

April 3, 2023

Morning Briefing

Economy

Sharif family to visit Saudi Arabia next week

Economy | Positive

Pakistan Muslim League-Nawaz (PMLN) Quaid Nawaz Sharif and his daughter Maryam Nawaz will visit Saudi Arabia next week at the invitation of King Salman bin Abdul Aziz. (The News) | [Click for more info.](#)

Dar, team to visit US to attend IMF, WB meetings

Economy | Neutral

Pakistan's high-powered delegation, led by Minister for Finance Ishaq Dar, is scheduled to visit Washington, DC, for attending the upcoming Annual Spring Meeting of the Breton Wood Institutions (BWIs), known as the International Monetary Fund (IMF) and World Bank, from April 10 to 16. (The News) | [Click for more info.](#)

China rolls over \$2b loan to Pakistan

Economy | Positive

Pakistani Finance Minister Ishaq Dar said on Friday that China had rolled over a \$2 billion loan that matured last week, providing relief during the nation's acute balance of payment crisis. Locking in a rollover had been critical for Pakistan, where reserves have dipped to just four weeks' worth of imports and talks over an International Monetary Fund (IMF) bailout tranche of \$1.1 billion have hit a stalemate. (ET) | [Click for more info.](#)

SBP seen raising key rate to record 22pc as inflation bites

Economy | Negative

The Monetary Policy Committee of the State Bank of Pakistan (SBP) will meet on Tuesday, April 04, 2023 at SBP Karachi to decide about the Monetary Policy. In the previous emergent meeting held on March 2, the committees increased the policy rate by 300 basis points to 20 percent on higher inflation outlook. (BR) | [Click for more info.](#)

July-March; FBR suffers massive shortfall of Rs304bn

Economy | Negative

Despite imposition of additional taxes of Rs 170 billion on February 14, the Federal Board of Revenue (FBR) has suffered a massive shortfall of Rs304 billion during July-March (2022-23). (BR) | [Click for more info.](#)

Public debt increases to Rs52.721trn by Dec 2022

Economy | Negative

Pakistan's public debt has increased to Rs 52.721 trillion by December 2022 from Rs 49.194 trillion end of June 2022, according to Public Debt Bulletin for July-December 2022 uploaded by the Finance Ministry on Friday. According to debt bulletin domestic debt increased to Rs 33.116 trillion by the end of December 2022 from Rs 31.027 trillion and external debt to Rs 19.905 trillion from Rs 16.157 trillion. (BR) | [Click for more info.](#)

March inflation soars to 35.4pc, highest since 1965

Economy | Negative

The Consumer Price Index (CPI)-based inflation increased to 35.4 percent on a year-on-year basis in March 2023 as compared to an increase of 31.5 per cent in the previous month and 12.7 percent in March 2022, says the Pakistan Bureau of Statistics (PBS). (BR) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	26,364.8	26,428.5	63.7	0.2%
KSE100	39,848.4	40,000.8	152.5	0.4%
KSE30	14,767.0	14,852.8	85.8	0.6%
KMI30	69,086.4	69,337.9	251.5	0.4%

Top Five Gainers

	Open	Close	Chg.	%
BATA	1,939.4	2,033.7	94.3	4.9%
NESTLE	4,977.4	5,017.5	40.1	0.8%
KHYT	397.4	427.2	29.8	7.5%
PAKT	646.1	670.0	23.9	3.7%
PECO	302.7	325.4	22.7	7.5%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
PIBTL	3.8	4.2	0.5	12.12
PAEL	10.6	11.3	0.7	6.52
HASCOL	5.7	5.9	0.3	4.87
WTL	1.2	1.2	0.0	4.85
PKGP	30.0	31.2	1.2	4.42

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	0.23	-0.35	-0.12
O/S Pakistanies	0.95	-1.02	-0.07
Net	1.18	-1.37	-0.19
LIPI			
Individuals	15.32	-15.48	-0.15
Companies	3.89	-2.48	1.40
Comm. Banks	3.76	-2.70	1.06
NBFC	0.00	0.00	0.00
Mutual Funds	0.53	-0.72	-0.19
Other	0.24	-0.04	0.20
Brokers Proprietary	5.28	-4.82	0.46
Insurance	0.18	-2.77	-2.59
Net	29.21	-29.02	0.19

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	75.67	1.7%
Brent oil	USD/bbl.	79.89	1.7%
Gold	USD/t oz.	1969.28	-0.6%
Silver	USD/t oz.	24.10	0.9%
Coal	USD/ton	140.00	5.7%
Steel Scrap (LME)	USD/ton	453.00	-0.4%
Steel Rebar (LME)	USD/ton	726.93	0.8%
USD/PKR	Interbank	8.32	-0.5%

News Source: Local / Int'l Newspapers and websites

Research Team

research@abaalihabib.com

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

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MORNING BRIEFING

Oil & Gas

OGRA starts developing loss recovery mechanism

OMCs | Positive

The Oil and Gas Regulatory Authority (Ogra) has finally started developing a mechanism for the recovery of exchange rate losses, caused by Pakistani rupee's free fall against the US dollar and borne by the oil marketing companies (OMCs). Therefore, in order to avoid any potential loss, the industry must align its procurement mechanism with the federal government's prevailing policy. (ET) | [Click for more info.](#)

POL products' prices kept unchanged

Oil | Neutral

The federal government on Friday kept the prices of petrol and high-speed diesel (HSD) unchanged for the first fortnight of April. The prices of kerosene oil (KERO) and light diesel oil (LDO), however, have been reduced by Rs10 per litre for the period April 1-15, 2023. (BR) | [Click for more info.](#)

LPG cylinders: Ogra decreases rate

BPL | Positive

The Oil and Gas Regulatory Authority (Ogra) on Friday notified a Rs 49 per kg decrease on both domestic and commercial LPG cylinders with effect from April 1, 2023. The per kg price of LPG is now Rs 229 instead of Rs 278. (BR) | [Click for more info.](#)

Pakistan to place order for Russian oil next month: minister

Oil | Neutral

Minister of State for Petroleum Musadik Malik has said that the government will place its first order for Russian crude next month and it would take about four weeks for the commodity to reach Pakistan. (Dawn) | [Click for more info.](#)

Smuggled Iranian diesel fast replacing domestic fuel

Oil | Negative

Smuggled Iranian diesel is largely meeting its inflated demand in the current harvesting season in the country as diesel demand for formal sources has plunged massively. (The News) | [Click for more info.](#)

Power

All categories of consumers; Nepra approves Rs3.23/ unit surcharge

KEL, Discos | Positive, Power | Negative

The National Electric Power Regulatory Authority (Nepra) has formally approved surcharge of Rs 3.23 per unit for all categories of consumers across the country sans protected domestic consumers using up to 200 units per month as per understanding with the International Monetary Fund (IMF). (BR) | [Click for more info.](#)

Power plants of 25MW and above; Customs duty exemption opposed

Power | Neutral

The Engineering Development Board (EDB), an arm of Ministry of Industries and Production (MoI&P), has opposed continuation of exemption in customs duty on import of plant, machinery, equipment, spares and other capital goods, etc., for setting up and balancing, modernisation, rehabilitation and expansion (BMRE) of power units of 25-MW and above, without condition of local manufacturing. (BR) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	58,991.5	1031.43	1.78%
US - Dow 30	33,274.2	415.12	1.26%
PAK (KSE-100)	40,000.8	152.48	0.38%
HK - Hang Seng	20,400.1	90.98	0.45%
KSA - Tadawul	10,590.1	86.92	0.83%
US - S&P 500	4,109.3	58.48	1.44%
Taiwan - TWII	15,868.1	18.63	0.12%
CHINA - Shanghai	3,272.9	11.61	0.36%
INDONESIA - IDX	6,805.3	-3.67	-0.05%
PHILP - PSEI	6,499.7	-145.07	-2.18%

Board Meetings

Scrip	Day	Agenda	Time
FATIMA	Monday	Ann. A/c as of 31-Dec-22	11:00 AM
PAKRI	Monday	Ann. A/c as of 31-Dec-22	1:00 PM
PAEL	Tuesday	Ann. A/c as of 31-Dec-22	11:30 AM
PKGI	Wednesday	Ann. A/c as of 31-Dec-22	10:00 AM
PIL	Wednesday	Ann. A/c as of 31-Dec-22	10:00 AM
FCCL	Wednesday	3Q A/c as of 31-Mar-23	10:30 AM

Source: PSX

Research Team

research@abaalihabib.com

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IsDB approves \$13m for electricity**Power | Neutral**

The Islamic Development Bank (IsDB) on Saturday approved additional financing of \$13 million for the Central Asia South Asia Electricity Transmission and Trade Project (CASA-1000) that aims to meet the electricity demand in Pakistan and Afghanistan. (Dawn) | [Click for more info.](#)

600MW solar project in jeopardy**Power | Negative**

The government's flagship project of 600-MW solar plant at Muzaffargarh (South Punjab) is reportedly in jeopardy as Planning Commission (PC) has refused to extend funding due to resources constraint during the current fiscal year, well informed sources told. (BR) | [Click for more info.](#)

Autos**Honda Atlas extends shutdown****HCAR | Negative**

Honda Atlas Cars Pakistan has extended its plant shutdown by 15 days, the longest to date, due to the ongoing economic crisis in Pakistan, which has made it difficult to open letters of credit (LCs) for imports and halt foreign payments. (ET) | [Click for more info.](#)

Cement**Amendments to sales tax: cement supplies being questioned****Cement | Neutral**

Repeated amendments to the Sales Tax law has opened a window of opportunity for tax authorities to mix them up to delay refunds and adjustment of input tax with the output tax, said sources. Most of the transactions prior to the cut-off dates have become controversial so far refund and adjustment claims of the sector are concerned, said the sources. (BR) | [Click for more info.](#)

Fertilizer**SNGPL told to supply gas to 2 urea plants for interim period sans subsidy****FATIMA | Neutral**

The Directorate General of Gas (Petroleum Division) has directed Sui Northern Gas Pipeline Limited (SNGPL) to supply gas to two urea fertilizer plants for interim period sans subsidy as per decision of ECC. (BR) | [Click for more info.](#)

Banks**Meezan Bank surpasses \$1.5bn deposit inflows under RDA****MEBL | Neutral**

Meezan Bank, Pakistan's leading Islamic bank has surpassed \$1.5 billion in deposit inflows under Roshan Digital Account (RDA). (BR) | [Click for more info.](#)

Active microfinance borrowers cross 9m**Banks | Neutral**

The number of active microfinance borrowers crossed the nine million mark for the first time at the end of October-December 2022, up 3.6 per cent from the preceding quarter. The penetration rate — which shows the share of the relevant population that has used microfinance products at least once in their lifetime — stood at 22.7pc at the end of December 2022 versus 22pc at the end of September 2022. (Dawn) | [Click for more info.](#)

Research Teamresearch@abaalihabib.comAba Ali Habib Securities (Pvt) Limited
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Banks battle rising non-performing loans**Banks | Neutral**

The cost of living and cost of doing business in Pakistan have risen significantly in recent times, leading to a surge in non-performing loans (NPLs) and causing banks to suffer losses. According to the State Bank of Pakistan (SBP), all banks and development finance institutions' (DFIs) NPLs have increased by almost 3%, or Rs25.53 billion, to Rs938.67 billion in the quarter ended December 31, 2022, compared to Rs913.14 billion in the previous quarter ended September 30, 2022. (ET) | [Click for more info.](#)

Miscellaneous**Late export proceeds to be fined up to 9%****Economy | Positive**

Pakistan's central bank has issued new regulations to tighten the process of repatriating export earnings into the country. Under the new rules, exporters who delay bringing their export earnings into the country will face fines of up to 9% of their realised export proceeds. The fines will be imposed if export proceeds are realised fully or partially after the prescribed period of up to 180 days, or earlier in some cases. (ET) | [Click for more info.](#)

Rice crop in surplus despite floods, NA told**MATCO | Positive**

Parliamentary Secretary for National Food Security and Research Ahmad Raza Maneka on Friday said the rice crop production was in surplus despite flood devastation. (ET) | [Click for more info.](#)

Textile exports likely to fall by \$3 billion in FY23: APTMA**Textile | Negative**

All Pakistan Textile Mills Association (APTMA) raised alarm over a downturn in the textile exports on Friday, saying the exports in FY2023 were likely to shrink by \$3 billion as compared to the previous year, in the wake on non-availability of raw materials amid an economic turmoil in the country. (The News) | [Click for more info.](#)

Start-up funding in Jan-March drops 86.6pc**Economy | Neutral**

Pakistani start-ups raised a total of \$23.1 million in eight deals in the January-March quarter, down 86.6 per cent from a year ago. However, the amount of quarterly funding rose 52.5pc from the preceding three-month period. (Dawn) | [Click for more info.](#)

Budget proposals presented; Steel melting sector highlights challenges**Steel | Neutral**

The country's steel melting industry is in a state of extreme distress as the banking sector remains incapable of allowing opening of Letters of Credit (LCs), leading to a severe shortage of imported scrap that is used as essential raw material in melting furnaces. (BR) | [Click for more info.](#)

Khunjerab Pass opened for Pakistan-China trade after three years**Economy | Positive**

The Khunjerab Pass, a major trade route between Pakistan and China, has been reopened after a closure of almost three years due to the Covid-19 pandemic. The pass connects Gilgit-Baltistan with China's Xinjiang Uyghur Autonomous region and was closed in 2020 following the outbreak of Covid-19. (ET) | [Click for more info.](#)

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Inflation, poor economic conditions: Traders announce nationwide rallies after Eid

Economy | Negative

The Markazi Tanzeem Tajran Pakistan on Saturday announced to launch a countrywide protest move across the country after Eidul Fitr against the unprecedented inflation and deteriorating national economic conditions. (The News) | [Click for more info.](#)

Political News

Sharif family to visit Saudi Arabia next week

Pakistan Muslim League-Nawaz (PMLN) Quaid Nawaz Sharif and his daughter Maryam Nawaz will visit Saudi Arabia next week at the invitation of King Salman bin Abdul Aziz. (The News) | [Click for more info.](#)

All eyes on SC hearing in election delay case

A three-member bench of the Supreme Court will today take up the Punjab and KP election matter. The bench — headed by Chief Justice of Pakistan Justice Umer Ata Bandial — will take up the suo motu as well as PTI's petition challenging the order of the Election Commission of Pakistan for postponing the Punjab election to October 8. (The News) | [Click for more info.](#)

LHC to take up Imran's plea seeking dismissal of 121 cases tomorrow

Ex-prime minister Imran Khan's petition seeking the dismissal of 121 cases registered against him has been fixed before the Lahore High Court (LHC) for tomorrow (Monday). (Dawn) | [Click for more info.](#)

International News

OPEC+ announces surprise oil output cuts

Saudi Arabia and other OPEC+ oil producers on Sunday announced further oil output cuts of around 1.16 million barrels per day, in a surprise move that analysts said would cause an immediate rise in prices and the United States called inadvisable. (Reuters) | [Click for more info.](#)

Asia markets rise as oil surges after surprise OPEC+ cut; investors digest factory data

Asia-Pacific markets largely rose on Monday as investors further digested key manufacturing data in the region. Brent crude futures and U.S. West Texas Intermediate crude futures (WTI) surged as much as 8% after OPEC+ members agreed to cut more than 1 million barrels per day to extend through the end of 2023. (CNBC) | [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.

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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
shoibqadri@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)