

April 27, 2023

Morning Briefing

Economy

Govt cuts growth rate to 0.8pc
Economy | Negative

As major debt sustainability indicators deteriorated over the first half (July-December) of the current fiscal year, the government on Wednesday feared the gross financing needs to remain high, posing several liquidity risks due to high-interest rates and pressure on the external account with average inflation at 28.5 per cent this year and staying stubborn at 21pc even in next fiscal year. (Dawn) | [Click for more info.](#)

Auction for CDA plots; Investors making payments in USD to get incentives: Dar
Economy | Neutral

Finance Minister Ishaq Dar has directed that for the auction of the Capital Development Authority (CDA) commercial plots, incentives be extended to those investors who make payments in US dollars so that the country's foreign exchange reserves could be boosted. (BR) | [Click for more info.](#)

CPEC enters phase 2: PCJCCI
Economy | Neutral

Pakistan China Joint Chamber of Commerce and Industry (PCJCCI) on Wednesday said that CPEC after successful completion of early harvest phase has now entered into the second phase with focus on industrial cooperation, trade, agriculture and socio-economic development. (The News) | [Click for more info.](#)

Oil & Gas

SNGPL Increases Gas Tariffs by 148.8% Amid Shortage: Report
SNGP | Positive

According to Samaa, the Sui Northern Gas Pipelines Limited (SNGPL) has allegedly increased gas tariffs by a massive 148.8 percent, amidst a crippling shortage of the commodity. It was reported that the new tariff will be implemented on bills from January 2023, and March bills will reflect the increased charges levied by the SNGPL. Reportedly, consumers using up to 0.6 cubic hectometers (hm3) will see their tariff rise from Rs. 201 to Rs. 500 per MMBTU. (Propakistani) | [Click for more info.](#)

US acknowledges Pakistan's decision to procure Russian oil as 'sovereign choice'
Oil | Neutral

The United States on Tuesday described Pakistan's decision to procure Russian crude oil as a "sovereign" choice made by the administration in Islamabad, though it reiterated President Vladimir Putin's government had acted as an aggressor in Ukraine and must not be allowed to strengthen Moscow's war machinery. (The News) | [Click for more info.](#)

Power

Discos: regulator asked to freeze capacity payments
Discos | Neutral

Senate Standing Committee on Power has asked National Electric Power Regulatory Authority (Nepra) to put capacity payment of Independent Power Producers (IPPs) on ice as Rs 1.2 trillion were paid as capacity payment during 2023. (BR) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	26,980.7	27,055.6	74.9	0.3%
KSE100	41,007.8	41,099.6	91.8	0.2%
KSE30	15,306.7	15,294.3	-12.4	-0.1%
KMI30	71,618.4	71,512.3	-106.1	-0.1%

Top Five Gainers

	Open	Close	Chg.	%
KHYT	722.5	774.9	52.4	7.3%
SAPL	660.0	700.0	40.0	6.1%
SIEM	580.0	613.0	33.0	5.7%
PRET	447.0	475.0	28.0	6.3%
INDU	925.8	950.1	24.4	2.6%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
PRL	13.5	14.2	0.7	16.01
FFL	6.3	6.4	0.0	13.69
WTL	1.1	1.1	0.0	10.38
CNERGY	3.5	3.6	0.1	10.38
MLCF	26.8	27.0	0.2	6.18

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	3.78	-3.73	0.05
F-Corporates	1.13	-0.37	0.75
O/S Pakistanies	2.63	-2.54	0.09
Net	7.54	-6.64	0.90
LIPI			
Individuals	35.89	-35.12	0.78
Companies	4.82	-5.84	-1.03
Comm. Banks	1.91	-1.53	0.38
NBFC	0.00	-0.01	-0.01
Mutual Funds	1.48	-2.29	-0.82
Other	0.63	-0.70	-0.07
Brokers Proprietary	9.93	-9.99	-0.06
Insurance	0.25	-0.34	-0.08
Net	54.92	-55.82	-0.90

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	74.30	-3.9%
Brent oil	USD/bbl.	77.81	-3.5%
Gold	USD/t oz.	1989.48	-0.5%
Silver	USD/t oz.	24.93	-0.6%
Coal	USD/ton	127.50	-1.5%
Steel Scrap (LME)	USD/ton	427.00	0.0%
Steel Rebar (LME)	USD/ton	675.00	-0.7%
USD/PKR	Interbank	8.28	0.8%

News Source: Local / Int'l Newspapers and websites

Research Team
research@abaalihabib.com

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

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Morning Briefing

Discos look for Rs10bn more despite cheaper generation in March Discos | Neutral

Despite over 63 per cent power generation from domestic cheaper fuels and unprecedented increase in base tariff in recent months, the ex-Wapda distribution companies (Discos) have moved to charge about Rs10 billion in additional fuel cost to their consumers at the rate of Rs1.174 per unit in May. (Dawn) | [Click for more info.](#)

Electricity generation costs inch up to Rs8.22 KWh in March Power | Neutral

Electricity generation costs in the country slightly increased by 2.6 percent to Rs8.22 KWh in March 2023, compared to Rs8.01 KWh in February, latest data showed on Wednesday. (The News) | [Click for more info.](#)

China's investment in Pak power sector reaches \$21bn Power | Neutral

The Chinese investment in Pakistan's power sector, under the umbrella of the China-Pakistan Economic Corridor (CPEC), has increased to \$21 billion with the restoration of a powerhouse based on imported coal at Gwadar, a senior official of the Power Division told. (The News) | [Click for more info.](#)

Autos

Inventory shortage forces Pak Suzuki Motor to halt production till May 9 PSMC | Negative

Pak Suzuki Motor Company (PSMC) on Wednesday announced a week-long suspension of production at both its car and motorcycle plants due to a shortage of inventory. The company made the announcement just after a day from five-day Eid holidays in the country. (The News) | [Click for more info.](#)

Rs500,000 markup-free loan to be given for electric bikes, rickshaws Autos | Neutral

The federal cabinet on Wednesday approved financing facility for electric bikes and rickshaws for increasing their common use. A loan of Rs500,000 would be available under the Prime Minister's Youth Business and Agriculture Loan Scheme at zero mark-up, which would help in saving significantly the country's spending made on the import of costly fuel. (The News) | [Click for more info.](#)

Banks

UAE investor acquires majority shareholding, management control of Summit Bank SMBL | Neutral

Prominent UAE national, investor, and a longstanding friend of Pakistan, H.E. Nasser Abdulla Hussain Lootah (the 'Investor'), has acquired a controlling stake in Summit Bank, a move that was recently approved by the State Bank of Pakistan (SBP), Securities and Exchange Commission of Pakistan (SECP), and Competition Commission of Pakistan (CCP). (BR) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	60,300.6	169.87	0.28%
HK - Hang Seng	19,757.3	139.39	0.71%
PAK (KSE-100)	41,099.6	91.76	0.22%
INDONESIA - IDX	6,910.2	88.34	1.29%
KSA - Tadawul	11,307.2	42.11	0.37%
Taiwan - TWII	15,374.6	3.90	0.03%
CHINA - Shanghai	3,264.1	-0.77	-0.02%
US - S&P 500	4,056.0	-15.64	-0.38%
PHILP - PSEI	6,540.2	-53.15	-0.81%
US - Dow 30	33,301.9	-228.96	-0.68%

Board Meetings

Scrp	Day	Agenda	Time
HBL	Thursday	1QA/c as of 31-Mar-23	10:00 AM
OGDC	Thursday	3QA/c as of 31-Mar-23	10:00 AM
NRL	Thursday	3QA/c as of 31-Mar-23	10:30 AM
NESTLE	Thursday	1QA/c as of 31-Mar-23	10:30 AM
BUXL	Thursday	3QA/c as of 31-Mar-23	11:00 AM
NBP	Thursday	1QA/c as of 31-Mar-23	11:00 AM
APL	Thursday	3QA/c as of 31-Mar-23	11:30 AM
BFMOD	Thursday	3QA/c as of 31-Mar-23	11:30 AM
EMCO	Thursday	3QA/c as of 31-Mar-23	11:30 AM
TOWL	Thursday	3QA/c as of 31-Mar-23	11:30 AM
CPPL	Thursday	3QA/c as of 31-Mar-23	12:00 PM
ARPL	Thursday	HYA/c as of 31-Mar-23	12:15 PM
ATRL	Thursday	3QA/c as of 31-Mar-23	12:30 PM
SNBL	Thursday	1QA/c as of 31-Mar-23	1:30 PM
BAPL	Thursday	3QA/c as of 31-Mar-23	2:00 PM
CHCC	Thursday	3QA/c as of 31-Mar-23	2:30 PM
POL	Thursday	3QA/c as of 31-Mar-23	2:30 PM
ASL	Thursday	3QA/c as of 31-Mar-23	3:00 PM
SEL	Thursday	3QA/c as of 31-Mar-23	3:00 PM
TOMCL	Thursday	3QA/c as of 31-Mar-23	3:00 PM
ACPL	Thursday	3QA/c as of 31-Mar-23	3:30 PM
IGIHL	Thursday	1QA/c as of 31-Mar-23	3:30 PM
STCL	Thursday	3QA/c as of 31-Mar-23	4:30 PM
AATM	Friday	3QA/c as of 31-Mar-23	2:00 PM
INIL	Friday	3QA/c as of 31-Mar-23	2:00 PM
NATM	Friday	3QA/c as of 31-Mar-23	2:45 PM

Source: PSX

Research Team

research@abaalihabib.com

 Aba Ali Habib Securities (Pvt) Limited
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JS Bank offers cash to BIPL minority shareholders**BIPL | Neutral**

The JS Bank has taken a big step towards positively enhancing and developing minority shareholders of Bank Islami (Pvt) Limited (BIPL). The JS Bank Limited (JSBL) board of directors amended consideration for the public offer portion for acquisition of 24.88 per cent shareholding of Bank Islami from shares to cash offering. (The News) | [Click for more info.](#)

Miscellaneous**Rs25bn annual loss due to steel smuggling****Steel | Negative**

The documented steel industry has estimated that around 500,000 Metric Tons (MT) steel is being annually smuggled from Iran and Afghanistan, causing a revenue loss of Rs25 billion to the national kitty. (BR) | [Click for more info.](#)

PKR devaluation, rising interest rates push FFBL into red zone**FFBL | Negative**

Fauji Fertilizer Bin Qasim Limited (PSX: FFBL), the country's sole DAP producer, reported a loss after tax of Rs5.42 billion [LPS: Rs4.20] as compared to profit after tax of Rs1.62bn [EPS: Rs1.26] for the quarter ended on March 31, 2023. The losses are primarily attributed to exogenous shocks such as the Rupee devaluation, increase in interest rate, high inflation, and continuation of 5%-18% GST on locally produced DAP. (Mettis) | [Click for more info.](#)

Govt fixes sugar price at Rs99 per kg**Sugar | Neutral**

As per the recommendation of the Sugar Advisory Board (SAB), the Ministry of Food Security and Research (MNFS&R) has set the retail price of sugar at Rs 98.82 per kg across the country and a notification has also been issued in this regard. (PT) | [Click for more info.](#)

'Reckless' sugar exports push up local prices**Sugar | Neutral**

Pakistan exported 172,180 tonnes of sugar in February-March against zero foreign sales in the same period last year, which triggered a surge in domestic retail prices. After exporting 42,434 tonnes of the sweetener in February, the quantity exported tripled to 129,746 tonnes in March. The figure for April was yet to be released by the Federal Board of Revenue. As a result of this reckless export in large quantities, the average retail price of sugar surged to Rs130 per kg in April and it is expected it would rise further in coming months. (Dawn) | [Click for more info.](#)

Pakistan decides to approach WHO for mpox vaccine**Pharma | Neutral**

The National Institute of Health (NIH) Islamabad has decided to request World Health Organisation (WHO) to provide vaccine for the prevention of Monkeypox (Mpox) after two people, who had returned from Saudi Arabia were found infected with Monkeypox, officials in the National Health Services, Regulations and Coordination (NHS,R&C) said on Wednesday. (The News) | [Click for more info.](#)

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

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MORNING BRIEFING

Political News

All eyes on CJP-led bench hearing polls case in open court today

Amid speculations, the Supreme Court will Thursday (today) take up a petition seeking general elections to the national and provincial assemblies on the same date. A three-member bench of the apex court — headed by Chief Justice of Pakistan Justice Umer Ata Bandial — will hear the petition of Sardar Kashif Khan. (The News) | [Click for more info.](#)

Totally unfazed, govt gives no quarter to SC

Prime Minister Shehbaz Sharif on Wednesday affirmed the ruling coalition's position on holding dialogue with Pakistan Tehreek-e-Insaf (PTI) through the Parliament instead of "arbitration" by the Supreme Court with regard to holding polls on the same day across the country later in October or November. (BR) | [Click for more info.](#)

International News

Asia Stocks Decline as US Futures Rally on Tech: Markets Wrap

Asian stocks fell for a fifth day after US shares declined in an echo of the prior session as concern over American regional banks outweighed better-than-expected technology earnings. (Bloomberg) | [Click for more info.](#)

Oil drops nearly 4% as recession fears outweigh US inventory draw

Oil prices dropped by almost 4% on Wednesday, extending the previous session's sharp losses, even after a report showed U.S. crude inventories fell more than expected, as recession fears grew for the world's biggest economy. (Reuters) | [Click for more info.](#)

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

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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.

Analyst Certification ^{AC}

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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
shoibgadri@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)