

March 21, 2023

# Morning Briefing

## Economy

**Govt did not consult ahead of announcing fuel subsidy proposal: IMF**

**Economy | Negative**

Pakistan authorities did not consult with the International Monetary Fund (IMF) staff ahead of announcing their recent fuel subsidy proposal, the lender's resident representative said. "The IMF is seeking greater details on the scheme in terms of its operation, cost, targeting, protections against fraud and abuse, and offsetting measures, and will carefully discuss these elements with the authorities," Esther Perez Ruiz told. (BR) | [Click for more info.](#)

**Pakistan remains 'country of concern', says US HR report**

**Economy | Neutral**

In its first assessment of the human rights situation in Pakistan under the incumbent government, the US State Department notes the human rights situation in the country remains a cause of concern. (Dawn) | [Click for more info.](#)

**FDI plunges 40pc to \$784m in July-Feb**

**Economy | Negative**

Pakistan's foreign direct investment (FDI) decreased 40.4 percent to \$784.4 million in eight months of the current fiscal year, the central bank data showed on Monday. The FDI fell 11 percent year-on-year to \$101 million in February from \$91 million a year earlier. (BR) | [Click for more info.](#)

**Current account deficit shrinks to smallest in 23 months in Feb**

**Economy | Neutral**

Pakistan's current account deficit dipped to a near two-year low in February as the administrative controls and depreciation of rupee reduced imports, data from the State Bank of Pakistan (SBP) showed on Monday. (The News) | [Click for more info.](#)

**\$7.407bn borrowed from multiple financing sources in 8 months**

**Economy | Negative**

The government has borrowed \$7.407 billion from multiple financing sources, including \$900 million from foreign commercial banks, during the first eight months (July-February) of 2022-23 compared to \$12.178 billion borrowed during the same period of last fiscal year. (BR) | [Click for more info.](#)

## Oil & Gas

**Rs100 per litre fuel subsidy for bike owners**

**Oil | Neutral**

State Minister for Petroleum Musadik Malik Monday said motorcyclists would get a relief of Rs100 per litre of petrol instead of Rs50. He said the price of petrol had been reduced for motorcyclists and small cars and Prime Minister Shehbaz Sharif had given only six weeks to implement this decision. (The News) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	27,177.4	26,975.2	-202.2	-0.7%
KSE100	41,330.0	40,918.5	-411.5	-1.0%
KSE30	15,352.0	15,043.2	-308.8	-2.0%
KMI30	71,361.4	70,374.9	-986.6	-1.4%

### Top Five Gainers

	Open	Close	Chg.	%
UPFL	18,200.0	18,256.0	56.0	0.3%
PRET	417.1	448.4	31.3	7.5%
SRVI	209.7	225.4	15.7	7.5%
ZIL	250.0	260.4	10.4	4.1%
PMPK	500.0	510.0	10.0	2.0%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
UNITY	13.6	14.2	0.6	25.05
WTL	1.3	1.2	0.0	16.64
FFL	5.7	6.1	0.4	15.14
MLCF	26.7	25.5	-1.1	9.69
PIBTL	4.2	4.2	0.0	6.63

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	-0.04	-0.04
F-Corporates	0.35	-0.76	-0.41
O/S Pakistanies	1.15	-1.19	-0.04
<b>Net</b>	<b>1.50</b>	<b>-1.99</b>	<b>-0.49</b>
LIPI			
Individuals	14.19	-13.80	0.39
Companies	2.40	-1.06	1.34
Comm. Banks	0.74	-1.13	-0.39
NBFC	0.01	0.00	0.01
Mutual Funds	0.99	-1.31	-0.32
Other	0.10	-0.35	-0.25
Brokers Proprietary	3.75	-4.03	-0.28
Insurance	0.25	-0.27	-0.01
<b>Net</b>	<b>22.44</b>	<b>-21.95</b>	<b>0.49</b>

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	67.64	1.3%
Brent oil	USD/bbl.	73.81	1.2%
Gold	USD/t oz.	1976.69	-0.6%
Silver	USD/t oz.	22.51	-0.4%
Coal	USD/ton	130.50	0.0%
Steel Scrap (LME)	USD/ton	455.00	-1.1%
Steel Rebar (LME)	USD/ton	724.50	-0.8%
USD/PKR	Interbank	8.33	2.3%

News Source: Local / Int'l Newspapers and websites

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## Power

**Power generation cost falls 10.3pc in February**
**Power | Neutral**

Power generation cost declined by 10.3 percent in February this financial year compared to the same month last fiscal as the share of nuclear and hydropower went up in overall electricity generation mix. The cost of power generation also declined massively by 28.5 percent in the month under review compared to the preceding month of January this fiscal, power generation data showed on Monday. On the other hand, power generation also recorded 4.1 percent decline in the month of February this financial year compared to the same month of last fiscal. (The News) | [Click for more info.](#)

**Discos, KE seek to charge Rs8.5bn additional fuel cost**
**KEL, Discos | Neutral**

In an unending tariff increase streak, the ex-Wapda distribution companies (Discos) and K-Electric have demanded permission to charge about Rs8.5bn additional fuel cost to their consumers at the rate of about 86 paisa and Rs1.66 per unit, respectively, in April. (Dawn) | [Click for more info.](#)

**Feb FCA; CPPA-G seeks positive adjustment in Discos' tariff**
**Power | Negative**

Central Power Purchasing Agency- Guaranteed (CPPA-G) has sought positive adjustment of Rs 0.86 per unit in Discos' tariffs for February 2023 under monthly Fuel Charges Adjustment (FCA), National Electric Power Regulator Authority (Nepra) will hold a public hearing on March 30, 2023 on CPPA-G's request of adjustment in Discos' tariffs. (BR) | [Click for more info.](#)

**The final offer**
**Power | Neutral**

A Russian led consortium is visiting Pakistan to finance and construct Katarah mega dam in Pakistan, after failure to finalise a deal in September 2012 and September 2018 for the construction of the Diامر Bhasha Dam in a government-to-government deal. (The News) | [Click for more info.](#)

## Fertilizer

**No subsidized gas for fertilizer plants after May**
**FATIMA, AGP | Negative**

The Economic Coordination Committee (ECC) of the Cabinet has decided to do away with subsidized gas to fertilizer plants after May 31, 2023. The decision was taken at a recent meeting of the ECC when supply of subsidized gas to two urea fertilizer plants in Punjab came under discussion. (BR) | [Click for more info.](#)

## Miscellaneous

**Tyre maker suspends production**
**GTJR | Negative**

The crisis in the automobile sector continues to metastasise, with local tyre manufacturing Ghandhara Tyre and Rubber Company Limited (GTR) announcing its second plant shutdown for 2023 and Pak Suzuki Motor Company Limited (PSMCL) stating it has been hit adversely due to its inability to settle foreign currency liabilities. (Dawn) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
US - Dow 30	32,244.6	382.60	1.20%
KSA - Tadawul	10,218.1	60.39	0.59%
US - S&P 500	3,951.6	34.93	0.89%
CHINA - Shanghai	3,234.9	-15.64	-0.48%
PHILP - PSEi	6,451.0	-18.70	-0.29%
Taiwan - TWII	15,420.0	-32.99	-0.21%
INDONESIA - IDX	6,612.5	-65.75	-0.98%
INDIA - SENSEX	57,629.0	-360.95	-0.62%
PAK (KSE-100)	40,918.5	-411.50	-1.00%
HK - Hang Seng	19,000.7	-517.88	-2.65%

### Board Meetings

Scrip	Day	Agenda	Time
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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MORNING BRIEFING

**industry; FBR asked to introduce interim tax relief measures**  
**Steel | Neutral**

The steel industry has asked the Federal Board of Revenue (FBR) to urgently introduce interim tax relief measures to ensure availability of steel scrap till issue of letters of credit (LCs) is resolved. (BR) | [Click for more info.](#)

**PM's 15 'youth development initiatives' to be launched today**  
**Banks | Neutral**

The Ministry of Planning, Development and Special Initiatives today (Tuesday) would launch as many as 15 mega Prime Minister's Youth Development Initiatives. (BR) | [Click for more info.](#)

**Political News****US investment coming to Pakistan more and more every year, says Blome**

US Ambassador Donald Blome has said that the US is Pakistan's largest export market, and the US investment is seen coming to Pakistan more and more every year. Ambassador Blome said that one of the top priorities of the US government was promoting inclusive economic growth and increasing trade and investment between the United States and Pakistan. (Dawn) | [Click for more info.](#)

**Six-hour long PDM meeting PM orders nailing anti-COAS campaigners**

Prime Minister Shehbaz Sharif Monday directed the interior minister to strictly deal with those running a smear campaign against the army chief and the national institutions. (The News) | [Click for more info.](#)

**International News****Oil prices stabilize as banking deal eases some worries about crude appetite**

Oil prices stabilised on Tuesday after falling early in the previous session on investor worries that recent banking-sector problems would weigh on the global economy and limit demand for crude. (Reuters) | [Click for more info.](#)

**Asian Equities Advance as Financial Concerns Ease: Markets Wrap**

Asian stocks advanced Tuesday following gains on Wall Street as immediate concerns over the strength of the global financial system dissipated. (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 FCF based DCF methodology.

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