

April 26, 2023

Morning Briefing

Economy

Pakistan, KSA may sign deal for \$2bn deposits after Eid

Economy | Positive

Pakistani authorities Saturday hoped that Islamabad would sign a deal for additional deposits of \$2 billion from the Kingdom of Saudi Arabia (KSA) after Eidul Fitr. A top government official told this correspondent that the State Bank of Pakistan would sign a deal with the Saudi Fund for Development (SFD) soon after Eid for an additional \$2 billion deposit. (The News) | [Click for more info.](#)

Pak-IMF deal: Dar hopeful of early SLA signing after meeting all conditions

Economy | Neutral

Finance Minister Ishaq Dar on Monday said that Pakistan has “fulfilled all the conditions” of the International Monetary Fund (IMF) and hoped that the Fund will soon sign the staff-level agreement, paving the way for the release of \$1.1 billion tranche. (The News) | [Click for more info.](#)

Pact for IMF loan programme revival to be finalised in next 7-10 days: Rana Sanaullah

Economy | Neutral

Interior Minister Rana Sanaullah has said he expects the long-awaited staff-level agreement with the International Monetary Fund to be finalised within a week to 10 days’ time — a pact that would pave the way for the revival of a \$7 billion bailout programme. (Dawn) | [Click for more info.](#)

No fresh credit extended to govt: SBP

Economy | Neutral

Refuting the claims of a think tank, the State Bank of Pakistan (SBP) has confirmed a Rs239bn net credit to the government but clarified that this was not fresh credit. In a statement, it said the Prime Institute think tank, had relied on the data titled “Credit/Loans Classified by Borrowers”, on the SBP website. However, this data appears to have been misconstrued by the think tank. (Dawn) | [Click for more info.](#)

Recovery needs estimated at \$16.3bn

Economy | Neutral

The floods in Pakistan impacted 33 million people, inflicted damages and economic losses exceeding \$30 billion, and resulted in recovery and reconstruction needs estimated at \$16.3 billion, says the Asian Development Bank (ADB). (BR) | [Click for more info.](#)

Largest recipient among 40 nations: Pakistan receives \$5.58bn loans from ADB in 2022

Economy | Neutral

Pakistan has become the largest recipient of Asian Development Bank (ADB)-funded programs/ projects in the year 2022, as out of total disbursement of over \$31.8 billion to 40 countries, Pakistan received loans of \$5.58 billion. (The News) | [Click for more info.](#)

Govt won't set up new state-run entities

Economy | Neutral

With over Rs500 billion in annual financial bleeding, the government has decided not to set up any new state-owned entity (SOE) in future unless required for strategic reasons or under an agreement with any country and gradually off-load the majority of an existing lot of 200 entities mostly operating in losses. (Dawn) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	26,723.5	26,980.7	257.2	1.0%
KSE100	40,499.3	41,007.8	508.5	1.3%
KSE30	15,095.6	15,306.7	211.1	1.4%
KMI30	70,530.0	71,618.4	1088.5	1.5%

Top Five Gainers

	Open	Close	Chg.	%
KHYT	680.0	722.5	42.5	6.2%
PAKT	640.0	670.0	30.0	4.7%
PMPK	296.5	313.9	17.4	5.9%
ENGRO	292.7	309.6	17.0	5.8%
DLL	225.0	236.3	11.3	5.0%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	1.2	1.1	0.0	22.20
FFL	5.5	6.3	0.8	21.93
PRL	12.6	13.5	1.0	11.54
HASCOL	5.6	5.4	-0.3	7.49
ENGRO	292.7	309.6	17.0	5.24

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.02	-0.01	0.01
F-Corporates	0.76	-1.04	-0.28
O/S Pakistanies	1.09	-1.07	0.02
Net	1.87	-2.12	-0.25
LIPI			
Individuals	13.54	-13.06	0.47
Companies	1.17	-1.15	0.02
Comm. Banks	3.48	-0.98	2.50
NBFC	0.03	-0.02	0.00
Mutual Funds	2.19	-1.73	0.46
Other	0.29	-2.75	-2.46
Brokers Proprietary	3.21	-3.45	-0.24
Insurance	0.17	-0.67	-0.50
Net	24.06	-23.81	0.25

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	77.30	-1.9%
Brent oil	USD/bbl.	80.63	-2.3%
Gold	USD/t oz.	2000.29	0.6%
Silver	USD/t oz.	25.09	-0.3%
Coal	USD/ton	129.50	1.3%
Steel Scrap (LME)	USD/ton	427.00	0.2%
Steel Rebar (LME)	USD/ton	680.00	1.0%
USD/PKR	Interbank	8.24	-0.1%

News Source: Local / Int'l Newspapers and websites

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'Pakistan's state-run firms worst in Asia'

Economy | **Negative**

Pakistan's state-owned entities (SOEs) are the worst in South Asia and their combined losses growing faster than assets, resulting in a significant annual drain on scarce public resources and posing a substantial risk to the sovereign. (Dawn) | [Click for more info.](#)

Public sector projects perform inefficiently, says ADB

Economy | **Neutral**

The success rate of the Asian Development Bank's (ADB) public sector operations declined during 2016–2022, Independent Evaluation Department (IED), ADB's assessing body revealed on Wednesday. (Dawn) | [Click for more info.](#)

ECAP to approach govt again

Economy | **Neutral**

Pakistan is in dire need of \$24 billion in interest-free financing from non-resident Pakistanis to avoid defaulting on foreign debt repayments. With time running out, open market currency dealers are set to approach the government once again next week to kickstart the scheme. However, the government's preoccupation with domestic politics has seemingly left little room for discussion on the proposed scheme to attract \$1 billion a month over the next 24 months. (ET) | [Click for more info.](#)

Forex reserves up by \$400m

Economy | **Positive**

According to weekly report issued by the State Bank of Pakistan (SBP), the total liquid foreign exchange reserves held by the country stood at \$9.965 billion as of Apr 14, 2023 compared to \$9.565 billion as of April 7, 2023. SBP's reserves increased by \$ 394 million to \$ 4.433 billion. The increase in SBP reserves is mainly due to receipt of \$ 300 million of government of Pakistan commercial loan. Net foreign reserves held by commercial banks also increased by \$6 million to \$5.533 billion end of the last week. (BR) | [Click for more info.](#)

FBR set to meet Rs586bn revenue target this month

Economy | **Neutral**

Federal Board of Revenue (FBR) Chairman Asim Ahmad, Tuesday, shared a detailed plan with Finance Minister Ishaq Dar for meeting the assigned revenue collection target of Rs586 billion in April 2023 through taxation measures of the mini-budget, withholding taxes, recovery of disputed taxes from courts, and administrative and enforcement measures. (BR) | [Click for more info.](#)

Oil & Gas

Russian oil: govt places single cargo order as test case

Oil | **Positive**

Pakistan has placed its first order for discounted Russian crude oil under a new commercial deal struck between both the countries. Confirming the development, State Minister for Petroleum Musadik Malik said that one cargo will dock at port in May (next month). (BR) | [Click for more info.](#)

3 more LNG spot cargoes: Power Div silent on purchase proposal

Gas | **Neutral**

Power Division is reportedly silent on Petroleum Division's proposal to purchase three additional cargoes of LNG on spot whose price is around \$ 13.4 MMBTU in the international market, well informed sources told. (BR) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
PAK (KSE-100)	41,007.8	508.48	1.26%
KSA - Tadawul	11,265.1	101.54	0.91%
INDIA - SENSEX	60,130.7	74.61	0.12%
INDONESIA - IDX	6,821.8	34.23	0.50%
PHILP - PSEi	6,593.4	-4.99	-0.08%
CHINA - Shanghai	3,264.9	-10.54	-0.32%
US - S&P 500	4,071.6	-65.41	-1.58%
Taiwan - TWII	15,370.7	-256.14	-1.64%
HK - Hang Seng	19,617.9	-342.06	-1.71%
US - Dow 30	33,530.8	-345.09	-1.02%

Board Meetings

Scrp	Day	Agenda	Time
KSTM	Wednesday	3Q A/c as of 31-Mar-23	10:00 AM
OTSU	Wednesday	3Q A/c as of 31-Mar-23	10:30 AM
GLPL	Wednesday	3Q A/c as of 31-Mar-23	12:30 PM
DAWH	Wednesday	1Q A/c as of 31-Mar-23	03:00 PM
DADX	Wednesday	3Q A/c as of 31-Mar-23	04:00 PM
SCBPL	Wednesday	1Q A/c as of 31-Mar-23	04:00 PM
CYAN	Wednesday	1Q A/c as of 31-Mar-23	05:00 PM
AGHA	Wednesday	3Q A/c as of 31-Mar-23	05:30 PM
HBL	Thursday	1Q A/c as of 31-Mar-23	10:00 AM
OGDC	Thursday	3Q A/c as of 31-Mar-23	10:00 AM
NRL	Thursday	3Q A/c as of 31-Mar-23	10:30 AM
NESTLE	Thursday	1Q A/c as of 31-Mar-23	10:30 AM
BUXL	Thursday	3Q A/c as of 31-Mar-23	11:00 AM
NBP	Thursday	1Q A/c as of 31-Mar-23	11:00 AM
APL	Thursday	3Q A/c as of 31-Mar-23	11:30 AM
BFMOD	Thursday	3Q A/c as of 31-Mar-23	11:30 AM
EMCO	Thursday	3Q A/c as of 31-Mar-23	11:30 AM
TOWL	Thursday	3Q A/c as of 31-Mar-23	11:30 AM
CPPL	Thursday	3Q A/c as of 31-Mar-23	12:00 PM
ARPL	Thursday	HY A/c as of 31-Mar-23	12:15 PM
ATRL	Thursday	3Q A/c as of 31-Mar-23	12:30 PM
SNBL	Thursday	1Q A/c as of 31-Mar-23	1:30 PM
BAPL	Thursday	3Q A/c as of 31-Mar-23	2:00 PM
ARM	Friday	3Q A/c as of 31-Mar-23	9:30 AM
GTYR	Friday	3Q A/c as of 31-Mar-23	10:00 AM
GEMPAPL	Friday	3Q A/c as of 31-Mar-23	10:00 AM
UBL	Friday	1Q A/c as of 31-Mar-23	10:00 AM
AGIL	Friday	3Q A/c as of 31-Mar-23	11:00 AM
FABL	Friday	1Q A/c as of 31-Mar-23	11:00 AM
ORM	Friday	3Q A/c as of 31-Mar-23	11:00 AM
NATF	Friday	3Q A/c as of 31-Mar-23	11:30 AM
AATM	Friday	3Q A/c as of 31-Mar-23	2:00 PM
INIL	Friday	3Q A/c as of 31-Mar-23	2:00 PM
NATM	Friday	3Q A/c as of 31-Mar-23	2:45 PM

Source: PSX

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MORNING BRIEFING

Power

KE seeks Rs4.50 per unit positive adjustment

KEL | Positive

K-Electric (KE) sought positive adjustment of Rs 4.50 per unit to recover Rs 6.636 billion from its consumers for the month of March under monthly Fuel Charges Adjustment (FCA) mechanism. (BR) | [Click for more info.](#)

PMO seeks update on Al-Jomaih Group's legal notice

KEL | Negative

Prime Minister Office (PMO) has sought update on M/s Al-Jomaih Group legal notice issued to the Government of Pakistan for non-payment of dues and other outstanding issues. On January 24, 2023, Pakistan received legal notice from M/s Al-Jomaih Group of Saudi Arabia and the National Industrial Group of Kuwait reportedly on non-payment of outstanding amounts of Karachi Electric (KE) by using OIC platform with indication to go for arbitration. (BR) | [Click for more info.](#)

Jhang thermal plant connected to power grid

Power | Positive

A significant milestone has been achieved at the Jhang 1263 MW thermal power plant in Pakistan. Operated by China Machinery Engineering Corp (CMEC), the plant's turbine generator was successfully connected to the power grid for the first time in April 2023. (ET) | [Click for more info.](#)

Neelum Jhelum Hydropower Project to restart power generation by end of July

Power | Neutral

After closure of almost a year, the 969-megawatt Neelum Jhelum Hydropower Project will restart power generation by the end of July. Power generation from Neelum Jhelum Hydropower Project had to be discontinued on July 4, 2022, following a malfunction that occurred in the tunnel. Neelum Jhelum Power Plant has two tunnels and there was blockage in one of the three and a half kilometers long tunnel. (Nation) | [Click for more info.](#)

Banks

Govt's bank borrowings surge 182pc to Rs3tr

Banks | Neutral

Banks' lending to the federal government surged by 182 per cent while lending to the private sector fell by 83pc in first nine months of the current fiscal year. The State Bank of Pakistan (SBP) data showed that banks were keen to invest in government papers instead of lending to the private sector. (Dawn) | [Click for more info.](#)

Banks instructed to deduct 0.25% export surcharge

Banks | Neutral

The State Bank of Pakistan (SBP) has taken steps to collect funds from exporters in an effort to boost the country's overseas sales. The move comes after a staggering 21% drop in export earnings in March, highlighting the pressing need to address the ongoing crisis. Export earnings hold the key to resolving Pakistan's recurrent balance of international payment crisis, but issues have plagued the sector for quite some time. (ET) | [Click for more info.](#)

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Miscellaneous

Basmati rice exports up by 45pc in March

MATCO | Positive

Basmati rice exports have shown a 45 percent upward increase during the month of March 2023 quantity wise and 40 percent in dollar term as compared to the February 2023. A total of 64,247 metric tons of rice were exported during the month of March 2023 as compared to 44,137 metric tons in the month of February 2023. (BR) | [Click for more info.](#)

IT exports fall 14 percent YoY in March amid low business confidence

Tech & Communication | Negative

Pakistan's information technology (IT) exports declined by 14 percent year-on-year in March as many companies opted to keep a major portion of their proceeds outside the country due to low business confidence. (The News) | [Click for more info.](#)

Excessive taxation on tobacco products resulting in black market boom in Pakistan

PAKT, KHTC | Negative

The government's move to slap an exorbitant new tax on tobacco products in the minibudget is driving cigarette sales into the black market, causing more harm than good to both the exchequer and the industry. (The News) | [Click for more info.](#)

Steel imports halve amid economic slowdown

Steel | Negative

Imports of steel and scrap iron fell by over 50 per cent this fiscal year, data issued by the State Bank of Pakistan (SBP) revealed on Tuesday. The data also showed that the import of scrap iron and steel fell by 50.6pc to \$859.3 million in the first nine months of FY23 against \$1,739.5m during the same period last year. Further details disclosed that the import of iron and steel (finished product) fell by 36.6pc during 9MFY23 to \$1,321m against \$2,085m last year. (Dawn) | [Click for more info.](#)

Six locally-produced steel goods; FBR increases minimum value of supply

Steel | Neutral

The Federal Board of Revenue (FBR) has considerably increased the minimum value of supply of six locally-produced steel goods, which would raise the incidence of sales tax on these products. The FBR has issued SRO 501(I)/2022 to supersede SRO 489(I)/2022 to re-fix the minimum value of supply of locally-produced steel goods for the purpose of payment of sales tax on ad valorem basis. (BR) | [Click for more info.](#)

Non-textile exports fall

Economy | Neutral

Pakistan's exports of non-textile products fell 5.81 per cent year-on-year to \$8.58 billion in the first nine months of the current fiscal year owing to the rising cost of production and a dip in demand from the international market. No growth was recorded in exports since September 2022 on a year-on-year basis, according to data compiled by the Pakistan Bureau of Statistics (PBS). (Dawn) | [Click for more info.](#)

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MORNING BRIEFING

Political News

COAS Asim Munir in China on four-day visit to enhance bilateral military relations: ISPR

Chief of Army Staff (COAS) General Asim Munir is in China on a four-day official visit aimed at enhancing bilateral military relations with the neighbouring country, according to the Inter-Services Public Relations (ISPR). (Dawn) | [Click for more info.](#)

PM not to seek vote of confidence: Marriyum

Minister for Information and Broadcasting Marriyum Aurangzeb on Monday denied the rumours circulating in some sections of the media that Prime Minister Shehbaz Sharif is seeking a vote of confidence. (The News) | [Click for more info.](#)

International News

Asian Stocks Decline While US Futures Gain on Tech: Markets Wrap

Stocks fell in Asia following declines in US benchmarks as fears of a banking crisis resurfaced. Robust earnings from Microsoft Corp. and Alphabet Inc. buoyed US futures. (Bloomberg) | [Click for more info.](#)

Oil dips 2% on economic woes and stronger dollar

Oil dropped 2% to its lowest this month on Tuesday after two sessions of gains, as deepening concerns of an economic slowdown and a stronger dollar outweighed hopes of higher Chinese 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 FCFF based DCF methodology.

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