

March 9, 2023

Morning Briefing

Economy

No date given for staff-level agreement with IMF

Economy | Negative

Central bank Governor Jameel Ahmad said on Wednesday that staff-level agreement (SLA) with the International Monetary Fund (IMF) was “close to finalisation” but shied away from giving a date amid his forecast of a reduction in non-debt creating inflows. “We will be closing this fiscal year at a CAD of around \$7 billion,” said Ahmad – a figure that is \$1.2 billion less than the IMF’s forecast but in line with Finance Minister Ishaq Dar’s assessment. (ET) | [Click for more info.](#)

Raising policy rate was not IMF’s demand, discloses SBP chief

Economy | Neutral

In a surprise, State Bank of Pakistan (SBP) Governor Jameel Ahmad told a parliamentary panel that the recent increase of 300 basis points in its policy rate was a decision of the Monetary Policy Committee (MPC) of the central bank and not done on the demand of the International Monetary Fund (IMF). (Dawn) | [Click for more info.](#)

IMF objects to direct borrowing

Economy | Neutral

The International Monetary Fund (IMF) has raised objections to Pakistan’s plan to directly borrow from local commercial banks in relaxation of competition rules, resisting the move that might cause distortion in the debt market. (ET) | [Click for more info.](#)

Import curbs to be eased after IMF review: SBP chief

Economy | Neutral

State Bank of Pakistan (SBP) Governor Jameel Ahmed has said the current account deficit is projected at \$7 billion for the ongoing fiscal year against the budgetary target of \$10 billion subsequent to measures taken to control imports. (BR) | [Click for more info.](#)

RDA inflows up 13.63pc in February

Economy | Neutral

Roshan Digital Account (RDA) inflows increased 13.63 percent month-on-month to \$125 million in February, the central bank data showed, with analysts attributing an uptick in the inflows to rising rates of return on conventional and Shariah-compliant Naya Pakistan Certificates (NPCs). (The News) | [Click for more info.](#)

T-bill yields surge to 21pc after interest rate hike

Economy | Negative

The cut-off yields on treasury bills climbed on Wednesday after the State Bank of Pakistan (SBP) delivered a larger-than-expected 300 basis points (bps) rate hike in an attempt to meet the International Monetary Fund (IMF) loan conditions. (The News) | [Click for more info.](#)

Oil & Gas

Govt aims to transfer its equity in power plants to PSO

PSO | Neutral

The government has started working on the proposal to transfer its stakes in some power plants to the Pakistan State Oil (PSO) to partially settle down its circular debt that has swelled to Rs937 billion. (The News) | [Click for more info.](#)

Pakistan Stock Exchange Overview

| | Open | Close | Chg. | % |
|---------|----------|----------|------|------|
| KSE All | 27,034.3 | 27,071.6 | 37.3 | 0.1% |
| KSE100 | 41,334.7 | 41,358.9 | 24.2 | 0.1% |
| KSE30 | 15,527.4 | 15,590.0 | 62.6 | 0.4% |
| KMI30 | 70,836.7 | 70,843.8 | 7.1 | 0.0% |

Top Five Gainers

| | Open | Close | Chg. | % |
|--------|---------|---------|-------|------|
| NESTLE | 5,265.0 | 5,495.0 | 230.0 | 4.4% |
| RMPL | 7,511.0 | 7,715.0 | 204.0 | 2.7% |
| SAPT | 1,130.0 | 1,200.0 | 70.0 | 6.2% |
| BATA | 1,750.0 | 1,787.0 | 37.0 | 2.1% |
| BTL | 357.0 | 383.8 | 26.8 | 7.5% |

Top Five Volume Leaders

| | Open | Close | Chg. | Vol. |
|--------|------|-------|------|-------|
| HASCOL | 5.1 | 5.6 | 0.5 | 14.42 |
| TELE | 7.1 | 6.8 | -0.3 | 7.95 |
| WTL | 1.3 | 1.3 | 0.0 | 7.81 |
| HUBC | 72.2 | 74.1 | 1.8 | 7.53 |
| MLCF | 25.5 | 25.1 | -0.5 | 7.34 |

Portfolio Investments – Net Position

| FIPI | Buy | Sell | Net |
|---------------------|--------------|---------------|--------------|
| F-Individuals | 0.00 | -0.02 | -0.02 |
| F-Corporates | 0.59 | -1.41 | -0.82 |
| O/S Pakistanies | 1.03 | -1.26 | -0.23 |
| Net | 1.62 | -2.69 | -1.07 |
| LIPI | | | |
| Individuals | 15.03 | -16.25 | -1.22 |
| Companies | 2.83 | -1.23 | 1.60 |
| Comm. Banks | 1.51 | -0.73 | 0.78 |
| NBFC | 0.00 | 0.00 | 0.00 |
| Mutual Funds | 1.68 | -3.15 | -1.47 |
| Other | 0.41 | -0.34 | 0.06 |
| Brokers Proprietary | 5.76 | -4.66 | 1.10 |
| Insurance | 1.73 | -1.51 | 0.22 |
| Net | 28.95 | -27.88 | 1.07 |

Commodity Outlook

| | Unit | Close | % chg. |
|-------------------|-----------|---------|--------|
| Crude oil | USD/bbl. | 76.56 | -0.9% |
| Brent oil | USD/bbl. | 82.41 | -0.8% |
| Gold | USD/t oz. | 1815.38 | 0.1% |
| Silver | USD/t oz. | 20.04 | -0.3% |
| Coal | USD/ton | 128.00 | -0.2% |
| Steel Scrap (LME) | USD/ton | 460.00 | 1.1% |
| Steel Rebar (LME) | USD/ton | 744.00 | -0.7% |
| USD/PKR | Interbank | 7.95 | -0.9% |

News Source: Local / Int'l Newspapers and websites

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MORNING BRIEFING

OMAP raises legal concerns over OMCs storage facilities
OMCs | Neutral

Oil Marketing Association of Pakistan (OMAP) has urged the regulator not to allow any oil marketing company (OMC) to operate a storage facility or depot if their third-party certification was not issued after Oil Regulations 2016. (The News) | [Click for more info.](#)

Power
Power Div asked to sort out revolving account issues
IPPs | Neutral

Prime Minister Shehbaz Sharif has directed Power Division to hold a meeting with SAPM on Power, Zafar-ud-Din Mahmood, on the issue of revolving account for CPEC IPPs, well informed sources in PMO told. (BR) | [Click for more info.](#)

Autos
25pc GST imposed on 'luxury' items
Autos | Negative

The Federal Board of Revenue (FBR) on Wednesday issued the Statutory Regulatory Order (SRO) for the imposition of 25 percent General Sales Tax (GST) on 36 imported items. Twenty-five percent GST has also been imposed on three categories of locally manufactured goods, including locally manufactured or assembled SUVs and CUVs, locally manufactured or assembled vehicles having engine capacity of 1,400cc and above and locally manufactured or assembled double cabin (4x4) pick-up vehicles. (The News) | [Click for more info.](#)

Honda Cars announces 3-week production break on parts shortage
HCAR | Negative

Honda Atlas Cars (Pakistan) Ltd, one of the largest car manufacturers in Pakistan, on Wednesday announced closure of its plant for a period of 23 days from March 9 to March 31, blaming current economic situation in the country. (The News) | [Click for more info.](#)

Banks
Foreign exchange manipulation: Certain banks found guilty, SBP chief tells NA panel
Banks | Neutral

Governor State Bank of Pakistan (SBP) Jameel Ahmad Wednesday said the inquiry report against certain banks on account of foreign exchange manipulation had found variation in profits during a certain period. He said there were two options i.e. to impose a penalty or take fiscal measures. The federal government was considering undertaking fiscal action, he said. (The News) | [Click for more info.](#)

Global landscape of Islamic finance grows to \$3trn
FABL, MEBL, BIPL | Positive

Islamic banking is rapidly growing and the global landscape of Islamic finance has grown to approximately \$ 3 trillion. The IBA Center for Excellence in Islamic Finance (IBA-CEIF), in collaboration with Center of Excellence in Journalism (CEJ), conducted a one-day capacity building session. (BR) | [Click for more info.](#)

Morning Briefing

World Indices

| | Last | Chg. | Chg. % |
|------------------|----------|---------|--------|
| INDIA - SENSEX | 60,348.1 | 123.63 | 0.21% |
| PAK (KSE-100) | 41,358.9 | 24.24 | 0.06% |
| INDONESIA - IDX | 6,776.4 | 9.61 | 0.14% |
| PHILP - PSEi | 6,711.5 | 6.37 | 0.10% |
| US - S&P 500 | 3,992.0 | 5.64 | 0.14% |
| CHINA - Shanghai | 3,283.3 | -1.85 | -0.06% |
| Taiwan - TWII | 15,818.2 | -39.69 | -0.25% |
| US - Dow 30 | 32,798.4 | -58.06 | -0.18% |
| KSA - Tadawul | 10,410.2 | -63.11 | -0.60% |
| HK - Hang Seng | 20,051.3 | -483.23 | -2.35% |

Board Meetings

| Scrp | Day | Agenda | Time |
|--------|-----------|--------------------------|----------|
| 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 |
| JSCL | Monday | Ann. A/c as of 31-Dec-22 | 12:00 PM |
| HALEON | Tuesday | Ann. A/c as of 31-Dec-22 | 12:30 PM |
| SHEL | Wednesday | Ann. A/c as of 31-Dec-22 | 10:00 AM |

Source: PSX

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Miscellaneous

Saudi prince launches \$100m tech house**Technology | Positive**

Prince Fahad bin Mansour Al Saud has formally launched the Saudi-Pakistan Tech House (SPTH) in Pakistan with the aim of creating more than 1,000 jobs at a total project value of \$100 million in the IT sector over the next five years. (Dawn) | [Click for more info.](#)

Govt asked to tax real estate, retailers**RIET | Negative**

Mian Muhammad Mansha, one of Pakistan's richest persons, on Wednesday advised the government to tax the real estate sector and retailers, the two areas that have been given preferential treatment at the expense of industrialists and salaried class. (ET) | [Click for more info.](#)

Containers stuck at ports; ECC seeks report on waiver of storage charges**Economy | Neutral**

The Economic Coordination Committee (ECC) of the Cabinet has directed Ministry of Maritime Affairs (MOMA) to submit a detailed report on waiver of storage charges on containers stuck at ports, well informed sources told. (BR) | [Click for more info.](#)

ECC approves procurement of 1.8 MMTs of wheat by Passco**Food | Neutral**

The Economic Coordination Committee (ECC) of the Cabinet Wednesday approved the procurement of 1.80 MMTs wheat by the Passco with a cash credit limit (CCL) of Rs201 billion at procurement price of Rs3,900 per 40-kg. (BR) | [Click for more info.](#)

Political News

Imran calls off 'election rally' after crackdown on activists

The Pakistan Tehreek-e-Insaf (PTI) on Wednesday called off its election rally after the police crackdown on its workers. (BR) | [Click for more info.](#)

International News

Oil extends losses amid US rate-hike concerns

Oil prices fell on Wednesday as fears that more aggressive U.S. interest rate hikes would pressure economic growth and oil demand outweighed a larger-than-expected draw in U.S. crude stocks. (Reuters) | [Click for more info.](#)

Asian Stocks Fluctuate; US Equity Futures Decline: Markets Wrap

Equities turned mixed during Asian trading Thursday and US stock futures fell as investors weighed the risk of faster rate hikes. (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 ^{AC}

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