

February 20, 2023

Economy

Imposition of 10pc WHT on sale of shares
PSX | Neutral

There are serious legal flaws in the proposed provision of the Finance (Supplementary) Bill, 2023 on imposition of 10 percent withholding tax at the time of sales of shares of the companies. (BR) | [Click for more info.](#)

Pakistan has 'already defaulted': Asif
Economy | Negative

As fears that Pakistan faced imminent default prompts policymakers to stave off the dreaded scenario, Defence Minister Khawaja Asif on Saturday claimed that the country has all but defaulted, saying everyone – including the establishment, bureaucracy, and politicians – was responsible for it. (ET) | [Click for more info.](#)

IMF, SBP hold talks on interest rate
Economy | Neutral

The International Monetary Fund (IMF) and State Bank of Pakistan (SBP) on Friday held a round of talks about the possibility of further tightening of monetary policy and building up foreign exchange reserves for the end of June 2023. (BR) | [Click for more info.](#)

IMF chief's advice for Pakistan: The poor, not wealthy, should benefit from subsidies
Economy | Neutral

IMF Managing Director Kristalina Georgieva says the Fund asks Pakistan to take steps to be able to function as a country and not to get into a dangerous place where it needs debt restructuring. (The News) | [Click for more info.](#)

CASA-1000: WB, USAID withdraw funding
Economy | Negative

The Central Asia-South Asia-1000 (CASA-1000) is reportedly facing a delay of two years as the World Bank and USAID have withdrawn their funding after regime change in Afghanistan, well-informed sources in EAD told. (BR) | [Click for more info.](#)

Finance (Supplementary) Bill 2023
Economy | Neutral

The Upper House of the parliament saw a fiery debate on the Finance (Supplementary) Bill, 2023, on Friday as the opposition lambasted the government for bringing what it said was an “anti-poor” and an “IMF-dictated mini-budget.” (BR) | [Click for more info.](#)

Maiden auction; Govt borrows Rs5.5bn via Ijarah Sukuk
Economy | Neutral

The federal government has borrowed some Rs 5.5 billion through the auction for first ever 1-year tenure Ijarah Sukuk. According to State Bank, overall received bids amounted to Rs 10.663 billion for the sale of Variable Rental Rate (VRR) Government of Pakistan Ijarah Sukuk (GIS) 1-Year, GIS 3-Year and GIS 5-Year. (BR) | [Click for more info.](#)

External debt servicing jumps 70pc
Economy | Negative

External debt servicing increased by 70 per cent in the first two quarters of 2022-23 on a year-on-year basis, worsening the shortage of dollars. (Dawn) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	27,366.4	27,319.7	-46.6	-0.2%
KSE100	41,078.7	41,118.6	40.0	0.1%
KSE30	15,488.6	15,505.2	16.6	0.1%
KMI30	70,927.1	70,981.1	54.0	0.1%

Top Five Gainers

	Open	Close	Chg.	%
RMPL	8,799.0	9,190.0	391.0	4.4%
BATA	1,875.0	1,990.0	115.0	6.1%
BHAT	1,096.6	1,178.9	82.2	7.5%
RCML	655.0	699.0	44.0	6.7%
BTL	345.0	370.0	25.0	7.2%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
BOP	4.9	4.8	-0.1	12.16
WTL	1.2	1.2	0.0	12.10
BIPL	13.3	13.2	-0.1	7.35
OGDC	93.4	94.6	1.2	4.77
TRG	114.4	115.1	0.7	4.22

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	0.18	-0.02	0.16
O/S Pakistanians	1.39	-1.00	0.39
Net	1.58	-1.02	0.55
LIPI			
Individuals	17.63	-19.33	-1.70
Companies	0.68	-0.39	0.29
Comm. Banks	1.75	-0.55	1.20
NBFC	0.02	-0.02	0.00
Mutual Funds	0.96	-0.95	0.02
Other	0.20	-0.04	0.17
Brokers Proprietary	4.84	-4.96	-0.11
Insurance	0.04	-0.45	-0.41
Net	26.12	-26.67	-0.55

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	76.34	-1.9%
Brent oil	USD/bbl.	83.00	-1.9%
Gold	USD/t oz.	1842.36	0.3%
Silver	USD/t oz.	21.73	0.6%
Coal	USD/ton	141.85	-1.3%
Steel Scrap (LME)	USD/ton	425.00	2.4%
Steel Rebar (LME)	USD/ton	707.50	-0.6%
USD/PKR	Interbank	7.59	-1.4%

News Source: Local / Int'l Newspapers and websites

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Oil & Gas

Tariff protection likely to raise MS, HSD prices

Oil | Negative

Tariff protection incentive given to the local refineries could push up the price of motor gasoline (MS) and high-speed diesel (HSD) by Rs3/litre, indicated the summary of Petroleum Division on the new refining policy. (The News) | [Click for more info.](#)

FIA launches probe against SNGPL's alleged corruption in pipeline contracts

SNGP | Neutral

Prime Minister Shehbaz Sharif took serious notice of the failure to meet a loss cutting target by the Managing Director (MD) of Sui Northern Gas Pipelines Limited (SNGPL), and has initiated a probe against billions of rupees worth losses to the national exchequer through gas losses, gas pipeline project and irrational expenditures in the SNGPL. (PT) | [Click for more info.](#)

PSO receivables reach Rs734bn

PSO | Negative

The receivables of Pakistan State Oil (PSO) have reached Rs 734 billion including Rs 163 billion late payment surcharge (LPS) as several clients failed to retire their bills for fuel supplies. (BR) | [Click for more info.](#)

Petroleum imports drop 9pc

Oil | Neutral

Imports of the petroleum group dipped 9.27 per cent year-on-year in the July-January period of FY23 as unprecedented inflation curtailed overall demand amid an economic slowdown. The highest-ever increase in prices led to lower consumption of petroleum products. (Dawn) | [Click for more info.](#)

Oil industry facing Rs35.88bn cash flow deficit: OCAC

Oil | Negative

Oil industry was facing a cash flow deficit of Rs35.88 billion on lower exchange loss adjustment and custom duty, as well as the long pending increase in the margins of oil marketing companies (OMCs). The liquidity crunch could also increase the crisis in terms of availability of petroleum, oil and lubricants in the country, the Oil Companies Advisory Council (OCAC) said. (The News) | [Click for more info.](#)

Body tasked to achieve budgeted GIDC target

Gas | Neutral

The federal government has given the task to a committee headed by minister for Law and Justice for fast-tracking the recovery of budgeted Rs 30 billion of Gas Infrastructure Development Cess (GIDC) target for the current financial year, 2022-23, out of total Rs 427 billion, pending in 3,195 court cases. (BR) | [Click for more info.](#)

Power

KE seeks Rs635bn allocation for Tariff Differential Subsidy

KEL | Neutral

K-Electric has sought allocation of Rs 635 billion for Tariff Differential Subsidy (TDS) in supplementary budget in FY 2022-23 and in the budget for FY 2023-24, premised on 20 percent tariff increase from next fiscal year. According to the power utility company, estimates for FY 2023 included outstanding claims of Rs 455.6 billion. (BR) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
US - Dow 30	33,826.7	129.84	0.39%
PAK (KSE-100)	41,118.6	39.96	0.10%
INDONESIA - IDX	6,895.7	0.05	0.00%
US - S&P 500	4,079.1	-11.32	-0.28%
CHINA - Shanghai	3,224.0	-25.01	-0.77%
PHILP - PSEi	6,779.0	-36.89	-0.54%
KSA - Tadawul	10,493.2	-55.28	-0.52%
Taiwan - TWII	15,479.7	-70.80	-0.46%
HK - Hang Seng	20,719.8	-267.86	-1.28%
INDIA - SENSEX	61,002.6	-316.94	-0.52%

Board Meetings

Scrp	Day	Agenda	Time
ITTEFAQ	Monday	HY. A/c as of 31-Dec-22	10:00 AM
FANM	Monday	HY. A/c as of 31-Dec-22	11:00 AM
NML	Monday	HY. A/c as of 31-Dec-22	11:00 AM
MUGHAL	Monday	HY. A/c as of 31-Dec-22	11:30 AM
FDIBL	Monday	HY. A/c as of 31-Dec-22	12:30 PM
PSX	Monday	HY. A/c as of 31-Dec-22	2:00 PM
BRR	Monday	HY. A/c as of 31-Dec-22	5:30 PM
AGIL	Tuesday	HY. A/c as of 31-Dec-22	10:30 AM
SMBL	Tuesday	Ann. A/c as of 31-Dec-22	10:30 AM
EFUL	Tuesday	Ann. A/c as of 31-Dec-22	11:00 AM
KHYT	Tuesday	HY. A/c as of 31-Dec-22	11:00 AM
NCPL	Tuesday	HY. A/c as of 31-Dec-22	11:00 AM
EMCO	Tuesday	HY. A/c as of 31-Dec-22	11:30 AM
CLOV	Tuesday	HY. A/c as of 31-Dec-22	12:00 PM
MLCF	Tuesday	HY. A/c as of 31-Dec-22	3:30 PM
GATI	Tuesday	HY. A/c as of 31-Dec-22	4:00 PM
JSGCL	Wednesday	Ann. A/c as of 31-Dec-22	9:30 AM
BERG	Wednesday	HY. A/c as of 31-Dec-22	10:00 AM
SNBL	Wednesday	Ann. A/c as of 31-Dec-22	10:00 AM
UBL	Wednesday	Ann. A/c as of 31-Dec-22	10:00 AM
KSTM	Wednesday	HY. A/c as of 31-Dec-22	10:30 AM
KAPCO	Wednesday	HY. A/c as of 31-Dec-22	10:30 AM
OTSU	Wednesday	HY. A/c as of 31-Dec-22	10:30 AM
ABOT	Wednesday	Ann. A/c as of 31-Dec-22	11:00 AM
FHAM	Wednesday	HY. A/c as of 31-Dec-22	11:00 AM
JKSM	Wednesday	HY. A/c as of 31-Dec-22	11:00 AM
ORM	Wednesday	HY. A/c as of 31-Dec-22	11:00 AM
DGKC	Wednesday	HY. A/c as of 31-Dec-22	11:30 AM
GLPL	Wednesday	HY. A/c as of 31-Dec-22	11:30 AM
OGDC	Wednesday	HY. A/c as of 31-Dec-22	11:30 AM
SHDT	Wednesday	HY. A/c as of 31-Dec-22	11:30 AM
TRSM	Wednesday	HY. A/c as of 31-Dec-22	11:30 AM
BFMOD	Wednesday	HY. A/c as of 31-Dec-22	12:00 PM
JUBS	Wednesday	HY. A/c as of 31-Dec-22	12:00 PM
SCL	Wednesday	HY. A/c as of 31-Dec-22	12:00 PM
BIFO	Wednesday	HY. A/c as of 31-Dec-22	12:30 PM
FFLM	Wednesday	HY. A/c as of 31-Dec-22	12:30 PM
HMM	Wednesday	HY. A/c as of 31-Dec-22	12:30 PM
KML	Wednesday	HY. A/c as of 31-Dec-22	12:30 PM

Source: PSX

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MORNING BRIEFING

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Energy, debt payments; Lucky Electric seeks amendment to existing allocation formula**LUCK | Neutral**

Lucky Electric Power Company has sought amendment to existing allocation formula by adopting the waterfall mechanism with priority payment to energy and debt payments. (BR) | [Click for more info.](#)

PPIB announces COD of 330MW ThalNova Power Project**HUBC | Positive**

The Private Power and Infrastructure Board (PPIB) has announced achievement of Commercial Operation Date (COD) of 330MW ThalNova Power Project, another Thar coal-based power project located at Thar Block-II. (BR) | [Click for more info.](#)

Determination of tariff, PPA; KAPCO seeks 'Consent Letter' from CCPA-G**KAPCO | Neutral**

Kot Addu Power Company (KAPCO) has sought Consent Letter from Central Power Purchasing Agency-Guaranteed (CCPA-G) that is required for determination of tariff and Power Purchase Agreement (PPA). (BR) | [Click for more info.](#)

Dasu hydropower project; Course of Indus River diverted**Power | Neutral**

The under-construction Dasu Hydropower Project crossed a major milestone the other day, as the mighty River Indus was successfully diverted following completion of one of the two diversion tunnels. (BR) | [Click for more info.](#)

Country lost \$380 billion to electricity theft in ongoing fiscal year**Power | Negative**

There is no respite in the power theft in the country as Rs380 billion electricity has been stolen in the ongoing fiscal year (2022-23) and it is estimated that the loss will reach Rs520 billion next year. (Nation) | [Click for more info.](#)

Miscellaneous**Autos, cement, steel turn costlier****Autos, Cement, Steel | Negative**

Honda Atlas Cars Ltd (HACL) on Friday increased the price of vehicles by Rs260,000 Rs550,000 while Pak Suzuki Motor Company Ltd (PSMCL) extended its plant shutdown for two days. Besides, bike assemblers also announced price hikes while steel bar makers continued coming out with new rates. Amreli Steels Ltd raised the price of steel bar (9.5-10mm to 12mm) and (16mm and above) to Rs307, 500 and Rs305, 500 from Rs303, 500 and Rs301, 500 respectively due to GST and gas tariff hikes. (Dawn) | [Click for more info.](#)

Jul-Jan textile group exports down 8.17pc YoY**Textile | Negative**

The country's textile group exports declined by around 8.17 percent during the first seven months (July-January) of the current fiscal year 2022-23 and remained at \$10.039 billion as compared to \$10.933 billion during the same period of last year, the Pakistan Bureau of Statistics (PBS) said. (BR) | [Click for more info.](#)

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MORNING BRIEFING

IT firms receive positive response from Saudi market**Technology | Neutral**

Pakistan's top information technology (IT) companies have received positive response from the Saudi market at the annual LEAP Tech Conference, where they signed various agreements with top Saudi companies related to the export of services and shared projects. (Nation) | [Click for more info.](#)

Pakistan's rice exports shrink 16pc to \$1.08bn**MATCO | Negative**

Amid a global economic slowdown, Pakistan's exports of rice posted a negative growth of 15.82 per cent in the first seven months of the current fiscal year mainly due to the flood devastation of paddy fields in Sindh. (Dawn) | [Click for more info.](#)

Chinese group keen on setting up plant in Punjab**Economy | Positive**

A delegation of Chinese investors has expressed keen interest to explore opportunities in the fields of energy, health and technical training. (Dawn) | [Click for more info.](#)

US seeks reversal of tax increase**Economy | Neutral**

The United States embassy in Islamabad on Friday backed the demand of beverage companies for withdrawal of proposed 7% increase in federal excise duty (FED), a stance that Pakistan sees as out of sync with the harsh ground realities. (ET) | [Click for more info.](#)

Exploit GSP Plus to achieve stability: EU**Economy | Neutral**

Deputy Head of the European Union (EU) Mission Thomas Seiler said on Saturday that Pakistan must exploit the untapped economic potential of the European Union (EU) under the GSP Plus Scheme to overcome its current economic crisis. (ET) | [Click for more info.](#)

Political News

Political system 'incapable' of solving problems: Abbasi

Pakistan Muslim League-Nawaz (PML-N) leader Shahid Khaqan Abbasi regretted that the political system no longer had the competence to solve the country's issues. (ET) | [Click for more info.](#)

International News

Dollar Gains, Stocks face headwinds from Fed Rates: Markets Wrap

The dollar rose in early trading on Monday, adding to a third week of gains as hawkish comments by Federal Reserve officials and geopolitical tensions bolstered the appeal of the greenback. (Bloomberg) | [Click for more info.](#)

Oil prices little changed, nurse last week's losses on improved supplies

Oil prices were little changed in early Asian trade on Monday, after settling down \$2 a barrel on Friday, as rising supplies in the United States and forecasts of more interest rate hikes cooled optimism over China's demand recovery. (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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