

January 30, 2023

Morning Briefing

Economy

Pakistan's Currency Shock is First Step Toward IMF Loan Revival Economy | Negative

Pakistan has taken a first step toward reviving its bailout program with the International Monetary Fund by easing its control on the currency, which is among a slew of other decisions to be taken by the government to meet conditions set by the global leader. Multiple other steps to meet the IMF conditions include increasing fuel and energy prices and raising more taxes, which together with the currency slump of about 13% in the past two days may further stoke inflation. (BNN) | [Click for more info.](#)

IMF identifies Rs2tr hole in budget estimates

Economy | Negative

The International Monetary Fund (IMF) has found an over Rs 2000 billion (Rs2 trillion) breach in budgetary estimates for 2022-23 in its initial assessment that might result in escalating the budget deficit and primary deficit targets with a massive margin. (The News) | [Click for more info.](#)

FBR readies presentation for IMF

Economy | Neutral

The Federal Board of Revenue (FBR) Saturday briefed the Ministry of Finance on estimates of tax projections for January-June (2022-23) and the revenue impact of the new taxation measures of nearly Rs300 billion. (BR) | [Click for more info.](#)

Open, black markets align closely after dollar surge

Economy | Positive

Days after the removal of an artificial upper cap on the rupee that sent the local currency into a nosedive, the dollar's rate in the black market has come on a par with that in the open market, but uncertainty kept both the seller and buyers away on Friday. (Dawn) | [Click for more info.](#)

Are 'encumbrances' stifling the growth of Sukuk market?

Economy | Positive

The Ministry of Finance is expected to issue the country's first-ever 12-month Ijara Sukuk or Islamic bonds next month — a move that's part of the renewed push for Sharia-compliant debt instruments as the banking industry begins its transition to an interest-free system. (Dawn) | [Click for more info.](#)

Pakistan Revisiting Role of SOEs and PDF to Meet IMF Condition

Economy | Neutral

Federal Minister for Finance and Revenue Senator Mohammad Ishaq Dar on Saturday chaired a meeting on role of Pakistan Development Fund (PDF) and State-Owned Enterprise (SOEs) at Finance Division. (Augaf) | [Click for more info.](#)

Foreign loan inflows slow down

Economy | Negative

Pakistan received only \$5.6 billion in foreign loans during the first half of current fiscal year, equal to about one-fourth of the annual budget estimate, due to its failure to take timely decisions about reviving the International Monetary Fund (IMF) loan programme. (ET) | [Click for more info.](#)

Pakistan Stock Exchange Overview

| | Open | Close | Chg. | % |
|---------|----------|----------|---------|-------|
| KSE All | 27,186.4 | 26,921.4 | -265.0 | -1.0% |
| KSE100 | 40,846.5 | 40,450.5 | -396.0 | -1.0% |
| KSE30 | 15,211.6 | 15,109.9 | -101.7 | -0.7% |
| KMI30 | 69,773.6 | 68,732.3 | -1041.3 | -1.5% |

Top Five Gainers

| | Open | Close | Chg. | % |
|------|---------|---------|------|------|
| MARI | 1,437.9 | 1,450.1 | 12.3 | 0.9% |
| HAFI | 138.6 | 149.0 | 10.4 | 7.5% |
| GLPL | 127.7 | 137.0 | 9.3 | 7.3% |
| SUTM | 122.2 | 131.3 | 9.2 | 7.5% |
| ZIL | 187.8 | 196.6 | 8.8 | 4.7% |

Top Five Volume Leaders

| | Open | Close | Chg. | Vol. |
|--------|------|-------|------|-------|
| PRL | 13.7 | 13.6 | -0.1 | 14.23 |
| CNERGY | 4.0 | 3.9 | -0.1 | 13.17 |
| FFL | 5.0 | 5.2 | 0.2 | 12.53 |
| WTL | 1.2 | 1.1 | -0.1 | 9.89 |
| KEL | 2.2 | 2.2 | -0.1 | 9.69 |

Portfolio Investments – Net Position

| FIPI | Buy | Sell | Net |
|---------------------|--------------|---------------|--------------|
| F-Individuals | 0.00 | -0.03 | -0.03 |
| F-Corporates | 2.65 | -2.52 | 0.13 |
| O/S Pakistanians | 2.16 | -2.05 | 0.11 |
| Net | 4.81 | -4.59 | 0.21 |
| LIPI | | | |
| Individuals | 30.65 | -30.98 | -0.33 |
| Companies | 1.84 | -1.88 | -0.04 |
| Comm. Banks | 1.32 | -0.48 | 0.84 |
| NBFC | 0.02 | -0.04 | -0.02 |
| Mutual Funds | 1.89 | -2.27 | -0.38 |
| Other | 0.56 | -0.54 | 0.02 |
| Brokers Proprietary | 8.98 | -8.50 | 0.48 |
| Insurance | 0.10 | -0.89 | -0.79 |
| Net | 45.35 | -45.56 | -0.21 |

Commodity Outlook

| | Unit | Close | % chg. |
|-------------------|-----------|---------|--------|
| Crude oil | USD/bbl. | 79.68 | -1.8% |
| Brent oil | USD/bbl. | 86.66 | -1.0% |
| Gold | USD/t oz. | 1928.04 | 0.0% |
| Silver | USD/t oz. | 23.60 | -1.2% |
| Coal | USD/ton | 160.90 | 0.8% |
| Steel Scrap (LME) | USD/ton | 414.00 | 0.0% |
| Steel Rebar (LME) | USD/ton | 690.00 | -0.1% |
| USD/PKR | Interbank | 7.98 | 2.4% |

News Source: Local / Int'l Newspapers and websites

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MORNING BRIEFING

UAE President meets PM today

Economy | Neutral

United Arab Emirates (UAE) Sheikh Mohamed bin Zayed Al Nahyan, on the invitation of Prime Minister Shehbaz Sharif, will visit the federal capital for a day on Monday (today). (The News) | [Click for more info.](#)

Xi to inaugurate Gwadar airport

Economy | Neutral

Chinese President Xi Jinping will inaugurate Gwadar's strategic airport during his upcoming visit to Pakistan as the port city is the future business hub, announced Balochistan's former caretaker chief minister and prominent businessman Alauddin Marri. (ET) | [Click for more info.](#)

Oil & Gas

SNGPL says has reduced UfG losses by 23,348mmcf

SNGP | Positive

The Sui Northern Gas Pipeline Limited (SNGPL) has claimed to reduce the unaccountable for gas (UfG) losses by 23,348 mmcf which is 28 percent more than the assigned task. (BR) | [Click for more info.](#)

TAL JV allowed to sell Mamikhel gas

Gas | Positive

The government has allowed TAL Joint Venture to sell gas from Mamikhel South discovery to third party with the condition that relevant rules and procedure will be followed in letter and spirit and no adverse financial implications may be caused to the Government of Pakistan. (BR) | [Click for more info.](#)

Govt raises petrol price by Rs35

Oil | Negative

Finance Minister Ishaq Dar on Sunday announced that petrol and diesel prices were raised by Rs35 per litre. Kerosene oil and light diesel oil prices were jacked up by Rs18 per litre. Petroleum is to be sold at a rate of Rs249.80 per litre, while diesel prices have been raised to Rs262.80 per litre. (ET) | [Click for more info.](#)

LPG hits historic high of Rs300/kg

SSGC | Positive

A judicial commission should be formed to inquire into corrupt practice and people behind black marketing of LPG as it has touched historic high of Rs300/kg across the country. Although the fixed price of LPG by Ogra is Rs204 per kg, but on the contrary, the government-owned SSGC has increased the price of LPG per kg to Rs300 with rate of domestic cylinder increasing by Rs235 to Rs3,550 and the price of commercial cylinder has reached a high of Rs13,620, ie, up by Rs908. (BR) | [Click for more info.](#)

Russian gasoline to be sent to Pakistan as EU import ban looms

Gas | Neutral

Independent Russian oil refiner Forteinvest has clinched a deal that will see Russian gasoline sent to Pakistan by land for the first time, two industry sources said on Friday, as Russian refiners seek alternative markets for motor fuels days before an EU import ban. (BR) | [Click for more info.](#)

World Indices

| | Last | Chg. | Chg. % |
|------------------|----------|---------|--------|
| HK - Hang Seng | 22,688.9 | 122.12 | 0.54% |
| INDONESIA - IDX | 6,899.0 | 34.16 | 0.50% |
| US - Dow 30 | 33,978.1 | 28.67 | 0.08% |
| CHINA - Shanghai | 3,264.8 | 24.53 | 0.76% |
| KSA - Tadawul | 10,821.7 | 12.50 | 0.12% |
| US - S&P 500 | 4,070.6 | 10.13 | 0.25% |
| PHILP - PSEi | 7,052.2 | 9.46 | 0.13% |
| Taiwan - TWII | 14,932.9 | 5.92 | 0.04% |
| PAK (KSE-100) | 40,450.5 | -396.00 | -0.97% |
| INDIA - SENSEX | 59,330.9 | -874.16 | -1.45% |

Board Meetings

| Scrp | Day | Agenda | Time |
|-------|-----------|--------------------------|----------|
| FFBL | Monday | Ann. A/c as of 31-Dec-22 | 10:00 AM |
| AGSML | Monday | 1Q A/c as of 31-Dec-22 | 11:00 AM |
| ADAMS | Monday | 1Q A/c as of 31-Dec-22 | 11:30 AM |
| FRSM | Monday | 1Q A/c as of 31-Dec-22 | 11:30 AM |
| NONS | Monday | 1Q A/c as of 31-Dec-22 | 11:45 AM |
| FFC | Monday | Ann. A/c as of 31-Dec-22 | 2:00 PM |
| KPUS | Monday | 1Q A/c as of 31-Dec-22 | 2:30 PM |
| TSML | Monday | 1Q A/c as of 31-Dec-22 | 3:00 PM |
| HWQS | Monday | 1Q A/c as of 31-Dec-22 | 4:00 PM |
| COLG | Monday | HY A/c as of 31-Dec-22 | 5:00 PM |
| INIL | Tuesday | HY A/c as of 31-Dec-22 | 9:00 AM |
| SEPL | Tuesday | HY A/c as of 31-Dec-22 | 11:00 AM |
| SML | Tuesday | 1Q A/c as of 31-Dec-22 | 11:00 AM |
| CSAP | Tuesday | HY A/c as of 31-Dec-22 | 12:00 PM |
| CEPB | Tuesday | HY A/c as of 31-Dec-22 | 3:00 PM |
| AHL | Tuesday | HY A/c as of 31-Dec-22 | 4:00 PM |
| BAFL | Thursday | Ann. A/c as of 31-Dec-22 | 11:00 AM |
| EPCL | Tuesday | Ann. A/c as of 31-Dec-22 | 10:00 AM |
| PRL | Tuesday | HY A/c as of 31-Dec-22 | 10:00 AM |
| EPQL | Wednesday | Ann. A/c as of 31-Dec-22 | 10:00 AM |
| EFERT | Thursday | Ann. A/c as of 31-Dec-22 | 10:30 AM |
| INDU | Friday | HY A/c as of 31-Dec-22 | 4:00 PM |
| FCCL | Thursday | HY A/c as of 31-Dec-22 | 10:30 AM |
| HAFL | Friday | HY A/c as of 31-Dec-22 | 11:30 AM |
| UPFL | Friday | Ann. A/c as of 31-Dec-22 | 2:30 PM |

Source: PSX

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MORNING BRIEFING

Power

Power tariff raise proposal not firmed up

Power | Neutral

Power Division has reportedly not firmed up any proposal to raise power tariff by Rs 7.50 per unit, as is being demanded by the International Monetary (IMF) to bridge the gap of over Rs 700 billion due to failure in achieving the agreed targets, well informed sources told. (BR) | [Click for more info.](#)

Termination of SEL's LoS

STPL | Neutral

Private Power & Infrastructure Board (PIIB) has sought viewpoints of CPPA-G and NTDC on estimated Liquidated Damages (LDs) in case of termination of Letter of Support (LoS) of M/s Siddiqsons Energy Limited (SEL). (BR) | [Click for more info.](#)

Autos

Toyota Yaris Now Starts at Rs. 4 Million After New Price Hike

INDU | Positive

In a shocking move, Toyota Indus Motor Company (IMC) has announced yet another price hike for its vehicles, making it the second one this year. (Propakistani) | [Click for more info.](#)

Dar denounces tractor industry

MTL, AGTL | Negative

Economic Coordination Committee (ECC) Chairman and Finance Minister Ishaq Dar has lashed out at the tractor industry for its lack of response despite getting several incentives. In a recent meeting, the ECC deliberated whether to place a quantitative limit on the import of tractors and directed the State Bank of Pakistan (SBP) as well as the ministries and divisions concerned to undertake a review. It told the Ministry of Commerce to look into the import of tractors under the Kissan Package 2022, in consultation with the SBP, after the import of 20,000 tractors. The ministry will submit a report for ECC's consideration. (ET) | [Click for more info.](#)

FBR seeks to raise FED on motor vehicles

Autos | Negative

The Federal Board of Revenue (FBR) has proposed to raise the federal excise duty (FED) on imported and locally-assembled motor vehicles through the promulgation of the Tax Laws Amendment Ordinance to generate additional revenue in 'mini-budget'.

50pc duty imposed on import of 'Mild Hybrid Vehicles'

Autos | Neutral

The Customs classification committee of the Federal Board of Revenue (FBR) has imposed 50 percent customs duty on the import of "Mild Hybrid Vehicles", as vehicles without electric motor cannot be declared as hybrid vehicles for availing tax concessions. (BR) | [Click for more info.](#)

Miscellaneous

Lucky Core signs agreement to acquire 75pc stake in Lotchem

LCI | Positive

Lucky Core Industries Limited (LCI) has entered into a share purchase agreement to acquire 75.01 percent issued and paid-up capital of Lotte Chemical Pakistan Limited (LOTCEM). (The News) | [Click for more info.](#)

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MORNING BRIEFING

Steel price hits record Rs277,000**Steel | Positive**

Manufacturers on Friday again jacked up steel bar prices to an unprecedented high of Rs277,000 per tonne blaming a massive rupee devaluation and rising prices of raw materials that pushed up the cost of production. (Dawn) | [Click for more info.](#)

Trade with Turkiye has surpassed \$1bn mark: FPCCI chief**Economy | Neutral**

President Federation of Pakistan Chamber of Commerce and Industries (FPCCI), has expressed his optimism that Pak-Turkiye bilateral economic and trade relations are improving; whereas the bilateral trade with Turkiye has surpassed the psychological mark of \$1 billion after a long hiatus of almost a decade. A high-profile and large Turkish trade delegation is visiting Pakistan; and, the FPCCI has organized a multi-sector B2B networking session for the delegation. (BR) | [Click for more info.](#)

Per person debt jumps by 21%**Economy | Negative**

Every citizen of Pakistan has Rs216,708 debt burden, blamed on wrong policies

The debt burden of every citizen alarmingly jumped by 21% to Rs216,708 by the end of previous fiscal year due to wrong economic policies, stated an annual report of the Ministry of Finance, admitting that the previous year's fiscal policies sowed seeds of economic instability. (ET) | [Click for more info.](#)

Political News**All stakeholders unsure about timely polls in Punjab, KP**

All the stakeholders have doubts about the holding of elections for Punjab and KP assemblies within 90 days, however, it is not clear as yet what method of madness would be adopted to go beyond what is clearly envisaged in the Constitution of Pakistan. (The News) | [Click for more info.](#)

Imran opts for solo run on 33 NA seats

In another bid to frustrate the ruling Pakistan Democratic Movement (PDM), PTI Chairman Imran Khan has decided to contest by-elections on 33 National Assembly seats, vacated following the de-seating of PTI lawmakers by the Election Commission earlier this month. (Dawn) | [Click for more info.](#)

International News**Stocks Buoyed by China Reopen; Rate Decisions Loom: Markets Wrap**

Asian shares are poised to rise Monday, with mainland China markets to reopen on the cusp of a bull market and traders betting that the Federal Reserve will slow the pace of rate hikes later this week. (Bloomberg) | [Click for more info.](#)

Oil Pushes Higher as China's Return Poised to Spur Consumption

Oil climbed on optimism that China's reemergence from Covid Zero will aid demand, with traders looking for fresh clues on the outlook as the nation's financial markets reopen after the week-long Lunar New Year break. (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 FCFF based DCF methodology.

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