

April 10, 2023

Morning Briefing

Economy

Pakistan's risk of defaulting on its debt real, warns US think tank
Economy | Negative

A Washington-based think tank, the United States Institute of Peace (USIP), has warned that there is "a real danger that Pakistan could default on debt", which might further intensify political turmoil amid already surging terrorism. (The News) | [Click for more info.](#)

RDA inflows cross \$6bn mark
Economy | Positive

Foreign currency inflows received through Roshan Digital Account (RDA) from overseas Pakistanis surpassed the \$6 billion mark, the central bank said on Friday. (The News) | [Click for more info.](#)

Returns on savings certificates raised by big margins
Economy | Positive

After the central bank hiked its policy rate to a massive 21pc and following a historic surge in secondary market coupons, the Central Directorate of National Savings (CDNS) on Friday increased profit rates on all national savings schemes by significant margins. (Dawn) | [Click for more info.](#)

IMF bailout still on track, insists Dar
Economy | Neutral

Finance Minister Ishaq Dar Saturday announced postponement of his visit to the US to attend the International Monetary Fund (IMF) and World Bank spring meetings while citing the prevailing political situation in the country. (BR) | [Click for more info.](#)

Analysis Shows Shocking Forecast for Pakistani Rupee in May
Economy | Negative

The Pakistani Rupee (PKR), the emerging markets' worst performer in the past few months, is likely to extend losses in the next fiscal year, having lost over Rs. 102 against the US Dollar since April 2022. (Propakistani) | [Click for more info.](#)

Inflation to remain high despite policy rate hike: analyst
Economy | Neutral

The State Bank of Pakistan's (SBP) decision to increase key policy rate by 100 basis points to a record high of 21 percent, with a view to controlling inflation, is simply not acceptable to the business community, says economic and financial analyst Ateeq-ur-Rahman. (BR) | [Click for more info.](#)

PKR declines
Economy | Neutral

As per the State Bank of Pakistan (SBP), the local currency closed at 284.65, down 0.23 or 0.08%. In the open market, the PKR gained 3 rupees for both buying and selling against USD, closing at 288.50 and 291.50, respectively. (BR) | [Click for more info.](#)

Oil & Gas

PSO, SBP team up to streamline banking process for Russian oil imports
PSO | Positive

Pakistan State Oil (PSO) and State Bank of Pakistan (SBP) are working on banking channel arrangements for import of crude oil from Russia, sources told. The government is eyeing import of Russian crude oil by April end. (The News) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	26,619.4	26,401.7	-217.7	-0.8%
KSE100	40,350.9	40,049.7	-301.2	-0.7%
KSE30	15,046.1	14,915.0	-131.1	-0.9%
KMI30	70,432.7	69,760.0	-672.7	-1.0%

Top Five Gainers

	Open	Close	Chg.	%
SFL	990.0	1,017.9	27.9	2.8%
SITC	245.0	253.0	8.0	3.3%
ELSM	101.0	108.6	7.6	7.5%
JDWS	375.0	382.3	7.3	1.9%
STJT	92.2	99.1	6.9	7.4%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
JSBL	4.1	4.1	0.0	26.21
WTL	1.2	1.2	0.0	13.12
SILK	1.1	1.0	-0.1	10.16
TOMCL	19.5	20.9	1.4	7.34
TELE	8.1	8.0	-0.1	5.88

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.02	0.00	0.02
F-Corporates	0.61	-0.01	0.60
O/S Pakistanies	1.32	-1.10	0.22
Net	1.96	-1.11	0.84
LIPI			
Individuals	10.04	-9.23	0.81
Companies	0.34	-0.80	-0.46
Comm. Banks	0.35	-0.42	-0.07
NBFC	0.00	0.00	0.00
Mutual Funds	0.43	-0.95	-0.52
Other	0.29	-0.15	0.14
Brokers Proprietary	2.46	-2.50	-0.05
Insurance	0.12	-0.81	-0.70
Net	14.03	-14.87	-0.84

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	80.70	0.1%
Brent oil	USD/bbl.	85.12	0.2%
Gold	USD/t oz.	2007.91	-0.6%
Silver	USD/t oz.	24.98	0.2%
Coal	USD/ton	131.85	-3.1%
Steel Scrap (LME)	USD/ton	428.50	-1.5%
Steel Rebar (LME)	USD/ton	674.00	-2.0%
USD/PKR	Interbank	8.35	-0.3%

News Source: Local / Int'l Newspapers and websites

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Oil being imported on deferred payment only from KSA

Oil | Neutral

The National Assembly was Friday informed that crude oil is being imported on a deferred payment basis only from Saudi Arabia for the period from 7th February 2022 to March 2023 which has been extended for further 10 months. (BR) | [Click for more info.](#)

Spot LPG cargos; Govt decides to exempt SLL from PPRA rules

Gas | Neutral

The government has decided to exempt SSGC LPG Ltd. (SLL) from PPRA Rules for procurement of spot LPG cargoes from April 2023 to March 2024, official sources told. (BR) | [Click for more info.](#)

Slow progress stokes worries

Refinery | Neutral

Pakistan's oil refineries have expressed disappointment over slow progress on finalising a new refinery policy, being designed to help execute plant upgrade projects to produce clean fuels and meet growing consumer demand. (ET) | [Click for more info.](#)

Power

Mohmand multipurpose dam project: Accord signed for \$240m Saudi loan

Power | Positive

The Saudi Fund for Development (SFD) on Friday signed a \$240 million loan agreement to support Pakistan's energy transition via Mohmand Multipurpose Dam Project. The project, which is co-financed by the SFD, OPEC, Islamic Development Bank and the Kuwait Fund for Arab Economic Development, is expected to contribute to Pakistan's energy security, increase sustainable water supply for agriculture and human consumption, and improve resilience to floods. (The News) | [Click for more info.](#)

Despite increase in tariff, circular debt skyrockets to Rs2.6tr

Power | Negative

The coalition government has added a net Rs419 billion to the power sector circular debt during the first eight months of this fiscal year, pushing the total circular debt to Rs2.67 trillion despite significantly increasing electricity prices last year. The average per month increase in circular debt during the July-February period, of FY2022-23, was a colossal Rs52.4 billion, according to sources in the Ministry of Finance and Ministry of Energy. (ET) | [Click for more info.](#)

IPPs' plea to govt; 'Either resolve LC issues or declare force majeure'

IPPs | Neutral

Independent Power Producers (IPPs) have urged the government to resolve their issues of Letters of Credit (LCs) for execution of foreign payments or declare force majeure under the Power Purchase Agreement (PPA), sources close to Chairman Nepra told. (BR) | [Click for more info.](#)

USD LIBOR to SOFR; DFIs concerned at transitioning delay

Power | Neutral

The world's top ten Development Finance Institutions (DFIs) have expressed serious concern at government's apathy in transitioning from USD LIBOR benchmark to Secured Overnight Financing Rate (SOFR) before June 30, 2023, well informed sources in Finance Ministry told. (BR) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	59,833.0	143.66	0.24%
HK - Hang Seng	20,331.2	56.61	0.28%
Taiwan - TWII	15,836.5	25.73	0.16%
PHILP - PSEi	6,488.5	16.47	0.25%
CHINA - Shanghai	3,327.7	15.02	0.45%
US - S&P 500	4,105.0	14.64	0.36%
US - Dow 30	33,485.3	2.57	0.01%
KSA - Tadawul	10,906.2	-14.48	-0.13%
INDONESIA - IDX	6,792.8	-26.91	-0.39%
PAK (KSE-100)	40,049.7	-301.24	-0.75%

Board Meetings

Script	Day	Agenda	Time
EPQL	Tuesday	1Q A/c as of 31-Mar-23	10:00 AM
EFERT	Tuesday	1Q A/c as of 31-Mar-23	10:30 AM
NITG-ETF	Tuesday	3Q A/c as of 31-Mar-23	11:30 AM
786	Tuesday	3Q A/c as of 31-Mar-23	2:00 PM
MZNPETF	Wednesday	3Q A/c as of 31-Mar-23	10:00 AM
PTL	Wednesday	3Q A/c as of 31-Mar-23	12:30 PM
HCL	Wednesday	3Q A/c as of 31-Mar-23	3:00 PM
SSGC	Thursday	1Q A/c as of 31-Mar-23	11:30 AM
LOTCHEM	Thursday	1Q A/c as of 31-Mar-23	1:30 PM
EPCL	Friday	1Q A/c as of 31-Mar-23	10:00 AM
PIM	Friday	3Q A/c as of 31-Mar-23	10:00 AM
GAMON	Monday	3Q A/c as of 31-Mar-23	11:00 AM
PSX	Monday	3Q A/c as of 31-Mar-23	12:00 PM
GIL	Tuesday	3Q A/c as of 31-Mar-23	11:00 AM
MEBL	Tuesday	1Q A/c as of 31-Mar-23	2:30 PM
BERG	Wednesday	3Q A/c as of 31-Mar-23	10:00 AM
ISL	Wednesday	3Q A/c as of 31-Mar-23	10:00 AM
ENGRO	Wednesday	1Q A/c as of 31-Mar-23	10:30 AM
FCCL	Wednesday	3Q A/c as of 31-Mar-23	10:30 AM
UPFL	Tuesday	3Q A/c as of 31-Mar-23	2:30 PM
OML	Thursday	3Q A/c as of 31-Mar-23	11:00 AM
HAFL	Thursday	3Q A/c as of 31-Mar-23	11:30 AM

Source: PSX

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Closing dates of two CASA-1000 financial agreements extended**Power | Neutral**

The International Development Association has extended closing dates of two financing agreements of Central Asia-South Asian Electricity Transmission and Trade Project (CASA-1000) to December 31, 2025 from March 31, 2023. (BR) | [Click for more info.](#)

KOEN accuses Nepra, others of 'jeopardizing' two hydropower projects**Power | Neutral**

M/s Korea South East Power Co., Ltd. (KOEN), a South Korean power sector company has expressed its resentment on government entities, including National Electric Power Regulatory Authority (Nepra), for reportedly jeopardizing their two hydropower projects. (BR) | [Click for more info.](#)

Autos**Pak Suzuki raises motorcycle prices by up to Rs50,000****PSMC | Neutral**

Pak Suzuki Motor Company on Friday increased the prices of its motorbikes by up to Rs50,000. The new rates will be applicable from April 7. (BR) | [Click for more info.](#)

Banks**Bank lending to private sector plunges 74pc****Banks | Negative**

The surging interest rate has left no option for the private sector to borrow costly money for running their businesses or plan expansion due an uncertain situation caused by the persistent political and economic instability. The State Bank of Pakistan (SBP) data showed that the banks' advances to the private sector had been declining as the fiscal year is approaching closure. The private sector borrowings plunged by 74.3 per cent to Rs266.4 billion during the first nine months of the current fiscal year compared to Rs1,036.6bn in the same period last year. (Dawn) | [Click for more info.](#)

Miscellaneous**Sugar price jumps to Rs6,000/50kg bag in a month****Sugar | Negative**

Sugar price is witnessing an unexpected increase as within a month sweetener price in wholesale market jumped from Rs4,300 per 50-kg bag to Rs6,000 per bag, reflecting an increase of Rs1,800 per bag. An analysis of the sugar price of past one month revealed that it witnessed an increase of 25 percent. Sugar price in retail went up from Rs90 per kg to Rs130 per kg. (BR) | [Click for more info.](#)

Survey shows -22% confidence score**Economy | Negative**

Pakistan's business confidence has taken a significant hit due to the ongoing political and economic crises, according to the latest Gallup Business Confidence Index report. The report indicates that the situation has not improved in the first quarter of 2023, and 72% of the 520 businesses surveyed are worried about the country's potential default. This has resulted in a lack of investment and growth, exacerbating economic challenges. (ET) | [Click for more info.](#)

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FBR to Monitor Production and Sales of Beverages, Cement Companies**Cement, Food | Neutral**

The Federal Board of Revenue (FBR) has posted officials at 29 different beverages and cement units to monitor sales, production as well as stock positions of different companies. The FBR has directed all officials to conduct initial stock-taking under the supervision of a senior officer and a report in this regard should be shared with the Board. (Propakistani) | [Click for more info.](#)

FBR deducts Rs1.3bn in pending amount from PIA accounts**PIAA | Neutral**

The Federal Board of Revenue (FBR) deducted Rs1.3 billion in a pending amount from Pakistan International Airline (PIA) accounts, a news channel reported on Saturday citing sources. (BR) | [Click for more info.](#)

Political News**Parliament will try to prove it's part of solution?**

The joint sitting of the parliament will meet for an expected stormy session today (Monday) to pass legislation into an Act aimed at curtailing the suo motu powers of the Chief Justice of Pakistan. (BR) | [Click for more info.](#)

Cabinet to refer election funds issue to Parliament

The federal cabinet Sunday decided to refer the matter of the release of funds for the May 14 elections to the Punjab Assembly to Parliament. (The News) | [Click for more info.](#)

Elections seem less likely as NSC announces anti-terror operations

Amid a thorny debate in political circles over the conduct of elections in Punjab in mid-May, the top civil and military leadership on Friday reaffirmed their commitment to thwart terror threats and vowed to re-launch the National Action Plan (NAP) within 15 days to crush militants reportedly coming in from Afghanistan. (Dawn) | [Click for more info.](#)

International News**Currencies in Tight Ranges, US Futures Edge Up: Markets Wrap**

Major currencies held to narrow ranges and US equity futures made small gains in cautious trading Monday as the Asian session got underway. (Bloomberg) | [Click for more info.](#)

Oil Pushes Higher at Week's Open With Supply Challenges in Focus

Oil edged higher at the week's open as traders assessed challenges to supply in the wake of the unexpected output cut by OPEC+. (Bloomberg) | [Click for more info.](#)

World Bank to lend additional \$50bn over decade with reform: Yellen

The World Bank's ongoing reform could result in a \$50 billion lending boost over the next decade, US Treasury Secretary Janet Yellen told AFP ahead of stake-holders meetings next week where key changes are expected to be announced. (The News) | [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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