

February 24, 2023

Economy

Outsourcing govt borrowing on the cards

Economy | Neutral

The Finance Ministry is reportedly working on a plan with SECP to outsource government borrowing aimed at getting money from public at less rates than banks which are lending public money at exorbitant rates. (BR) | [Click for more info.](#)

Alvi signs mini-budget finance bill into law

Economy | Neutral

With the assent of President Arif Alvi, the Finance (Supplementary) Bill 2023 has been converted into an Act after which the FBR is empowered to slap up to 25 per cent GST on the import of certain luxury items. The FBR now plans to slap a maximum rate of 25 percent GST on those imported luxury items which were earlier banned by the government in the recent past with the objective to reduce the import bill. (The News) | [Click for more info.](#)

200bps rate hike likely in surprise SBP move

Economy | Negative

An interest rate hike of around 200 basis points by the State Bank of Pakistan (SBP) is highly likely, financial market experts say, after the recent treasury bill auction rates saw a similar increase. While the unexpected rate jump in the government auction to raise domestic debt surprised the trade and industry, the investors in the treasury bills found the situation suitable due to over 27 per cent inflation. The government plans to raise Rs1,800bn in the next auction scheduled for March 8 while the maturity amount is Rs1,785bn. (Dawn) | [Click for more info.](#)

Industries/sectors earning over Rs300m

Economy | Negative

The Supreme Court of Pakistan (SC) has directed the industries/sectors earning income above Rs300 million, which are liable to pay 10 percent super tax for the Tax Year 2022, to deposit the same within one week, at the rate of four percent. Moreover, in cases where a bank guarantee was furnished before the High Court, the same will be encashed to the extent of four percent by the Federal Board of Revenue. (BR) | [Click for more info.](#)

Debt and debt instruments; Profit on debt and capital gains given tax exemption

Economy | Neutral

The Federal Board of Revenue (FBR) has exempted income tax on profit on debt and capital gains from debt and debt instruments approved by the federal government, derived by any approved non-resident banking company. (BR) | [Click for more info.](#)

Forex reserves rise by \$66m to \$3.25 billion

Economy | Positive

Pakistan's foreign exchange reserves for the second consecutive week have increased slightly, by \$66 million to \$3.258 billion. "During the week ended on 17-Feb-2023, SBP's reserves increased by \$66 million to \$3,258.5 million," said State Bank of Pakistan on Thursday. The total liquid foreign reserves held by the country stood at \$8,726.5 million as of 17-Feb-2023. (Nation) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	27,175.1	26,936.8	-238.3	-0.9%
KSE100	41,167.6	40,838.5	-329.1	-0.8%
KSE30	15,528.3	15,408.0	-120.3	-0.8%
KMI30	70,846.6	70,091.2	-755.4	-1.1%

Top Five Gainers

	Open	Close	Chg.	%
KHTC	367.1	394.7	27.5	7.5%
INDU	861.0	870.2	9.1	1.1%
SSOM	95.5	102.5	7.0	7.3%
TOWL	104.9	111.6	6.8	6.5%
MTL	533.0	538.1	5.1	1.0%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	1.3	1.3	0.0	14.16
MLCF	24.0	23.8	-0.3	10.48
KAPCO	28.3	28.9	0.6	9.69
HUBC	68.3	69.5	1.1	7.94
DFML	12.5	12.7	0.2	6.89

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	0.33	-0.27	0.06
O/S Pakistanies	1.66	-2.15	-0.49
Net	1.98	-2.42	-0.44
LIPI			
Individuals	26.70	-26.77	-0.07
Companies	3.22	-2.05	1.18
Comm. Banks	0.70	-1.15	-0.46
NBFC	0.00	-0.02	-0.02
Mutual Funds	0.84	-1.19	-0.35
Other	0.37	-0.12	0.25
Brokers Proprietary	7.39	-7.47	-0.08
Insurance	0.48	-0.50	-0.02
Net	39.70	-39.26	0.44

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	75.64	2.3%
Brent oil	USD/bbl.	82.53	2.6%
Gold	USD/t oz.	1823.26	-0.1%
Silver	USD/t oz.	21.33	-0.9%
Coal	USD/ton	141.50	0.2%
Steel Scrap (LME)	USD/ton	433.50	1.4%
Steel Rebar (LME)	USD/ton	709.00	0.6%
USD/PKR	Interbank	7.55	-0.4%

News Source: Local / Int'l Newspapers and websites

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Rupee strengthens against dollar

Economy | Positive

The US dollar lost Rs15.65 against the rupee after hitting an all-time high of Rs276.58 on Feb 3. Again, the gap between the open and interbank markets is widening alarmingly. On Thursday, the dollar closed at Rs260.93 in the interbank after losing 97 paise. In the open market, the dollar traded at Rs270 with an increase of Re1 on Thursday, a gap of around Rs9 compared to the interbank rate. (Dawn) | [Click for more info.](#)

Oil & Gas

OGDC remains key player in energy sector despite production dip OGDC | Positive

Oil and Gas Development Company Limited (PSX: OGDC) has produced 33,061 barrels of oil per day, 772 million cubic feet per day of gas, and 730 tons per day of liquefied petroleum gas, according to the company's first-half financial report for the year 2022-23. Despite the decline, OGDC remains a key player in Pakistan's Exploration and Production (E&P) sector, contributing around 46% of the country's total oil production, 29% of natural gas, and 37% of LPG from July to December 2022. (Mettis) | [Click for more info.](#)

Power

March to September 2023: PD proposes load management plan

Power | Negative

Power Division is said to have prepared three load shedding scenarios from March 1, 2023 to September 2023, along with fuel requirements and required funding during this period and place the entire scheme at the highest level. The proposed load management plan is under the three scenarios i.e. two hours, three hours and four hours, depending on generation and availability of required funds. Ramazan will also commence in the last week of March. (BR) | [Click for more info.](#)

Transmission constraints leave Thar plants underutilized

Power | Neutral

Notwithstanding the full-page ads to mark the successive commissioning of 2,400-megawatt coal power plants in Thar, the state-backed sole electricity buyer is unable to despatch more than 75 per cent of the aggregate capacity. (Dawn) | [Click for more info.](#)

Miscellaneous

Soneri Bank to Discontinue Bancassurance Business

SNBL | Neutral

The management of Soneri Bank has decided to discontinue the business of bancassurance by the end of this month (February). According to official sources, the bank will cease the selling of new insurance policies of the partner companies to customers effective March 1, 2023. (Propakistani) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
Taiwan - TWII	15,615.4	196.64	1.28%
US - Dow 30	33,153.9	108.82	0.33%
INDONESIA - IDX	6,839.5	29.48	0.43%
US - S&P 500	4,012.3	21.27	0.53%
CHINA - Shanghai	3,287.5	-3.67	-0.11%
PHILP - PSEi	6,685.9	-13.33	-0.20%
HK - Hang Seng	20,351.4	-72.49	-0.35%
KSA - Tadawul	10,153.3	-116.43	-1.13%
INDIA - SENSEX	59,605.8	-139.18	-0.23%
PAK (KSE-100)	40,838.5	-329.09	-0.80%

Board Meetings

Scrp	Day	Agenda	Time
MUREB	Friday	HY. A/c as of 31-Dec-22	9:30 AM
PPVC	Friday	HY. A/c as of 31-Dec-22	9:30 AM
HBL	Friday	Ann. A/c as of 31-Dec-22	10:00 AM
GHNL	Friday	HY. A/c as of 31-Dec-22	10:30 AM
PKGP	Friday	Ann. A/c as of 31-Dec-22	10:30 AM
ASTL	Friday	HY. A/c as of 31-Dec-22	11:00 AM
GHGL	Friday	HY. A/c as of 31-Dec-22	11:00 AM
TPLI	Friday	Ann. A/c as of 31-Dec-22	11:00 AM
GHNI	Friday	HY. A/c as of 31-Dec-22	11:30 AM
NICL	Friday	HY. A/c as of 31-Dec-22	11:30 AM
LPL	Friday	Ann. A/c as of 31-Dec-22	11:45 AM
PACE	Friday	HY. A/c as of 31-Dec-22	11:45 AM
GVGL	Friday	HY. A/c as of 31-Dec-22	12:00 PM
IBLHL	Friday	HY. A/c as of 31-Dec-22	12:00 PM
SHEZ	Friday	HY. A/c as of 31-Dec-22	12:00 PM
AEL	Friday	HY. A/c as of 31-Dec-22	12:15 PM
AGP	Friday	Ann. A/c as of 31-Dec-22	2:30 PM
AKGL	Friday	HY. A/c as of 31-Dec-22	2:30 PM
FECM	Friday	HY. A/c as of 31-Dec-22	2:30 PM
INKL	Friday	HY. A/c as of 31-Dec-22	2:30 PM
PAKD	Friday	HY. A/c as of 31-Dec-22	2:30 PM
PHDL	Friday	HY. A/c as of 31-Dec-22	2:30 PM
PSEL	Friday	HY. A/c as of 31-Dec-22	2:30 PM
UPFL	Friday	Ann. A/c as of 31-Dec-22	2:30 PM
CASH	Friday	HY. A/c as of 31-Dec-22	3:00 PM
HMB	Friday	Ann. A/c as of 31-Dec-22	3:00 PM
JSIL	Friday	Ann. A/c as of 31-Dec-22	3:00 PM
PIM	Friday	HY. A/c as of 31-Dec-22	3:00 PM
UDPL	Friday	HY. A/c as of 31-Dec-22	3:00 PM
FPRM	Friday	HY. A/c as of 31-Dec-22	3:15 PM
ASL	Friday	HY. A/c as of 31-Dec-22	3:30 PM
AIRLINK	Friday	HY. A/c as of 31-Dec-22	3:45 PM
HTL	Friday	HY. A/c as of 31-Dec-22	4:00 PM
TPLP	Friday	HY. A/c as of 31-Dec-22	4:00 PM
DWTM	Friday	HY. A/c as of 31-Dec-22	4:30 PM
SEL	Friday	HY. A/c as of 31-Dec-22	4:30 PM
BGL	Friday	HY. A/c as of 31-Dec-22	5:00 PM

Source: PSX

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MORNING BRIEFING

Greater IT, tech cooperation with US sought**Technology | Neutral**

The United States and Pakistan held trade talks on Thursday as Commerce Minister Syed Naveed Qamar sought greater cooperation in the IT sector. Initial reports suggested that the talks focused on seeking greater access to the IT market in the US for Pakistani products and professionals. Pakistan is also seeking to expand its agricultural exports to the United States. (Dawn) | [Click for more info.](#)

PM says opportunities to be created for youth despite austerity plan**Economy | Neutral**

Prime Minister Shehbaz Sharif has stated that the government would provide employment opportunities to the youth by disbursing loans to them under Prime Minister's Youth Loans Scheme. (BR) | [Click for more info.](#)

Political News**Dissolved assemblies of Punjab and KP; SC issues notices to AGP, others**

The Supreme Court issued notices to the Attorney General of Pakistan (AGP), advocate generals of all provinces and others regarding not holding elections of the dissolved assemblies of the Punjab and Khyber-Pakhtunkhwa. A nine-member bench, headed by Chief Justice Umar Ata Bandial, on Thursday, heard the suo motu and the petitions of the Islamabad High Court Bar Association and the speakers of the Punjab and KP. (BR) | [Click for more info.](#)

International News**Asia Stocks Eke Out Gains After Jittery US Session: Markets Wrap**

Asian equities edged up Friday after US stocks closed higher in a volatile session as investors await inflation data for clues on the Federal Reserve's rate-hike campaign. (Bloomberg) | [Click for more info.](#)

Oil settles up 2% on tightening supply, demand concerns linger

Oil prices settled up 2% on Thursday on expectations of steep cuts to Russian production next month, but a stronger dollar and a sharper-than-expected jump in U.S. inventories added to demand concerns. (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 FCFF based DCF methodology.

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