

January 2, 2023

## Economy

**Without IMF umbrella, strong headwinds ahead**

**Economy | Neutral**

As the International Monetary Fund (IMF) programme remains the only viable option to avoid sovereign default, the government sees stagflation and low foreign exchange reserves as the key challenges in the remainder half of the fiscal year. (ET) | [Click for more info.](#)

**World Bank urged to help restructure FIIP**

**Economy | Neutral**

The government has requested the World Bank (WB) for restructuring "Pakistan Financial Inclusion and Infrastructure Project" to complete the national payment system activities and reallocation of un-disbursed funds. (BR) | [Click for more info.](#)

**Pakistan to repay \$1.3bn loan by Jan 10**

**Economy | Neutral**

Pakistan will have to repay \$1.3 billion in foreign loans by January 10, 2023, which may result in further depletion of the foreign exchange reserves. (The News) | [Click for more info.](#)

**Jul-Oct; Fiscal deficit rises 1.5pc of GDP to Rs1.266trn YoY**

**Economy | Negative**

Overall, the fiscal deficit has increased to 1.5 percent of GDP (Rs1,266 billion) during July-October fiscal year 2023 compared to 0.9 percent of GDP (Rs587 billion) for the same period a year before on the back of an increase in the current expenditure on account of debt servicing. (BR) | [Click for more info.](#)

**Mounting deficits, high inflation trap economy: govt**

**Economy | Negative**

With fiscal deficit widening by more than 115pc in the first four months (July-October) of the current fiscal year, the Ministry of Finance (MoF) on Friday forecast the inflation to stay high — between 21-23pc — and economic situation faced with 'severe headwinds' during the current fiscal year. (Dawn) | [Click for more info.](#)

**Govt to borrow record Rs4.8tr via treasury bills in first quarter**

**Economy | Neutral**

Amid a revenue setback in December and higher expenditure, mostly for debt servicing, the government plans to borrow a record Rs4.8 trillion in the first three months of 2023 through market treasury bills (MTBs). (Dawn) | [Click for more info.](#)

**Imports; Dar rejects 'flood levy' proposal**

**Economy | Neutral**

Finance Minister Ishaq Dar has rejected the proposal to impose flood levy on the import of non-essential items from 2023 and regularize non-duty paid vehicles in erstwhile tribal areas. The final decision whether to impose flood levy or not would be taken by the Finance Minister in a couple of days depending upon the revenue shortfall. The government is working on imposing a flood levy at the rate of 1 or 2 percent through the promulgation of an ordinance to generate additional revenue of Rs 30-35 billion during the last six months of the current fiscal year. (BR) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	27,031.8	27,532.6	500.8	1.9%
KSE100	39,747.4	40,420.5	673.1	1.7%
KSE30	14,617.6	14,836.4	218.8	1.5%
KMI30	67,454.2	68,277.9	823.7	1.2%

### Top Five Gainers

	Open	Close	Chg.	%
RMPL	8,494.7	9,100.0	605.4	7.1%
PESEL	1,550.0	1,666.2	116.2	7.5%
BATA	2,057.9	2,163.3	105.4	5.1%
NESTLE	5,781.2	5,870.0	88.8	1.5%
PAKT	900.0	963.9	63.9	7.1%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
KEL	2.5	2.7	0.2	69.81
PPL	63.4	68.1	4.8	11.90
WTL	1.2	1.2	0.0	11.76
PAEL	12.5	13.0	0.4	10.85
OGDC	76.5	79.7	3.2	10.29

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.01	-0.01	0.00
F-Corporates	0.25	-0.82	-0.57
O/S Pakistanies	1.90	-2.34	-0.43
<b>Net</b>	<b>2.16</b>	<b>-3.16</b>	<b>-1.00</b>
LIPI			
Individuals	30.10	-35.04	-4.94
Companies	3.43	-4.26	-0.83
Comm. Banks	10.71	-4.03	6.68
NBFC	0.02	-0.02	-0.01
Mutual Funds	2.83	-2.16	0.68
Other	0.47	-0.54	-0.08
Brokers Proprietary	9.42	-9.28	0.14
Insurance	0.74	-1.38	-0.63
<b>Net</b>	<b>57.71</b>	<b>-56.71</b>	<b>1.00</b>

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	80.26	2.1%
Brent oil	USD/bbl.	85.91	2.9%
Gold	USD/t oz.	1824.02	0.5%
Silver	USD/t oz.	23.95	0.3%
Coal	USD/ton	186.10	-1.0%
Steel Scrap (LME)	USD/ton	386.41	-0.4%
Steel Rebar (LME)	USD/ton	664.93	-0.1%
USD/PKR	Interbank	6.56	1.2%

News Source: Local / Int'l Newspapers and websites

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MORNING BRIEFING

## Rs220 billion hole surfaces against FBR's target

**Economy | Negative**

The tax collection remained at just Rs3.4 trillion till Friday, as the government is expected to face a record shortfall of around Rs220 billion during the first half of the fiscal year due to contractionary economic policies, exemptions to traders and legally questionable revenue measures. (ET) | [Click for more info.](#)

## PKR registers losses

**Economy | Negative**

The rupee registered losses throughout the previous week, ending with cumulative depreciation of 0.35% against the US dollar in the inter-bank market. The local currency closed at 226.43 against the greenback, taking total depreciation to 22% during 2022. In the open market, the PKR lost one rupee for both buying and selling against USD, closing at 233.25 and 235.50, respectively. (BR) | [Click for more info.](#)

## Oil & Gas

**Prices of petroleum products remain unchanged**
**Oil | Neutral**

Minister for Finance and Revenue Senator Ishaq Dar Saturday said the government had decided to keep the existing prices of petroleum products unchanged for the next 15 days. (The News) | [Click for more info.](#)

## PSO's circular debt soars to around Rs600bn

**PSO | Negative**

Pakistan State Oil Company Limited's (PSOCL's) circular debt has reached around Rs600 billion including Rs180 billion of the power sector till the end of calendar year 2022. The winter season is posing a greater threat to the country's supply chain security with the substantial increase in gas-related circular debt receivables. The circular debt stands in the oil and gas sector at Rs1,500 billion. (BR) | [Click for more info.](#)

## LPG price slashed by Rs11.6 per kg for Jan

**BPL | Neutral**

The federal government Friday reduced the price of liquefied petroleum gas (LPG) by Rs11.60 per kilogramme for domestic and commercial consumers for January 2023. (Nation) | [Click for more info.](#)

## Winter season: domestic consumers bracing for more gas outages

**SSGC, SNGP | Neutral**

Domestic consumers are bracing for long hours of gas outages as they are receiving supplies for only eight hours a day to meet cooking needs amid growing demand of gas in current winter season and non-availability of expensive imported LNG on spot purchase. (BR) | [Click for more info.](#)

## Power

**Prime International acquires Eni's business in Pakistan**
**HUBC | Positive**

Prime International Oil and Gas Company Limited (Prime), a 50-50 joint venture between Hub Power Holdings Limited and Eni's Employee Buy-out Group, has acquired 100 percent shareholding of Eni Pakistan Limited. (The News) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
PAK (KSE-100)	40,420.5	673.10	1.69%
KSA - Tadawul	10,546.7	68.21	0.65%
Taiwan - TWII	14,137.7	52.67	0.37%
HK - Hang Seng	19,781.4	40.27	0.20%
CHINA - Shanghai	3,089.3	15.56	0.51%
PHILP - PSEi	6,566.4	-0.15	0.00%
INDONESIA - IDX	6,850.6	-9.46	-0.14%
US - S&P 500	3,839.5	-9.78	-0.25%
US - Dow 30	33,147.3	-73.55	-0.22%
INDIA - SENSEX	60,840.7	-293.14	-0.48%

### Board Meetings

Scrip	Day	Agenda	Time
CHAS	Tuesday	Ann A/c for 30-Sep-22	11:00 AM
CHBL	Tuesday	Ann A/c for 30-Sep-22	11:00 AM
PMRS	Tuesday	Ann A/c for 30-Sep-22	11:30 AM
JDWS	Thursday	Ann A/c for 30-Sep-22	11:00 AM
SSGC	Thursday	Ann A/c for 30-Sep-22	2:00 PM
HWQS	Thursday	Ann A/c for 30-Sep-22	4:00 PM
AGSML	Friday	Ann A/c for 30-Sep-22	10:00 AM
FRSM	Friday	Ann A/c for 30-Sep-22	11:30 AM
TSML	Friday	Ann A/c for 30-Sep-22	3:00 PM

Source: PSX

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## Autos

**TLA with KIA Corp; SECP drops winding-up proceedings against Dewan Motors**

**DFML | Positive**

The Securities and Exchange Commission of Pakistan (SECP) has dropped the winding-up proceedings initiated against Dewan Farooque Motors Limited after the company signed a Technical License Agreement (TLA) with KIA Corporation for assembly/manufacturing of commercial vehicles. (BR) | [Click for more info.](#)

## Banks

**FBL gets Islamic banking licence**

**FABL | Positive**

The State Bank of Pakistan (SBP) has issued an Islamic banking licence to Faysal Bank Limited (FBL), making it second-largest full-fledged Islamic bank in the country. (The News) | [Click for more info.](#)

**Banks settle int'l card payments by buying dollars from open market**

**Banks | Neutral**

Debit/credit card transactions on international merchants and websites can only be settled by banks buying dollars from the open market, a leading bank said on Friday. (The News) | [Click for more info.](#)

## Steel

**Raw materials of steel sector; MoF, SBP urged to instruct commercial banks to prioritise LCs**

**Steel | Neutral**

The documented steel sector has asked the Ministry of Finance and the State Bank of Pakistan (SBP) to urgently instruct commercial banks to also prioritise LCs for raw materials of steel sector and include the same in "EPD Circular" Letter No 20 of 2022. (BR) | [Click for more info.](#)

**Cement, steel bar prices surge**

**Cement, Steel | Neutral**

The prices of cement and steel — the two key building materials — have jumped 41 per cent and 16pc, respectively, pushing up the cost which resulted in a construction slowdown in the outgoing calendar 2022. (Dawn) | [Click for more info.](#)

## Miscellaneous

**MoITT demands Finance Division return Rs61.2bn borrowed from USF in 2013**

**Tech & Communication | Neutral**

The Ministry of Information Technology and Telecommunication (MoITT) has demanded the Finance Division to return Rs 61.2 billion — borrowed from the Universal Service Fund (USF) in 2013 for clearing power sector circular debt, as it is facing financial constraints to launch new projects. (BR) | [Click for more info.](#)

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MORNING BRIEFING

**Import of 177 items; SBP to maintain cash margin requirements for another 3 months****Economy | Neutral**

The State Bank of Pakistan (SBP) Friday announced that it will maintain the cash margin requirements on the import of specific 177 items for another three months. Earlier this year, in order to curb imports, the SBP decided to impose cash margin restrictions on several imported items. (BR) | [Click for more info.](#)

**APTMA resents hike in EFS & LTFF****Textile | Negative**

The country's export sector has termed increase in the Export Finance Scheme (EFS) and Long-Term Financing Facility (LTFF) by two percent to 13 percent by the State Bank of Pakistan (SBP) as a disaster for export sector. (BR) | [Click for more info.](#)

**Pakistani diplomatic property in US going to 'highest bidder'****Economy | Neutral**

The highest bidder for a Pakistan embassy property in the US capital is Shahal Khan of Burkhan World Investments and he is also the likely winner of this bid, sources privy to the development told. Mr Khan is believed to have offered \$6.8 million for the property. (Dawn) | [Click for more info.](#)

**PM directs outsourcing of 3 major airports****Economy | Neutral**

The government on Friday decided to engage international operators to help run three major airports of Islamabad, Lahore and Karachi with a view to attracting direct foreign investment and providing world-class facilities to passengers. (ET) | [Click for more info.](#)

**Major feed unit announces closure****Food | Negative**

The poultry and dairy industry on Friday shocked as one of the major feed mills announced its closure due to a ban on raw material import and the unavailability of local inputs. (Dawn) | [Click for more info.](#)

**Political News****NSC likely to take 'key' decisions today**

In light of the spike in terror incidents in parts of the country, a second round of the National Security Committee (NSC) meeting will be convened on Monday (today) to take "key decisions" concerning security and the economy. (Dawn) | [Click for more info.](#)

**International News****Tough year ahead for the global economy, IMF's Georgieva warns**

For much of the global economy, 2023 is going to be a tough year as the main engines of global growth - the United States, Europe and China - all experience weakening activity, International Monetary Fund Managing Director Kristalina Georgieva said on Sunday. (BR) | [Click for more info.](#)

**Stocks end 2022 with a thud; Treasury yields, oil prices rise**

Wall Street equity indexes finished lower on Friday on 2022's last trading day, while Treasury yields rose along with oil futures as investors braced for the new year with worries about a potential recession and the U.S. Federal Reserve rate hiking path. (Reuters) | [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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