

March 6, 2023

Economy

Saudi deposits nod crucial for clinching IMF deal

Economy | Neutral

Pakistan requires confirmation from Saudi Arabia for securing additional deposits of \$2 billion and a \$950 million loan programme from the World Bank and Asian Infrastructure Investment Bank (AIIB) for the signing of a Staff-Level Agreement (SLA) with the International Monetary Fund (IMF) within the coming week. (The News) | [Click for more info.](#)

PM, Qatar Emir discuss economic, investment cooperation

Economy | Neutral

Prime Minister Shehbaz Sharif and Emir of Qatar Sheikh Tamim bin Hamad Al Thani on Sunday discussed a wide array of mutually-beneficial issues on strengthening cooperation between the two countries, particularly in the economic and investment sectors. (The News) | [Click for more info.](#)

QIA CEO discusses investment proposals with PM

Economy | Neutral

The CEO of Qatar Investment Authority (QIA), Mansoor Ebrahim Al-Mahmoud, called on Prime Minister Shehbaz Sharif Sunday in Doha to exchange views on progress made on various investment proposals in multiple sectors of Pakistan's economy. (BR) | [Click for more info.](#)

SBP receives \$500mn from ICBC: Ishaq Dar

Economy | Positive

Pakistan's central bank has received \$500 million from the Industrial and Commercial Bank of China (ICBC), the first of three disbursements that were approved for rollover, said Finance Minister Ishaq Dar late Friday night. Dar said the formalities were complete and ICBC approved the rollover of a combined \$1.3 billion facility that had been repaid by Pakistan in recent months. (BR) | [Click for more info.](#)

Default risk won't be over even if Pakistan secures \$1bn tranche from IMF: Miftah

Economy | Negative

Former finance minister Miftah Ismail believes that the default risk looming over Pakistan may not be over even if it secures the \$1 billion tranche from the International Monetary Fund (IMF) as part of the \$6.5 billion bailout. (The News) | [Click for more info.](#)

Jul-Feb: FBR collection shows Rs240bn shortfall

Economy | Negative

The Federal Board of Revenue (FBR) has provisionally collected Rs4,493 billion in the first eight months of the current fiscal year against the assigned target of Rs4,733 billion for July-Feb (2022-23), reflecting a shortfall of Rs240 billion. After the imposition of taxes of Rs 170 billion in mini-budget, the new annual tax target of the FBR has been fixed at Rs7.640 trillion. (BR) | [Click for more info.](#)

1HFY23; Non-tax revenue collection of govt stands at Rs896.434bn

Economy | Neutral

Non-tax revenue collection of federal government stood at Rs 896.434 billion during the first six months of the ongoing fiscal year – 44 percent of the total Rs 1999.89 budgeted. (BR) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	26,707.3	27,044.4	337.1	1.3%
KSE100	40,670.9	41,337.0	666.1	1.6%
KSE30	15,313.4	15,583.8	270.4	1.8%
KMI30	69,176.6	70,737.6	1561.0	2.3%

Top Five Gainers

	Open	Close	Chg.	%
PSEL	2,040.6	2,193.0	152.4	7.5%
NESTLE	5,299.8	5,400.0	100.2	1.9%
SAPT	1,080.0	1,130.0	50.0	4.6%
PRET	500.5	538.0	37.5	7.5%
MARI	1,470.0	1,505.3	35.3	2.4%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
BIPL	11.8	11.1	-0.8	15.74
WTL	1.3	1.3	0.0	15.47
OGDC	82.0	88.1	6.1	13.42
BOP	4.4	4.4	0.0	10.48
PPL	63.0	67.7	4.7	6.42

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	1.25	-0.23	1.02
O/S Pakistanians	1.59	-2.03	-0.43
Net	2.85	-2.26	0.59
LIPI			
Individuals	24.06	-24.57	-0.51
Companies	1.70	-1.38	0.32
Comm. Banks	1.02	-1.21	-0.19
NBFC	0.04	-0.03	0.01
Mutual Funds	2.00	-2.23	-0.22
Other	0.64	-0.29	0.35
Brokers Proprietary	6.48	-6.39	0.09
Insurance	2.08	-2.51	-0.43
Net	38.03	-38.62	-0.59

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	79.68	2.2%
Brent oil	USD/bbl.	85.83	1.6%
Gold	USD/t oz.	1856.48	1.1%
Silver	USD/t oz.	21.26	1.8%
Coal	USD/ton	132.40	-5.5%
Steel Scrap (LME)	USD/ton	460.00	-0.4%
Steel Rebar (LME)	USD/ton	741.50	-1.3%
USD/PKR	Interbank	8.02	-1.9%

News Source: Local / Int'l Newspapers and websites

Research Team

research@abalahib.com

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

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Morning Briefing

MORNING BRIEFING

Short-term inflation remains over 41pc

Economy | Negative

The weekly inflation rose to 41.07 per cent on a year-on-year basis on the back of edible oil, sugar and vegetables, according to data released by the Pakistan Bureau of Statistics (PBS) on Friday. (Dawn) | [Click for more info.](#)

25pc ST on luxury goods' import awaits cabinet's nod

Economy | Neutral

Federal Cabinet has yet not approved 25 percent sales tax on the import of hundreds of luxury items and the Federal Board of Revenue (FBR) has not issued any notification till Friday late night. (BR) | [Click for more info.](#)

Govt borrowings from banks surge to Rs1.8tr

Economy | Neutral

Despite fiscal tightening, the government's borrowing for budgetary support surged to Rs1.8 trillion during the first seven and half months of FY23 against a net retirement of Rs245.8 billion during the same period last year. (Dawn) | [Click for more info.](#)

PKR registers significant gain

Economy | Neutral

As per the State Bank of Pakistan (SBP), the rupee settled at 278.46 against the greenback, an increase of Rs6.63 in the inter-bank market. In the open market, the PKR gained 5.50 rupees for buying and selling against USD, closing at 279.50 and 282.50, respectively. (BR) | [Click for more info.](#)

Oil & Gas

Maiden Russian crude oil shipment due next month

Economy | Positive

The first oil cargo from Russia is expected to arrive in Pakistan by the end of April after the latter agreed to the former's demand to import a single cargo first as a test case to bridge "trust deficit". (ET) | [Click for more info.](#)

PL: Govt projects Rs175bn revenue shortfall

Economy | Negative

Federal government has projected a revenue shortfall of Rs 175 billion in petroleum levy (PL) on petroleum products against the budgeted target of Rs 750 billion reportedly revised upward to Rs 855 billion in current fiscal year 2022-23. (BR) | [Click for more info.](#)

Emerging OMCs cry foul over products pricing

Economy | Negative

Emerging oil marketing companies and the Oil and Gas Regulatory Authority (OGRA) are at odds over products allocation from refineries and price calculations as the former accused the regulator for skewing already tough competition. (The News) | [Click for more info.](#)

Power

CPEC power projects; China concerned over payment issues

Power | Negative

Chinese companies working on power projects, initiated under China Pakistan Economic Corridor (CPEC), are still facing financial woes despite Prime Minister's repeated assurances, well informed sources told. (BR) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	59,809.0	899.62	1.53%
PAK (KSE-100)	41,337.0	666.12	1.64%
US - Dow 30	33,391.0	387.40	1.17%
HK - Hang Seng	20,567.5	138.08	0.68%
KSA - Tadawul	10,277.8	85.50	0.84%
US - S&P 500	4,045.6	64.29	1.61%
PHILP - PSEi	6,655.4	32.92	0.50%
CHINA - Shanghai	3,328.4	17.74	0.54%
Taiwan - TWII	15,608.4	9.70	0.06%
INDONESIA - IDX	6,813.6	-43.77	-0.64%

Board Meetings

Script	Day	Agenda	Time
BOK	Tuesday	Ann. A/c as of 31-Dec-22	11:00 AM
PAKCOXY	Tuesday	Ann. A/c as of 31-Dec-22	2:00 PM
HCL	Wednesday	HY A/c as of 31-Dec-22	2:00 PM
SLL	Thursday	Ann. A/c as of 31-Dec-22	10:30 AM
SILK	Friday	Multiple Period	10:00 AM
KSBP	Friday	Ann. A/c as of 31-Dec-22	12:00 PM
SHEL	Wednesday	Ann. A/c as of 31-Dec-22	10:00 AM

Source: PSX

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research@abalahib.com

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Supply to Gwadar; Iran invited to discuss additional 100MW electricity tariff**Economy | Neutral**

Pakistan has reportedly invited Iranian Energy Minister Ali Akbar Mehrabian to discuss tariff of additional 100MW electricity, to be supplied to Gwadar, as Iran has sought revision in existing agreement for upward revision in tariff, well informed sources told. (BR) | [Click for more info.](#)

WB willing to fund fan replacement plan**Economy | Neutral**

The World Bank (WB) has shown willingness to extend financing for government initiative to replace inefficient fans which will cost over Rs 300 billion, official sources told. Power Division presented the initial concept of fan replacement program. (BR) | [Click for more info.](#)

Autos**Bike makers raise prices****ATLH | Neutral**

Assemblers of two-wheelers have raised prices by Rs5,000-25,000 due to rupee depreciation and costly raw materials. It is observed that assemblers act quickly in raising prices whenever the rupee loses its value against the dollar, however, they hesitate to reduce when the local currency appreciates. (Dawn) | [Click for more info.](#)

Cement**Feb cement despatches decline 7.10pc to 4.348m tons YoY****Cement | Negative**

Cement despatches declined by 7.10 percent in Feb 2023 as total despatches remained at 4.040 million tons against 4.348 million tons despatched during the same month of last fiscal year. (BR) | [Click for more info.](#)

Banks**JS Bank to acquire controlling stake in BankIslami Pakistan****JSBL | Positive**

The Board of Directors of JS Bank Limited (PSX: JSBL) on Friday resolved to acquire 42.45% ordinary voting shares and control of BankIslami Pakistan Limited ('BIPL') (an associated entity) from existing sponsors and other shareholders of BIPL through agreements and a public offer for a minimum 24.88% ordinary shares of BIPL. (Mettis) | [Click for more info.](#)

Moody's downgrades five banks**Banks | Negative**

Moody's Investors Service has downgraded the long-term deposit ratings of five Pakistani banks to Caa3 from Caa1, suggesting that the ongoing economic crisis in the country is likely to have an adverse trickle-down effect on banks. The five banks to be downgraded on deposit rating include Allied Bank Limited (ABL), Habib Bank Ltd (HBL), MCB Bank Limited (MCB), National Bank of Pakistan (NBP) and United Bank Ltd (UBL), according to the global rating agency. (ET) | [Click for more info.](#)

Research Teamresearch@abaalihabib.comAba Ali Habib Securities (Pvt) Limited
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Pharmaceutical

Pharmaceutical goods' export up by 32.37pc to \$205.13m**Pharma | Positive**

The export of pharmaceuticals goods from the country has witnessed an increase of 32.37 percent during the first seven months of the fiscal year (2022-23) as compared to the corresponding period last year. Pakistan exported pharmaceutical products worth \$205.138 million during the period from July-January (2022-23) as compared to the export of \$154.973 million during July-January (2021-22), showing a growth of 32.37 percent, according to the Pakistan Bureau of Statistics (PBS). (Nation) | [Click for more info.](#)

Textile

Power subsidy withdrawal to further hit exports: FPCCI**Textile | Negative**

Federation of Pakistan Chambers of Commerce and Industry (FPCCI) on Saturday decried a government decision to withdraw power subsidy to exporters, lamenting that it would affect the already struggling export sector of the country. (The News) | [Click for more info.](#)

Cotton arrivals plunge 34.5 percent in February**Textile | Negative**

Cotton production in Pakistan dropped by 34.5 percent in February as compared to the same month last year, mainly hit by catastrophic floods last year across the country. (The News) | [Click for more info.](#)

Miscellaneous

Saudi prince in Islamabad to launch \$100 million tech house project today**Technology | Positive**

A Saudi tech company, owned by Prince Fahad bin Mansour Al-Saud, has announced it will launch a Saudi-Pakistan Tech House in Islamabad today, Monday, aiming to forge partnerships with information technology (IT) companies and enterprises in the South Asian country. (ArabNews) | [Click for more info.](#)

Agritech Limited increases authorized share capital to Rs35bn
Positive**AGL | Positive**

In a recent development, Agritech Limited (AGL) has successfully increased its authorized share capital from Rs15 billion to Rs35bn, in accordance with a sanctioned scheme of arrangement approved by the Honorable Lahore High Court Lahore, the company's filing showed on Friday. (Mettis) | [Click for more info.](#)

Universal Network Systems to acquire Universal Freight Systems
GEMUNSL | Neutral

The Board of Directors of Universal Network Systems Limited has approved the acquisition of 100% of the issued and paid-up share capital of its associated company, Universal Freight Systems (Private) Limited, the company's filing on PSX showed. (Mettis) | [Click for more info.](#)

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MORNING BRIEFING

Pakistan's exports to Afghanistan increase by 10.58pc in 7 months
Economy | **Neutral**

Pakistan's export of goods and services to Afghanistan witnessed an increase of 10.58 percent during the first seven months of the current fiscal year (2022-23) as compared to the exports of the corresponding period of last year, State Bank of Pakistan (SBP) reported. The overall exports to Afghanistan were recorded at \$285.177 million during July-January (2022-23) against exports of \$257.888 million during July-January (2021-22). (Nation) | [Click for more info.](#)

Mobile industry facing serious shortage of raw materials, components
Economy | **Negative**

The mobile industry in Pakistan is facing serious issues of shortage of raw materials and components, and its inability to open letters of credit (LCs) is threatening a complete shutdown of the industry including the CPEC-based assembling unit, Transsion Tecno Electronics. The letter said that the mobile industry is threatened with a complete shutdown including the CPEC-based assembling unit, Transsion Tecno Electronics. (Nation) | [Click for more info.](#)

Political News**PTI warns of nationwide protests if Imran arrested**

Pakistan Tehreek-e-Insaf (PTI) on Sunday warned that it will hold nationwide protests in case their party chairman Imran Khan is arrested. (BR) | [Click for more info.](#)

President Arif Alvi fixes April 30 for polls in Punjab

President Dr. Arif Alvi Friday fixed April 30 as the date for general election to the Punjab Assembly soon after receiving a letter from the Election Commission of Pakistan (ECP) proposing possible dates. The Commission also wrote to the Khyber Pakhtunkhwa governor for fixing date for election to the provincial assembly. (The News) | [Click for more info.](#)

International News**Stocks Gain, Dollar Up as Traders Weigh Fed, China: Markets Wrap**

The dollar inched higher and Asian stocks showed modest increases Monday as investors weighed the diminishing prospect of any significant stimulus from China against positive signs from the US. (Bloomberg) | [Click for more info.](#)

Oil Drops on China's Cautious Growth Goal as Fed Concerns Linger

Oil declined at the start of the week after China set a modest growth target for this year and avoided any large stimulus, while concerns lingered over further monetary tightening from the Federal Reserve. (Bloomberg) | [Click for more info.](#)

Research Team

research@abalahib.comAba Ali Habib Securities (Pvt) Limited
(021) 32429665, Ext. 106

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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)