

February 23, 2023

Morning Briefing

Economy

IMF deal by week's end, hopes Naveed Qamar

Economy | Neutral

Federal Minister for Commerce, Syed Naveed Qamar hoped that the International Monetary Fund (IMF) would announce its staff level agreement (SLA) with Pakistan on the Extended Fund Facility (EFF) by the end of this week. "Pakistan has taken all the measures needed to unfreeze a \$6.5 billion credit line and expects to clinch the deal any day now" he said in an interview with Bloomberg. (The News) | [Click for more info.](#)

Belt-tightening ordered to avert economic storm

Economy | Positive

Prime Minister Shehbaz Sharif has asked his ministers and advisers to forego their salaries, benefits and luxury cars and fly economy class as part of an austerity drive aimed at saving the government Rs200 billion a year. The belt-tightening comes as the government is trying to resume a stalled loan programme of the International Monetary Fund (IMF) to secure funds worth \$1 billion. The premier said an agreement with the Fund was in its final stages. (Dawn) | [Click for more info.](#)

Rothschild & Co delegation meets Dar, discusses roadmap for economic recovery

Economy | Neutral

A delegation of Rothschild & Co comprising Eric Lalo, Partner and Thibaud Fourcade, Managing Director called on Federal Minister for Finance and Revenue Senator Mohammad Ishaq Dar on Tuesday, according to a statement issued by the Finance Division. (BR) | [Click for more info.](#)

Pakistan seeks breakthrough in high-level US trade talks

Economy | Neutral

Pakistan is looking for breakthroughs in agriculture and information technology during the first ministerial level meeting of a US-Pakistani trade and investment body in seven years, Pakistan's commerce minister said on Tuesday. (BR) | [Click for more info.](#)

Rs346.745bn bids received at auction for MTBs; Interest rate on short-term govt papers soars to 19.95pc

Economy | Negative

Interest rate on short-term government papers rose to 19.95 percent in the auction held Wednesday. The State Bank of Pakistan (SBP) conducted the auction for Government of Pakistan Market Treasury Bills (MTBs) on Feb 22 and received bids worth Rs 346.745 billion. (BR) | [Click for more info.](#)

Oil & Gas

Biggest financial scam; 16 officials of bank, petroleum cos placed in judicial custody

HASCOL, BYCO | Negative

The officials from the NBP, petroleum companies – Hascol Petroleum Limited (HPL), Byco, etc, were booked by the Federal Investigation Agency (FIA) in a case in 2022 on charges of fraud, criminal breach of trust and money laundering etc. (BR) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	27,079.9	27,175.1	95.2	0.4%
KSE100	40,949.8	41,167.6	217.8	0.5%
KSE30	15,432.6	15,528.3	95.6	0.6%
KMI30	70,750.7	70,846.6	96.0	0.1%

Top Five Gainers

	Open	Close	Chg.	%
SFL	992.2	1,064.0	71.8	7.2%
RCML	600.0	645.0	45.0	7.5%
PAKT	741.0	780.0	39.0	5.3%
PRET	587.4	620.0	32.6	5.5%
BTL	351.0	377.3	26.3	7.5%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	1.2	1.3	0.1	44.21
MLCF	22.4	24.0	1.7	22.38
OGDC	91.2	90.8	-0.5	10.39
TPLP	15.0	14.9	-0.1	10.30
BOP	4.6	4.5	-0.1	6.64

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	0.41	-0.42	0.00
O/S Pakistanies	2.61	-2.70	-0.10
Net	3.02	-3.12	-0.10
LIPI			
Individuals	28.34	-27.99	0.36
Companies	3.95	-3.11	0.84
Comm. Banks	0.47	-0.49	-0.02
NBFC	0.01	-0.01	0.00
Mutual Funds	1.76	-2.17	-0.41
Other	0.36	-0.17	0.19
Brokers Proprietary	9.56	-9.56	-0.01
Insurance	0.31	-1.16	-0.85
Net	44.76	-44.66	0.10

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	73.95	-3.0%
Brent oil	USD/bbl.	80.47	-2.8%
Gold	USD/t oz.	1825.22	-0.6%
Silver	USD/t oz.	21.51	-1.6%
Coal	USD/ton	141.15	0.1%
Steel Scrap (LME)	USD/ton	427.50	0.7%
Steel Rebar (LME)	USD/ton	705.00	0.7%
USD/PKR	Interbank	7.58	-0.4%

News Source: Local / Int'l Newspapers and websites

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FBR opposes proposed tax incentives for refineries

Refinery | **Negative**

Federal Board of Revenue (FBR) opposed draft refining policy proposal offering 7.5 percent duty on mogas and high-speed diesel for 25 years and tax holiday of 20 years fearing International Monetary Fund (IMF) conditions on exemptions. (The News) | [Click for more info.](#)

Power

Govt, KE ink deal to settle Rs312.7m dispute

KEL | **Positive**

The federal government and K-Electric (KE) are said to have inked a pact to settle 27-year old dispute of Rs 312.733 million, after litigation, a part of which has already been deposited with Collectorate of Customs Karachi. (BR) | [Click for more info.](#)

Oct-Dec QTA for Discos; Nepra agrees to approve Re0.5/unit hike in tariff

Discos | **Positive**

National Electric Power Regulatory Authority (Nepra) on Wednesday gave its consent to approve Paise 50 per unit positive adjustment in Discos QTAs for second quarter (October- December) of CFY 2022-23 to be effective from March 1, 2023. (BR) | [Click for more info.](#)

Fertilizer

Higher gas prices likely to push up urea by Rs440/bag

Fertilizer | **Positive**

Proposed increase in the gas tariff on the instruction of the International Monetary Fund (IMF) for the fertiliser sector would increase the prices of urea by Rs440/bag, industry officials said on Wednesday. (The News) | [Click for more info.](#)

Technology & Comm.

IT exports fall 23pc to eight-month low in January

Tech. & Comm. | **Negative**

Pakistan's information technology (IT) exports for January 2023 decreased by 23 percent month-on-month (MoM) to lowest since May 2022, data showed on Wednesday, with a hint that a gap between exchange rate markets had contributed to the decline. (The News) | [Click for more info.](#)

Telcos Warn Govt of Service Degradation Owing to Financial Crunch

Tech. & Comm. | **Negative**

Telecom operators on Wednesday demanded the government that average revenue per user (ARPU) must stay above \$1.5 in dollar terms for the telecom industry to survive as the cost structure is dollarized i.e. spectrum fees, capex, fuel, and electricity. (Propakistani) | [Click for more info.](#)

Miscellaneous

Size of Pakistan's Islamic Finance Services Industry Over \$42 Billion: Report

FABL, MEBL, BIPL | **Positive**

The size of the Islamic finance services industry in Pakistan is estimated to have crossed \$42 billion by the end of 1Q22, driven by steadily rising public demand for Islamic financial products, (SECP). (Propakistani) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
PAK (KSE-100)	41,167.6	217.76	0.53%
US - S&P 500	3,991.1	-6.29	-0.16%
CHINA - Shanghai	3,291.2	-15.37	-0.46%
INDONESIA - IDX	6,810.0	-63.44	-0.92%
US - Dow 30	33,045.1	-84.50	-0.26%
KSA - Tadawul	10,269.7	-101.24	-0.98%
PHILP - PSEi	6,699.2	-101.73	-1.50%
HK - Hang Seng	20,423.8	-105.65	-0.51%
Taiwan - TWII	15,418.8	-144.23	-0.93%
INDIA - SENSEX	59,745.0	-927.74	-1.53%

Board Meetings

Scrip	Day	Agenda	Time
HINOON	Thursday	Ann. A/c as of 31-Dec-22	8:30 AM
FSWL	Thursday	HY. A/c as of 31-Dec-22	9:00 AM
UNITY	Thursday	HY. A/c as of 31-Dec-22	9:00 AM
FIL	Thursday	HY. A/c as of 31-Dec-22	9:30 AM
MFL	Thursday	HY. A/c as of 31-Dec-22	9:30 AM
META	Thursday	HY. A/c as of 31-Dec-22	9:30 AM
BILF	Thursday	HY. A/c as of 31-Dec-22	10:00 AM
FABL	Thursday	Ann. A/c as of 31-Dec-22	10:00 AM
JLICL	Thursday	Ann. A/c as of 31-Dec-22	10:00 AM
MUBT	Thursday	HY. A/c as of 31-Dec-22	10:00 AM
DYNO	Thursday	HY. A/c as of 31-Dec-22	10:30 AM
FIMM	Thursday	HY. A/c as of 31-Dec-22	10:30 AM
GYR	Thursday	HY. A/c as of 31-Dec-22	10:30 AM
GRYL	Thursday	HY. A/c as of 31-Dec-22	10:30 AM
HATM	Thursday	HY. A/c as of 31-Dec-22	11:00 AM
OML	Thursday	HY. A/c as of 31-Dec-22	11:00 AM
TGL	Thursday	HY. A/c as of 31-Dec-22	11:00 AM
ZIL	Thursday	Ann. A/c as of 31-Dec-22	11:00 AM
BPL	Thursday	HY. A/c as of 31-Dec-22	11:30 AM
CNERGY	Thursday	HY. A/c as of 31-Dec-22	11:30 AM
GOC	Thursday	HY. A/c as of 31-Dec-22	11:30 AM
PNSC	Thursday	HY. A/c as of 31-Dec-22	11:30 AM
PIOC	Thursday	HY. A/c as of 31-Dec-22	11:30 AM
RUPL	Thursday	HY. A/c as of 31-Dec-22	11:30 AM
ELSM	Thursday	HY. A/c as of 31-Dec-22	12:00 PM
PAKT	Thursday	Ann. A/c as of 31-Dec-22	12:00 PM
SHCI	Thursday	HY. A/c as of 31-Dec-22	12:00 PM
TOWL	Thursday	HY. A/c as of 31-Dec-22	12:00 PM
UBDL	Thursday	HY. A/c as of 31-Dec-22	12:00 PM
NAGC	Thursday	HY. A/c as of 31-Dec-22	12:30 PM
SAPT	Thursday	HY. A/c as of 31-Dec-22	12:30 PM
PRWM	Thursday	HY. A/c as of 31-Dec-22	1:00 PM
DIL	Thursday	HY. A/c as of 31-Dec-22	2:00 PM
OLPM	Thursday	HY. A/c as of 31-Dec-22	3:00 PM
SFL	Thursday	HY. A/c as of 31-Dec-22	3:00 PM
SITC	Thursday	HY. A/c as of 31-Dec-22	3:00 PM
NRSL	Thursday	HY. A/c as of 31-Dec-22	3:30 PM

Source: PSX

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MORNING BRIEFING

Auto financing hits brakes in January, down by 5.75% YoY**Banks, Autos | Negative**

Automobile financing in Pakistan has dropped by 5.75% YoY and 1.62% MoM in January 2023 to stand at around 332 billion, compared to Rs352.24bn in January 2022 and Rs337.47bn in December 2022, the latest data issued by SBP showed today. (Metis) | [Click for more info.](#)

Centre asks provinces to share ghee, oil data**Vanaspati | Neutral**

Amid looming shortages in Ramazan due to a host of reasons mainly restrictions on palm oil imports, the PMLN-led coalition government has directed provincial governments to provide monthly ghee and cooking oil consumption data and the number of mills in operations. The provincial administrations have also been instructed to share data on available stocks of edible oil and prices of different brands. (Dawn) | [Click for more info.](#)

Pak-Iran trade reaches \$2bn in 10 months**Economy | Neutral**

Iran's Consul General Hasan Noorain has said that the volume of bilateral trade between Pakistan and Iran has reached \$2 billion in the last 10 months, while the target has been set at \$5 billion. (The News) | [Click for more info.](#)

Political News

PTI leaders court arrest as 'Jail Bharo Tehreek' kicks off

The 'Jail Bharo Tehreek' (court arrest movement) on the call of Pakistan Tehreek-e-Insaf (PTI) Chairman Imran Khan kicked off on Wednesday when PTI Vice Chairman Shah Mehmood Qureshi presented himself for arrest. (The News) | [Click for more info.](#)

CJP takes suo motu notice of delay in Punjab, KP polls

Chief Justice of Pakistan (CJP) Umar Ata Bandial on Wednesday took suo motu notice of the delay in holding polls in Punjab and Khyber Pakhtunkhwa, saying that there appeared to be a "lack of clarity" on the matter. (Dawn) | [Click for more info.](#)

International News

US Futures Rise With Asian Shares as Selling Ebbs: Markets Wrap

Rising US equity futures pulled Asian equities higher Thursday in a sign that the four-day run of declines for the S&P 500 is primed for a snapback. (Bloomberg) | [Click for more info.](#)

Oil drops 3% as high inflation risks stoke demand worries

Oil prices fell by \$2 per barrel to their lowest in two weeks on Wednesday, as investors became more concerned that recent data will prompt more aggressive interest rate increases by central banks, pressuring economic growth and fuel demand. (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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