

March 20, 2023

# Morning Briefing

## Economy

**Pakistan receives \$500m from China's ICBC bank**

**Economy | Positive**

Pakistan has received a loan tranche from China of \$500 million that will help the country shore up its depleting foreign exchange reserves as the government battles an ongoing economic crisis. (ET) | [Click for more info.](#)

**Saudi Arabia tells Pakistan: No more easy money**

**Economy | Neutral**

Saudi Arabia's decision to refuse to provide any further bailouts or interest-free loans to Pakistan has left the government in Islamabad in shock and has prompted the finance minister to complain that even friendly countries aren't keen on helping Pakistan out of its economic emergency. Pakistan is in dire need of sustained US dollar inflows to avoid defaulting on nearly \$80bn of international loan repayments over the next three and a half years. The country is currently sitting on just \$3bn in foreign exchange reserves. (Middleeasteye) | [Click for more info.](#)

**No 'nuclear' string attached to 9th Review: IMF official**

**Economy | Neutral**

The International Monetary Fund (IMF) has rejected speculation that the lending institution had attached any conditions to Pakistan's missile or nuclear program as part of the ninth review of the IMF-supported program. (The News) | [Click for more info.](#)

**Slow pace of \$304m PRIDE programme perturbs WB**

**Economy | Neutral**

The World Bank (WB) has expressed concern over the slow pace of the progress on simplification and automation of key business processes for tax administration and enhanced capacity for generating revenue from real estate in Punjab. (BR) | [Click for more info.](#)

**CPEC: entry of 3rd parties now looks imminent**

**Economy | Neutral**

Pakistan and China have agreed to remain engaged for the inclusion of third parties to the \$60 billion China-Pakistan Economic Corridor (CPEC) to further enhance regional connectivity. A statement issued here by Foreign Office on Sunday following talks between the two sides in Beijing, said that the two sides agreed on this at the third round of Pakistan-China Bilateral Political Consultations (BPC). (BR) | [Click for more info.](#)

**Cost of debt servicing up to Rs3.18tr**

**Economy | Negative**

Debt servicing expenses peaked to Rs3.18 trillion during the first eight months of the current fiscal year – exceeding the federal government's net income – underpinning the urgent need for debt restructuring to create the fiscal space required for other expenditures and to avoid default. (ET) | [Click for more info.](#)

## Oil & Gas

**PSO's inter-corporate debt swells to Rs1.050 trillion**

**PSO | Negative**

Financial vulnerabilities of the country's state-owned oil marketing company Pakistan State Oil (PSO) have further increased as its receivables and payables have swelled by Rs26 billion in a week. (The News) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	27,308.1	27,177.4	-130.7	-0.5%
KSE100	41,694.1	41,330.0	-364.1	-0.9%
KSE30	15,518.2	15,352.0	-166.2	-1.1%
KMI30	71,969.5	71,361.4	-608.1	-0.8%

### Top Five Gainers

	Open	Close	Chg.	%
JDWS	356.1	382.8	26.7	7.5%
SIEM	605.0	620.0	15.0	2.5%
TOWL	185.0	195.1	10.1	5.5%
WAHN	161.9	168.9	6.9	4.3%
KSBP	90.7	97.5	6.8	7.5%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
HBL	77.3	75.6	-1.7	9.18
HASCOL	6.3	6.3	0.0	9.15
PIBTL	4.1	4.2	0.0	8.31
WTL	1.3	1.3	0.0	7.28
FFL	5.6	5.7	0.1	6.72

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	2.46	-6.95	-4.49
O/S Pakistanies	1.66	-1.62	0.04
<b>Net</b>	<b>4.12</b>	<b>-8.56</b>	<b>-4.44</b>
LIPI			
Individuals	20.10	-15.88	4.23
Companies	2.08	-1.88	0.20
Comm. Banks	1.46	-0.39	1.06
NBFC	0.02	-0.04	-0.02
Mutual Funds	1.71	-1.84	-0.13
Other	0.49	-0.10	0.39
Brokers Proprietary	4.76	-3.96	0.80
Insurance	0.42	-2.51	-2.09
<b>Net</b>	<b>31.05</b>	<b>-26.60</b>	<b>4.44</b>

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	66.74	-2.3%
Brent oil	USD/bbl.	72.97	-2.3%
Gold	USD/t oz.	1989.25	3.5%
Silver	USD/t oz.	22.60	4.0%
Coal	USD/ton	130.50	-2.6%
Steel Scrap (LME)	USD/ton	460.00	0.3%
Steel Rebar (LME)	USD/ton	730.00	-0.7%
USD/PKR	Interbank	8.23	-0.3%

News Source: Local / Int'l Newspapers and websites

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**OGDCL encashes bid bond in Uch project**
**OGDC | Neutral**

The Oil and Gas Development Company Limited (OGDCL) on Friday encashed Rs267 million bid bond of an engineering firm over its failure to deposit a performance bank guarantee in Uch gas field compression project. The performance bank guarantee was 10 percent of the total cost of \$82.3 million project. (The News) | [Click for more info.](#)

**Rs50 per litre petrol subsidy for poor**
**Oil | Neutral**

Prime Minister Shehbaz Sharif on Sunday said the low-income poor people will be given a subsidy of Rs50 per litre under the petroleum relief package. While chairing a review meeting on the relief package here, he said the petroleum relief will be given to low-income consumers who have motorcycles, rickshaws, 800cc cars and other small cars. (The News) | [Click for more info.](#)

**Petroleum product import falls 5% to \$1.26b**
**Oil | Neutral**

Pakistan's import of petroleum products, which is the largest contributor to its total import bill, has decreased by 5% to \$1.26 billion in February compared to the previous month of January, according to official data reported on Friday. (ET) | [Click for more info.](#)

**OGRA to hold exchange rate meeting**
**OMCs | Neutral**

Oil and Gas Regulatory Authority (OGRA) has convened a meeting on March 21 to brief and align all the stakeholders with the prescribed format of "exchange rate mechanism" as devised and approved by the federal government. (The News) | [Click for more info.](#)

**Power**
**Govt all set to launch 600MW solar power project in Muzaffargarh**
**Power | Positive**

Moving towards clean and cheap energy adoption, the government is all set to launch a 600-megawatt solar power project in Muzaffargarh. To tackle the current economic and energy crisis, as both are interlinked, the government has prioritized solarization, as opting for renewable energy sources offers better economic alternatives. (Nation) | [Click for more info.](#)

**KE seeks Rs1.66/unit positive adjustment in Feb FCA**
**KEL | Neutral**

K-Electric has sought positive adjustment of Rs 1.66 per unit in FCA for February under monthly Fuel Charges Adjustment mechanism. According to KE's FCA adjustment request, the power utility company wants to recover Rs 1.85 billion from its consumers for Feb. (ET) | [Click for more info.](#)

**Revised classifications; Kapco seeks provincial tariff till PPA renewal**
**KAPCO | Neutral**

Kot Addu Power Company (Kapco) has filed application with National Electric Power Regulatory Authority (Neptra) for provisional tariff based on revised classifications and till renewal of Power Purchase Agreement (PPA) with Central Power Purchasing Agency -Guaranteed (CPPA-G). (BR) | [Click for more info.](#)

# Morning Briefing

**World Indices**

	Last	Chg.	Chg. %
INDIA - SENSEX	57,989.9	355.06	0.62%
HK - Hang Seng	19,518.6	314.68	1.64%
Taiwan - TWII	15,453.0	231.84	1.52%
INDONESIA - IDX	6,678.2	112.51	1.71%
PHILP - PSEi	6,469.7	64.81	1.01%
CHINA - Shanghai	3,250.6	23.66	0.73%
US - S&P 500	3,916.6	-43.64	-1.10%
KSA - Tadawul	9,976.7	-71.85	-0.72%
PAK (KSE-100)	41,330.0	-364.14	-0.87%
US - Dow 30	31,862.0	-384.57	-1.19%

**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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**Tariff agreed with Iran on additional 100MW power to Gwadar Power | Neutral**

Iran is said to have agreed on a deal of providing additional 100-MW electricity to Gwadar at a rate within the range of Cents 8.4 to 12.4 per unit, after two day's tough negotiations with Pakistan, well informed sources told. (BR) | [Click for more info.](#)

**Imported coal: PPIB re-approves Gwadar power project Power | Neutral**

Private Power & Infrastructure Board (PPIB) has re-approved 300-MW power project based on imported coal at Gwadar under CPEC after China's clear message that it will not fund the project on local coal or its shifting to Thar. (BR) | [Click for more info.](#)

**NTDC issues default notice to Chinese firm IPPs | Neutral**

The national grid operator — National Transmission & Despatch Company (NTDC) — issued notice of default to a Chinese firm for inordinate delays in the completion of a 45-km transmission line near Lahore. (Dawn) | [Click for more info.](#)

**Projects worth billions of dollars; AIB voices concern over undue delay Power | Neutral**

The Asian Infrastructure Investment Bank (AIB) has reportedly expressed concerns on undue delay in projects worth billions of dollars, urging concerned authorities to expedite their completion. (BR) | [Click for more info.](#)

**Autos****Suzuki shuts bike plant PSMC | Negative**

Pak Suzuki Motor Company Ltd on Friday announced to shut down its motorcycle plant from March 20-31 due to shortage of parts and accessories. In a stock filing, the company said car assembly plant will remain operative. (Dawn) | [Click for more info.](#)

**Cement****Lucky Cement completes Rs4.35bn buyback exercise LUCK | Neutral**

Lucky Cement Ltd said on Friday it has completed the buyback exercise, which began on September 29, 2022, at spot prices prevailing on the Pakistan Stock Exchange. (Dawn) | [Click for more info.](#)

**Textile****Banking crisis on cards as textile sector near brink of default Textile | Negative**

The textile sector has reached the brink of default in the wake of its inability to service the loans it received under TERF (Temporary Economic Refinance Facility) and LTFF (long-term facing facilities) which may also lead to a possible banking crisis. (The News) | [Click for more info.](#)

**Cotton: huge output shortfall projected Textile | Negative**

Cotton production will be merely 4.78 million bales (arrivals till 3rd March 2023) against the target of 09 (nine) million bales due to damage by the floods and decline in area owing to slim profit margin in cotton. (BR) | [Click for more info.](#)

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**Jul-Feb textile group exports dip 11.09pc YoY****Textile | Negative**

The country's textile group exports declined by around 11.09 percent during the first eight months (July-February) of the current fiscal year 2022-23 and remained at \$11.218 billion. (BR) | [Click for more info.](#)

**Specified goods, services; FBR disallows ST refunds to 5 export-oriented sectors****Textile | Negative**

Federal Board of Revenue (FBR) has disallowed the sales tax refunds of number of specified goods and services for five export-oriented sectors - textile, carpets, leather, surgical & sports through the Sales Tax General Order (STGO)09/2023. (BR) | [Click for more info.](#)

**Miscellaneous****SBP abolishes 1.5% fee on debit, credit card transactions****Banks | Positive**

The State Bank of Pakistan (SBP) has abolished the mandatory minimum fee of 1.5%, which was being charged by banks from merchants on financial transactions done through debit and credit cards, and allowed financial institutions to charge even less than 1.5% to promote digital banking. (ET) | [Click for more info.](#)

**Closure of SME Bank approved****Banks | Neutral**

The federal cabinet on Friday approved wrapping up of the SME Bank on the recommendations of the State Bank of Pakistan (SBP), but issued directives to ensure the protection of consumers' deposits. (Dawn) | [Click for more info.](#)

**Sugar export; Shipment period extended on exporters' plea****Sugar | Neutral**

The government has increased shipment time for the export of sugar after sugar exporters expressed concern that the revision of terms and conditions and the closure of the Torkham border were causing delays in shipment. (BR) | [Click for more info.](#)

**Country imports food items worth \$6.7 billion in eight months****Food | Neutral**

As the floods in last year had destroyed all major crops, the country has imported food items worth \$6.7 billion in order to bridge the local shortage in the country in eight months of the current fiscal year. (Nation) | [Click for more info.](#)

**Political News****IK says will hold 'power show' at Minar-i-Pakistan on 22nd**

Former Prime Minister and Pakistan Tehreek-e-Insaf (PTI) Chairman Imran Khan has announced that his party will stage a 'power show' at Minar-i-Pakistan on Wednesday March 22, terming it would be a referendum on where the nation stands. (BR) | [Click for more info.](#)

**International News****Oil edges up on historic Swiss banks deal, central banks support**

Oil prices rose on Monday after suffering their biggest weekly loss in months as UBS struck a deal to buy Credit Suisse and some of the world's largest central banks sought to reassure and stabilise global financial markets. (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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