

March 1, 2023

Economy

IMF prior actions likened to terms imposed in 1998
Economy | Negative

The International Monetary Fund (IMF) has asked Pakistan to implement four prior actions, including the imposition of a permanent surcharge of Rs3.82 per unit on electricity. Pakistani officials called the new demands 'deliberate efforts' to put pressure on Pakistan's falling economy on the pattern of 1998 when the country had conducted nuclear tests. The implementation of all four prior actions only can pave the way for striking a staff-level agreement between Pakistan and the IMF and the release of a \$1 billion tranche under the \$6.5 billion Extended Fund Facility (EFF). (The News) | [Click for more info.](#)

Moody's lowers local, foreign currency issuer, unsecured debt ratings to Caa3
Economy | Negative

Moody's Investors Service (Moody's) has downgraded the government of Pakistan's local and foreign currency issuer and senior unsecured debt ratings to Caa3 from Caa1. Moody's has also downgraded the rating for the senior unsecured MTN programme to (P) Caa3 from (P) Caa1. Concurrently, Moody's has also changed the outlook to stable from negative. (BR) | [Click for more info.](#)

SBP prepones monetary policy meeting to Mar 2; rate hike imminent
Economy | Negative

The State Bank of Pakistan (SBP) on Tuesday said it has called a meeting of its Monetary Policy Committee on March 2 — two weeks earlier than scheduled — when it is expected to raise the main policy rate. (Dawn) | [Click for more info.](#)

\$5m flood emergency grant signed with ADB
Economy | Positive

The government of Pakistan and the Asian Development Bank (ADB) on Tuesday signed grant agreement of five million dollars for Emergency Flood Assistance Project (Additional Financing). (BR) | [Click for more info.](#)

High inflation isn't going away, says finance ministry
Economy | Negative

Government expects inflation to hover around 28-30 percent in coming months, whereas interest payments would add to total expenditures, limiting the fiscal space to carry out normal operations, investments, and social and structural policies. (The News) | [Click for more info.](#)

Rs2bn shortfall in Feb collection
Economy | Negative

The Federal Board of Revenue (FBR) has provisionally collected Rs 525 billion in February 2023 against the assigned target of Rs 527 billion, reflecting a shortfall of Rs 2 billion. (BR) | [Click for more info.](#)

Rupee registers losses, settles at 261.5 against US dollar
Economy | Negative

As per the State Bank of Pakistan (SBP), the rupee settled at 261.50 against the greenback, a decline of Rs1.58 in the inter-bank market. In the open market, the PKR lost 2 rupees for buying and selling against USD, closing at 264.00 and 267.00, respectively. (BR) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	26,867.7	26,679.8	-187.9	-0.7%
KSE100	40,784.1	40,510.4	-273.8	-0.7%
KSE30	15,351.5	15,186.9	-164.6	-1.1%
KMI30	69,707.8	68,762.4	-945.4	-1.4%

Top Five Gainers

	Open	Close	Chg.	%
UPFL	20,957.5	22,500.0	1,542.5	7.4%
PSEL	1,965.0	2,095.0	130.0	6.6%
TOWL	129.0	138.7	9.7	7.5%
MTL	552.4	561.1	8.7	1.6%
SURC	126.7	134.0	7.3	5.7%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	1.3	1.3	0.0	18.53
OGDC	85.9	82.6	-3.3	5.33
TPLP	15.3	14.9	-0.4	4.48
HUBC	70.6	70.4	-0.2	4.45
TRG	111.4	109.5	-1.9	4.30

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.04	0.00	0.04
F-Corporates	1.45	-1.36	0.08
O/S Pakistanians	1.79	-1.54	0.25
Net	3.28	-2.91	0.37
LIPI			
Individuals	17.07	-18.57	-1.50
Companies	3.69	-0.96	2.72
Comm. Banks	1.01	-0.66	0.35
NBFC	0.02	-0.01	0.01
Mutual Funds	1.44	-3.30	-1.87
Other	1.04	-1.18	-0.14
Brokers Proprietary	4.99	-5.49	-0.50
Insurance	0.83	-0.28	0.55
Net	30.09	-30.46	-0.37

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	76.67	1.2%
Brent oil	USD/bbl.	83.12	1.3%
Gold	USD/t oz.	1825.62	0.5%
Silver	USD/t oz.	20.88	1.2%
Coal	USD/ton	143.05	-1.8%
Steel Scrap (LME)	USD/ton	430.88	0.1%
Steel Rebar (LME)	USD/ton	706.88	0.1%
USD/PKR	Interbank	7.40	0.2%

News Source: Local / Int'l Newspapers and websites

Research Team

research@abaalihabib.com

 Aba Ali Habib Securities (Pvt) Limited
 (021) 32429665, Ext. 106

March 1, 2023

Oil & Gas

Govt slashes petrol price by Rs5 per litre

Oil | Neutral

The coalition government has slashed the price of petrol for the next fortnight, taking it to Rs267 per litre after a decrease of Rs5 per litre, Finance Minister Ishaq Dar announced Tuesday. The finance minister, in a press conference, said that the price of diesel would be maintained at Rs280 per litre till the next review. (The News) | [Click for more info.](#)

Oil industry warns of collapse if issues not resolved

OMCs | Negative

Oil industry has said it would not survive if the government did not resolve the credit letters and customs duty issues, adjust the exchange rate losses, and approve an upward revision in its margins. (The News) | [Click for more info.](#)

Govt jacks up LPG prices by Rs11.56/kg for March

BPL | Positive, Economy | Negative

With the rupee devaluation, the government on Tuesday also jacked up the Liquefied Petroleum Gas (LPG) prices by over four per cent (or Rs11.56/kg) for domestic and commercial consumers for March 2023. (The News) | [Click for more info.](#)

Power

IMF has concerns about next year's circular debt: Dastgir

Power | Negative

Minister for Power, Khurram Dastgir Khan said on Tuesday that International Monetary Fund (IMF) has concerns on government's proposed mode to deal with power sector circular debt in the next fiscal year. The Minister categorically stated that there would no increase in basic tariff of electricity consumers. (BR) | [Click for more info.](#)

Negative adjustment in KE's Q2 QTA; Positive adjustment in Jan FCAs of Discos, KE approved

KEL | Positive

National Electric Power Regulatory Authority (Nepra) on Tuesday approved positive adjustments in Fuel Charges Adjustment (FCAs) of Distribution Companies and K-Electric for January 2023 and negative adjustment in QTA of KE for second quarter of 2022-23. (BR) | [Click for more info.](#)

Govt to recover up to Rs14.23 per unit in fuel cost from consumers

Power | Negative

Energy Minister Khurram Dastgir Khan on Monday told the parliament that the government would recover Rs9.90 to Rs14.24 per unit outstanding fuel costs from consumers of less than 300 units in an 8-month staggered schedule. Mr Dastgir said an additional surcharge of Rs3.82 per unit would also be imposed on those using above 300 units to fund power sector loans under the insistence of the International Monetary Fund (IMF). (Dawn) | [Click for more info.](#)

Load plan with two-hour outages in summer okayed

Power | Negative

The high-powered meeting headed by Prime Minister Shehbaz Sharif has accorded approval to 2-hour load shedding in summer season starting from March 1 to September 2023. (The News) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
KSA - Tadawul	10,102.7	107.91	1.08%
CHINA - Shanghai	3,279.6	21.58	0.66%
INDONESIA - IDX	6,843.2	-11.54	-0.17%
US - S&P 500	3,970.2	-12.09	-0.30%
PHILP - PSEi	6,556.2	-43.14	-0.65%
Taiwan - TWII	15,503.8	-111.62	-0.71%
HK - Hang Seng	19,785.9	-157.57	-0.79%
US - Dow 30	32,656.7	-232.39	-0.71%
PAK (KSE-100)	40,510.4	-273.76	-0.67%
INDIA - SENSEX	58,962.1	-326.23	-0.55%

Board Meetings

Scrp	Day	Agenda	Time
ARM	Wednesday	HY. A/c as of 31-Dec-22	9:30 AM
HUSI	Wednesday	HY. A/c as of 31-Dec-22	10:00 AM
QUET	Wednesday	HY. A/c as of 31-Dec-22	10:00 AM
BIPL	Wednesday	Ann. A/c as of 31-Dec-22	10:30 AM
SHCM	Wednesday	HY. A/c as of 31-Dec-22	10:30 AM
IML	Wednesday	HY. A/c as of 31-Dec-22	11:00 AM
RMPL	Wednesday	Ann. A/c as of 31-Dec-22	11:00 AM
RPL	Wednesday	HY. A/c as of 31-Dec-22	11:15 AM
SUTM	Wednesday	HY. A/c as of 31-Dec-22	12:00 PM
IDYM	Wednesday	HY. A/c as of 31-Dec-22	12:30 PM
CTM	Wednesday	HY. A/c as of 31-Dec-22	2:00 PM
AMTEX	Wednesday	HY. A/c as of 31-Dec-22	2:30 PM
FRCL	Wednesday	HY. A/c as of 31-Dec-22	2:30 PM
KHTC	Wednesday	HY. A/c as of 31-Dec-22	2:30 PM
TOMCL	Wednesday	HY. A/c as of 31-Dec-22	3:30 PM
DAWH	Thursday	Ann. A/c as of 31-Dec-22	3:00 PM
CYAN	Thursday	Ann. A/c as of 31-Dec-22	5:00 PM
JSBL	Friday	Ann. A/c as of 31-Dec-22	10:00 AM
DNCC	Friday	HY. A/c as of 31-Dec-22	3:30 PM
PASM	Friday	Ann. A/c as of 30-Jun-22	4:00 PM
GSPM	Friday	Ann. A/c as of 30-Jun-22	4:15 PM
GUTM	Friday	Ann. A/c as of 30-Jun-22	4:30 PM

Source: PSX

Research Team

research@abaalihabib.com

Aba Ali Habib Securities (Pvt) Limited
 (021) 32429665, Ext. 106

March 1, 2023

MORNING BRIEFING

Autos

Cars continue to become unaffordable with no end to price hikes in sight

Autos | **Negative**

Lucky Motors, Hyundai, and Changan have all increased their prices between Rs20,000 to Rs622,000 over the past week from February 22 to February 28. (PT) | [Click for more info.](#)

Fertilizer

EFERT to resume fertilizer plant from March 1

EFERT | **Positive**

Engro Fertilizers Limited (PSX: EFERT) will resume the regular operations of the fertilizer plant situated at Port Qasim with an annual capacity of 150KT from March 1, 2023, the company filing on PSX showed today. (Mettis) | [Click for more info.](#)

Miscellaneous

'Advance to Deposit Ratio'; Higher rate of tax will not apply on banks for TY 2024

Banks | **Positive**

The higher rate of tax for "Advance to Deposit Ratio" will not apply on banks for tax year 2024, i.e., calendar year 2023. The Federal Board of Revenue (FBR) issued SRO 226 (I)/ 2023 to amend the Seventh Schedule of the Income Tax Ordinance, 2001, on Tuesday. (BR) | [Click for more info.](#)

Non-resident banking company; Profit on debt, capital gains from debt, debt instruments exempted from tax

Economy | **Neutral**

The federal government has exempted profit on debt and capital gains from debt and debt instruments from tax chargeable derived by any non-resident banking company, well informed sources told. (BR) | [Click for more info.](#)

Political News

SC to announce verdict in poll suo motu today

The Supreme Court of Pakistan has reserved the verdict in the suo motu notice taken over the poll date of Khyber Pakhtunkhwa (KP) and Punjab, with the decision all set to be announced today (Wednesday) morning. (The News) | [Click for more info.](#)

International News

Oil rebounds almost 2% on China growth hopes

Oil prices rose nearly 2% on Tuesday, erasing the previous session's losses, as hopes for a strong economic rebound in China offset worries about U.S. interest rate hikes dragging down consumption in the world's biggest economy. (Reuters) | [Click for more info.](#)

US, European Futures Decline; Asian Stocks Mixed: Markets Wrap

Asian shares were mixed while US and European futures were on the backfoot Wednesday after stocks closed lower on Wall Street, rounding out a turbulent month that saw global stocks drop about 3%. (Bloomberg) | [Click for more info.](#)

Research Team

research@abaalihabib.com

Aba Ali Habib Securities (Pvt) Limited
(021) 32429665, Ext. 106

Disclaimer

This report has been prepared by Aba Ali Habib Securities and is provided for information purposes only. Under no circumstances this is to be used or considered as an offer to sell or solicitation of any offer to buy. While reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time, Aba Ali Habib Securities and/or any of its officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. This report is provided only for the information of professional advisers who are expected to make their own investment decisions without undue reliance on this report. Investments in capital markets are subject to market risk and Aba Ali Habib Securities accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents.

In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors, who should seek further professional advice or rely upon their own judgment and acumen before making any investment. The views expressed in this report are those of Aba Ali Habib Securities' Research Department and do not necessarily reflect those of the company or its directors. Aba Ali Habib as a firm may have business relationships, including investment- banking relationships, with the companies referred to in this report. Aba Ali Habib Securities or any of its officers, directors, principals, employees, associates, close relatives may act as a market maker in the securities of the subject company, may have a financial interest in the securities of the subject company to an amount exceeding 1% of the value of the securities of the subject company, may serve or may have served in the past as a director or officer of the subject company, may have received compensation from the subject company for corporate advisory services, brokerage services or underwriting services or may expect to receive or intend to seek compensation from the subject company for the aforesaid services, may have managed or co-managed a public offering, take-over, buyback, delisting offer of securities or various other functions for the subject company.

All rights reserved by Aba Ali Habib Securities. This report or any portion hereof may not be reproduced, distributed or published by any person for any purpose whatsoever. Nor can it be sent to a third party without prior consent of Aba Ali Habib Securities. Action could be taken for unauthorized reproduction, distribution or publication.

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.

Analyst Certification ^{AC}

The research Analyst(s) hereby certify that the views about the company/companies and the security/securities discussed in this report accurately reflect his or her or their personal views and that s/he has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendation or views in this report. The analyst(s) is/are principally responsible for preparation of this research report and that s/he or his/her close relative/family member doesn't own 1% or more of a class of common equity securities of the following company/companies covered in this report.

THE TEAM

CEO

Zahid Ali Habib
Zahid@abaalihabib.com
(021) 32425022

RESEARCH TEAM

Contact: (021) 32429665, Ext. 106

Ayesha Abid – Research Analyst
ayesha.abid@abaalihabib.com

SALES TEAM

Zaheer Ahmed - Head of Equity Sales & Business Dev.
Zaheer.ahmed@abaalihabib.com
(021) 32418693-94

Mr. Salman Naqvi - Head of Retail Sales
(021) 32431925

Fahed Fazal- Manager Equity Sales
Fahedfazal@abaalihabib.com
(021) 32431925

Syed Khalid Ahmed - Equity Trader
Syedkhalid@abaalihabib.com
(021) 32429664

Shoaib- Equity Trader
shoibgadri@abaalihabib.com
(021) 32429664

Muhammad Faisal - Equity Trader
faisal@abaalihabib.com
(021) 32464835

Karachi Office

Suite# 505, 5th Floor, Business Plaza,
Mumtaz Hussan Road, Off I.I. Chundrigar
Road, Karachi

Contact: 021-32429664-7

Cell: [+92 3312766771](tel:+923312766771)