

March 15, 2023

Morning Briefing

Economy

IFC to double project funding in three years

Capital Market, Economy | Positive

International Finance Corporation (IFC), part of the World Bank Group that invests in the private sector in emerging markets, is going to double its portfolio in Pakistan over the next three years. (Dawn) | [Click for more info.](#)

US ambassador expects Pakistan-IMF deal 'in a few days'

Economy | Neutral

US Ambassador to Pakistan Donald Blome has said that Washington fully supports Pakistan in its efforts to resume a stalled \$6.5 billion bailout programme from the International Monetary Fund (IMF). The ambassador said that the United States wishes for a deal between Pakistan and the IMF and that it is ready to cooperate with Pakistan to help on the issue. (ET) | [Click for more info.](#)

ADB Mission says IMF's 9/10th review should stay on track

Economy | Neutral

While noting sluggish progress on two prior policy actions, an Asian Development Bank (ADB) Mission has underscored that Pakistan should remain on track as the country is in the process of negotiating the International Monetary Fund (IMF) 9/10th Review of Extended Fund Facility (EFF). (BR) | [Click for more info.](#)

IMF loan: PM Shehbaz warns of 'more burden' on people

Economy | Negative

Prime Minister Shehbaz Sharif said Tuesday that he saw "more burden" on the masses in the coming days as the cash-strapped nation continues to meet tough International Monetary Fund (IMF) demands to secure a \$1.1 billion loan tranche. (The News) | [Click for more info.](#)

LSM output falls for seventh straight month in January

Economy | Negative

Pakistan's industrial output has persistently slipped in last seven months and it declined by 7.9 percent in January 2023 over the same month a year ago, the Pakistan Bureau of Statistics (PBS) reported on Tuesday. (The News) | [Click for more info.](#)

Pakistan's aggressive interest rate hike cycle surpasses three decades

Economy | Negative

Pakistan is currently experiencing one of the most intense and aggressive rate hike cycles in over three decades! In just 18 months, the State Bank of Pakistan (SBP) has hiked rates by a whopping 1300 basis points, making it a period of monetary tightening unlike any other in recent history. (Mettis) | [Click for more info.](#)

Oil & Gas

ECC okays Rs50bn for PSO to stay afloat

PSO | Positive

Amid looming international default threat on national fuel supplier — Pakistan State Oil (PSO) — owing to a record Rs775 billion receivables, the government on Tuesday approved extending sovereign guarantee for Rs50bn commercial borrowing. (Dawn) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	27,465.0	27,369.4	-95.6	-0.3%
KSE100	41,856.9	41,816.4	-40.4	-0.1%
KSE30	15,657.6	15,582.5	-75.1	-0.5%
KMI30	72,528.1	72,267.2	-260.9	-0.4%

Top Five Gainers

	Open	Close	Chg.	%
PSEL	1,735.2	1,860.0	124.8	7.2%
SAPT	1,200.0	1,237.9	37.9	3.2%
PMPK	510.0	540.0	30.0	5.9%
SAPL	701.0	720.5	19.5	2.8%
GATI	323.7	337.9	14.2	4.4%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
HASCOL	6.1	6.4	0.2	26.65
WTL	1.3	1.3	0.0	13.13
GGL	11.2	11.8	0.6	13.08
TELE	8.3	8.2	0.0	10.24
OGDC	93.2	91.8	-1.4	8.70

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	1.44	-1.46	-0.02
O/S Pakistanians	1.54	-1.65	-0.10
Net	2.98	-3.11	-0.13
LIPI			
Individuals	14.86	-19.08	-4.23
Companies	6.47	-0.83	5.63
Comm. Banks	0.78	-0.92	-0.14
NBFC	0.00	0.00	0.00
Mutual Funds	1.65	-1.15	0.50
Other	0.50	-0.36	0.14
Brokers Proprietary	4.10	-4.34	-0.24
Insurance	0.19	-1.72	-1.53
Net	28.54	-28.41	0.13

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	71.84	-3.7%
Brent oil	USD/bbl.	77.59	-3.9%
Gold	USD/t oz.	1903.12	-0.5%
Silver	USD/t oz.	21.69	-0.5%
Coal	USD/ton	136.50	-0.4%
Steel Scrap (LME)	USD/ton	459.50	0.8%
Steel Rebar (LME)	USD/ton	743.00	-0.5%
USD/PKR	Interbank	8.19	-0.4%

News Source: Local / Int'l Newspapers and websites

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MORNING BRIEFING

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Hascol inches closer to debt restructuring

HASCOL | Positive

The board of directors of Hascol Petroleum Ltd on Tuesday approved a business model involving debt restructuring. The oil marketing company told investors that its board approved amendments to the Scheme of Arrangement, which had been agreed with "most of its bankers". (Dawn) | [Click for more info.](#)

PL on HSD to go up by Rs5/litre

Oil | Neutral

The federal government is most likely to increase the petroleum levy (PL) on high-speed diesel (HSD) by Rs5 per litre to meet one of the conditions of the International Monetary Fund (IMF) with effect from March 16, 2023, in the fortnightly review of petroleum products. (BR) | [Click for more info.](#)

Only one Saudi bank opening LCs for Pakistan's crude import

Oil | Neutral

Al-Rajhi Bank of Saudi Arabia is the only foreign bank presently confirming letters of credit (LCs) for Pakistani crude oil import after the refusal from other global banks. According to well-informed sources in the oil sector, the reliance on only one bank for the confirmation of credit letters has been causing severe hardships for the country's crude oil import. (The News) | [Click for more info.](#)

Power

Crucial energy dialogue with US today

Power | Positive

Pakistan and United States (US) are all set to hold Energy Security Dialogue on Wednesday (today) which will cover entire energy sector issues and prospects of future cooperation between the two countries. (BR) | [Click for more info.](#)

NJHEP reconstruction delay till Sep 2023 to cost Rs54bn

Power | Negative

The delay in Neelum-Jhelum Hydroelectric Project (NJHEP) has been delayed further and it would now be restored in September this year, which would inflict a loss of Rs54 billion. (The News) | [Click for more info.](#)

Autos

Honda raises car prices due to GST hike, currency devaluation

HCAR | Neutral

Following the government's imposition of a hefty 25% GST on luxury items, Honda Atlas Cars (Pakistan) Limited (PSX: HCAR) has hiked up its prices yet again, marking the fourth time in just 2.5 months. (Mettis) | [Click for more info.](#)

Miscellaneous

LOTCHEM temporarily suspends plant operations

LOTCHEM | Negative

LOTTE Chemical Pakistan Ltd. (PSX: LOTCHEM) has temporarily suspended its plant operations starting from March 15, 2023, until further notice, the company's filing on PSX revealed today. This decision is a result of the inability of banks to open letters of credit for the import of raw materials. (Mettis) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
US - Dow 30	32,155.4	336.26	1.06%
US - S&P 500	3,919.3	63.53	1.65%
CHINA - Shanghai	3,245.3	-23.39	-0.72%
PAK (KSE-100)	41,816.4	-40.42	-0.10%
KSA - Tadawul	10,207.2	-97.92	-0.95%
INDONESIA - IDX	6,641.8	-145.15	-2.14%
PHILP - PSEi	6,393.3	-151.12	-2.31%
Taiwan - TWII	15,360.4	-200.07	-1.29%
INDIA - SENSEX	57,900.2	-337.66	-0.58%
HK - Hang Seng	19,248.0	-448.01	-2.27%

Board Meetings

Scrp	Day	Agenda	Time
SHEL	Wednesday	Ann. A/c as of 31-Dec-22	10:00 AM
AGIC	Wednesday	Ann. A/c as of 31-Dec-22	11:30 AM
IBFL	Friday	Ann. A/c as of 31-Dec-22	12:00 PM
CENI	Friday	Ann. A/c as of 31-Dec-22	6:30 PM
DLL	Monday	Ann. A/c as of 31-Dec-22	2:30 PM
IGIL	Monday	Ann. A/c as of 31-Dec-22	4:30 PM

Source: PSX

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Sunwalk Group intends to invest \$2b in telecom sector: Amin Telecom | Positive

Minister for Information Technology and Telecommunication Syed Amin Ul Haque on Tuesday said that Sunwalk Group intends to invest USD 2 billion in telecom sector for the deployment of an optical fiber network, encompassing an area of 100,000km. (Nation) | [Click for more info.](#)

Govt declines across-the-board increase in medicine prices Pharma | Neutral

Declining to give any assurances regarding medicines price hike to the local and multinational pharmaceutical industry, federal finance minister Ishaq Dar Tuesday said the government will follow the recommendations of the policy board of Drug Regulatory Authority of Pakistan (DRAP) regarding “across the board” increase in the prices of drugs. (The News) | [Click for more info.](#)

ECC extends sugar export time period to 60 days Sugar | Positive

The Economic Coordination Committee (ECC) of the Cabinet has allowed an extension in sugar export time from 45 days to 60 days for shipment from the date of quota allocation. It allowed Rs50 billion sovereign guarantee in favour of the SNGPL for commercial borrowing to support Pakistan State Oil (PSO). (BR) | [Click for more info.](#)

Political News**‘Political situation delaying IMF deal’**

The political situation in Pakistan has become a factor in delaying a deal with International Monetary Fund (IMF) that may stabilise the national economy, diplomatic sources told. Sources say that global lenders, particularly the IMF, are seeking assurances from Pakistan that the future political setup in the country will respect any deal they sign with Islamabad. (Dawn) | [Click for more info.](#)

Army not available for polls duty, ECP told

The Punjab government, defence ministry and provincial police chief Tuesday conveyed the Election Commission of Pakistan (ECP) in categorical terms that provision of fool-proof security for the upcoming general election to the provincial assembly was impossible. (The News) | [Click for more info.](#)

International News**Asia Stocks Shake Off Bank Woes; 20-Year JGB Drops: Markets Wrap**

Asian equities climbed Wednesday as investors wagered that the worst of the global fallout from the American banking sector has passed. (Bloomberg) | [Click for more info.](#)

Oil Rises from Three-Month Low After SVB Turmoil Rattles Markets

Oil rose from its lowest close in three months as traders took stock of the outlook for demand amid turmoil in the US banking sector. West Texas Intermediate climbed toward \$72 a barrel after losing 7% over the previous two sessions. (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.

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