

February 1, 2023

Morning Briefing

Economy

Govt sees spike in inflationary pressures

Economy | Negative

Highlighting 'immense pressures' on fiscal account owing to revenue collection challenges, heavy interest payments and rehabilitation spending, the government on Tuesday increased its inflation forecast to 26 per cent — more than double the budgeted 11.5pc target. (Dawn) | [Click for more info.](#)

Govt team tries to persuade IMF to unlock lending

Economy | Negative

The International Monetary Fund (IMF) on Tuesday asked Pakistan to withdraw untargeted subsidies, reduce circular debt, meet petroleum levy and Federal Board of Revenue (FBR) tax collection targets. Official sources revealed that these demands were tabled during Federal Minister for Finance and Revenue Senator Mohammad Ishaq Dar's meeting held with the IMF review Mission led by IMF Mission Chief Nathan Porter at Finance Division, here on Tuesday. (BR) | [Click for more info.](#)

IMF revises GDP growth projections downward

Economy | Negative

The International Monetary Fund (IMF) has revised downward GDP growth rate projection for Pakistan from 3.5 per cent to two per cent for 2023 against six per cent in 2022. The IMF World Economic Outlook (WEO) Update "inflation peaking amid low growth" projected Pakistan's GDP growth at two per cent for 2023 and four per cent for 2024. (BR) | [Click for more info.](#)

US, Pakistan officials fear looming food crisis is 'real concern'

Economy | Negative

A potential food crisis, exacerbated by the war in Ukraine, the ever-rising inflation, and the devaluation of rupee "is a real concern in Pakistan", US and Pakistani officials warned on Tuesday. (Dawn) | [Click for more info.](#)

Fitch says PKR to further weaken

Economy | Negative

The Pakistani rupee is expected to weaken further, particularly with the country's balance of payments position that is likely to remain weak for several more months, says Fitch Solutions. The rating agency noted that a continued weakening in the rupee will have broader economic implications too. In the near term, it could exacerbate imported inflationary pressure and may eventually result in steeper policy rate hikes from the State Bank of Pakistan (SBP). (BR) | [Click for more info.](#)

Pakistan's corruption perception score falls to worst level in 10 years

Economy | Negative

Although Pakistan managed to maintain its ranking in Transparency International's Corruption Perceptions Index (CPI) in 2022, its overall score fell to the lowest level since 2012. According to the report released on Monday, Pakistan ranked 140 out of 180 countries — a position unchanged from 2021. However, its overall CPI score fell to 27 out of 100. Last year, the score was 28 out of 100. (Dawn) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	26,673.2	27,100.9	427.6	1.6%
KSE100	39,871.3	40,673.1	801.8	2.0%
KSE30	14,897.7	15,190.4	292.7	2.0%
KMI30	67,995.5	69,439.4	1443.8	2.1%

Top Five Gainers

	Open	Close	Chg.	%
PSEL	2,110.0	2,265.0	155.0	7.3%
COLG	1,890.0	2,029.9	139.9	7.4%
NESTLE	5,160.0	5,275.0	115.0	2.2%
MARI	1,468.8	1,518.4	49.6	3.4%
SAPL	801.7	845.5	43.8	5.5%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	1.1	1.1	0.0	13.43
PPL	76.3	77.5	1.3	10.19
PRL	13.7	13.7	0.0	7.75
MLCF	20.8	21.4	0.6	6.56
FCCL	11.0	11.4	0.4	4.78

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	1.12	-1.93	-0.81
O/S Pakistanies	2.80	-2.35	0.45
Net	3.92	-4.28	-0.36
LIPI			
Individuals	23.73	-23.45	0.29
Companies	8.36	-9.32	-0.95
Comm. Banks	1.77	-0.70	1.08
NBFC	0.06	-0.03	0.03
Mutual Funds	1.27	-1.12	0.15
Other	1.26	-0.77	0.49
Brokers Proprietary	6.81	-6.32	0.48
Insurance	1.42	-2.62	-1.20
Net	44.69	-44.33	0.36

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	79.15	1.5%
Brent oil	USD/bbl.	85.53	1.2%
Gold	USD/t oz.	1927.41	0.3%
Silver	USD/t oz.	23.68	0.4%
Coal	USD/ton	141.56	-3.2%
Steel Scrap (LME)	USD/ton	413.00	0.0%
Steel Rebar (LME)	USD/ton	688.74	0.1%
USD/PKR	Interbank	8.16	-1.1%

News Source: Local / Int'l Newspapers and websites

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CAD may shrink in January: Finance Division

Economy | Neutral

The Current Account Deficit (CAD) may shrink in January 2023 and stabilize during the second half of FY23, Finance Division said in its monthly Economic Outlook issued today. The current account posted a deficit of \$3.7 billion for Jul-Dec FY23 as against a deficit of \$9.1bn last year, mainly due to a contraction in imports. (Mettis) | [Click for more info.](#)

Tax collection exceeds target in January

Economy | Positive

The Federal Board of Revenue (FBR) on Tuesday announced that its net collection grew 22.6 per cent to Rs537 billion in January on a year-on-year basis, exceeding the Rs533bn target set for the month. (Dawn) | [Click for more info.](#)

Jul-Dec: govt has borrowed \$5.595bn

Economy | Negative

The government has borrowed \$5.595 billion from multiple financing sources including \$1.166 billion from the International Monetary Fund (IMF) during the first half (July-December) of 2022-23 compared to \$9.432 billion borrowed during the same period of last fiscal year. (BR) | [Click for more info.](#)

Oil & Gas

PSO receivables soar to Rs718bn with payables at Rs219bn

PSO, SNGP | Negative

With circular debt in the energy sector at Rs4,200 billion, the Pakistan State Oil's (PSO) receivables have soared to an alarming high of Rs718.016 billion, with payables at Rs219.070 billion. The biggest defaulter is the Sui Northern Gas Pipelines Limited (SNGPL) which owes PSO a huge amount of Rs455.045 billion against the LNG imports, the daily receivables and payables position of PSO as of January 30, 2023. (The News) | [Click for more info.](#)

Country braces for fuel shortages?

Oil | Neutral

Pakistan could face a crunch in fuel supplies in February as banks have stopped financing and facilitating payments for imports due to depleting foreign exchange reserves, traders and industry sources said. (BR) | [Click for more info.](#)

Govt increases LPG price by Rs60/kg for Feb

Gas, BPL | Positive

After the value of rupee considerably plummeted with the removal of price cap, the government on Tuesday also jacked up the Liquefied Petroleum Gas (LPG) prices by over 29 percent (or Rs60 per kg) for domestic and commercial consumers for February 2023. (The News) | [Click for more info.](#)

Power

Plan to hike power tariff by Rs6.32/unit to cut circular debt

Power | Neutral

The government has prepared a revised Circular Debt Management Plan (CDMP) for slashing the flow of this monster by taking all kinds of measures, including raising the electricity tariff by Rs6.32 per unit. (The News) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
PAK (KSE-100)	40,673.1	801.79	2.01%
US - Dow 30	34,086.0	368.95	1.09%
US - S&P 500	4,076.6	58.83	1.46%
INDIA - SENSEX	59,549.9	49.49	0.08%
CHINA - Shanghai	3,255.7	-13.65	-0.42%
KSA - Tadawul	10,792.9	-17.83	-0.16%
INDONESIA - IDX	6,839.3	-33.14	-0.48%
PHILP - PSEi	6,793.3	-177.72	-2.55%
HK - Hang Seng	21,842.3	-227.40	-1.03%
Taiwan - TWII	15,265.2	-228.62	-1.48%

Board Meetings

Scrip	Day	Agenda	Time
BAFL	Thursday	Ann. A/c as of 31-Dec-22	11:00 AM
EPCL	Tuesday	Ann. A/c as of 31-Dec-22	10:00 AM
PRL	Tuesday	HY A/c as of 31-Dec-22	10:00 AM
EPQL	Wednesday	Ann. A/c as of 31-Dec-22	10:00 AM
EFERT	Thursday	Ann. A/c as of 31-Dec-22	10:30 AM
INDU	Friday	HY A/c as of 31-Dec-22	4:00 PM
FCCl	Thursday	HY A/c as of 31-Dec-22	10:30 AM
HAFI	Friday	HY A/c as of 31-Dec-22	11:30 AM
UPFL	Friday	Ann. A/c as of 31-Dec-22	2:30 PM

Source: PSX

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MORNING BRIEFING

KE, Discos; Nepra approves negative tariff adjustments**KEL | Positive**

National Electric Power Regulatory Authority (Nepra) on Tuesday approved in principle a negative adjustment of Rs 10.80 per unit for K-Electric (KE) and Rs 2.32 per unit for Discos for December 2022 under monthly Fuel Adjustment Charges (FCA) mechanism, aimed at requests from both KE and CPPA-G for sanctioning of their previous due adjustments already cleared by Regulator's technical teams. (BR) | [Click for more info.](#)

Nepra FCA decision: Power Div proposes revision**Power | Neutral**

Power Division has proposed revision in National Electric Power Regulatory Authority (Nepra) FCA decision/ notification by way of policy guidelines to recover the pending amount of Rs52 billion from electricity consumers and Rs 10.34 billion as an additional supplementary grant to cover waiver of electricity bills. (BR) | <https://epaper.brecorder.com/2023/02/01/1-page/953924-news.html>

Govt plans to convert Rs800bn PHL debt into public debt**Power | Neutral**

The government has prepared plan to impose multiple surcharges of over Rs 4/kWh on consumers across the country including those of the KE and conversion of Power Holding Limited's (PHL) debt of Rs 800 billion to public debt, sources close to Finance Minister told. (BR) | [Click for more info.](#)

Autos**Automakers suspend production****INDU, AGL | Negative**

Faced with a demand slump and raw material shortages amid unfavourable economic conditions, Indus Motor Company (IMC) on Tuesday announced a fourth production suspension from Feb 1-14. Also, Agriauto Industries Ltd (AIL), an auto vendor, announced a partial closure this month due to a sharp decline in demand for parts and accessories from major automakers. (Dawn) | [Click for more info.](#)

Honda Increases Bike Prices By up to Rs. 30,000**ATLH | Positive**

The persistent devaluation of the Pakistani Rupee has sparked a new series of price increases that are wreaking havoc on the populace. The most recent participant in this saga is Atlas Honda (KLMC), which has increased prices by as much as Rs. 30,000. (Propakistani) | [Click for more info.](#)

Miscellaneous**Paracetamol: govt to allow increase in price****Pharma | Positive**

The government is all set to increase the price of paracetamol tablets on demand of manufacturers of paracetamol products who have sought the increase to offset the sharp increase in raw materials. (BR) | [Click for more info.](#)

Barrick makes initial payment of \$3m to Balochistan govt**Economy | Positive**

Barrick Gold Corporation has paid the first \$3 million to the Balochistan government as part of the new Reko Diq partnership. (BR) | [Click for more info.](#)

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Changes to PSX defaulters' rules**PSX | Neutral**

The Pakistan Stock Exchange is mulling changes in its regulations to revamp the defaulters' segment to protect the rights of minority shareholders. (Dawn) | [Click for more info.](#)

Political News**Nawaz Sharif to return soon**

The Pakistan Muslim League-Nawaz (PMLN) leader and former MNA Captain (retired) Mohammad Safdar on Tuesday said the former prime minister Nawaz Sharif would soon return to the country. (The News) | [Click for more info.](#)

Shahid Khaqan Abbasi quits as PMLN senior vice president

Former prime minister and PMLN Senior Vice President (SVP) Shahid Khaqan Abbasi has resigned from the party office and decided to continue to work for country's wellbeing through the forum of Reimagining Pakistan. (The News) | [Click for more info.](#)

ECP decides to reinstate Shujaat as PML-Q president

The Election Commission of Pakistan (ECP) on Tuesday decided to reinstate Chaudhry Shujaat Hussain as president of the Pakistan Muslim League-Quaid (PML-Q) on his petition filed against his cousin former Chief Minister Punjab, Pervaiz Elahi. (BR) | [Click for more info.](#)

International News**Asian Stocks Rise, US Futures Waver Before Fed: Markets Wrap**

Stocks in Asia advanced after US shares ended January on a high note as signs of cooling inflation encouraged risk appetite ahead of the Federal Reserve's Wednesday meeting. (Bloomberg) | [Click for more info.](#)

Oil Edges Higher Ahead of Fed Policy Decision, OPEC+ Guidance

Oil edged higher before a Federal Reserve monetary-policy decision and guidance from producer group OPEC and its allies. West Texas Intermediate rose above \$79 a barrel after gaining more than 1% on Tuesday. While the US central bank is expected to deliver another interest-rate hike, there are signs officials could consider a pause after Wednesday's meeting, potentially boosting the allure of risk assets and hurting the dollar. (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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