

February 16, 2023

# Morning Briefing

## Economy

**Moody's sees inflation averaging 33pc in 1HcY23**

**Economy | Negative**

Inflation in Pakistan could average 33 per cent in the first half of 2023 before trending lower, and a bailout from the International Monetary Fund alone is unlikely to put the economy back on track, a senior economist with Moody's Analytics told. (Dawn) | [Click for more info.](#)

**Big taxation measures taken through money bill**

**Economy | Negative**

The major taxation measures taken through the Finance (Supplementary) Bill, 2023 include raise in the standard rate of sales tax from 17 to 18 percent, 25 percent sales tax on the import of luxury items, 10 percent withholding tax at the time of sales of shares of companies, 10 percent withholding tax on functions at marriage halls/hotels, etc, 25 percent sales tax on high-end mobile phones exceeding US\$ 500 and increase in Federal Excise Duty (FED) on cement from Rs1.50 per kg to Rs2 per kg. (BR) | [Click for more info.](#)

**Dar presents Rs170bn tax measures**

**Economy | Neutral**

The government has presented tax measures, including an increase of one percent in the general sales tax (GST) and tax on luxury items as well as duties to mobilise additional taxes of Rs170 billion in the next five months as agreed with the International Monetary Fund (IMF). Finance Minister Ishaq Dar blamed the previous government and last year's devastating floods for the current economic situation, before unveiling taxation measures after presenting the Supplementary Finance Bill, 2023, in the National Assembly. (BR) | [Click for more info.](#)

**No money raised from PIBs auction**

**Economy | Neutral**

The government on Wednesday was unable to raise any funds through an auction of Pakistan Investment bonds (PIBs) on investors' demand for higher returns on the papers. (The News) | [Click for more info.](#)

**PKR maintains upward momentum**

**Economy | Positive**

As per the State Bank of Pakistan (SBP), the currency closed at 265.38 against the US dollar, an increase of Rs1.96. In the open market, the PKR gained 2.50 rupees for buying and selling against USD, closing at 265.50 and 268.50, respectively. (BR) | [Click for more info.](#)

## Oil & Gas

**16.6pc to 124pc hike in gas tariff notified**

**SNGP, SSGC | Positive**

Oil and Gas Regulatory Authority (OGRA) on Wednesday notified 16.6 percent to 124 percent hike in the tariff of gas across the board for six months — January to June 2023. (BR) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	27,529.3	27,549.7	20.5	0.1%
KSE100	41,150.2	41,326.9	176.7	0.4%
KSE30	15,415.4	15,568.7	153.3	1.0%
KMI30	70,945.4	71,505.2	559.8	0.8%

### Top Five Gainers

	Open	Close	Chg.	%
BATA	1,800.0	1,880.0	80.0	4.4%
SAPT	1,100.0	1,179.9	79.9	7.3%
PRET	481.6	517.7	36.1	7.5%
MARI	1,462.6	1,491.8	29.1	2.0%
KHTC	330.6	353.2	22.6	6.8%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	1.2	1.2	0.0	12.58
CENERGY	3.7	3.7	0.0	7.82
HUBC	65.0	67.2	2.1	7.23
OGDC	93.9	95.8	1.8	7.17
TRG	111.7	113.8	2.1	6.97

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	1.99	-1.48	0.51
O/S Pakistanies	1.41	-1.32	0.10
<b>Net</b>	<b>3.40</b>	<b>-2.80</b>	<b>0.60</b>
LIPI			
Individuals	22.09	-22.36	-0.28
Companies	1.11	-1.10	0.01
Comm. Banks	0.58	-0.31	0.26
NBFC	0.00	-0.01	0.00
Mutual Funds	1.52	-1.80	-0.28
Other	0.11	-0.14	-0.03
Brokers Proprietary	6.09	-6.38	-0.29
Insurance	0.85	-0.85	0.00
<b>Net</b>	<b>32.34</b>	<b>-32.95</b>	<b>-0.60</b>

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	78.55	-0.4%
Brent oil	USD/bbl.	85.31	0.1%
Gold	USD/t oz.	1836.19	-1.0%
Silver	USD/t oz.	21.63	-1.1%
Coal	USD/ton	145.90	2.0%
Steel Scrap (LME)	USD/ton	421.50	-0.1%
Steel Rebar (LME)	USD/ton	710.50	0.5%
USD/PKR	Interbank	7.74	-1.8%

News Source: Local / Int'l Newspapers and websites

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MORNING BRIEFING

## OGRA notifies Rs2/KG hike in LPG price for current fortnight

**BPL | Positive**

After a hike in the sales tax, the Oil and Gas Regulatory Authority (OGRA) has jacked up the price of liquefied petroleum gas (LPG) by Rs 2 per kg for the last 15 days of February 2023, and issued a notification in this regard. According to the OGRA notification, LPG price has been fixed at Rs 266/kg after witnessing a hike of Rs 2/kg while the price of domestic cylinder has been increased by Rs 27 and commercial cylinder by Rs 102 for the second half of February 2023. (PT) | [Click for more info.](#)

## Petrol soars to Rs272 per litre as govt hikes prices of petroleum products

**OMCs | Positive**

Hours after tabling a finance bill in parliament to revive a stalled International Monetary Fund (IMF) loan programme, the federal government on Wednesday increased the price of petrol by Rs22.20 and high-speed diesel (HSD) by Rs17.20. According to a press release issued by the Finance Division, a copy of which is available with Dawn.com, the prices of kerosene and light diesel oil were also increased by Rs12.90 and Rs9.68 respectively. (Dawn) | [Click for more info.](#)

## Power

### PM for giving Discos to provinces

**Power | Neutral**

Prime Minister, Shehbaz Sharif is all set to hold meeting with Chief Ministers to convince them of provincialisation of at least one power Distribution Company (Disco) before placing this proposal before the Council of Common Interests (CCI). (BR) | [Click for more info.](#)

### KE plans to continue as non-exclusive power distributor: CEO

**KEL | Positive**

K-Electric (KE) has applied in the National Electric Power Regulatory Authority for a non-exclusive distribution license after the company's current distribution 'exclusivity' is going to end in June 2023, its CEO Syed Moonis Abdullah Alvi said on Wednesday. (The News) | [Click for more info.](#)

## Autos

### Back to back price increases by Atlas Honda in February

**ATLH | Positive**

Atlas Honda has introduced their second price increase for 2023 two weeks after their previous price increase on February 1. "It is a mix of factors. Today's tax increases, the increases on completely knocked-down (CKD) kit duty, and the 1% increase in sales tax are the reasons," Muhammad Sabir Sheikh, Chairman of the Association of Pakistan Motorcycle Assemblers (APMA), tells. (PT) | [Click for more info.](#)

## Miscellaneous

### LSM output drops 3.5pc in Dec, marking sixth monthly fall

**Economy | Neutral**

Industrial output slipped 3.5 percent in December, marking a sixth consecutive monthly fall and highlighting persistent weakness in the country's large-scale manufacturing (LSM) sector. (The News) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	61,275.1	242.83	0.40%
PAK (KSE-100)	41,326.9	176.69	0.43%
KSA - Tadawul	10,573.1	76.46	0.73%
US - Dow 30	34,128.1	38.78	0.11%
PHILP - PSEi	6,822.1	30.85	0.45%
US - S&P 500	4,147.6	11.47	0.28%
CHINA - Shanghai	3,280.5	-12.79	-0.39%
INDONESIA - IDX	6,914.5	-27.32	-0.39%
Taiwan - TWII	15,432.9	-221.59	-1.42%
HK - Hang Seng	20,812.2	-301.59	-1.43%

### Board Meetings

Script	Day	Agenda	Time
MEBL	Thursday	Ann. A/c as of 31-Dec-22	9:30 AM
HUBC	Thursday	HY. A/c as of 31-Dec-22	10:00 AM
ABL	Thursday	Ann. A/c as of 31-Dec-22	11:00 AM
BWHL	Thursday	HY. A/c as of 31-Dec-22	11:00 AM
KOHC	Thursday	HY. A/c as of 31-Dec-22	11:00 AM
PPP	Thursday	HY. A/c as of 31-Dec-22	11:00 AM
ICL	Thursday	HY. A/c as of 31-Dec-22	11:30 AM
ALTN	Thursday	HY. A/c as of 31-Dec-22	2:30 PM
CPPL	Thursday	HY. A/c as of 31-Dec-22	2:30 PM
SCBPL	Thursday	Ann. A/c as of 31-Dec-22	3:00 PM
MACFL	Thursday	HY. A/c as of 31-Dec-22	4:00 PM
PSO	Friday	HY. A/c as of 31-Dec-22	9:30 AM
ATBA	Friday	HY. A/c as of 31-Dec-22	10:30 AM
BOP	Friday	Ann. A/c as of 31-Dec-22	11:30 AM
MTL	Friday	HY. A/c as of 31-Dec-22	12:00 PM
TATM	Friday	HY. A/c as of 31-Dec-22	2:30 PM
KOHE	Friday	HY. A/c as of 31-Dec-22	3:00 PM
SPEL	Friday	HY. A/c as of 31-Dec-22	4:30 PM

Source: PSX

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## Cigarette prices to go up by over 250%

**PAKT | Positive**

The tobacco sector has been at the hit list for the government's increasingly higher revenue collection needs, by paying higher taxes. The fresh massive strike of around 153 percent Federal Excise Duty (FED) rates on cigarettes is going to cause around a 250 percent increase in the prices of cigarettes, produced by legitimate companies. (PT) | [Click for more info.](#)

## Political News

### ECP decides to move court for 'way forward'

The Election Commission of Pakistan (ECP) Wednesday decided to move the court of law for a 'way forward' with regard to the dates of general elections to the provincial assemblies of Punjab and Khyber Pakhtunkhwa. (The News) | [Click for more info.](#)

### Bring Imran on stretcher, or in ambulance: No protective bail without personal appearance, says LHC

The Lahore High Court (LHC) on Wednesday remarked that it would hear the protective bail petition of Pakistan Tehreek-e-Insaf (PTI) Chairman Imran Khan only if he appears before the court in person, as per the law. (The News) | [Click for more info.](#)

## International News

### Asia Stocks Rise on Bullish Signs from Wall Street: Markets Wrap

Stocks in Asia rose after US shares climbed and Treasuries sold off as investors weighed fresh data that indicated further Federal Reserve tightening ahead. (Bloomberg) | [Click for more info.](#)

### Oil little changed as market discounts big U.S. crude storage build

Oil futures were flat to lower on Wednesday as the U.S. dollar strengthened and investors worried that rising interest rates would slow the economy and cut fuel demand. (Reuters) | [Click for more info.](#)

MORNING BRIEFING

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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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