

March 24, 2023

Morning Briefing

Economy

China rolls over \$2bn deposits

Economy | Positive

China has granted rollover of \$2 billion SAFE (State Administration of Foreign Exchange) deposits for one year. "Yes," Minister for Finance Ishaq Dar confirmed with a brief response when asked about getting rollover of \$2 billion SAFE deposits here on Thursday. (The News) | [Click for more info.](#)

Bailout not tied to elections: IMF official

Economy | Neutral

The International Monetary Fund (IMF) on Thursday said that there was no requirement under Extended Fund Facility (EFF) programme which could interfere with Pakistan's ability to undertake the constitutional activity. (The News) | [Click for more info.](#)

IMF demands another interest rate hike

Economy | Negative

The State Bank of Pakistan (SBP) is likely to raise the interest rate by 2 percent at the upcoming meeting of the Monetary Policy Committee (MPC) to unlock the stalled IMF loan programme. (The News) | [Click for more info.](#)

Pakistan to repay around \$3bn in next quarter

Economy | Negative

As foreign exchange reserves held by the State Bank of Pakistan (SBP) dwindle, the country's external debt servicing requirements for repaying principal and mark-up in dollar amounts will be standing at approximately \$3 billion in the last quarter (April-June) period of the current fiscal year. (The News) | [Click for more info.](#)

Pakistan submits requests for \$281m grant to fight Aids, TB, Malaria

Economy | Neutral

For the first time in the history of Pakistan, federal health authorities have successfully submitted three funding proposals to get the Global Fund to fight AIDS, tuberculosis and malaria (GFATM) grant in the first window, calling for provision of funds to both the government institutions as well as non-governmental organizations, officials said on Wednesday. (The News) | [Click for more info.](#)

Likely hike in policy rate; T-bills RoR soars to 22pc

Economy | Negative

Rate of return on short-term government papers rose to 22 percent on expected hike in the key policy rate at the auction held Wednesday. The meeting of the Monetary Policy Committee (MPC) of the State Bank of Pakistan (SBP) will be held on April 4, and the market is expecting further monetary tightening due to rising inflationary pressure. (BR) | [Click for more info.](#)

Oil & Gas

Ministry given six weeks to draft fuel relief package

Oil | Neutral

Government is drafting a fuel pricing scheme aimed at helping the poor, the petroleum minister said, a programme that some economists fear could hinder a crucial International Monetary Fund pay out needed to prevent economic collapse. Prime Minister Shehbaz Sharif first announced the government's plans for the fuel pricing last week. (BR) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	26,953.6	26,680.5	-273.1	-1.0%
KSE100	40,878.0	40,376.1	-501.9	-1.2%
KSE30	15,088.0	14,915.8	-172.3	-1.1%
KMI30	70,589.0	69,540.2	-1048.8	-1.5%

Top Five Gainers

	Open	Close	Chg.	%
SFL	888.2	954.8	66.6	7.5%
PAKT	667.6	717.6	50.1	7.5%
SCL	212.0	227.9	15.9	7.5%
TOWL	204.1	218.6	14.6	7.1%
HINO	204.4	213.7	9.3	4.5%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
FCCL	12.0	11.8	-0.2	17.49
WTL	1.2	1.2	0.0	11.07
THCCL	11.3	11.0	-0.3	9.21
FFL	6.0	5.9	0.0	7.79
GGL	11.9	11.4	-0.5	5.97

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	0.28	-0.11	0.17
O/S Pakistanians	1.33	-0.83	0.49
Net	1.61	-0.94	0.66
LIPI			
Individuals	12.44	-13.40	-0.96
Companies	0.36	-0.18	0.19
Comm. Banks	0.37	-0.49	-0.12
NBFC	0.00	0.00	0.00
Mutual Funds	0.73	-0.84	-0.11
Other	0.13	-0.09	0.04
Brokers Proprietary	3.44	-3.66	-0.22
Insurance	1.67	-1.16	0.52
Net	19.14	-19.81	-0.66

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	69.96	-1.3%
Brent oil	USD/bbl.	75.58	-1.4%
Gold	USD/t oz.	1993.50	1.2%
Silver	USD/t oz.	23.12	0.4%
Coal	USD/ton	134.00	1.5%
Steel Scrap (LME)	USD/ton	453.50	0.8%
Steel Rebar (LME)	USD/ton	720.00	0.0%
USD/PKR	Interbank	8.23	-0.5%

News Source: Local / Int'l Newspapers and websites

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Pakistan-Russia crude talks show progress but no deal in March Oil | Neutral

A two-day Pakistan-Russia technical talks on the import of crude oil ended on Wednesday, without signing of a formal commerce deal as some issues still need to be resolved. (The News) | [Click for more info.](#)

Power

K-Electric plans to invest Rs484bn over next seven years: CEO

KEL | Positive

K-Electric has submitted an investment plan of Rs484 billion over the next 7 years to the National Electric Power Regulatory Authority (NEPRA) for approval. He disclosed that the company was planning to count on locally-manufactured renewable energy by 30 to 40 percent for power generation in order to reduce dependency on imported fuels. (The News) | [Click for more info.](#)

2 power plants inaugurated by PM; Coal brightens the prospects of Thar desert

Power | Positive

Prime Minister Shehbaz Sharif on Wednesday inaugurated two coal-fired power plants in Tharparkar with a capacity of 1,650 megawatt of electricity generation, saying the projects would eventually transform the desert into an economic hub. (BR) | [Click for more info.](#)

Fuel cost for power generation declines

Power | Positive

The cost of fuel for electricity generation in February went down 28.5 per cent to Rs8.01 per unit from a month ago, according to data recently released by the National Electric Power Regulatory Authority. The drop in the fuel cost was 10.3 per cent on a year-on-year basis. (Dawn) | [Click for more info.](#)

RLNG power plants owned by NPPMCL

Power | Neutral

The Board of Investment (BoI) is reportedly engaging Abu Dhabi Development Holding Company (ADQ) and International Holdings Company (IHC) to ascertain their interest in acquiring RLNG power plants owned by National Power Parks Management Company - Private Limited (NPPMCL), well-informed sources told. (BR) | [Click for more info.](#)

Govt to approve amendments to MA, PPA and NA of Uch Power

Power, ODGC | Neutral

The government is to approve amendments to Master Agreement (MA), Power Purchase Agreement (PPA) and the Novation Agreement (NA) of Uch Power (Private) Limited (UPL) as finalized by CPPA-G and the power project company, sources close to Managing Director PPIB told. (BR) | [Click for more info.](#)

Banks

Advances to private sector plunge 73pc

Banks | Negative

Bank advances to the private sector plunged by 73 per cent during the first 8 months of the current fiscal year suggesting a painful economic slowdown leading to massive retrenchments in key industrial sectors. (Dawn) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
HK - Hang Seng	20,049.6	458.21	2.34%
Taiwan - TWII	15,864.0	103.49	0.66%
KSA - Tadawul	10,446.4	95.88	0.93%
INDONESIA - IDX	6,691.6	79.12	1.20%
US - Dow 30	32,105.3	75.14	0.23%
CHINA - Shanghai	3,286.7	20.90	0.64%
US - S&P 500	3,948.7	11.75	0.30%
PHILP - PSEI	6,536.4	-9.91	-0.15%
INDIA - SENSEX	57,925.3	-289.31	-0.50%
PAK (KSE-100)	40,376.1	-501.88	-1.23%

Board Meetings

Scrip	Day	Agenda	Time
PKGS	Thursday	Ann. A/c as of 31-Dec-22	10:00 AM
CSIL	Friday	Ann. A/c as of 31-Dec-22	10:00 AM
EWIC	Saturday	Ann. A/c as of 31-Dec-22	12:30 PM
UNITY	Monday	HY A/c as of 31-Dec-22	9:00 AM
ATIL	Monday	Ann. A/c as of 31-Dec-22	11:00 AM
PABC	Tuesday	Ann. A/c as of 31-Dec-22	11:00 AM
SPWL	Tuesday	Ann. A/c as of 31-Dec-22	11:30 AM
AGL	Wednesday	Ann. A/c as of 31-Dec-22	10:00 AM
SGF	Wednesday	Ann. A/c as of 31-Dec-22	10:00 AM
SHNI	Wednesday	Ann. A/c as of 31-Dec-22	10:30 AM
RICL	Wednesday	Ann. A/c as of 31-Dec-22	12:00 PM
SRVI	Wednesday	Ann. A/c as of 31-Dec-22	12:00 PM

Source: PSX

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Bank of Punjab Gets Green Signal to Acquire Financial Entity**BOP | Neutral**

The Bank of Punjab (BoP) is all set to acquire a 100 percent stake in Punjab Capital Securities (Pvt.) Limited and its subsidiary, with an overall investment of Rs. 300 million. (Propakistani) | [Click for more info.](#)

Miscellaneous**Impressive sales****NESTLE, UPFL, FCEPL | Positive**

Despite high inflation, external challenges and floods, the sales of Nestle Pakistan grew by a robust 22pc to Rs162bn during 2022 from Rs133bn in 2021. Its profit after tax soared to Rs15bn from Rs12.7bn, up by 18pc. Sales of Friesland Campina Engro Pakistan Limited surged to Rs 73bn in 2022 from Rs 52bn in 2021, while profit after tax during 2022 swelled to Rs 2.46bn from Rs 1.8bn. Unilever Pakistan Foods Ltd posted impressive sales of Rs28bn in 2022 as compared to Rs19.8bn in 2021, while profit after tax swelled to Rs8bn from Rs 5.16bn in 2021. (Dawn) | [Click for more info.](#)

PICT plans \$100m investment, with a caveat**PICT | Positive**

One of the four container-terminal operators in Pakistan has vowed to bring in more than \$100 million in fresh foreign direct investment shortly — provided that procedural glitches hindering the extension of its concession at the Karachi Port Trust (KPT) are removed immediately. (Dawn) | [Click for more info.](#)

Govt allocates sugar export quota to defaulter mills**Sugar | Negative**

The federal government has allocated sugar export quota to mills that have defaulted on billions of rupees. According to Profit's sources, nine sugar mills of top political families have defaulted worth Rs 12.27 billion. (PT) | [Click for more info.](#)

Textile industry on verge of default**Textile | Negative**

Unavailability of cotton and curbs on opening Letters of Credit (LCs) for imports have badly impacted exports of the textile industry, causing large-scale unemployment across the sector. Textile mills are running at less than 50% of their production capacity and so far around seven million people associated with the sector have been rendered jobless. (ET) | [Click for more info.](#)

Exports to nine regional states dip 18pc**Economy | Negative**

In what appears to be a steady decline, Pakistan's exports to nine regional countries shrank 18.28 per cent in the first eight months of FY23 mainly driven by a drop in shipments to China, data compiled by the State Bank of Pakistan (SBP) showed on Thursday. (Dawn) | [Click for more info.](#)

Tracking devices to be installed on transshipment cargoes across country**TPL | Positive**

The Federal Board of Revenue (FBR) has instructed TPL Trakker, a Pakistani tracking service provider, to install tracking devices on trucks and containers transporting transshipment cargo across the country. (PT) | [Click for more info.](#)

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Political News

All eyes on CJP after ECP volte-face

All eyes are set on Chief Justice of Pakistan (CJP) Umar Ata Bandial in the wake of the Election Commission of Pakistan's (ECP) surprising volte-face on Wednesday to postpone the Punjab elections, originally scheduled for April 30, till October 8. CJP Bandial – who has already made it clear that the Supreme Court would interfere in case the polls were delayed – had earlier invoked suo motu jurisdiction to hold general elections of both provincial assemblies within 90 days. (ET) | [Click for more info.](#)

KSA-Iran détente boosted Pakistan's regional importance: Robin Raphel

Former CIA analyst and US ambassador Robin Lynn Raphel has maintained that China-brokered detente between Saudi Arabia and Iran has enhanced Pakistan's regional importance. "The United States has throughout kept Pakistan's well-being as part of its foreign policy." (The News) | [Click for more info.](#)

International News

Stocks Fluctuate as Bank Jitters Cast Long Shadow: Markets Wrap

A gauge of Asian equities was slightly lower in choppy trading Friday as the malaise hanging over the banking sector cast a shadow over the economic outlook and markets. (Bloomberg) | [Click for more info.](#)

Oil Declines Amid Bank Concerns, US Caution on Stockpile Refill

Oil fell, paring a weekly advance, as concerns over the banking industry simmered and the US signaled that refilling the nation's strategic crude inventories would take longer than previously expected. (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.

Analyst Certification ^{AC}

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