | [Click for more info.](#)

## Upgrade, expansion of local refineries halted on policy delay Refinery | Neutral

The upgrade and expansion of local refineries has come to a halt due to a delay in the approval of the Pakistan Refining Policy. The refining policy was submitted to the Cabinet Committee on Energy for approval a few months back; however, it is sitting on the table without giving any reason, sources in the local oil sector told (The News) | [Click for more info.](#)

## Power

### Smart meters, TMS; WB asks three Discos to start bidding process

#### Power | Neutral

World Bank (WB) has urged three power Distribution Companies (Discos), HESCO, MEPCO and PESCO, to initiate bidding process for the deployment of smart meters and transformer monitoring system (TMS) by July 1, 2023. (BR) | [Click for more info.](#)

### Wapda receivables touch the Rs232.6bn mark

#### Power | Negative

Water and Power Development Authority's (Wapda) receivables stock has reached Rs 232.644 billion due to insufficient payments by Central Power Purchasing Agency –Guaranteed (CPPA-G), well informed sources in Wapda told. (BR) | [Click for more info.](#)

## Miscellaneous

### PHFC interested in injecting Rs12bn equity investment into Silkbank

#### SILK | Positive

M/s Pakistan Housing Finance Company (PHFC), a subsidiary of M/s Lake City Limited has expressed its in-principle interest in the injection of equity up to Rs 12 billion into Silkbank Limited. (BR) | [Click for more info.](#)

### AGHA receives boost with additional Rs1bn equity subscription offer

#### AGHGA | Positive

In order to further strengthen and capitalize Agha Steel Industries (PSX: AGHA), the existing sponsors and certain strategic shareholders have offered to subscribe the equity with an amount of up to Rs1 billion other than by way of right offering, the management of the company informed through a notification sent to PSX. (Mettis) | [Click for more info.](#)

## World Indices

	Last	Chg.	Chg. %
KSA - Tadawul	11,163.6	131.00	1.19%
PAK (KSE-100)	40,499.3	51.29	0.13%
INDONESIA - IDX	6,821.8	34.23	0.50%
US - S&P 500	4,154.5	-0.35	-0.01%
PHILP - PSEi	6,446.4	-18.37	-0.28%
CHINA - Shanghai	3,370.1	-23.20	-0.68%
US - Dow 30	33,897.0	-79.62	-0.23%
Taiwan - TWII	15,770.5	-98.97	-0.62%
INDIA - SENSEX	59,567.8	-159.21	-0.27%
HK - Hang Seng	20,367.8	-282.75	-1.37%

## Board Meetings

Script	Day	Agenda	Time
PPVC	Thursday	3Q A/c as of 31-Mar-23	9:30 AM
GRYL	Thursday	3Q A/c as of 31-Mar-23	10:00 AM
AKBL	Thursday	1Q A/c as of 31-Mar-23	11:00 AM
MUREB	Thursday	3Q A/c as of 31-Mar-23	11:00 AM
MTL	Thursday	3Q A/c as of 31-Mar-23	11:30 AM
SGF	Thursday	3Q A/c as of 31-Mar-23	12:00 PM
PMPK	Thursday	1Q A/c as of 31-Mar-23	12:30 PM
INDU	Thursday	3Q A/c as of 31-Mar-23	3:00 PM
JOPP	Tuesday	3Q A/c as of 31-Mar-23	10:00 AM
OTSU	Wednesday	3Q A/c as of 31-Mar-23	10:30 AM
HRPL	Wednesday	3Q A/c as of 31-Mar-23	11:00 AM
DAWH	Wednesday	1Q A/c as of 31-Mar-23	3:00 PM
CYAN	Wednesday	1Q A/c as of 31-Mar-23	5:00 PM
NRL	Thursday	3Q A/c as of 31-Mar-23	10:30 AM
BUXL	Thursday	3Q A/c as of 31-Mar-23	11:00 AM
FUDLM	Thursday	3Q A/c as of 31-Mar-23	11:00 AM
NBP	Thursday	1Q A/c as of 31-Mar-23	11:00 AM
OML	Thursday	3Q A/c as of 31-Mar-23	11:00 AM
HAFI	Thursday	3Q A/c as of 31-Mar-23	11:30 AM
TOWL	Thursday	3Q A/c as of 31-Mar-23	11:30 AM
ATRL	Thursday	3Q A/c as of 31-Mar-23	12:30 PM
FABL	Friday	1Q A/c as of 31-Mar-23	11:00 AM
INIL	Friday	3Q A/c as of 31-Mar-23	2:00 PM

Source: PSX

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**MMM Holding acquires further 15mn shares of Baluchistan Glass BGL | Positive**

MMM Holding (Private) Limited (MMM) acquired a further 15 million ordinary shares of Baluchistan Glass Limited (BGL) on April 17, 2023, the management of Tariq Glass Industries Limited (TGL) informed through a notification to exchange. Accordingly, the shareholding of MMM in BGL has increased from 205.64mn ordinary shares (i.e., 78.61%) as mentioned in PAI to 220.64 ordinary shares now comprising 84.34% of the issued and outstanding ordinary shares of BGL. (Mettis) | [Click for more info.](#)

**Political News****Punjab, KP polls; SC summons political parties**

The Supreme Court issued notices to the political parties asking them to send their representatives today (Thursday) regarding the holding of elections in the Punjab and Khyber-Pakhtunkhwa. (BR) | [Click for more info.](#)

**International News****Asian Shares, US Futures Fall on Rates, Earnings: Markets Wrap**

Shares in Asia were broadly lower and US equity futures fell after stocks closed little changed on Wall Street and a gauge of volatility slid to the lowest level in more than a year. (Bloomberg) | [Click for more info.](#)

**Oil Extends Drop as US Slowdown Concerns Eclipse Stockpile Draw**

Oil retreated for the third time in four days as further signs of a US slowdown overshadowed a substantial draw in crude stockpiles. (Bloomberg) | [Click for more info.](#)

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## Rating Criteria

**Rating** - Expected Total Return

**Buy** - Greater than 10%

**Hold** - Neither Buy nor Sell

**Sell** - Less than and equal to -10%

## Valuation Methodology

To arrive at our 12-months Price Target, ABA Ali Habib Research uses different valuation methods which include: 1). DCF methodology, 2). Relative valuation methodology, and 3). Asset-based valuation methodology. In this report, our PT is founded on FCFF based DCF methodology.

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