

March 2, 2023

Morning Briefing

Economy

Exports decline for fifth straight month in February, trade deficit narrows

Economy | Positive

Exports shrank 18.67 percent in February, falling for the fifth straight month, while the trade deficit narrowed to 43.56 percent to \$1.7 billion from a year ago on slowdown in imports, official data showed on Wednesday. (The News) | [Click for more info.](#)

Sukuks, investments in INPCs; Govt decides to re-pledge approved assets

Economy | Neutral

The government has decided to re-pledge assets approved by Cabinet on June 21, 2022 for Sukuks and Investment in Islamic Naya Pakistan Certificates (INPCs) for other Islamic financing transactions of the government as and when needed, well informed sources told. (BR) | [Click for more info.](#)

Inflation hits nearly 50-year high in February

Economy | Negative

Inflation has almost touched the five-decade high of 31.55 percent in the ongoing month, which the country had seen in 1973 during the Arab-Israel war leading to the oil crisis. The Consumer Price Index (CPI) inflation rose to 31.55 percent year-on-year from 27.55 percent in January, as food, beverages, and transportation charges substantially increased by up to fifty percent, jacking up the headline inflation, the Pakistan Bureau of Statistics (PBS) reported on Wednesday. (The News) | [Click for more info.](#)

PKR declines on rating downgrade

Economy | Negative

As per the State Bank of Pakistan (SBP), the rupee settled at 266.11 against the greenback, a decline of Rs4.61 in the inter-bank market. In the open market, the PKR lost 7 rupees for buying and selling against USD, closing at 271.00 and 274.00, respectively. (BR) | [Click for more info.](#)

Oil & Gas

Petroleum products off-take drops 21pc in Feb

OMCs | Negative

Sale of petroleum products plunged by 21 percent to 1.22 million tonnes in month of February this fiscal compared to 1.54 million tonnes in same month of last fiscal. According to data of oil consumption in the country also dropped to 11.69 million tonnes in first eight months of the current fiscal from 14.44 million tonnes in same months of last financial year, showing a negative growth of 19 percent. The decrease in the oil consumption was recorded in all petroleum products i.e. petrol, diesel and furnace oil. (The News) | [Click for more info.](#)

IP gas project; Govt has sought relaxation from US, PAC informed

Gas | Neutral

Federal government has sought relaxation from the US administration on Iran-Pakistan (IP) Gas Pipeline Project to avoid a penalty of \$18 billion in case the work is not completed by March 2024, a parliamentary panel was informed on Wednesday. (BR) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	26,679.8	26,639.7	-40.0	-0.2%
KSE100	40,510.4	40,412.8	-97.6	-0.2%
KSE30	15,186.9	15,153.2	-33.8	-0.2%
KMI30	68,762.4	68,406.7	-355.7	-0.5%

Top Five Gainers

	Open	Close	Chg.	%
UPFL	22,500.0	22,998.0	498.0	2.2%
NESTLE	5,240.0	5,464.0	224.0	4.3%
GATI	292.5	310.0	17.5	6.0%
ZIL	218.0	229.5	11.5	5.3%
TOWL	138.7	144.6	6.0	4.3%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	1.3	1.3	0.0	20.21
HUBC	70.4	70.5	0.1	7.96
MLCF	24.9	24.2	-0.6	7.50
CNERGY	3.5	3.4	-0.1	7.31
MCB	116.9	117.8	1.0	7.09

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	0.98	-0.96	0.02
O/S Pakistanies	1.36	-1.39	-0.03
Net	2.35	-2.35	0.00
LIPI			
Individuals	20.69	-20.91	-0.21
Companies	4.85	-1.67	3.19
Comm. Banks	1.25	-1.42	-0.17
NBFC	0.00	0.00	0.00
Mutual Funds	1.38	-4.00	-2.62
Other	0.44	-0.85	-0.40
Brokers Proprietary	6.05	-6.44	-0.39
Insurance	11.10	-10.48	0.62
Net	45.77	-45.76	0.00

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	77.69	1.3%
Brent oil	USD/bbl.	84.44	1.6%
Gold	USD/t oz.	1836.64	0.6%
Silver	USD/t oz.	21.00	0.5%
Coal	USD/ton	144.70	1.2%
Steel Scrap (LME)	USD/ton	468.00	8.6%
Steel Rebar (LME)	USD/ton	759.00	7.4%
USD/PKR	Interbank	7.62	2.3%

News Source: Local / Int'l Newspapers and websites

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MORNING BRIEFING

Power

Moody's downgrades Wapda rating

Power | Negative

Moody's Investors Service (Moody's) has downgraded Pakistan Water and Power Development Authority (Wapda)'s corporate family rating (CFR) to Caa3 from Caa1 and Baseline Credit Assessment (BCA) to caa3 from caa1. At the same time, Moody's has changed the outlook to stable from negative. This rating action follows Moody's rating action on the government of Pakistan (Caa3 stable) on 28 February 2023. (BR) | [Click for more info.](#)

Rs484bn KE investment plan draws criticism

KEL | Neutral

K-Electric's seven-year (2024-2030) investment plan of Rs 484 billion for transmission and distribution segments drew heavy criticism at a public hearing in National Electric Power Regulatory Authority (Nepra) on Wednesday. (BR) | [Click for more info.](#)

Govt slaps power surcharge for next fiscal year

Power | Neutral

The government surrendered to another IMF demand on Wednesday, imposing a surcharge of up to Rs3.23 per unit on electricity consumers across the country from July 1. The move is aimed at generating Rs335 billion more in revenue over the next fiscal year to finance the power sector's debt and liabilities. (Dawn) | [Click for more info.](#)

PM directs solar systems installation in seven weeks

Power | Neutral

Prime Minister Shehbaz Sharif has directed to install solar systems in government buildings in Islamabad in the next seven weeks. While presiding over a progress review meeting on solarisation of government buildings across the country. (BR) | [Click for more info.](#)

Fertilizer

Fertilizer offtake increases by 1.7% YoY in January

Fertilizer | Neutral

The country's overall nutrient offtake increased in January 2023 increased by 1.7% YoY compared to the same month last year, reaching 407 thousand tonnes, the latest monthly report of fertilizer offtake issued by the National Fertilizer Development Company (NDFC) showed. Urea offtake increased by 5.6%, reaching 631 thousand tonnes, while DAP offtake saw a decrease of 15% compared to January 2022, with 96 thousand tonnes. (Mettis) | [Click for more info.](#)

Miscellaneous

Boycott of steel purchase yields positive result: ABAD

Steel | Positive

Association of Builders and Developers of Pakistan's (ABAD's) boycott of steel purchase has brought positive result as steel manufacturers have brought down prices of steel to Rs271000 from Rs 345000 per ton. ABAD has also demanded of the government to abolish Regulatory Duty (RD) and Additional Regulatory Duty (ARD) to support construction industry and the economy of Pakistan. (BR) | [Click for more info.](#)

World Indices			
	Last	Chg.	Chg. %
HK - Hang Seng	20,619.7	833.77	4.21%
INDIA - SENSEX	59,411.1	448.96	0.76%
Taiwan - TWII	15,598.5	94.70	0.61%
KSA - Tadawul	10,192.3	89.56	0.89%
PHILP - PSEi	6,607.1	50.93	0.78%
CHINA - Shanghai	3,312.4	32.74	1.00%
US - Dow 30	32,661.8	5.14	0.02%
INDONESIA - IDX	6,844.9	1.70	0.02%
US - S&P 500	3,951.4	-18.76	-0.47%
PAK (KSE-100)	40,412.8	-97.60	-0.24%

Board Meetings			
Scrip	Day	Agenda	Time
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
BOK	Tuesday	Ann. A/c as of 31-Dec-22	11:00 AM
PAKOXY	Tuesday	Ann. A/c as of 31-Dec-22	2:00 PM

Source: PSX

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FCEPL plans dairy exports**FCEPL | Positive**

Friesland Campina Engro Pakistan (FCEPL) and Engro Eximp FZE (EEF) signed a Franchise Agreement to enhance dairy exports from Pakistan. (The News) | [Click for more info.](#)

Subsidy to agri, zero-rated sectors withdrawn**Economy | Negative**

The government has withdrawn subsidy to agriculture and five zero-rated sectors from March 1, 2023 as pre-condition of International Monetary Fund (IMF) program, which will save Rs 65 billion. Of Rs 65 billion, Rs 53 billion subsidy will be withdrawn from five zero rated sectors whereas impact of agriculture sector is around Rs 12 billion from March to June 2023. (BR) | [Click for more info.](#)

Political News**ECP braces for election in two provinces**

Accepting the Supreme Court's verdict, the Election Commission of Pakistan (ECP) on Wednesday started its preparations for holding polls in Punjab and Khyber-Pakhtunkhwa. (ET) | [Click for more info.](#)

PTI suspends 'Jail Bharo' movement

Pakistan Tehreek-e-Insaf (PTI) chief and former premier Imran Khan announced his party was suspending its 'Jail Bharo' movement as he welcomed the Supreme Court's (SC) ruling in a suo motu notice over delay in the announcement of elections in Punjab and Khyber-Pakhtunkhwa (K-P). (ET) | [Click for more info.](#)

International News**Asian Stocks Face Pressure as Yields Move Higher: Markets Wrap**

Asian stocks faced downward pressure Thursday as investors positioned for a higher peak in interest rates following another round of hawkish comments from Federal Reserve officials. (Bloomberg) | [Click for more info.](#)

Oil settled up as rising supplies face Chinese demand hopes

Oil prices settled up slightly on Wednesday as signs of ample supply, including growing U.S. crude inventories, offset growing hopes for higher demand after a jump in manufacturing in top crude importer China. (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 FCF based DCF methodology.

Analyst Certification ^{AC}

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