

January 18, 2023

Morning Briefing

Economy

New tax raising steps under consideration

Economy | Negative

The proposed revenue measures to be taken through the Presidential Ordinance may include an increase in the rates of withholding taxes, more indirect taxation, three percent flood levy on imports, and tax on banks' foreign exchange income. (BR) | [Click for more info.](#)

Rs200b mini-budget to appease IMF on cards

Economy | Negative

The government may impose taxes to the tune of Rs200 billion – with effect from next month – aimed at breaking a deadlock with the International Monetary Fund (IMF). However, the current uncertain political situation in the country is causing a delay in taking a final decision in this regard. Rupee will have to be left to market forces as global lender may not be pleased with mere new taxes. (ET) | [Click for more info.](#)

Large-scale manufacturing shrinks for third month

Economy | Negative

Large-scale manufacturing (LSM) shrank 5.49 per cent in November 2022 over the same month last year, according to data released by the Pakistan Bureau of Statistics on Tuesday. The big industry production contracted for the third consecutive month of the current fiscal year sending fears of major layoffs, especially in the textile sector. (Dawn) | [Click for more info.](#)

Inflation rate to cross 35pc with IMF loan arrangements

Economy | Negative

Inflation in Pakistan may rise to at least 35 percent with arrangements of the International Monetary Fund (IMF) loan programme, noted economist and former Finance minister Dr. Hafiz Pasha said on Tuesday. (The News) | [Click for more info.](#)

20th straight loss: rupee depreciates against US dollar

Economy | Negative

Pakistani rupee's downward trajectory against the US dollar continued for the 20th successive session as it depreciated 0.14% in the inter-bank market on Tuesday. As per the State Bank of Pakistan (SBP), the rupee declined by Re0.32 to close at 228.66. In the open market, the PKR remained unchanged for both buying and selling against USD, closing at 236.50 and 238.75, respectively. (BR) | [Click for more info.](#)

Oil & Gas

Govt mulling hiking gas tariffs

Gas | Negative

Petroleum State Minister Musadik Malik, Tuesday, indicated a possible increase in gas tariffs in the coming days, saying it was "unaffordable" for the present government to maintain the present gas tariff. (BR) | [Click for more info.](#)

Production of Petroleum Products Down Over 13% in First 5 Months of FY23

E&P | Negative

The petroleum products production witnessed a decline of 13.63 percent during July-November 2022-23 (FY23) as its indices went down to 88.36 from 102.31 during July-November 2021-22 (FY22), says Pakistan Bureau of Statistics (PBS). (Propakistani) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	26,834.1	25,991.7	-842.4	-3.1%
KSE100	39,720.8	38,342.2	-1378.5	-3.5%
KSE30	14,646.1	14,080.5	-565.6	-3.9%
KMI30	67,953.8	64,821.5	-3132.3	-4.6%

Top Five Gainers

	Open	Close	Chg.	%
NESTLE	5,399.0	5,595.0	196.0	3.6%
PSEL	2,045.0	2,149.0	104.0	5.1%
TICL	218.2	234.6	16.4	7.5%
JSGCL	140.0	150.0	10.0	7.1%
NONS	66.7	71.0	4.3	6.5%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
KEL	2.3	2.1	-0.2	29.91
WTL	1.1	1.1	0.0	14.48
SNGP	37.4	35.3	-2.0	9.69
PPL	73.1	68.3	-4.8	8.64
CNERGY	3.7	3.5	-0.2	8.06

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	1.07	-0.68	0.39
O/S Pakistanies	2.47	-1.63	0.84
Net	3.54	-2.31	1.23
LIPI			
Individuals	24.77	-21.94	2.83
Companies	1.76	-0.54	1.22
Comm. Banks	3.83	-0.97	2.86
NBFC	0.02	-0.03	-0.01
Mutual Funds	1.38	-6.20	-4.82
Other	1.00	-0.52	0.48
Brokers Proprietary	6.10	-6.24	-0.15
Insurance	1.31	-4.94	-3.63
Net	40.16	-41.39	-1.23

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	80.95	2.4%
Brent oil	USD/bbl.	85.28	1.3%
Gold	USD/t oz.	1908.74	-0.5%
Silver	USD/t oz.	23.98	-1.5%
Coal	USD/ton	164.35	-0.5%
Steel Scrap (LME)	USD/ton	417.00	1.7%
Steel Rebar (LME)	USD/ton	685.50	0.8%
USD/PKR	Interbank	6.91	-0.5%

News Source: Local / Int'l Newspapers and websites

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Morning Briefing

Power

Delay in resolving pending issues; Two key investors' groups give govt deadline

KEL | Negative

The two key foreign investors' groups of KE have given one-month deadline to Islamabad for withdrawal of all litigation, clearance of outstanding payments and signing of three long-awaited pacts or face litigation at international forum. The legal notice has been served by Al-Jomaih Power Limited and Denham Investments Limited, upon the Islamic Republic of Pakistan under the Agreement on Promotion, Protection and Guarantee of Investments amongst the Member States of the Organization of the Islamic Conference (OIC Investment Agreement). (BR) | [Click for more info.](#)

Discos to collect additional Rs4.45 per unit under QTA

Power | Negative

The National Electric Power Regulatory Authority (Nepra) Tuesday allowed the ex-Wapda distribution companies (XWDiscos) to collect up to Rs4.4547/unit additional charges or cumulative Rs41.94 billion from the consumers in their February-March 2023 bills on account of quarterly tariff adjustments (QTA) for July to September 2022. (The News) | [Click for more info.](#)

Conversion of Port Qasim power plant to local coal

Power | Neutral

The Central Power Purchasing Agency-Guaranteed (CPPA-G) has advised the Private Power and Infrastructure Board (PPIB) to seek necessary approvals from the authorities concerned for conversion of the Port Qasim coal-fired power plant from imported coal to local coal as the company has offered a different version of minutes of a key meeting, well-informed sources told. (BR) | [Click for more info.](#)

Autos

ECC allows import of used tractors

Tractor | Negative

The Economic Coordination Committee (ECC) of the Cabinet has approved Rs1.31 billion worth of supplementary grants for power and infrastructure projects besides allowing the import of five-year-old agriculture tractors under the Kissan Package. Regarding duty reduction for the import of used tractors, the ECC allowed depreciation at 2pc per month up to a maximum of 60pc. (Dawn) | [Click for more info.](#)

Banks

Summit Bank gets equity injection

SMBL | Positive

Shareholders of Summit Bank Ltd passed a special resolution in an extraordinary general meeting on Tuesday to authorise the equity injection of Rs10 billion from a UAE-based investor. (Dawn) | [Click for more info.](#)

SBP plans 35pc Islamic banking by 2025

Banks | Neutral

The central bank's deputy governor said on Tuesday that the target of the State Bank of Pakistan (SBP) was to boost the share of Islamic banking up to 35 percent by 2025. Presently, the share of the Islamic banking industry is 20 percent. (The News) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	60,655.7	562.75	0.94%
INDONESIA - IDX	6,767.3	79.28	1.19%
Taiwan - TWII	14,932.9	5.92	0.04%
CHINA - Shanghai	3,224.3	-3.34	-0.10%
US - S&P 500	3,991.0	-8.12	-0.20%
PHILP - PSEi	7,014.0	-31.44	-0.45%
KSA - Tadawul	10,682.9	-45.55	-0.42%
HK - Hang Seng	21,577.6	-169.08	-0.78%
US - Dow 30	33,910.9	-391.76	-1.14%
PAK (KSE-100)	38,342.2	-1378.54	-3.47%

Board Meetings

Scrip	Day	Agenda	Time
UNITY	Friday	Ann. A/c as of 30Jun22	10:00 AM
DATM	Friday	Ann. A/c as of 30Jun22	11:00 AM
NML	Friday	Other Matters	11:00 AM
IDYM	Friday	1st Qtr. A/c as of 30Sep22	3:00 PM
QUET	Monday	Other Matters	11:00 AM

Source: PSX

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Miscellaneous

Steel shortage in offing: Pakistan's construction sector under threat

Steel | Negative

The ongoing shortage of dollars and the industry's inability to secure Letters of Credit (LCs) for import of raw materials is expected to hit the profitability of the construction sector and may lead to a country-wide steel shortage in the coming days. (BR) | [Click for more info.](#)

JS Global eyes majority stake in another brokerage

JSGCL | Neutral

JS Global Capital Ltd, a securities broker, announced on Tuesday its intention to buy a majority shareholding and control in EFG Hermes Pakistan Ltd, another brokerage house listed on the Pakistan Stock Exchange. JS Bank Ltd holds 92.9 per cent shares in the potential acquirer. (Dawn) | [Click for more info.](#)

Symmetry Group seeks listing

PSX | Neutral

Symmetry Group Ltd, a digital solutions company with multiple subsidiaries, is looking to raise Rs430.2 million through a stock exchange listing. The Pakistan Stock Exchange (PSX) sought public feedback on Tuesday to the proposed listing of the company, which is offering 30.9 per cent of its post-initial public offer (IPO) shareholding to investors. (Dawn) | [Click for more info.](#)

Political News

CM Mahmood sends summary for dissolution of KP assembly to governor

Khyber Pakhtunkhwa Chief Minister Mahmood Khan on Tuesday sent the summary for the dissolution of the provincial legislature to Governor Haji Ghulam Ali. (Dawn) | [Click for more info.](#)

International News

Oil prices settle higher on hopes of China demand rebound

Oil prices settled higher on Tuesday in choppy trading after China posted weak but expectation-beating annual economic growth data and on hopes that a recent shift in its COVID-19 policy will boost fuel demand. (Reuters) | [Click for more info.](#)

Stocks Mixed, Yen Weakens Ahead of BOJ Meeting: Markets Wrap

Stocks in Asia were mixed Wednesday as investors assessed the path for monetary tightening and prepared for potential policy tweaks from the Bank of Japan. (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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