

January 12, 2023

# Morning Briefing

## Economy

**'Rapid inflation' among major risks faced by Pakistan: WEF Economy | Negative**

The World Economic Forum in its global crisis risk report has identified debt crisis, sustained and/or rapid inflation, state collapse, failure of cyber security measures, and concentration of digital power as top five risks faced by Pakistan. In its 'Global Risks 2023' report, the global forum said that Pakistan was also among larger emerging markets exhibiting a heightened risk of default. (Dawn) | [Click for more info.](#)

**Budgetary targets; Govt to take fiscal measures set by IMF: Dar Economy | Negative**

Finance Minister Ishaq Dar said Monday that a discussion with the International Monetary Fund (IMF) in Geneva focused on revenue shortfall and super tax in litigation, as well as, narrowing down of issues on power and gas rates. He added that on the fiscal side a special tax of 10 percent which has been delayed due to a court's stay order. He said that the Fund also wanted the withdrawal of untargeted Kissan and Exporters packages. (BR) | [Click for more info.](#)

**Almost 90pc of Geneva pledges are project loans, Dar reveals Economy | Neutral**

Finance Minister Ishaq Dar revealed on Wednesday that almost 90 per cent of pledges made by the international community at a donors' conference in Geneva for flood-hit Pakistan were project loans that will be rolled out over the next three years. Dar said that \$8.7bn of the pledges were loans. He did not reveal what the terms of these loans were. (Dawn) | [Click for more info.](#)

**Govt raises Rs316 billion in T-bill auction Economy | Neutral**

The government raised Rs316 billion through an auction of the T-bills on Wednesday, against a pre-auction target of Rs650 billion and maturity of Rs685 billion, the central bank data showed. The cut-off yield on the three-year T-bill stood at 16.9999 percent, unchanged from the previous auction held on January 3. The yield on six-month paper was 16.8255 percent. The bids were rejected for the 12 months' papers. (The News) | [Click for more info.](#)

## Oil & Gas

**Pakistan, S Arabia to ink \$1bn accord in oil sector: envoy Refinery | Positive**

Pakistan and Saudi Arabia are expected to ink an agreement of over US \$1 billion in the days ahead in the oil sector, through the Saudi Development Fund, a Saudi news channel said on Wednesday. (The News) | [Click for more info.](#)

**Govt unlikely to increase OMCs' margins amid little fiscal space OMC's | Positive**

The government is likely to further delay a promised increase in the margins of oil marketing companies (OMCs), as it has no room to take any new fiscal measures, industry officials said on Wednesday. The government had fixed Rs5 margin per litre of petrol and diesel for OMCs, and committed to raise it to Rs6 per litre. (The News) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	27,496.4	27,499.9	3.6	0.0%
KSE100	40,801.5	40,758.2	-43.3	-0.1%
KSE30	15,107.1	15,141.0	33.9	0.2%
KMI30	70,418.2	70,594.3	176.1	0.3%

### Top Five Gainers

	Open	Close	Chg.	%
AABS	390.0	403.8	13.8	3.5%
MTL	494.3	507.1	12.8	2.6%
MEHT	870.0	882.0	12.0	1.4%
PECO	357.6	367.4	9.8	2.7%
ELSM	138.5	148.0	9.5	6.9%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
KEL	2.3	2.3	0.0	20.46
PPL	78.2	82.1	3.9	17.77
SSGC	10.6	11.3	0.7	15.14
OGDC	84.4	87.6	3.1	12.92
SNGP	40.7	42.4	1.7	8.67

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.01	0.00	0.01
F-Corporates	1.08	-0.75	0.33
O/S Pakistanies	1.65	-1.76	-0.11
<b>Net</b>	<b>2.74</b>	<b>-2.51</b>	<b>0.23</b>
LIPI			
Individuals	25.49	-24.70	0.79
Companies	1.38	-0.89	0.48
Comm. Banks	0.59	-2.99	-2.40
NBFC	0.03	-0.02	0.00
Mutual Funds	3.56	-3.87	-0.30
Other	1.57	-0.25	1.32
Brokers Proprietary	6.82	-7.53	-0.71
Insurance	0.74	-0.16	0.59
<b>Net</b>	<b>40.18</b>	<b>-40.41</b>	<b>-0.23</b>

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	77.65	4.1%
Brent oil	USD/bbl.	82.96	3.3%
Gold	USD/t oz.	1877.68	0.0%
Silver	USD/t oz.	23.44	-0.7%
Coal	USD/ton	166.55	-2.0%
Steel Scrap (LME)	USD/ton	419.00	0.5%
Steel Rebar (LME)	USD/ton	690.50	-0.1%
USD/PKR	Interbank	6.82	-0.2%

News Source: Local / Int'l Newspapers and websites

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MORNING BRIEFING

## FY 2022-23; Ogra allows SNGPL, SSGCL to raise gas prices by over 74pc

**SSGC, SNGP | Positive**

The Oil and Gas Regulatory Authority (Ogra) on Wednesday recommended permitting two gas companies, the Sui Northern Gas Pipelines Limited (SNGPL) and the Sui Southern Gas Company Limited (SSGCL) to raise gas prices by 74.42 percent and 75.35 percent, respectively for the financial year 2022-23. (BR) | [Click for more info.](#)

## Power

### IMF demands on power sector reforms being worked out: Dar Power | Neutral

Minister for Finance Ishaq Dar has said the government was taking action for narrowing down the path for the revival of IMF programme, including making efforts to erase the circular debt of energy sector and taking additional taxation measures without further burdening the general masses. When asked about the IMF mission that was supposed to come within a few days, no answer was given on the exact schedule of the IMF mission. However, Dar, in a statement, said the IMF's demands on account of power sector reforms were being worked out. (The News) | [Click for more info.](#)

### K-Electric asked to refund Rs7.43/unit to consumers

**KEL | Negative**

The National Electric Power Regulatory Authority (Nepra) on Wednesday directed the K-Electric to refund Rs7.43 per unit to its power consumers while the state-run power distribution companies (Discos) were allowed to collect Rs0.189/unit additional from its clients in January 2023 bills on account of their monthly fuel charges adjustments (FCAs) for November 2022. (The News) | [Click for more info.](#)

### 'Non-payment' of KE's outstanding amounts

**KEL | Negative**

Pakistan has received legal notice from M/s Al-Jomaih Group of Saudi Arabia and the National Industrial Group of Kuwait reportedly on non-payment of outstanding amounts of Karachi Electric (KE) by using OIC platform with indication to go for arbitration. (BR) | [Click for more info.](#)

## 3 RLNG-based power plants; ECC reduces take-or-pay commitment to 33pc

**Power | Neutral**

The Economic Coordination Committee (ECC) of the Cabinet has reduced take-or-pay commitment to 33 per cent from 66 percent under the Power Purchase Agreement (PPA) and the GSA of three RLNG power plants in order to protect the interest of both buyers and sellers. (BR) | [Click for more info.](#)

## Autos

### Car sales plunge 44pc in December on import curbs

**Autos | Negative**

Passenger car sales plunged 44 percent in December from a year earlier, industry data showed on Wednesday, a sign that import bottlenecks continued to weigh on the country's fragile consumption. December 2022 sales of PAMA members decreased by 11 percent, compared with 15,432 units sold in November 2022, while six-month sales of passenger cars dropped by 40 percent. (The News) | [Click for more info.](#)

## World Indices

	Last	Chg.	Chg. %
US - Dow 30	33,973.0	268.91	0.80%
HK - Hang Seng	21,436.1	104.59	0.49%
US - S&P 500	3,969.6	50.36	1.28%
CHINA - Shanghai	3,161.8	-7.67	-0.24%
INDIA - SENSEX	60,105.5	-9.98	-0.02%
KSA - Tadawul	10,617.5	-16.57	-0.16%
INDONESIA - IDX	6,584.5	-38.05	-0.57%
PAK (KSE-100)	40,758.2	-43.30	-0.11%
PHILP - PSEI	6,709.3	-47.35	-0.70%
Taiwan - TWII	14,751.4	-51.52	-0.35%

## Board Meetings

Script	Day	Agenda	Time
NICL	Friday	Other Matters	10:30 AM
PNSC	Friday	Other Matters	11:00 AM
NRSL	Friday	Other Matters	11:30 AM
OML	Friday	Other Matters	11:00 AM
UPFL	Friday	Annual A/c - 31-Dec-22	2:30 PM

Source: PSX

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## Fertilizer

**ECC allows to fix DTP of 50kg imported urea at Rs 2340 per bag****Fertilizer | Positive**

The Economic Coordination Committee (ECC) of the Cabinet Wednesday considered and approved a summary of the Ministry of Industries and Production on revision of the price of imported urea and allowed to fix the Dealer Transfer Price (DTP) of 50 kg imported urea bag at Rs 2340 per bag by National Fertilizer Marketing Limited (NFML). (Pakobserver) | [Click for more info.](#)

## Miscellaneous

**Acute shortage of medicines on the cards****Pharmaceutical | Negative**

An acute medicine shortage is looming in the country as the pharma industry is facing serious problems in the opening of letters of credit (LCs) owing to dollar shortage in the country, industry officials said. They said that the commercial banks are only clearing LCs for the clients booked orders earlier for the import of raw materials used for producing various medicines. (BR) | [Click for more info.](#)

**Income tax on salaried people: FBR identifies Rs28bn gap****Economy | Negative**

The tax gap for income tax on salaried income is approximately Rs28 billion and non-salaried approximately Rs755 billion, according to the tax gap report (2022). (BR) | [Click for more info.](#)

## Political News

**Elahi successful in vote of confidence: Punjab Assembly speaker**

Chief Minister Chaudhry Parvez Elahi, in a typically chaotic session held during early hours of Thursday, managed to get a vote of confidence from the Punjab Assembly after the opposition walked out claiming that the vote was “bulldozed” and “unconstitutional”. Speaker Sibtain Khan, who presided the session, said that Elahi had received 186 votes — exactly the number required to retain his position and one less than 187 that PTI leaders had claimed to have prior to voting. (Dawn) | [Click for more info.](#)

## International News

**Oil Pushes Higher for Sixth Session Ahead of US Inflation Data**

Oil climbed for a sixth session ahead of key US inflation data as China’s crude buying ramps up before the Lunar New Year holidays. (Bloomberg) | [Click for more info.](#)

**Asia Stocks Rise on US Inflation Bets; Yen Rallies: Markets Wrap**

Asian equities followed Wall Street higher on Thursday as wagers for a further softening of US inflation buoyed appetite for risk taking in global markets. (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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