

February 8, 2023

Economy

Pakistan awaits fiscal, economic policies draft from IMF

Economy | Neutral

With just 48 hours left in the timeline for the conclusion of the pending 9th Review, the IMF has not yet shared the draft of Memorandum of Financial and Economic Policies (MEFP) with the Pakistani authorities, a document on the basis of which a staff level agreement would be struck. (The News) | [Click for more info.](#)

Rs650bn collection likely; 1pc hike in ST thru ordinance on the cards

Economy | Negative

The Federal Board of Revenue (FBR) has estimated to collect Rs650 billion during Feb-June (2022-23) by increasing the standard rate of one percent sales tax from 17 to 18 percent through the promulgation of the Tax Laws Amendments Ordinance, 2023. (BR) | [Click for more info.](#)

IMF 'adjustments' will not bring relief, warns HRW

Economy | Negative

As the International Monetary Fund and the government currently discussing a plan to rescue Pakistan's economy, Human Rights Watch (HRW) has proposed that the Fund should work with Islamabad to strengthen social protection and mitigate harm to the most vulnerable by advancing economic rights. (Dawn) | [Click for more info.](#)

Gwadar port dredging to cost five times more

Economy | Negative

The government has approved the maintenance dredging of a navigational channel of Gwadar Port with an escalated cost of Rs4.7 billion – a drastic increase from Rs1bn estimated in June 2022 – to avoid any mishap to cargo ships or imposition of penalties from Chinese port operators for business loss. (Dawn) | [Click for more info.](#)

Millions of dollars being smuggled into Afghanistan daily: report

Economy | Negative

Millions of dollars are being smuggled into Afghanistan from Pakistan every day, providing some support for the squeezed economy after the US and Europe denied the Taliban regime access to billions in foreign reserves. For Islamabad, the outflows are exacerbating a rapidly developing economic crisis, foreign media reported. (The News) | [Click for more info.](#)

Islamic NPC rates revised upward

Economy | Neutral

Following the decision of the federal government, the State Bank of Pakistan (SBP) has notified revised profit rates of Islamic Naya Pakistan Certificates (Islamic NPC). The maximum rate of return rose to 15.50 percent for investment in Pak rupee. (BR) | [Click for more info.](#)

FY24 budget: FBR invites proposals on income tax

Economy | Neutral

The income tax budget (2023-24) would focus on policy for taxation of real income, phasing out of tax concessions/exemptions, removal of tax distortions/anomalies and increase the incidence of tax on affluent class. (BR) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	27,422.8	27,639.8	217.0	0.8%
KSE100	41,190.8	41,522.8	332.0	0.8%
KSE30	15,494.0	15,662.9	168.9	1.1%
KMI30	71,161.7	71,952.3	790.5	1.1%

Top Five Gainers

	Open	Close	Chg.	%
NESTLE	5,300.0	5,339.0	39.0	0.7%
PRET	522.2	550.0	27.8	5.3%
SYS	457.6	482.9	25.3	5.5%
MARI	1,503.9	1,528.2	24.4	1.6%
ISIL	497.2	520.0	22.8	4.6%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	1.2	1.2	0.1	44.71
PPL	80.2	81.1	1.0	31.77
SSGC	11.4	11.5	0.1	16.13
OGDC	92.4	99.3	6.9	16.11
SNGP	43.5	43.9	0.4	14.26

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	-0.01	-0.01
F-Corporates	1.42	-1.10	0.33
O/S Pakistanies	2.72	-2.65	0.07
Net	4.14	-3.76	0.39
LIPI			
Individuals	40.84	-38.28	2.55
Companies	2.50	-1.99	0.51
Comm. Banks	0.84	-1.38	-0.54
NBFC	0.01	-0.01	0.00
Mutual Funds	4.09	-4.55	-0.46
Other	0.31	-0.24	0.07
Brokers Proprietary	10.86	-11.32	-0.45
Insurance	0.20	-2.26	-2.06
Net	59.65	-60.04	-0.39

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	77.53	4.0%
Brent oil	USD/bbl.	84.08	3.3%
Gold	USD/t oz.	1873.81	0.3%
Silver	USD/t oz.	22.19	-0.4%
Coal	USD/ton	150.35	-4.2%
Steel Scrap (LME)	USD/ton	421.00	1.4%
Steel Rebar (LME)	USD/ton	710.00	0.9%
USD/PKR	Interbank	8.21	0.0%

News Source: Local / Int'l Newspapers and websites

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MORNING BRIEFING

February 8, 2023

Morning Briefing

Oil & Gas

PL on POL products target; IMF-govt talks hamstrung by disconnect

Oil | Negative

A massive disconnect is evident between the projection by the Petroleum Division of Rs 350 billion from petroleum levy (PL) for 2022-23, premised on maximizing the levy to 50 rupees per litre on all petroleum products allowed under the existing legislation, the budgeted amount of Rs 750 billion and the International Monetary Fund (IMF) insistence that total collections under this head be raised to Rs 855 billion. (BR) | [Click for more info.](#)

Petrol pumps in Punjab areas face fuel shortage

Oil | Negative

A number of petrol pumps in several major and small cities of Punjab have been facing severe shortage of petrol, annoying motorists who were seen waiting in long queues at petrol pumps to buy the commodity. (Dawn) | [Click for more info.](#)

TAPI gas pipeline; Pakistan willing to go ahead with or without India

Gas | Neutral

Pakistan has shown willingness to go ahead with Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline project with or without India as Afghanistan is ready to raise special force for the project. (BR) | [Click for more info.](#)

Power

IMF terms: Govt to impose surcharge of Rs3.50 per unit on power tariff

Power | Negative

In line with the IMF diktat, the government has decided to impose a surcharge of Rs3.50 on electricity bills and in principle to do away with the subsidized tariff of Rs19.90 available to the export sector. The Fund wants the government to end the subsidy being given to the export sector. (The News) | [Click for more info.](#)

Thar coal-based power plant: COD achieved

Power | Positive

The Private Power and Infrastructure Board (PPIB) has announced achievement of Commercial Operation Date (COD) of the country's largest Thar coal-based power project located at Thar Block-1. (BR) | [Click for more info.](#)

Miscellaneous

Tetra milk, formula prices raised

NESTLE | Positive

Manufacturers have increased the prices of various milk products including baby formula. The rate of one litre tetra milk pack has been raised to Rs250 effective Feb 20 from Rs230 while it was available at Rs220 in October 2022. (Dawn) | [Click for more info.](#)

Imports restrictions, non-release of machines hampering coal mining

Cement, Power | Neutral

Amidst an economic crisis, and the country scrambling for cheap energy, restrictions on imports and non-release of machinery are severely impacting coal mining activities. (PT) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
PAK (KSE-100)	41,522.8	331.99	0.81%
US - Dow 30	34,156.7	265.67	0.78%
HK - Hang Seng	21,298.7	76.54	0.36%
INDONESIA - IDX	6,935.3	61.51	0.89%
US - S&P 500	4,164.0	52.92	1.29%
CHINA - Shanghai	3,248.1	9.39	0.29%
Taiwan - TWII	15,400.9	8.09	0.05%
PHILP - PSEi	6,881.3	-55.35	-0.80%
KSA - Tadawul	10,469.5	-86.21	-0.82%
INDIA - SENSEX	60,286.0	-220.86	-0.37%

Board Meetings

Script	Day	Agenda	Time
EPQL	Wednesday	Ann. A/c as of 31-Dec-22	10:00 AM
MCB	Wednesday	Ann. A/c as of 31-Dec-22	11:00 AM
FCEPL	Wednesday	Ann. A/c as of 31-Dec-22	2:00 PM
TRIPF	Wednesday	Ann. A/c as of 31-Dec-22	2:30 PM
JGICL	Thursday	Ann. A/c as of 31-Dec-22	10:00 AM
BCL	Thursday	HY. A/c as of 31-Dec-22	10:30 AM
EFERT	Thursday	Ann. A/c as of 31-Dec-22	10:30 AM
GLAXO	Thursday	Ann. A/c as of 31-Dec-22	11:00 AM
HRPL	Thursday	HY. A/c as of 31-Dec-22	11:00 AM
LOTCHEM	Friday	Ann. A/c as of 31-Dec-22	10:00 AM
JOPP	Friday	HY. A/c as of 31-Dec-22	11:00 AM
ALIFE	Friday	Ann. A/c as of 31-Dec-22	11:30 AM
INDU	Friday	HY. A/c as of 31-Dec-22	4:00 PM
ADMM	Friday	HY. A/c as of 31-Dec-22	4:00 PM

Source: PSX

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MORNING BRIEFING

Pakistani Digital Marketer for P&G, Colgate-Palmolive Plans IPO
PSX | Neutral

Symmetry Group Ltd., a Pakistani digital marketing firm founded back when most of the country's internet users were on dial-up connections, plans an initial public offering in March that could raise about 430 million rupees (\$1.6 million). (Bloomberg) | [Click for more info.](#)

HBL Total Treasury ETF launched at PSX
PSX | Neutral

A new and innovative Exchange Traded Fund (ETF) has been launched at Pakistan Stock Exchange (PSX), namely the HBL Total Treasury Exchange Traded Fund. (BR) | [Click for more info.](#)

Political News**US says Pakistan will continue to be its 'stalwart partner' in fight against terrorism**

The United States has reiterated its support to Pakistan in the fight against terrorism, saying the latter will continue to be a "stalwart partner" of the US in the face of recent terrorist attacks. (Dawn) | [Click for more info.](#)

International News**Oil surges more than 3% as Fed's Powell eases rate hike concerns**

Oil prices climbed more than 3% on Tuesday after the head of the U.S. central bank eased market concerns over interest rate hikes, while recovering demand in China also boosted prices. (Reuters) | [Click for more info.](#)

Asia Stocks Rise as US Shares Climb, Dollar Falls: Markets Wrap

Stocks in Asia edged higher Wednesday following a late rally in US shares in a volatile session after Federal Reserve Chair Jerome Powell rebuffed an opportunity to tamp down investor optimism. (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.

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