

January 9, 2023

Morning Briefing

Economy

International Conference on Resilient Pakistan: PM, Guterres to present \$16.3bn post-disaster recovery plan

Economy | Neutral

Pakistan would place a comprehensive post-disaster framework plan for recovery, rehabilitation and reconstruction before development partners and friendly countries at the International Conference on Resilient Pakistan in Geneva on January 9 (today). An International Monetary Fund (IMF) delegation will meet Pakistan's finance minister on the sidelines of the conference in Geneva beginning today, a spokesperson of the lender said on Sunday, as Pakistan struggles to restart its bailout programme. (The News) | [Click for more info.](#)

PM to visit UAE on Jan 10 amid economic crunch

Economy | Neutral

Prime Minister Shehbaz Sharif will travel to the United Arab Emirates (UAE) on January 10 on a visit as part of a desperate attempt by Pakistan to shore up its depleting foreign reserves. The premier would fly to the UAE on Tuesday after his return from Geneva. He will be accompanied by Foreign Minister Bilawal Bhutto Zardari, sources added. (ET) | [Click for more info.](#)

Chinese support to Pak economy will continue: Nong Rong

Economy | Positive

Chinese President Xi Jinping and Prime Minister Shehbaz Sharif have agreed on health, industrial, digital and green corridors, ML-1 and Karachi Circular Railway (KCR) besides signing 21 documents of cooperation. China Pakistan Economic Corridor (CPEC) has enhanced Pakistan's exports and development capacity and is providing 1/4th of total electricity. Beijing will continue to provide what it can for Islamabad's economic stability. (The News) | [Click for more info.](#)

PM tells IMF chief; Govt committed to meeting conditionalities

Economy | Neutral

Prime Minister Shehbaz Sharif has expressed resolve to complete the terms of the International Monetary Fund (IMF) Extended Fund Facility programme. (BR) | [Click for more info.](#)

UN estimates Pakistan needs \$16.3b for flood recovery

Economy | Neutral

More than \$16 billion is needed to help Pakistan recover from devastating floods that submerged a third of the country last year, and to better resist the impact of climate change, the United Nations said on Thursday. (ET) | [Click for more info.](#)

Pakistan repays over \$1bn external debt

Economy | Neutral

The country has successfully repaid over one-billion-dollar external debt to the international financial institutions on Friday. Although the country is facing a serious crisis of foreign exchange reserves, it is meeting international financial obligations to avoid default. (BR) | [Click for more info.](#)

Pace of domestic debt accumulation accelerates

Economy | Negative

The pace of domestic debt accumulation further accelerated by 6 percent during this fiscal year (FY23) and reached all time level of Rs 33 trillion mark end of November 2022. (BR) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	27,487.4	27,573.7	86.2	0.3%
KSE100	40,716.7	41,007.5	290.8	0.7%
KSE30	15,053.4	15,180.1	126.7	0.8%
KMI30	69,055.1	70,097.5	1042.4	1.5%

Top Five Gainers

	Open	Close	Chg.	%
PSEL	1,775.0	1,905.0	130.0	7.3%
PRET	615.0	659.0	44.0	7.2%
SCL	262.1	281.8	19.7	7.5%
ATRL	150.8	161.9	11.0	7.3%
NRL	174.2	184.9	10.7	6.1%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
CENERGY	3.8	4.1	0.3	27.91
KEL	2.4	2.4	0.0	17.66
PRL	13.0	13.8	0.8	16.08
PPL	71.3	76.1	4.7	10.55
WTL	1.2	1.2	0.0	8.15

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	0.52	-0.33	0.19
O/S Pakistanians	1.68	-1.82	-0.14
Net	2.20	-2.15	0.05
LIPI			
Individuals	27.36	-26.97	0.39
Companies	1.35	-1.38	-0.03
Comm. Banks	1.43	-1.36	0.07
NBFC	0.00	0.00	0.00
Mutual Funds	3.13	-3.74	-0.60
Other	0.24	-0.35	-0.10
Brokers Proprietary	6.42	-5.95	0.47
Insurance	0.49	-0.73	-0.25
Net	40.43	-40.48	-0.05

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	73.77	-0.4%
Brent oil	USD/bbl.	78.57	-0.4%
Gold	USD/t oz.	1865.69	1.8%
Silver	USD/t oz.	23.83	2.6%
Coal	USD/ton	172.50	-4.4%
Steel Scrap (LME)	USD/ton	418.00	-0.6%
Steel Rebar (LME)	USD/ton	699.00	0.7%
USD/PKR	Interbank	6.68	-1.1%

News Source: Local / Int'l Newspapers and websites

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Ishaq Dar claims forex reserves stand at \$10b

Economy | Neutral

Finance Minister Ishaq Dar has said that Pakistan's foreign exchange reserves currently stand at \$10 billion and not \$4 billion as \$6 billion held by commercial banks also belong to the country. The minister made the remarks on Saturday while talking to a private news channel and maintained that Pakistan's due debts are being returned on time and the country's forex reserves will "stabilise again very soon". (ET) | [Click for more info.](#)

Exchange firms offer to open credit letters for imports

Economy | Neutral

The exchange firms on Saturday offered the government their willingness to pay for the opening of letters of credit (LCs) for imports as banks have been hesitant to do so due to the shortage of dollars. (The News) | [Click for more info.](#)

FBR estimates Rs170bn shortfall in tax collection

Economy | Negative

In the wake of continued import compression, the Federal Board of Revenue has projected a downward revision in the tax collection target by Rs170 billion and now estimates to fetch Rs7,300 billion by June 30, 2023, against an earlier target of Rs7,470 billion. (The News) | [Click for more info.](#)

Pressure mounts on Dar to stop 'managing' exchange rate

Economy | Neutral

As Pakistan's foreign exchange reserves have fallen to an alarming level — not even sufficient enough to cover three weeks' worth of imports — the financial sector has asked Finance Minister Ishaq Dar to stop 'managing' the rupee-dollar parity, which is one of the key conditions set by the International Monetary Fund (IMF) for resuming stalled talks for the release of a \$1.12 billion tranche. (Dawn) | [Click for more info.](#)

Weekly inflation sees 30pc jump from last year

Economy | Negative

Weekly inflation, measured by the Sensitive Price Index (SPI), jumped by nearly 31 per cent as compared to last year, amid a big surge in the prices of foods and a couple of fuel items. PBS said the SPI had been increasing in double digits since Feb 2021, with minor variations throughout FY2021-22 and FY2022-23. (Dawn) | [Click for more info.](#)

Oil & Gas

SSGC Turn to Profitability After 3 Years of Losses

SSGC | Positive

Sui Southern Gas Company Limited (SSGC) turn to profitability in fiscal year 2021 after posting losses for last three years, according to company filing to the exchange. Company reported profit of PKR 1,955 million in fiscal year 2021 compared to loss of PKR 21.3 billion in fiscal year 2022 due to increase in Other income and lower finance cost and taxation reversal. (Augaf) | [Click for more info.](#)

PSO, SNGPL in a debt trap

PSO, SNGPL | Negative

Rising cost of liquefied natural gas (LNG), Pakistan State Oil (PSO) and Sui Northern Gas Pipeline Limited (SNGPL) have found themselves in a debt trap. In the past, the power sector used to be a key defaulter of payments to PSO on supply of furnace oil. (ET) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
US - Dow 30	33,630.6	700.53	2.13%
PAK (KSE-100)	41,007.5	290.78	0.71%
US - S&P 500	3,895.1	86.98	2.28%
Taiwan - TWII	14,373.3	72.29	0.51%
INDONESIA - IDX	6,684.6	30.72	0.46%
KSA - Tadawul	10,536.9	5.08	0.05%
CHINA - Shanghai	3,157.6	2.42	0.08%
HK - Hang Seng	20,991.6	-60.53	-0.29%
PHILP - PSEI	6,668.0	-93.36	-1.38%
INDIA - SENSEX	59,900.4	-452.90	-0.75%

Board Meetings

Script	Day	Agenda	Time
WTL	Monday	HY A/c for 30-Jun-22	11:30 AM
AASM	Monday	Other Matters	1:30 PM
JSIL	Wednesday	Other Matters	10:30 AM
DCR	Thursday	Other Matters	2:00 PM
NICL	Friday	Other Matters	10:30 AM
PNSC	Friday	Other Matters	11:00 AM
NRSL	Friday	Other Matters	11:30 AM

Source: PSX

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Oil & gas sector: Plan to deal with Rs1,500bn circular debt soon**Oil & Gas | Neutral**

The Petroleum Division's top mandarins have carved out a multi-pronged strategy to resolve the circular debt in the oil and gas sector that has surged to Rs1,500 billion, mainly through improving the balance sheets of Public Sector Entities (PSEs) involved in the petroleum sector, a senior official of the Energy Ministry told. (The News) | [Click for more info.](#)

Power**Govt set to sell LNG plants to Qatar****Power | Positive**

The government has quietly delisted two power plants, which over four years ago, had been put on an active list for privatization to raise an estimated \$1.5 billion, aimed at selling these state assets to Qatar in a direct deal to avoid a looming sovereign default. (ET) | [Click for more info.](#)

KE cuts T&D losses but fails to improve power generation: NEPRA chief**KEL | Neutral**

National Electric Power Regulatory Authority (NEPRA) Chairman Touseef Hassan Farooqi on Saturday lamented the poor performance of DISCOs in terms of transmission and distribution (T&D) and K-Electric's failure to improve power generation. (The News) | [Click for more info.](#)

ADB urges govt to continue energy sector reforms via privatization**Power | Neutral**

The Asian Development Bank has given policy recommendation to government of Pakistan to improve the energy sector and to resolve the outstanding issues being faced by the sector. (Nation) | [Click for more info.](#)

Autos**Pak Suzuki extends plant shutdown****PSMC | Negative**

After keeping production activities suspended from Jan 2-6, Pak Suzuki Motor Company Ltd (PSMCL) has extended plant shutdown from Jan 9-13 due to a continued shortage of imported parts and accessories. (Dawn) | [Click for more info.](#)

CCLC okays first safety standards for vehicles**Autos | Neutral**

The Cabinet Committee on Legislative Cases (CCLC) on Friday approved the country's first-ever safety standards for the auto sector including helmets for motorcycle riders. With the approval by CCLC the auto sector safety standards including electric vehicles (EVs) would be forwarded to the Federal Cabinet for ratification, eventually leading to their implementation. (Dawn) | [Click for more info.](#)

Govt to give Rs17.5bn subsidy for buying e-bikes**Autos, Banks | Neutral**

The Ministry of Industries and Production has devised a scheme to initially produce 100,000 e-bikes in 18 months to diversify fuel consumption as well as help reduce carbon emissions. (Dawn) | [Click for more info.](#)

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Sugar

Cabinet bypassed again for sugar export**Sugar | Neutral**

The federal government has decided to avoid a debate in the federal cabinet on the politically sensitive question of allowing the export of sugar and has instead circulated a summary to get endorsements from the ministers. The government took a short but secure route, which ideally should only be used under emergency circumstances. (ET) | [Click for more info.](#)

Rs 302/40kg fixed as minimum sugarcane price by Sindh govt**Sugar | Neutral**

Sindh cabinet has fixed Rs302 per 40kg of sugarcane as the minimum price for crop 2022-2023 and approved reservation of seats for transgender in the local councils (LCs). (BR) | [Click for more info.](#)

Miscellaneous

Expansion of telecom services; USF spends Rs124bn on implementation of 130 projects**Technology | Neutral**

The Universal Service Fund (USF) has spent around Rs124 billion so far to implement 130 projects across the country envisaging expanding telecom services to un-served and under-served areas. The USF; however is facing several challenges including security, equipment theft, and equipment import as a result of Letter of Credit margin issues, which are hampering progress and delaying the timely execution of various projects in the pipeline. (BR) | [Click for more info.](#)

FBR imposes 20pc duty on steam-fired absorption chiller**NRSL | Neutral**

The customs classification committee of the Federal Board of Revenue (FBR) has imposed 20 percent customs duty on the import of "steam-fired absorption chiller", rejecting the importer's claim of zero percent duty. (BR) | [Click for more info.](#)

We're facing extreme staff shortage: PIA report**PIAA | Neutral**

Because of the Supreme Court's ban on new recruitments since 2018, the Pakistan International Airlines is facing an extreme shortage of professional and skilled employees in the areas of flight operations; services; information and technology; and finance. (ET) | [Click for more info.](#)

Tanneries, too, facing prospect of closure?**Economy | Negative**

Reluctance by the banks to release import documents of various inputs of the tanning industry waiting at Karachi Port has created the apprehensions of closure of operations by the tanning sector which is worth billion dollar export industry. (BR) | [Click for more info.](#)

Real Estate sector investment volume is \$88b in Pakistan: President EAA**Real Estate | Neutral**

President Islamabad Estate Agent Association and Federation of Realtors Pakistan, Sardar Tahir Mehmood on Saturday said that the real estate sector is the second largest sector of the country in which the investment volume is \$88 billion. (Pakobserver) | [Click for more info.](#)

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LCs: Large steel sector seeks govt's help**Steel | Neutral**

Pakistan Association of Large Steel Producers has urged the State Bank of Pakistan (SBP) and Minister for Finance to help the troubled steel industry by ensuring timely opening of the letters of credit (LCs). (BR) | [Click for more info.](#)

Afghanistan a hurdle in CARs trade deals**Economy | Negative**

The Pakistan-Tajikistan transit trade agreement remains stalled, along with Pakistan's dream to include Afghanistan in the agreement. The worsening security situation in Afghanistan has also dampened Pakistan's efforts to tap into the potential of a multi-million-dollar trade agreement with the Central Asian Republics (CARs). (ET) | [Click for more info.](#)

SBP's undeclared ban on imports continues to affect business activities**Economy | Negative**

The Pakistan Industrial and Traders Associations Front has stated that the government's strict import policy along with high cost of doing business owing to multiple increases in fuel cost and energy tariffs have almost halted the industrial production, as the central bank's undeclared ban on imports continued to affect the business activities in the country. (Nation) | [Click for more info.](#)

Political News**PTI defers Punjab Assembly dissolution until LHC decision**

The Pakistan Tehreek-e-Insaf (PTI) has decided not to dissolve the Punjab Assembly till the outcome of the Lahore High Court's (LHC) decision in Chief Minister Pervaiz Elahi's de-notification case. (ET) | [Click for more info.](#)

All set for Karachi, Hyderabad LG polls on Jan 15

The long-awaited local government elections in Karachi and Hyderabad are set to be held on January 15 as the authorities have completed the preparations for the electoral process, sources told. (The News) | [Click for more info.](#)

International News**Oil nudges higher after China opens borders, lifts fuel demand outlook**

Oil prices edged up on Monday, a day after travellers streamed into China following a reopening of borders that lifted the fuel demand outlook and partly offset concerns of global recession. (Reuters) | [Click for more info.](#)

Asia Stocks Climb as Traders Bet on Fed Slowdown: Markets Wrap

Asian stocks rose after US equities had their best day in more than a month on Friday as traders speculate that an unexpected contraction in services activity and a slowdown in wage growth will temper the Federal Reserve's rate hike aggression. (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 FCFF based DCF methodology.

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