

March 30, 2023

MORNING BRIEFING

Morning Briefing

Economy

Progress made on financing pledges from friendly countries, Senate panel told

Economy | Neutral

The government on Wednesday said to have achieved 'progress' in external financing from Saudi Arabia and the United Arab Emirates direly needed to reach a staff-level agreement (SLA) with International Monetary Fund (IMF) that has been in limbo since Feb 9. (Dawn) | [Click for more info.](#)

SBP likely to raise policy rate up to 200bps to unlock IMF funds

Economy | Negative

The State Bank of Pakistan (SBP) is expected to hike interest rates further in its upcoming policy review due next week to fight soaring inflation and unlock a stalled IMF deal, a brokerage firm said on Wednesday. (The News) | [Click for more info.](#)

FBR Faces Uphill Task to Meet Tax Collection Target for July-March

Economy | Negative

The Federal Board of Revenue (FBR) is facing an uphill task to meet the revenue collection target of Rs. 5.43 trillion for the period of July-March fiscal year 2022-23 (FY23). Sources told that a major shortfall is expected during the first nine months of FY23. (Propakistani) | [Click for more info.](#)

Oil & Gas

Energy firms to go green

ODGC, PPL, MARI | Positive

Five exploration and production companies have signed a memorandum of understanding (MoU) to explore and pursue green hydrogen opportunities within and outside Pakistan, a statement said on Wednesday. The companies include Oil and Gas Development Company Limited (OGDCL), Pak-Arab Refinery Limited (PARCO), Pakistan Petroleum Limited (PPL), Mari Petroleum Company Limited (MPCL), and Government Holdings Private Limited (GHPL). (The News) | [Click for more info.](#)

Petrol price in Pakistan expected to drop in next fortnightly review

Oil | Neutral

The rates of petroleum products in Pakistan are expected to decline from April 1, Geo News reported Wednesday, following a reduction in international crude oil prices. The price of diesel is likely to decline by Rs15-20 per litre while the price of petrol is expected to go down by Rs4-5 per litre, according to estimates of oil marketing companies (OMCs). (The News) | [Click for more info.](#)

OCAC raises red flags over ability to sustain POL stocks

OMCs | Negative

The oil industry's operating capacity has diminished further because of IFEM (Inland Freight Equalisation Margin) as it impacted cash flow of the oil marketing companies, Oil Companies' Advisory Council (OCAC) said in a letter. The OCAC in its letter to the state minister for Petroleum Division raised red flags about the appalling financial situation of the oil industry. "Maintaining the 20-day stock cover for motor fuels might not be possible for the industry with the current borrowing rate and the cost of the products," it said. (The News) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	26,556.1	26,369.5	-186.6	-0.7%
KSE100	40,082.4	39,879.9	-202.5	-0.5%
KSE30	14,827.3	14,771.4	-55.9	-0.4%
KMI30	69,122.1	68,971.8	-150.3	-0.2%

Top Five Gainers

	Open	Close	Chg.	%
SCL	283.1	304.0	20.9	7.4%
MTL	514.1	529.3	15.1	2.9%
ATLH	265.1	275.0	9.9	3.7%
EFUL	190.0	199.9	9.9	5.2%
INDU	886.7	894.9	8.2	0.9%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
TELE	8.2	7.9	-0.3	12.45
WTL	1.2	1.2	0.0	9.40
PABC	39.8	37.8	-2.0	7.64
PIBTL	3.9	3.7	-0.2	6.02
NML	53.4	52.4	-1.0	4.52

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	0.48	-0.82	-0.34
O/S Pakistanians	0.77	-0.58	0.19
Net	1.25	-1.40	-0.15
LIPI			
Individuals	12.04	-12.02	0.03
Companies	0.92	-0.78	0.15
Comm. Banks	1.86	-0.56	1.30
NBFC	0.00	0.00	0.00
Mutual Funds	0.73	-0.44	0.28
Other	0.26	-0.05	0.21
Brokers Proprietary	3.69	-3.83	-0.14
Insurance	1.42	-3.10	-1.67
Net	20.93	-20.78	0.15

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	72.90	-1.2%
Brent oil	USD/bbl.	77.50	-1.2%
Gold	USD/t oz.	1964.04	-0.4%
Silver	USD/t oz.	23.30	-0.2%
Coal	USD/ton	132.50	-2.2%
Steel Scrap (LME)	USD/ton	453.50	0.0%
Steel Rebar (LME)	USD/ton	723.00	-0.1%
USD/PKR	Interbank	8.29	-0.5%

News Source: Local / Int'l Newspapers and websites

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Power

MoF refuses to become part of deal with KE on TDS

KEL | Neutral

Ministry of Finance (MoF) has reportedly refused to become part of agreement with K-Electric on Tariff Differential Subsidy (TDS), saying Power Division should sign the pact on behalf of the government of Pakistan (GoP), as "Electricity" is its domain under Rules of Business, 1973, well informed sources in Finance Division told. (BR) | [Click for more info.](#)

Shanghai Electric Power extends PAO for KE by 90 days

KEL | Neutral

Shanghai Electric Power Company Limited is extending the deadline for the Public Announcement of Offer (PAO) for the acquisition of 18.33 billion ordinary shares of K-Electric Limited (KEL), constituting 66.40% of the total issued and paid-up capital of KEL till June 27, 2023. (Mettis) | [Click for more info.](#)

Provincialization of Discos

Power | Neutral

The government of Khyber Pakhtunkhwa (KP) has expressed conditional acceptance of highly loss-making Peshawar Electric Supply Company (Pesco), as Prime Minister wants provinces to take at least one Disco, well-informed sources told. According to caretaker Chief Minister, Pesco is currently facing a huge shortfall of approximately Rs. 200 billion per annum along with Rs. 30 billion per annum in receivables. (BR) | [Click for more info.](#)

Miscellaneous

Three airports; ECC all set to reconsider engaging IFC as transaction adviser

Economy | Neutral

The Economic Coordination Committee (ECC) of the Cabinet is all set to reconsider Aviation Division's summary on engagement of International Finance Corporation (IFC), an arm of World Bank, as Transaction Advisor for outsourcing of airports (Islamabad, Karachi, Lahore) on Thursday (today). (BR) | [Click for more info.](#)

Pakistan faces \$6.2 billion trade deficit with UAE: FPCCI

Economy | Neutral

The United Arab Emirates (UAE) is the sixth largest export destination of Pakistani products but in total trade of \$8.545 billion, Pakistan is facing a trade deficit of \$6.204 billion with the UAE, FPCCI acting president Muhammad Suleman Chawla said on Wednesday. (The News) | [Click for more info.](#)

FBR chief informs Senate body about 'historic' increase in FED

Tobacco | Neutral

Chairman Federal Board of Revenue (FBR) Asim Ahmad said on Wednesday that the government has made historic increase in the Federal Excise Duty (FED) on cigarette brands of the multinational companies as compared to raise in the FED rates on brands manufactured by local tobacco sector. (BR) | [Click for more info.](#)

Pakistan's food security at stake: PKI

Food | Neutral

Pakistan Kissan Ittehad (PKI) President Khalid Mehmood Khokhar has warned that Pakistan's food security could be at stake if agricultural production is not boosted and its issues remain unaddressed. (Dawn) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
HK - Hang Seng	20,192.4	407.75	2.06%
INDIA - SENSEX	57,960.1	346.37	0.60%
US - Dow 30	32,717.6	323.35	1.00%
INDONESIA - IDX	6,839.4	79.11	1.17%
Taiwan - TWII	15,769.8	68.28	0.43%
US - S&P 500	4,027.8	56.54	1.42%
KSA - Tadawul	10,503.2	35.10	0.34%
PHILP - PSEi	6,631.0	27.82	0.42%
CHINA - Shanghai	3,240.1	-5.32	-0.16%
PAK (KSE-100)	39,879.9	-202.48	-0.51%

Board Meetings

Scrip	Day	Agenda	Time
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
AGTL	Thursday	Ann. A/c as of 31-Dec-22	4:00 PM
PINL	Friday	Ann. A/c as of 31-Dec-22	10:30 AM
FATIMA	Monday	Ann. A/c as of 31-Dec-22	11:00 AM
PAKRI	Monday	Ann. A/c as of 31-Dec-22	1:00 PM
PAEL	Tuesday	Ann. A/c as of 31-Dec-22	11:30 AM

Source: PSX

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Political News

Punjab, KP polls in 90 days; SC asks ECP to comply with constitutional command

The Supreme Court has asked the Election Commission of Pakistan (ECP) to comply with the constitutional command of holding elections in the Punjab and Khyber-Pakhtunkhwa within 90 days. Chief Justice Umar Ata Bandial asked the ECP to find the way, adding if it cannot then they would do it. (BR) | [Click for more info.](#)

NA okays bill to 'structure' CJP's suo motu power

The National Assembly on Wednesday passed the bill aimed at clipping the "unilateral" powers of Chief Justice of Pakistan (CJP) in initiating suo motu cases and constituting benches along with a last-minute addition of two amendments, including a controversial one giving right of appeal to aggrieved persons in the already decided cases, with retrospective effect. (Dawn) | [Click for more info.](#)

International News

Oil Steadies After Mixed US Stockpile Report Signals Weak Demand

Oil was steady after its first drop in three sessions as signals that US fuel demand may be lagging overshadowed a disruption to shipments from a key port in Turkey. (BR) | [Click for more info.](#)

Asian Stocks Poised for Gains After US Share Rally: Markets Wrap

Stocks in Asia were set to rise after a rally on Wall Street pushed US tech shares into a bull market amid bets that a peak in interest rates is near and bank turmoil will continue to ease. (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 FCF based DCF methodology.

Analyst Certification ^{AC}

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