

March 17, 2023

# Morning Briefing

## Economy

All eyes on Gulf states to bail out Pak economy

**Economy | Neutral**

The IMF's condition that Pakistan secure confirmation from bilateral partners of the Gulf region to bridge the gap of \$6 billion is simply an attempt to ensure its credibility. Non-materialisation may result in Islamabad sliding into default. (The News) | [Click for more info.](#)

**Documentation of second disbursement from Chinese ICBC completed: Dar**

**Economy | Neutral**

Federal Minister for Finance and Revenue Ishaq Dar on Thursday revealed that documentation for the second disbursement worth \$500 million from the Industrial and Commercial Bank of China (ICBC) has been completed. Earlier this month, the ICBC approved a rollover of a \$1.3 billion loan for cash-strapped Pakistan, which was expected to shore up its depleting foreign exchange reserves. (The News) | [Click for more info.](#)

**SBP forex reserves slightly rise to \$4.32bn**

**Economy | Positive**

Foreign exchange holdings of both the State Bank of Pakistan (SBP) and commercial banks improved during the week ended on March 10 reflecting the higher inflows of remittances and export proceeds. Pakistan's overall forex holdings rose by \$92m to \$9.847bn during the week. (Dawn) | [Click for more info.](#)

**SC directs companies to pay 50pc super tax**

**Economy | Negative**

The Supreme Court Thursday ruled that the companies whose cases were pending with the Islamabad High Court should also pay 50 percent super tax. The ruling came during the hearing of super tax case by a three-member bench of the apex court, headed by Chief Justice of Pakistan (CJP) Justice Umer Ata Bandial. The court directed the Islamabad High Court and Lahore High Court to decide the super tax cases at the earliest and held that after the high courts' decision, the matter would be further heard. (The News) | [Click for more info.](#)

## Oil & Gas

**PNSC, ENAR Petroleum Refining Facility sign MoU**

**PNSC | Positive**

In pursuance to explore avenues for reduction in operational costs of the corporation, a Memorandum of Understanding (MoU) has been signed between Pakistan National Shipping Corporation (PNSC) and ENAR Petroleum Refining Facility on Thursday. (BR) | [Click for more info.](#)

**NRL stops supplying fuel to PSO**

**PSO | Negative**

National Refinery Limited (NRL) has decided to halt supply to Pakistan State Oil (PSO) after the state-owned oil marketing company it stopped the payments to the refinery. PSO has been suffering from a severe financial crisis due to lack of payments from various sectors on account of supply of petroleum products. Currently, the PSO owes NRL Rs3.469 billion. Sources said that NRL was the first and other refineries might follow suit. (The News) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	27,409.7	27,308.1	-101.6	-0.4%
KSE100	41,874.0	41,694.1	-180.0	-0.4%
KSE30	15,588.2	15,518.2	-70.0	-0.4%
KMI30	72,491.5	71,969.5	-521.9	-0.7%

### Top Five Gainers

	Open	Close	Chg.	%
JDWS	331.3	356.1	24.8	7.5%
RCML	650.0	670.0	20.0	3.1%
RCML	650.0	670.0	20.0	3.1%
BTL	345.0	364.9	19.9	5.8%
JSGCL	297.5	310.0	12.5	4.2%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
TELE	8.2	8.3	0.1	14.29
GGL	11.9	12.4	0.5	11.91
MLCF	27.4	27.0	-0.4	11.82
TPLP	15.5	15.6	0.1	9.52
AGP	57.0	57.4	0.4	8.30

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	0.51	-0.56	-0.06
O/S Pakistanies	1.90	-1.62	0.27
<b>Net</b>	<b>2.40</b>	<b>-2.19</b>	<b>0.21</b>
LIPI			
Individuals	21.73	-20.74	0.99
Companies	1.14	-0.77	0.37
Comm. Banks	1.46	-0.75	0.71
NBFC	0.01	0.00	0.00
Mutual Funds	2.30	-2.67	-0.37
Other	0.41	-0.32	0.10
Brokers Proprietary	5.34	-5.39	-0.04
Insurance	0.70	-2.67	-1.97
<b>Net</b>	<b>33.10</b>	<b>-33.31</b>	<b>-0.21</b>

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	68.33	1.1%
Brent oil	USD/bbl.	74.69	0.6%
Gold	USD/t oz.	1921.44	0.2%
Silver	USD/t oz.	21.74	-0.2%
Coal	USD/ton	134.00	-1.5%
Steel Scrap (LME)	USD/ton	458.50	-0.2%
Steel Rebar (LME)	USD/ton	735.00	0.5%
USD/PKR	Interbank	8.19	1.1%

News Source: Local / Int'l Newspapers and websites

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## Uch gas field compression project in jeopardy

**SNGP | Negative**

The fate of \$82.3 million Uch gas field compression project is in jeopardy as the joint venture of the Sui Northern Gas Pipelines Limited (SNGPL) and a local emerging firm that had won the contract of the project is in shambles. The firm has encashed the bid bond of Sui Northern worth Rs135 million on March 3, 2023 over a failure of depositing the performance guarantee of Rs1 billion. (The News) | [Click for more info.](#)

## Power

### Financial obligations; Chinese firm urges CPPA-G to allocate maximum funds

**HUBC | Neutral**

China Power Hub Generation Company (Private) Limited (CPGCL) has urged CPPA-G to allocate maximum funds to ensure that the company can fulfil its financial obligations. (BR) | [Click for more info.](#)

### 'Surcharges' will not resolve circular debt: Nepra chief

**Power | Neutral**

The five-member National Electric Power Regulatory Authority (Nepra) and various consumer representatives on Thursday stood unanimous in strongly criticising the government for an unprecedented and continuing hike in electricity prices without addressing the structural problems in the power distribution companies as the regulator appeared set to allow an electricity surcharge of up to Rs3.23 per unit for next fiscal year beginning July 1, 2023. (Dawn) | [Click for more info.](#)

## Autos

### SAZEW sells 1,464 Auto Rickshaws in February'23

**SAZEW | Neutral**

Sazgar Engineering Works Limited (SAZEW) sold 1,464 units of Auto Rickshaw during the month of February 2023, which was around 27% MoM lower than the sales of 2,003 units made in the previous month. (Mettis) | [Click for more info.](#)

## Miscellaneous

### Fertiliser efficiency; US announces \$4.5m new programme for farmers

**Fertilizer | Positive**

The United States Thursday announced a \$4.5 million new programme to strengthen fertilizer efficiency and effectiveness for Pakistani farmers, and the two sides expressed their recommitment to tackling climate crisis through cooperation, mitigation and adaptation. (BR) | [Click for more info.](#)

### 'Dollar-starved' Pakistan struggles to pay international airlines: report

**PIAA | Negative**

The global air transport body has warned of an 'aviation crisis' in Pakistan as airlines are struggling to recover \$290 million due to a severe financial crisis. The IATA, which represents some 300 airlines comprising 83 per cent of global air traffic, said \$290m were stuck in Pakistan as of January up by almost a third since December. (Dawn) | [Click for more info.](#)

## World Indices

	Last	Chg.	Chg. %
US - Dow 30	32,246.6	371.98	1.17%
INDIA - SENSEX	57,634.8	78.94	0.14%
US - S&P 500	3,960.3	68.35	1.76%
CHINA - Shanghai	3,226.9	-36.43	-1.12%
PHILP - PSEi	6,404.9	-61.19	-0.95%
INDONESIA - IDX	6,565.7	-62.41	-0.94%
KSA - Tadawul	9,976.7	-71.85	-0.72%
Taiwan - TWII	15,221.1	-166.47	-1.08%
PAK (KSE-100)	41,694.1	-179.95	-0.43%
HK - Hang Seng	19,203.9	-335.96	-1.72%

## Board Meetings

Scrip	Day	Agenda	Time
PSMC	Monday	Ann. A/c as of 31-Dec-22	10:00 AM
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
SIBL	Monday	Ann. A/c as of 31-Dec-22	4:30 PM
AICL	Tuesday	Ann. A/c as of 31-Dec-22	11:30 AM
ALAC	Tuesday	Ann. A/c as of 31-Dec-22	11:30 AM
UNIC	Tuesday	Ann. A/c as of 31-Dec-22	11:30 AM
ASIC	Tuesday	Ann. A/c as of 31-Dec-22	3:00 PM
IGIHL	Tuesday	Ann. A/c as of 31-Dec-22	4:00 PM
PMPK	Wednesday	Ann. A/c as of 31-Dec-22	12:00 PM
JGICL	Wednesday	Ann. A/c as of 31-Dec-22	2:30 PM
EFGH	Wednesday	Ann. A/c as of 31-Dec-22	3:00 PM
PKGS	Thursday	Ann. A/c as of 31-Dec-22	10:00 AM

Source: PSX

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**No threat to Pakistan's financial system from global banking crisis  
Banks | Neutral**

The failure of three American banks has no relevance or impact on the lenders doing business in Pakistan as they are well-capitalised, but the banks' sizable holdings of government debt securities are raising red flags in the financial system of the country, a financial services company stated in a report. (The News) | [Click for more info.](#)

**FBR issues negative list of 714 goods****Economy | Neutral**

The list issued by the FBR on Thursday revealed that the input tax adjustment shall not be allowed to the manufacturers of five leading export sectors on goods which are not related to their business activity. The negative list of such unrelated goods has been given in the sales tax order issued by the FBR on Thursday. (BR) | [Click for more info.](#)

**Political News****IK decides to appear before court on 18th**

Pakistan Tehreek-e-Insaf (PTI) Chairman Imran Khan has decided to appear before an Islamabad session court on March 18, and reiterated that he was willing to hold talks with anybody in the interest of the country and he was ready to take every step in this direction. (BR) | [Click for more info.](#)

**International News****Asia Stocks Rise on Bank Rescue, Bond Yields Climb: Markets Wrap**

Asian equities advanced Friday after a rescue package for First Republic Bank fueled a rebound in US shares. Bond yields in the region moved higher as investors continue to weigh chances of further interest rate hikes. (Bloomberg) | [Click for more info.](#)

**Oil steadies as investors take stock of banking crisis**

Oil prices were little changed on Friday after a meeting between Saudi Arabia and Russia calmed markets, but crude benchmarks were still headed for a second weekly fall after a banking crisis sparked a sell-off in global financial markets this week. (Reuters) | [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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