

April 6, 2023

## Economy

**Additional deposits of \$2bn: Saudi assurance received, IMF tells Pakistan**

**Economy | Neutral**

With the possibility of getting confirmation from the Kingdom of Saudi Arabia on \$2 billion additional deposits, Pakistan is now anxiously waiting for securing verification from the UAE on an additional \$1 billion deposit for moving towards a staff-level agreement with the International Monetary Fund (IMF). (The News) | [Click for more info.](#)

**Lenders trim Pakistan's growth forecast to 0.4pc**

**Economy | Negative**

The World Bank on Tuesday projected about four million people falling below the lower middle-income poverty line amid economic growth plummeting to just 0.4 per cent against a budgeted target of 5pc. (Dawn) | [Click for more info.](#)

**Govt exceeds auction target**

**Economy | Negative**

The government on Wednesday raised Rs2,248.4 billion exceeding the T-bill auction target by more than double. The cut-off yields on all tenors were kept almost unchanged except for a 40 basis point increase in 12-month papers. The aggressive borrowing suggests the government is facing a serious liquidity crisis for meeting its spending requirements. The highest amount of Rs2,025bn was raised for the three-month tenor at the cut-off yield of 21.99 per cent against the total bids of Rs2,231bn. (Dawn) | [Click for more info.](#)

**SBP's overnight repo rate fixed at 22pc**

**Economy | Negative**

As the State Bank of Pakistan (SBP) has decided to increase "Policy Rate" (Target Rate) from 20 percent to 21 percent, SBP Overnight Reverse Repo (Ceiling) rate will be at 22 percent i.e. 100 bps above the SBP Policy Rate. While, the SBP Overnight Repo (Floor) rate will be at 20 percent i.e. 100 bps below the SBP Policy Rate Accordingly, the Floor and Ceiling levels for the Interest Rate Corridor are 20 percent and 22 percent p.a. respectively with width of 200 bps. (BR) | [Click for more info.](#)

**Public debt soars to Rs54.4tr in Feb**

**Economy | Negative**

Pakistan's public debt jumped to Rs54.353 trillion at the end of February 2023, up 27.1 percent from a year earlier, the central bank's data showed on Wednesday. (The News) | [Click for more info.](#)

**Rupee's slide continues, slips to record low of 295.50/dollar in open market**

**Economy | Negative**

The local unit weakened by 4.50 rupees to close at 295.50 in the open market. In the interbank market, the domestic currency ended at 287.85 per dollar, 0.19 percent weaker than Tuesday's record low of 287.29. (The News) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	26,230.4	26,220.2	-10.1	0.0%
KSE100	39,687.3	39,717.2	29.9	0.1%
KSE30	14,751.0	14,761.6	10.6	0.1%
KMI30	68,821.2	68,823.9	2.7	0.0%

### Top Five Gainers

	Open	Close	Chg.	%
KHYT	493.7	530.7	37.0	7.5%
PRET	446.8	480.3	33.5	7.5%
TOWL	241.0	259.1	18.1	7.5%
INDU	883.0	894.3	11.3	1.3%
NESTLE	5,115.0	5,125.0	10.0	0.2%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
SILK	0.9	1.0	0.1	11.00
WTL	1.2	1.2	0.0	5.74
TELE	8.0	7.9	-0.1	5.35
PTL	18.8	19.3	0.5	4.60
OGDC	82.4	81.7	-0.7	4.57

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	1.45	-0.48	0.96
O/S Pakistanies	2.39	-2.62	-0.23
<b>Net</b>	<b>3.84</b>	<b>-3.10</b>	<b>0.74</b>
LIPI			
Individuals	6.30	-5.73	0.57
Companies	0.42	-0.48	-0.06
Comm. Banks	0.41	-1.06	-0.65
NBFC	0.00	0.00	0.00
Mutual Funds	0.42	-0.90	-0.48
Other	0.89	-0.21	0.68
Brokers Proprietary	1.50	-2.00	-0.50
Insurance	0.11	-0.41	-0.29
<b>Net</b>	<b>10.06</b>	<b>-10.79</b>	<b>-0.74</b>

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	80.61	-0.1%
Brent oil	USD/bbl.	84.85	0.4%
Gold	USD/t oz.	2020.39	0.0%
Silver	USD/t oz.	24.94	-0.3%
Coal	USD/ton	136.00	-2.2%
Steel Scrap (LME)	USD/ton	435.00	-0.5%
Steel Rebar (LME)	USD/ton	688.00	1.4%
USD/PKR	Interbank	8.51	1.2%

News Source: Local / Int'l Newspapers and websites

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MORNING BRIEFING

## Oil & Gas

**PSO's receivables surge to all-time high of Rs742.3b**

**PSO | Negative**

Pakistan State Oil (PSO) is facing a financial crisis amidst the ongoing freefall of the Pakistani rupee against the US dollar. The company has booked claims of Rs6.7 billion against gas Utility-Sui Northern Gas Pipeline Limited (SNGPL) for the supply of Liquefied Natural Gas (LNG). PSO had entered the LNG business during the tenure of the previous government in 2015, which led to financial difficulties as the company struggled to receive multibillion rupees against its supplies. (ET) | [Click for more info.](#)

## Power

**Rs312.733m old dispute ECC scraps proposed draft IA between KE and FBR**

**Power | Neutral**

The Economic Coordination Committee (ECC) of the Cabinet has scrapped the proposed draft Implementation Agreement (IA) between K-Electric (erstwhile KESC) and the FBR for settlement of 27-year-old dispute of Rs 312.733 million, after objections were raised during the ECC meeting. (BR) | [Click for more info.](#)

**Power transmission will be treated as 'service' from July 1**

**Power | Neutral**

The federal government and provinces have declared that the transmission of electricity would be treated as a service from July 1, 2023, for which the Sales Tax Act would be amended through the next Finance Bill. (BR) | [Click for more info.](#)

## Autos

**Suzuki, Honda, and Yamaha price hikes put everyday vehicles out of reach for many**

**Autos | Neutral**

The everyday man's aspirational vehicles have now come under fire with Suzuki, Atlas Honda and Yamaha all increasing their prices in April within the span of a week. To their credit, the upward price revisions by these manufacturers have lagged in terms of urgency relative to their peers. However, despite this, there is no respite for consumers. (PT) | [Click for more info.](#)

## Textile

**Pakistan Textile Exports Recovered In March 2023**

**Textile | Positive**

The exports of textile commodities increased by 9.3 percent during the month of March 2023 as compared to the previous month, revealed on Tuesday by APTMA. However, Textile exports decreased by 21 percent in March 2023 to USD 1.29 billion against exports of USD 1.63 billion in March 2022. (Augaf) | [Click for more info.](#)

## Miscellaneous

**Changes to NBFCs rules proposed**

**NBFCs | Neutral**

The Securities and Exchange Commission of Pakistan (SECP) has proposed amendments to the Non-Banking Finance Companies (NBFC) Regulations, eliminating the 100 per cent equity cap on total unsecured exposures. (Dawn) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	59,689.3	582.87	0.99%
US - Dow 30	33,482.7	80.34	0.24%
PAK (KSE-100)	39,717.2	29.89	0.08%
Taiwan - TWII	15,868.1	18.63	0.12%
PHILP - PSEi	6,488.5	16.47	0.25%
CHINA - Shanghai	3,312.6	16.16	0.49%
US - S&P 500	4,090.4	-10.22	-0.25%
INDONESIA - IDX	6,819.7	-13.50	-0.20%
KSA - Tadawul	10,920.6	-27.97	-0.26%
HK - Hang Seng	20,274.6	-134.59	-0.66%

### Board Meetings

Script	Day	Agenda	Time
SILK	Friday	Multiple Periods	9:00 AM
PRIC	Friday	Ann. A/c as of 31-Dec-22	11:00 AM
EPQL	Tuesday	1st. A/c as of 31-Mar-22	10:00 AM
EFERT	Tuesday	1st. A/c as of 31-Mar-22	10:30 AM
PTL	Wednesday	3Q A/c as of 31-Mar-22	12:30 PM
HCL	Wednesday	3Q A/c as of 31-Mar-22	3:00 PM

Source: PSX

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MORNING BRIEFING

**Surplus sugar stocks available, says minister****Sugar | Neutral**

Federal Minister for Commerce Naveed Qamar on Wednesday informed the National Assembly that the government had not imported any sugar during April-2022 to January 2023, but 5,827 metric tons sugar worth \$4.750 million was imported by private sector during the said period. (BR) | [Click for more info.](#)

**Senate panel passes EPZA amendment bill****Economy | Neutral**

The Senate Standing Committee on Industries and Production, Wednesday, unanimously, approved the Export Processing Zones Authority (EPZA) Amendment Bill 2023 with some minor amendments. (BR) | [Click for more info.](#)

**Political News****ECP issues revised schedule for Punjab polls, notifies May 14 as new election date**

The Election Commission of Pakistan (ECP) issued a revised schedule for Punjab Assembly polls on Wednesday, in line with the Supreme Court's (SC) directives that the elections be held on May 14 instead of the previously notified date of October 8. (Dawn) | [Click for more info.](#)

**'Mass movement'; Imran asks supporters to wait for his call**

Pakistan Tehreek-e-Insaf (PTI) Chairman Imran Khan has urged his supporters to wait for his call for a 'mass movement' in case the government 'deviated from the Constitution'. (BR) | [Click for more info.](#)

**International News****Asia Stocks Set to Echo US Dip on Recession Fears: Markets Wrap**

Asian stocks were poised to fall after US equities dropped and government bonds rallied against the backdrop of weaker-than-expected economic data that supported forecasts for recession. (Bloomberg) | [Click for more info.](#)

**Oil Set for Third Weekly Gain on OPEC+ Cuts, Inventory Draws**

Oil is set for its third weekly advance after OPEC and its allies blindsided markets with a production cut, while shrinking US inventories added to the bullishness. (Bloomberg) | [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 <sup>AC</sup>

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