

January 13, 2023

# Morning Briefing

## Economy

### Pakistan secures \$3bn at 1pc

#### Economy | Positive

Pakistan has secured over \$3 billion in fresh funding from multilateral lenders on concessional terms and the inflows will start during the current fiscal year. The international lenders granted this significant loan at about 1pc interest rate with a repayment period of 40 years during the recent donor conference held in Geneva. The international community led by multilateral agencies had made “clear pledges of about \$9.7bn” against Pakistan’s expected target of about \$8.1bn. (Dawn) | [Click for more info.](#)

### \$3bn UAE help for Pakistan’s depleting forex reserves

#### Economy | Positive

The United Arab Emirates (UAE) has agreed to provide \$3 billion immediate relief to Pakistan that will help boost its shrinking foreign exchange reserves. The relief includes \$2 billion existing loan rollover and provision of an additional \$1 billion. The decision was taken during a meeting between Prime Minister Shehbaz Sharif and host President, Sheikh Muhammad bin Zayed Al Nahyan. (The News) | [Click for more info.](#)

### Germany inks two framework agreements worth Euro 28m

#### Economy | Positive

The Government of Pakistan and Germany signed two framework agreements -amounting Euro 28 million focusing on the socio-economic uplift and sustainable development of Pakistan. (BR) | [Click for more info.](#)

### Jemima, brother Ben raise more than £150,000 for Pakistan's flood victims

#### Economy | Positive

Former wife of PTI Chairman and former prime minister Imran Khan, Jemima Goldsmith, and her brother Ben Goldsmith have raised more than £150,000 for Pakistan flood victims. (Nation) | [Click for more info.](#)

### Issues related to foreign exchange to be addressed soon: SBP governor

#### Economy | Neutral

Governor of State Bank of Pakistan (SBP) Jameel Ahmad has assured the business community of resolving the issue of restrictions on dollar soon, as manufacturers projected dim prospects regarding industrial production if import of raw materials remains blocked. (BR) | [Click for more info.](#)

### SBP foreign exchange reserves fall to near nine-year low

#### Economy | Negative

The State Bank of Pakistan-held (SBP) foreign exchange reserves plummet to a near nine-year low as the cash-strapped nation made external debt repayments. The central bank released weekly data showing a decline of over 22% posing a serious challenge for the country in financing imports as Pakistan is in dire need of foreign aid to reduce its current account deficit as well as ensure enough reserves to pay its debt obligations for the ongoing financial year. (The News) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	27,499.9	27,563.9	63.9	0.2%
KSE100	40,758.2	40,803.9	45.7	0.1%
KSE30	15,141.0	15,097.5	-43.5	-0.3%
KMI30	70,594.3	70,514.6	-79.7	-0.1%

### Top Five Gainers

	Open	Close	Chg.	%
NESTLE	5,600.1	5,850.0	249.9	4.5%
PSEL	1,905.0	2,045.0	140.0	7.3%
PRET	601.7	643.8	42.1	7.0%
BTL	350.0	376.3	26.3	7.5%
RCML	675.0	700.0	25.0	3.7%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	1.2	1.2	0.0	12.62
PRL	14.0	14.0	0.0	9.80
ASCR2	0.5	0.7	0.2	8.95
PPL	82.1	81.7	-0.4	8.13
MLCF	20.6	21.4	0.9	8.05

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	0.62	-0.72	-0.10
O/S Pakistanies	1.70	-2.17	-0.47
<b>Net</b>	<b>2.32</b>	<b>-2.89</b>	<b>-0.58</b>
LIPI			
Individuals	24.30	-22.70	1.60
Companies	0.44	-0.50	-0.06
Comm. Banks	0.58	-1.35	-0.78
NBFC	0.01	-0.01	0.00
Mutual Funds	2.40	-2.75	-0.35
Other	0.17	-0.20	-0.04
Brokers Proprietary	6.59	-6.13	0.46
Insurance	0.27	-0.53	-0.26
<b>Net</b>	<b>34.74</b>	<b>-34.17</b>	<b>0.58</b>

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	78.34	0.9%
Brent oil	USD/bbl.	83.85	1.1%
Gold	USD/t oz.	1898.11	1.1%
Silver	USD/t oz.	23.81	1.6%
Coal	USD/ton	169.65	1.9%
Steel Scrap (LME)	USD/ton	418.00	-0.2%
Steel Rebar (LME)	USD/ton	685.00	-0.8%
USD/PKR	Interbank	6.83	0.7%

News Source: Local / Int'l Newspapers and websites

Research Team

[research@abaalihabib.com](mailto:research@abaalihabib.com)

 Aba Ali Habib Securities (Pvt) Limited  
 (021) 32429665, Ext. 106

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## PKR declines further

**Economy | Negative**

Pakistan's rupee registered a decline against the US dollar for the 17th successive session, depreciating 0.09% in the inter-bank market on Thursday. As per the State Bank of Pakistan (SBP), the rupee declined by Re0.21 to close at 228.14. During the ongoing fiscal year, the rupee has depreciated 10.25% against the greenback. In the open market, the PKR lost 50 paises for both buying and selling against USD, closing at 236.25 and 238.50, respectively. (BR) | [Click for more info.](#)

## Oil & Gas

**Pakistan, Saudi Arabia ink over \$1bn oil sector agreement**
**Oil | Positive**

Pakistan and Saudi Arabia on Thursday signed an agreement worth more than \$1 billion in the oil sector, through the Saudi Development Fund (SDF). (The News) | [Click for more info.](#)

**Kuwait Petroleum Corporation dues; PSO asks PD to provide \$220m payment**
**PSO | Negative**

Pakistan State Oil (PSO) on Thursday asked the Petroleum Division for a payment of \$220 million to Kuwait Petroleum Corporation (KPC) to ensure a smooth supply of high-speed diesel (HSD) and jet fuel. Extended credit facility of 60 days to the government under HSD import from KPC has expired on December 31, 2022. (BR) | [Click for more info.](#)

**Credit letter hurdles may lead to POL crisis: industry**
**Oil | Negative**

Dollar scarcity in the country could jeopardise the planned import of petroleum, oil and lubricants as banks have been refusing to establish letters of credit for the oil marketing companies. OGRA warned that if the matter was not straightened out, the country could face a POL crisis. (The News) | [Click for more info.](#)

**Ogra notifies decline in prices of LNG**
**Gas | Positive**

The Oil and Gas Regulating Authority (OGRA), on Thursday, notified a decline in the prices of LNG for the month of January in its monthly review. The average DES price of PSO of nine cargoes was determined \$ 10.9679 per mmbtu and PLL imported single cargo at \$ 10.75 per mmbtu. (BR) | [Click for more info.](#)

**Russia all set to discuss oil, LNG deals during IGC**
**Oil & Gas | Neutral**

Pakistan and Russia are all set to discuss oil and LNG deals during 8th session of Pakistan Russia Inter Governmental Commission (IGC) on Trade, Economic, Scientific and Technical cooperation to be held on 18-20 January, 2023 in Islamabad. (BR) | [Click for more info.](#)

## Power

**Govt set to introduce policy on local manufacturing of solar panels**
**Power | Neutral**

The government has decided to manufacture solar panels in the country, and in this regard Prime Minister, Shehbaz Sharif has tasked the Ministry of Industries and Production (MoI&P) to ensure the federal cabinet's approval on a policy latest by March 31, 2023. (PT) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
US - Dow 30	34,190.0	216.96	0.64%
KSA - Tadawul	10,744.2	126.73	1.19%
PHILP - PSEi	6,833.5	124.19	1.85%
HK - Hang Seng	21,514.1	78.05	0.36%
PAK (KSE-100)	40,803.9	45.69	0.11%
INDONESIA - IDX	6,629.9	45.48	0.69%
US - S&P 500	3,983.2	13.56	0.34%
CHINA - Shanghai	3,163.5	1.61	0.05%
Taiwan - TWII	14,731.6	-19.80	-0.13%
INDIA - SENSEX	59,958.0	-147.47	-0.25%

### Board Meetings

Scrip	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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## PM forms body for comprehensive review of Nepra law

**Power | Neutral**

Prime Minister Shehbaz Sharif has constituted a committee headed by the former prime minister, Shahid Khaqan Abbasi for a comprehensive review and legislative improvements in Nepra Act as the government is unhappy with “undue activism” of power regulator, well informed sources told. (BR) | [Click for more info.](#)

## Fund for construction of dams; Amount increased to Rs16.53bn

**Power | Neutral**

The Supreme Court was informed that the amount in dams fund has increased to Rs 16.53 billion, which in the next quarter will become Rs 16.98 billion. (BR) | [Click for more info.](#)

## Autos

**Paapam says tractor parts-manufacturing SMEs facing severe liquidity crunch****MTL, AGTL | Negative**

At least 300 tractor parts manufacturing SMEs have been forced to shut their units amidst a total crash in tractors’ demand along with a severe liquidity crunch following the suspension of refunds by the Federal Board of Revenue to tractor assemblers, which was due for a long time. (BR) | [Click for more info.](#)

## Banks

**Bank deposits rise 7.1pc to Rs22.5tr in Dec’22****Banks | Neutral**

Banking sector deposits increased by 7.1 percent year-on-year (YoY) to Rs22.5 trillion in December 2022, the central bank data showed on Thursday, with analysts attributing an increase in interest rates and intensified remittances’ inflows on the back of devaluation of the rupee for a rise in the deposits. (The News) | [Click for more info.](#)

## Textile

**Imported cotton shortages hit textiles’ export orders****Textile | Negative**

The country’s textile industry has started turning away export orders on supply chain disruptions caused by non-availability of imported cotton, a statement said on Thursday. (The News) | [Click for more info.](#)

**Polyester yarn stuck at ports****TRPOL | Negative**

Pakistan Yarn Merchants Association (PYMA) on Thursday said containers of polyester yarn were stuck at ports on non-issuance of letters of credit (LCs) by banks. (The News) | [Click for more info.](#)

## Miscellaneous

**Gwadar port starts receiving Govt imports of bulk cargos****Economy | Positive**

The Gwadar port has started receiving government imports of bulk cargos as three consecutive vessels carrying 90,000 MT urea have already arrived at the port and clocked the fastest discharge rate. These bulk cargos were discharged and after bagging at the port are transported from Gwadar to other destinations in Pakistan. Next month Gwadar Port will start handling 450,000 MT of TCP wheat. (Pakobserver) | [Click for more info.](#)

**Research Team**[research@abaalihabib.com](mailto:research@abaalihabib.com)Aba Ali Habib Securities (Pvt) Limited  
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**Mills to get quotas for sugar export on basis of installed capacity**  
**Sugar | Neutral**

The government is to allocate sugar quota to mills for exports on the basis of their installed capacity as no sugar has been exported so far out of already approved quantity of 100,000 MTs, well informed sources in Commerce Ministry told. (BR) | [Click for more info.](#)

**Banks' inability to open LCs to threaten food supply**  
**Pharma, Food | Negative**

The inability of banks to open letters of credit (LC) for the import of necessities poses a threat to the supply of food, could escalate price pressures and create a shortage of medications. Thousands of shipping containers are stuck at the Karachi Port after offloading due to the banks' reluctance to guarantee foreign exchange payments. Perishable and non-perishable foodstuffs and medical supplies are among the cargoes. (The News) | [Click for more info.](#)

**Crisis of shortage of raw material in industries intensifies**  
**Economy | Negative**

The crisis of shortage of raw materials has further intensified in industries across the country due to non-availability of foreign exchange and many industries are fearful of closure, if serious efforts are not made to resolve the issue of Letter of Credits (LCs) opening immediately. (BR) | [Click for more info.](#)

**SECP registers 2,374 new companies in December 2022****Economy | Neutral**

The Securities and Exchange Commission of Pakistan (SECP) has registered 2,374 new companies in December 2022, making the total number of licensed firms stand at 183,744, a statement said on Thursday. (The News) | [Click for more info.](#)

**Political News****Dissolution of Punjab, KPK PAs in sight**

Pakistan Tehreek-e-Insaf (PTI) Senior Vice President Fawad Chaudhry has announced that Punjab Chief Minister Parvez Elahi has signed the summary for the dissolution of the Punjab Assembly, which would be sent to Punjab Governor Muhammad Baligh-ur-Rehman for his consent. (BR) | [Click for more info.](#)

**Sindh again delays LG polls in Karachi, Hyderabad**

Sindh Minister for Information Sharjeel Memon said early Friday that the provincial government has decided to delay the local government elections in Karachi, Hyderabad, and Dadu, with opposition parties strongly condemning the decision. (The News) | [Click for more info.](#)

**International News****Oil up more than 1% on U.S. inflation data, demand optimism**

Oil prices gained about \$1 a barrel on Thursday, supported by figures showing U.S consumer prices unexpectedly fell in December and by optimism over China's demand outlook. (Reuters) | [Click for more info.](#)

**Equities Supported by Easing Inflationary Pressure: Markets Wrap**

Asian stocks opened mostly higher with a light tailwind from easing inflationary pressure in the US and expectations that central banks can slow the pace of interest rate hikes. (Bloomberg) | [Click for more info.](#)

**Research Team**[research@abaalihabib.com](mailto:research@abaalihabib.com)Aba Ali Habib Securities (Pvt) Limited  
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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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## THE TEAM

### CEO

Zahid Ali Habib  
[Zahid@abaalihabib.com](mailto:Zahid@abaalihabib.com)  
(021) 32425022

### RESEARCH TEAM

**Contact:** (021) 32429665, Ext. 106

Muhammad Ali - Research Analyst  
[Muhammadali@abaalihabib.com](mailto:Muhammadali@abaalihabib.com)

Kainat Rohra- Research Analyst  
[Kainatrohra@abaalihabib.com](mailto:Kainatrohra@abaalihabib.com)

Ayesha Abid – Research Analyst  
[ayasha.abid@abaalihabib.com](mailto:ayasha.abid@abaalihabib.com)

### SALES TEAM

Zaheer Ahmed - Head of Equity Sales & Business Dev.  
[Zaheer.ahmed@abaalihabib.com](mailto:Zaheer.ahmed@abaalihabib.com)  
(021) 32418693-94

Mr. Salman Naqvi - Head of Retail Sales  
(021) 32431925

Fahed Fazal- Manager Equity Sales  
[Fahedfazal@abaalihabib.com](mailto:Fahedfazal@abaalihabib.com)  
(021) 32431925

Syed Khalid Ahmed - Equity Trader  
[Syedkhalid@abaalihabib.com](mailto:Syedkhalid@abaalihabib.com)  
(021) 32429664

Shoaib- Equity Trader  
[shoibqadri@abaalihabib.com](mailto:shoibqadri@abaalihabib.com)  
(021) 32429664

Muhammad Faisal - Equity Trader  
[faisal@abaalihabib.com](mailto:faisal@abaalihabib.com)  
(021) 32464835

### Karachi Office

Suite# 505, 5<sup>th</sup> Floor, Business Plaza,  
Mumtaz Hussan Road, Off I.I. Chundrigar  
Road, Karachi  
Contact: 021-32429664-7  
Cell: [+92 3312766771](tel:+923312766771)