

March 27, 2023

# Morning Briefing

## Economy

**Locked bailout: govt fuel scheme adds to hurdles?**

**Economy | Neutral**

A long-awaited loan agreement between Pakistan and the International Monetary Fund (IMF) will be signed once a few remaining points, including a proposed fuel pricing scheme, are settled, an IMF official said on Friday. (BR) | [Click for more info.](#)

**Assurances from other donors 'must to complete' IMF deal**

**Economy | Neutral**

For the first time since in its months-long negotiations with Pakistan, the International Monetary Fund (IMF) on Friday tied assurances from the country's external partners with the renewal of its package deal. Julie Kozack, the Fund's Director for Strategic Communications, underlined this at a virtual news briefing here, where she also referred to the talks the IMF has been holding with Pakistan. (Dawn) | [Click for more info.](#)

**Matters with IMF will be settled 'soon', assures Dar**

**Economy | Neutral**

Finance Minister Ishaq Dar on Sunday asserted that the government was making all possible efforts to steer the economy of the difficult situation in order to put it on the path of sustainable economic growth. (Pakobserver) | [Click for more info.](#)

**Pakistan bets on Geneva vows to bridge \$6b financing gap**

**Economy | Neutral**

The government has placed its bets on the materialisation of Geneva pledges to partially meet the \$6 billion financing gap amid the deepening trust deficit with the International Monetary Fund (IMF) because of its decision to give subsidy on petrol despite a looming default. (ET) | [Click for more info.](#)

**SBP forex reserves inch up \$280m to \$4.6bn**

**Economy | Positive**

Foreign exchange reserves held by the State bank of Pakistan increased by \$280 million to \$4.598 billion in the week ending March 17, it said on Friday. The SBP's reserves are enough to cover only one month of imports. The total reserves of the country rose by \$293 million to \$10.139 billion. The reserves of commercial banks increased by \$13 million to \$5.540 billion. (The News) | [Click for more info.](#)

**SBP expected to raise its policy rate by up to 200bps in early April**

**Economy | Negative**

Despite government's claims that all prior conditions of the IMF have been met except foreign exchange reserves, the central bank is expected to raise the interest rates by up to 200 basis points in its next monetary policy meeting, analysts and financial sector experts said on Saturday. (Dawn) | [Click for more info.](#)

**Four key projects; ADB sends mission to ascertain complaints' eligibility**

**Economy | Neutral**

The Asian Development Bank (ADB) has dispatched its Accountability Mission to ascertain eligibility of complaints about four key projects in Pakistan including Peshawar Sustainable Bus Rapid Transport Corridor Project, well informed sources told. (BR) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	26,680.5	26,424.9	-255.5	-1.0%
KSE100	40,376.1	39,942.1	-434.0	-1.1%
KSE30	14,915.8	14,738.5	-177.2	-1.2%
KMI30	69,540.2	68,777.8	-762.4	-1.1%

### Top Five Gainers

	Open	Close	Chg.	%
NESTLE	5,000.2	5,100.1	100.0	2.0%
SFL	954.8	1,026.4	71.6	7.5%
SAPT	979.6	1,049.7	70.1	7.2%
SCL	227.9	245.0	17.1	7.5%
DLL	202.0	208.5	6.4	3.2%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	1.2	1.2	0.0	4.01
TELE	7.6	7.1	-0.5	3.88
TPLP	15.1	14.7	-0.4	1.84
PAEL	11.1	10.6	-0.5	1.79
FCCL	11.8	11.6	-0.2	1.52

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	0.13	-0.05	0.09
O/S Pakistanies	0.68	-0.35	0.34
<b>Net</b>	<b>0.82</b>	<b>-0.39</b>	<b>0.43</b>
LIPI			
Individuals	4.98	-5.58	-0.60
Companies	0.29	-0.09	0.20
Comm. Banks	0.14	-0.05	0.09
NBFC	0.00	0.00	0.00
Mutual Funds	0.23	-0.30	-0.07
Other	0.09	-0.03	0.06
Brokers Proprietary	1.65	-1.48	0.17
Insurance	0.07	-0.35	-0.28
<b>Net</b>	<b>7.45</b>	<b>-7.88</b>	<b>-0.43</b>

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	69.26	-2.3%
Brent oil	USD/bbl.	74.99	-2.2%
Gold	USD/t oz.	1978.21	0.4%
Silver	USD/t oz.	23.23	0.9%
Coal	USD/ton	130.50	-1.1%
Steel Scrap (LME)	USD/ton	454.50	1.0%
Steel Rebar (LME)	USD/ton	722.50	0.3%
USD/PKR	Interbank	8.23	-0.5%

**News Source:** Local / Int'l Newspapers and websites

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## Oil & Gas

**Hamstrung by forex constraints, govt may not be able to purchase 3 more LNG spot cargoes**

**Oil | Negative**

The country's forex woes are unlikely to allow the government to take a prompt decision for purchase of three additional cargoes of LNG on spot whose price is around \$ 13.4 MMBTU in the international market. Well informed sources told Business Recorder that M/s Pakistan LNG Limited (PLL) has apprised Petroleum Division that during April 2023 to September 2023 terminal capacity for additional 2-3 LNG cargoes per month is available at Terminal-2, while spot LNG prices are currently at \$13.4 MMBTU (\$ 43 million per cargo). (BR) | [Click for more info.](#)

**Oil marketing firms demand OGRA to compensate losses OMCs | Neutral**

The Oil Marketing Association of Pakistan (OMAP) on Sunday demanded Oil & Gas Regulatory Authority (OGRA) make a policy to recover the losses caused by foreign exchange fluctuations. The OMAP Chairman Tariq Wazir Ali penned a letter to OGRA, expressing concerns over financial losses due to the foreign exchange fluctuations and demanding the authority to withdraw the funds given to undeserving companies. (Pakobserver) | [Click for more info.](#)

**Diesel imports fall by half to 96,368 MT**

**Oil | Neutral**

Pakistan's import of high-speed diesel halved to 96,368 MT in the month of February compared to the month of January 2023 when 188,048 MT of HSD was imported. (The News) | [Click for more info.](#)

## Power

**Chinese IPPs circular debt: Outstanding amount rises to Rs350bn**

**IPPs | Negative**

The current outstanding payment on account of circular debt for Chinese Independent Power Producers (IPPs) has risen up to Rs350 billion with growing demands to clear the backlog. (The News) | [Click for more info.](#)

**CPEC IPPs; EPTL threatens to shut down plant**

**IPPs | Negative**

M/s Engro Powergen Thar Private Limited (EPTL) has cautioned the federal government that it would shut down the plant if its financial issues remain unaddressed. The company has written several letters to Central Power Purchasing Agency -Guaranteed (CPPA-G), specifically the letter of February 22, 2023, wherein it requested for payment of its outstanding liabilities and informed CPPA-G about upcoming debt servicing requirements to the tune of Rs 28 billion. (BR) | [Click for more info.](#)

**CPEC IPPs; CPPA-G asked to stop capacity payment cuts**

**IPPs | Neutral**

Minister for Planning, Development and Special Initiatives, Ahsan Iqbal has barred Central Power Purchasing Agency - Guaranteed (CPPA-G) from capacity payment deductions of CPEC IPPs as plants are unable to import coal due to forex scarcity, well informed sources told. (BR) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
US - Dow 30	32,237.5	132.28	0.41%
KSA - Tadawul	10,446.4	95.88	0.93%
INDONESIA - IDX	6,762.3	70.64	1.06%
PHILP - PSEi	6,602.2	65.81	1.01%
Taiwan - TWII	15,914.7	50.75	0.32%
US - S&P 500	3,971.0	22.27	0.56%
CHINA - Shanghai	3,265.7	-21.00	-0.64%
HK - Hang Seng	19,915.7	-133.96	-0.67%
INDIA - SENSEX	57,527.1	-398.18	-0.69%
PAK (KSE-100)	39,942.1	-434.05	-1.08%

### Board Meetings

Scrip	Day	Agenda	Time
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	Wednesday	Ann. A/c as of 31-Dec-22	11:00 AM
SPWL	Wednesday	Ann. A/c as of 31-Dec-22	11:30 AM
AGL	Thursday	Ann. A/c as of 31-Dec-22	10:00 AM
SGF	Thursday	Ann. A/c as of 31-Dec-22	10:00 AM
SHNI	Thursday	Ann. A/c as of 31-Dec-22	10:30 AM
RICL	Thursday	Ann. A/c as of 31-Dec-22	12:00 PM
SRVI	Thursday	Ann. A/c as of 31-Dec-22	12:00 PM
PINL	Friday	Ann. A/c as of 31-Dec-22	10:30 AM
PAKRI	Monday	Ann. A/c as of 31-Dec-22	1:00 PM

Source: PSX

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**Payment dispute with SNGPL; LDPL serves notice of force majeure under PPA****SNGP | Neutral**

M/s Liberty Daharki Power Limited (LDPL) has served notice of force majeure under Power Purchase Agreement (PPA) due to payment dispute on supply of gas by Sui Northern Gas Pipeline Limited (SNGPL). (BR) | [Click for more info.](#)

**Autos****Indus Motor suspends production****INDU | Negative**

Indus Motor Company Limited announced to keep its production plant completely shut for four days on Friday, attributing a shortage of raw materials on hurdles in opening of letters of credit (LCs). The company will observe non-production days from March 24, 2023 to March 27, 2023. (The News) | [Click for more info.](#)

**Korean cars get dearer as PKR continues slide against the dollar****LUCK, NML | Neutral**

Hyundai and Lucky Motors have introduced their fifth and sixth price increase for 2023 respectively. The price increases come after the two had previously revised their prices upwards on March 13 and March 10 respectively following the Federal Board of Revenue's (FBR) decision to increase the GST levied on automobiles to 25%. (PT) | [Click for more info.](#)

**Miscellaneous****PSX to issue 15 new brokerage licences****PSX | Neutral**

The Pakistan Stock Exchange (PSX) is looking to issue 15 new Trading Right Entitlement Certificates (TREC) licences that allow their holders to trade shares and other securities on the national exchange for either themselves or their clients. (Dawn) | [Click for more info.](#)

**SBP Eases Regulations to Attract Foreign Investment in REIT Schemes****Economy | Positive**

The State Bank of Pakistan (SBP) has allowed REIT Management Companies (RMCs) to issue their units through private placements and transfers in favor of non-residents investors to attract foreign investment in Real Estate Investment Trust (REIT) schemes. (Propakistani) | [Click for more info.](#)

**Nestle to Invest Rs. 3 Billion in Pakistan This Year****NESTLE | Positive**

Despite high inflation and eroding purchasing power of the vast majority in Pakistan, consumer goods companies continued to flourish. This reflects their optimal investment strategy such as Nestle Pakistan having a robust plan to invest Rs. 3 billion in the current calendar year. (Propakistani) | [Click for more info.](#)

**Court stays proceedings against TRG board****TRG | Neutral**

The Sindh High Court (SHC) has stayed proceedings in a district and sessions court in Karachi against the board of directors of The Resource Group International Limited (TRG) in a defamation suit filed by former chief executive officer (CEO) Zia Chishti, the company said in a notice to the stock exchange on Friday. (ET) | [Click for more info.](#)

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**Violations of Companies Act; SECP imposes huge penalties on textile, other cos****Textile, Cement | Neutral**

The Securities and Exchange Commission of Pakistan (SECP) has imposed huge penalties on textile companies, cement manufacturers and other licensed entities for committing violations of different provisions of the Companies Act. (BR) | [Click for more info.](#)

**Cash margin requirement on goods import removed****Economy | Neutral**

The State Bank of Pakistan (SBP) Friday announced the removal of Cash Margin Requirement (CMR) on import of goods. Analysts said that the step has been taken to resume the International Monetary Fund (IMF) Extended Fund Facility (EFF) programme and get the loan tranche of \$1.2 billion. (BR) | [Click for more info.](#)

**Political News****Violation of SC order: Contempt plea filed against PM, CEC, others**

The Supreme Court on Saturday was moved for initiating contempt of court proceedings against Prime Minister Shehbaz Sharif, Chief Election Commissioner (CEC) Sikandar Sultan Raja and others for violating its order on holding elections in Punjab. (The News) | [Click for more info.](#)

**International News****US Equity Futures Advance, Asia Stocks Edge Higher: Markets Wrap**

US share futures climbed and Asian equities crept higher in cautious trading as investors weighed the risk of recession and its impact on interest rates. (Bloomberg) | [Click for more info.](#)

**Oil prices climb in relief rally as banking concerns ease**

Oil prices climbed in early trade on Monday as concerns over turmoil in the banking sector eased, while comments by Russian President Vladimir Putin over the weekend ratcheted up geopolitical tensions in Europe. (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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