

February 27, 2023

Morning Briefing

Economy

Pakistan gets \$700m Chinese loan: SBP

Economy | Positive

Pakistan has received \$700 million loan from China, the central bank said on Friday, providing some relief for the crisis-stricken country as it sought a bailout from the International Monetary Fund to boost its ailing economy. (The News) | [Click for more info.](#)

IMF accord still 'week, 10 days' away: PM

Economy | Neutral

The premier expressed the hope that the issues with the Fund would be settled soon. The prime minister said that a friendly country, which was suggesting Pakistan revive the IMF programme, is now ready to help Pakistan and has recently conveyed the same. Sharif was speaking to top security officials at his office in Islamabad in a meeting that was telecast live. "We have to accept unwillingly the strict conditions for the IMF deal," he said, adding an accord was still a "week, 10 days" away. (BR) | [Click for more info.](#)

Pakistan likely to seek another IMF programme in June

Economy | Neutral

Another IMF loan deal in June is seen as the only way for Pakistan to recover from a financial meltdown that has plunged the country into its most destabilizing crisis in its history, a former deputy governor of central bank said. In an interview to the Bloomberg TV on Thursday, the former State Bank of Pakistan (SBP) deputy governor Dr Murtaza Syed said Pakistan has "\$10-12 billion due in debt repayment over the next six months and \$35 billion worth of annual external financing needs for next three years. We will need another IMF programme after June." (The News) | [Click for more info.](#)

Interest rate to be hiked by 200bps on IMF demand

Economy | Negative

Pakistan has assured the International Monetary Fund (IMF) it will raise its policy rate by two percentage points (or 200 basis points) in order to meet the conditions set by the lender to revive the loan programme. (The News) | [Click for more info.](#)

KIBOR hits all-time high as SBP seen getting more aggressive on rate hike

Economy | Negative

Karachi interbank offered rate (KIBOR), an average interest rate at which banks lend money to other banks, hit a record high, as the money market anticipated a bigger interest rate hike by the central bank. Markets are certain that the State Bank of Pakistan (SBP) will increase borrowing costs significantly in line with what the KIBOR has indicated. (The News) | [Click for more info.](#)

SBP ramps up short-term liquidity injection at 17.25pc

Economy | Negative

The State Bank of Pakistan (SBP) ramped up a short-term liquidity injection on Friday, offering fresh funds to the banking system, a move meant to avoid a cash squeeze. The SBP injected Rs1.8 trillion into the money market through a reverse repo purchase in an open market operation (OMO) for a seven-day period at 17.25 percent, according to the OMO result issued by the SBP. (The News) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	26,936.8	26,883.8	-53.1	-0.2%
KSE100	40,838.5	40,707.8	-130.8	-0.3%
KSE30	15,408.0	15,325.9	-82.1	-0.5%
KMI30	70,091.2	69,939.4	-151.8	-0.2%

Top Five Gainers

	Open	Close	Chg.	%
UPFL	18,210.0	19,527.5	1,317.5	7.2%
RMPL	8,500.0	8,990.0	490.0	5.8%
PSEL	1,741.5	1,870.0	128.5	7.4%
BATA	1,829.0	1,916.9	87.9	4.8%
SFL	1,059.6	1,107.5	47.9	4.5%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	1.3	1.3	0.1	35.12
MLCF	23.8	24.7	0.9	10.54
TPLP	14.5	14.7	0.1	7.08
HUBC	69.5	70.0	0.5	5.35
OGDC	88.6	87.7	-1.0	5.21

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	0.24	-0.17	0.07
O/S Pakistanies	1.95	-1.59	0.36
Net	2.20	-1.77	0.43
LIPI			
Individuals	27.02	-29.52	-2.49
Companies	4.40	-2.43	1.97
Comm. Banks	0.63	-0.91	-0.28
NBFC	0.01	0.00	0.01
Mutual Funds	1.25	-1.03	0.22
Other	0.59	-0.32	0.27
Brokers Proprietary	8.75	-8.46	0.29
Insurance	0.23	-0.64	-0.41
Net	42.88	-43.31	-0.43

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	76.32	0.9%
Brent oil	USD/bbl.	83.16	0.8%
Gold	USD/t oz.	1811.04	-0.7%
Silver	USD/t oz.	20.76	-2.6%
Coal	USD/ton	148.20	3.2%
Steel Scrap (LME)	USD/ton	428.00	-1.3%
Steel Rebar (LME)	USD/ton	699.00	-1.4%
USD/PKR	Interbank	7.46	-0.6%

News Source: Local / Int'l Newspapers and websites

Research Team

research@abaalihabib.com

Aba Ali Habib Securities (Pvt) Limited
 (021) 32429665, Ext. 106

MORNING BRIEFING

February 27, 2023

Tax-free, high-yield T-bills may attract foreign inflows Economy | Neutral

High yields and tax-exempted profits could attract foreign investment to Pakistan, bankers and financial experts said, though it can only happen once the country manages to secure a \$1 billion loan from the International Monetary Fund (IMF). (Dawn) | [Click for more info.](#)

Oil & Gas

Diesel shortages could hamper crop harvest Oil, Economy | Negative

Sharp decline in the country's diesel stock over the weeks could lead to a shortage during the fast approaching harvesting season in the month of March 2023. Pakistan State Oil (PSO) did not import diesel in the current fortnight and only one cargo of 60,000 tonnes of high-speed diesel (HSD) has been planned for import in the next fortnight. (The News) | [Click for more info.](#)

SNGPL loses Rs24bn case against LNG power plants

SNGP | Negative

An English court has upheld about Rs24 billion (\$88 million) arbitration award of the London Court of International Arbitration (LCIA) against Sui Northern Gas Pipelines Limited (SNGPL) and in favour of another state-owned entity, the National Power Parks Management Company Ltd (NPPMCL). (Dawn) | [Click for more info.](#)

Power

Centre plans DISCOs' handover to provinces Discos | Neutral

The federal government has proposed an ambitious roadmap for transferring 10 power distribution companies (DISCOs) to provinces, as it fears that power sector's circular debt may jump to Rs3 trillion without addressing the issue of bad governance. The Ministry of Energy has sent a position paper to Prime Minister Shehbaz Sharif and four provinces for handing over control of DISCOs, mostly loss-making, to the provinces. (Dawn) | [Click for more info.](#)

Equipment import; IPPs seek amendment to SBP's circular IPPs | Neutral

Independent Power Producers (IPPs) have sought amendment to State Bank of Pakistan (SBP) Circular of December 27, 2022 for treating their imports as essential items to avert generation shortfall despite available installed capacity. According to the letter, restrictions on import of equipment are going to hamper IPPs availability for power generation if remedial measures are not taken immediately. (BR) | [Click for more info.](#)

CPEC IPPs; Govt willing to amend PERA to satisfy Chinese lenders IPPs | Neutral

The government has reportedly shown willingness to amend/modify Pakistan Energy Revolving Account (PERA) to sort out concerns of Chinese lenders of CPEC IPPs with respect to payment in future, sources close to Managing Director PPIB told. (BR) | [Click for more info.](#)

World Indices			
	Last	Chg.	Chg. %
INDONESIA - IDX	6,856.6	17.13	0.25%
PHILP - PSEi	6,685.9	-13.33	-0.20%
CHINA - Shanghai	3,267.2	-20.32	-0.62%
US - S&P 500	3,970.0	-42.28	-1.05%
Taiwan - TWII	15,503.8	-111.62	-0.71%
KSA - Tadawul	10,153.3	-116.43	-1.13%
PAK (KSE-100)	40,707.8	-130.75	-0.32%
INDIA - SENSEX	59,463.9	-141.87	-0.24%
US - Dow 30	32,816.9	-336.99	-1.02%
HK - Hang Seng	20,010.0	-341.31	-1.68%

Board Meetings			
Scrip	Day	Agenda	Time
LPGL	Monday	HY. A/c as of 31-Dec-22	9:30 AM
HUBC	Monday	HY. A/c as of 31-Dec-22	10:00 AM
PPL	Monday	HY. A/c as of 31-Dec-22	10:00 AM
CFL	Monday	HY. A/c as of 31-Dec-22	10:30 AM
CRTM	Monday	HY. A/c as of 31-Dec-22	10:30 AM
NESTLE	Monday	Ann. A/c as of 31-Dec-22	10:30 AM
PREMA	Monday	HY. A/c as of 31-Dec-22	11:00 AM
FIBLM	Monday	HY. A/c as of 31-Dec-22	11:00 AM
FUDLM	Monday	HY. A/c as of 31-Dec-22	11:00 AM
IMAGE	Monday	HY. A/c as of 31-Dec-22	11:00 AM
MSCL	Monday	HY. A/c as of 31-Dec-22	11:00 AM
MODAM	Monday	HY. A/c as of 31-Dec-22	11:00 AM
NRL	Monday	HY. A/c as of 31-Dec-22	11:00 AM
STPL	Monday	HY. A/c as of 31-Dec-22	11:00 AM
TPL	Monday	HY. A/c as of 31-Dec-22	11:00 AM
AGHA	Monday	HY. A/c as of 31-Dec-22	11:30 AM
ANL	Monday	HY. A/c as of 31-Dec-22	11:30 AM
ESBL	Monday	HY. A/c as of 31-Dec-22	11:30 AM
POML	Monday	HY. A/c as of 31-Dec-22	11:30 AM
FEROZ	Monday	HY. A/c as of 31-Dec-22	11:45 AM
APL	Monday	HY. A/c as of 31-Dec-22	12:00 PM
NATF	Monday	HY. A/c as of 31-Dec-22	12:00 PM
QUICE	Monday	HY. A/c as of 31-Dec-22	12:00 PM
SBL	Monday	Ann. A/c as of 31-Dec-22	12:00 PM
ASC	Monday	HY. A/c as of 31-Dec-22	12:30 PM
PABC	Monday	HY. A/c as of 31-Dec-22	1:00 PM
ATRL	Monday	HY. A/c as of 31-Dec-22	2:00 PM
DCR	Monday	HY. A/c as of 31-Dec-22	2:00 PM
GRR	Monday	HY. A/c as of 31-Dec-22	2:00 PM
KEL	Monday	HY. A/c as of 31-Dec-22	2:00 PM
PIBTL	Monday	HY. A/c as of 31-Dec-22	2:00 PM
CPHL	Monday	HY. A/c as of 31-Dec-22	3:00 PM
LEUL	Monday	HY. A/c as of 31-Dec-22	3:00 PM
POL	Monday	HY. A/c as of 31-Dec-22	3:00 PM
POWER	Monday	HY. A/c as of 31-Dec-22	3:00 PM
TSPL	Monday	HY. A/c as of 31-Dec-22	3:00 PM
FEM	Monday	HY. A/c as of 31-Dec-22	3:30 PM
ACPL	Monday	HY. A/c as of 31-Dec-22	4:00 PM
STCL	Monday	HY. A/c as of 31-Dec-22	4:00 PM
DADX	Monday	HY. A/c as of 31-Dec-22	4:30 PM

Source: PSX

Research Team

research@abaalihabib.com

 Aba Ali Habib Securities (Pvt) Limited
 (021) 32429665, Ext. 106

February 27, 2023

MORNING BRIEFING

Autos

Sazgar temporarily shuts down car plant on raw material shortage

SAZEW | Negative

Sazgar Engineering Works Limited, one of Pakistan's leading auto manufacturers, on Friday announced temporary shutdown of its four-wheeler car plant for a week, blaming raw material shortages. The plant operations will remain suspended from February 27 to March 4. (The News) | [Click for more info.](#)

Miscellaneous

Trade resumes after key border crossing reopens

Economy | Positive

Trucks carrying food and pharmaceuticals crossed through a key border crossing between Pakistan and Afghanistan after it reopened Saturday, almost a week after Taliban authorities shut the busiest trading waypoint. (BR) | [Click for more info.](#)

Pakistan, Uzbekistan sign \$1 billion trade deal

Economy | Positive

Pakistan and Uzbekistan signed on Friday a \$1 billion deal to increase bilateral trade, a statement from Pakistan's Ministry of Economic Affairs said. Finance Minister Ishaq Dar was leading the delegation to thrash out the trade agreements, which cover cooperation in fields, including trade, banking, industries, energy and agriculture. (Dawn) | [Click for more info.](#)

FBL achieves Rs1tr landmark

FABL | Positive

Faysal Bank Limited (FBL) achieved the landmark of Rs1tr in balance sheet footings with a record profit before tax of Rs22.4bn, 67pc higher than the last year, as per a press release. (Dawn) | [Click for more info.](#)

Sales tax, other issues: FBR invites textile exporters to a moot

Textile | Neutral

The Federal Board of Revenue (FBR) has invited all textile exporters to a moot at FBR headquarters on March 1, 2023 to deliberate and resolve the sales tax and income tax refund-related issues. (BR) | [Click for more info.](#)

NEPRA refuses to remove fixed electricity charges for industries

Economy | Negative

National Electric Power Regulatory Authority (NEPRA) chairman Tauseef H. Farooqi has refused to lift maximum demand indicator (MDI) fixed charges, insisting the industrialists had to pay fixed electricity charges as they were assured quantum of power allocation. (The News) | [Click for more info.](#)

Boycott of costly steel hits construction

Steel | Negative

Construction work on at least 300 projects in Karachi, Hyderabad and Sukkur has come to a halt as builders' boycott of purchasing steel bars at arbitrarily high rates enters its third week. This may cause a delay in handing over the possession of apartments to the allottees at the scheduled time. (Dawn) | [Click for more info.](#)

Research Team

research@abaalihabib.com

Aba Ali Habib Securities (Pvt) Limited
(021) 32429665, Ext. 106

February 27, 2023

Rise in illicit cigarette sales feared**PAKT | Negative**

Expressing serious concern over the recent mini-budget announcement, Pakistan Tobacco Company (PTC) has said that new taxes on cigarettes will lead to an increase in smuggling and supply of counterfeit products to markets. (ET) | [Click for more info.](#)

Political News**Suo moto on polls date; 3 coalition partners request SC to constitute bench sans 2 judges**

Three major coalition partners in Pakistan Democratic Movement (PDM) government prayed to the Supreme Court to constitute a bench comprising all the judges of the Court excluding Justice Ijazul Ahsan and Justice Sayyed Mazahar Ali Akbar Naqvi to hear suo moto on delay in announcement of dates for elections of the Punjab and Khyber-Pakhtunkhwa assemblies. (BR) | [Click for more info.](#)

International News**Oil little changed as Russian supply cuts support prices**

Oil was little changed in early trade on Monday, as Russia's plans to deepen oil supply cuts continued to support prices, while increasing global inflation risks and rising crude inventories in the United States weighed. (Reuters) | [Click for more info.](#)

Asian Stocks Fluctuate as Traders Weigh Rates Path: Markets Wrap

Equities in Asia were mixed Monday after heavy selling on Wall Street late last week as investors ratcheted up forecasts for US interest rates following hot inflation data. (Bloomberg) | [Click for more info.](#)

MORNING BRIEFING

Research Teamresearch@abaalihabib.comAba Ali Habib Securities (Pvt) Limited
(021) 32429665, Ext. 106

Disclaimer

This report has been prepared by Aba Ali Habib Securities and is provided for information purposes only. Under no circumstances this is to be used or considered as an offer to sell or solicitation of any offer to buy. While reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time, Aba Ali Habib Securities and/or any of its officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. This report is provided only for the information of professional advisers who are expected to make their own investment decisions without undue reliance on this report. Investments in capital markets are subject to market risk and Aba Ali Habib Securities accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents.

In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors, who should seek further professional advice or rely upon their own judgment and acumen before making any investment. The views expressed in this report are those of Aba Ali Habib Securities' Research Department and do not necessarily reflect those of the company or its directors. Aba Ali Habib as a firm may have business relationships, including investment-banking relationships, with the companies referred to in this report. Aba Ali Habib Securities or any of its officers, directors, principals, employees, associates, close relatives may act as a market maker in the securities of the subject company, may have a financial interest in the securities of the subject company to an amount exceeding 1% of the value of the securities of the subject company, may serve or may have served in the past as a director or officer of the subject company, may have received compensation from the subject company for corporate advisory services, brokerage services or underwriting services or may expect to receive or intend to seek compensation from the subject company for the aforesaid services, may have managed or co-managed a public offering, take-over, buyback, delisting offer of securities or various other functions for the subject company.

All rights reserved by Aba Ali Habib Securities. This report or any portion hereof may not be reproduced, distributed or published by any person for any purpose whatsoever. Nor can it be sent to a third party without prior consent of Aba Ali Habib Securities. Action could be taken for unauthorized reproduction, distribution or publication.

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}

The research Analyst(s) hereby certify that the views about the company/companies and the security/securities discussed in this report accurately reflect his or her or their personal views and that s/he has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendation or views in this report. The analyst(s) is/are principally responsible for preparation of this research report and that s/he or his/her close relative/family member doesn't own 1% or more of a class of common equity securities of the following company/companies covered in this report.

THE TEAM

CEO

Zahid Ali Habib
Zahid@abaalihabib.com
(021) 32425022

RESEARCH TEAM

Contact: (021) 32429665, Ext. 106

Ayesha Abid – Research Analyst
ayesha.abid@abaalihabib.com

SALES TEAM

Zaheer Ahmed - Head of Equity Sales & Business Dev.
Zaheer.ahmed@abaalihabib.com
(021) 32418693-94

Mr. Salman Naqvi - Head of Retail Sales
(021) 32431925

Fahed Fazal - Manager Equity Sales
Fahedfazal@abaalihabib.com
(021) 32431925

Syed Khalid Ahmed - Equity Trader
Syedkhalid@abaalihabib.com
(021) 32429664

Shoaib - Equity Trader
shoibqadri@abaalihabib.com
(021) 32429664

Muhammad Faisal - Equity Trader
faisal@abaalihabib.com
(021) 32464835

Karachi Office

Suite# 505, 5th Floor, Business Plaza,
Mumtaz Hussan Road, Off I.I. Chundrigar
Road, Karachi

Contact: 021-32429664-7

Cell: [+92 3312766771](tel:+923312766771)