

January 31, 2023

## Economy

**Subsidies, security costs 'on chopping block' to placate IMF**
**Economy | Negative**

The government may have to withdraw energy subsidies to big export industries, besides cutting non-salary, non-essential civil and security costs as part of harsh reforms required to obtain the International Monetary Fund's consent for an economic bailout that ensures soft landing for the poor and vulnerable. Senior government officials said IMF mission chief for Pakistan Nathan Porter had already arrived in Islamabad to start a technical discussion with authorities on Tuesday (today), which would continue till Friday (Feb 3). The second phase of policy negotiations would continue till Feb 9 to finalise a memorandum of economic and financial policies (MEFP). (Dawn) | [Click for more info.](#)

**Govt offers its SOE stakes to 2 UAE firms**
**Economy | Neutral**

The Government has reportedly offered its stakes in five top State-Owned Entities (SOEs) to two top companies of the United Arab Emirates (UAE), well informed sources in Finance Division told. The SOEs whose shares have been offered to key UAE entities are Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL), National Bank of Pakistan (NBP), Pakistan International Airlines (PIA) and Pakistan National Shipping Corporation (PNSC). The sources maintained that both entities hold investment funds portfolio of \$ 300 billion and have showed interest in investing in profitable public entities in Pakistan. (BR) | [Click for more info.](#)

**Alvi approves SOEs (Governance and Operations) Bill, 2022**
**Economy | Neutral**

President Dr Arif Alvi on Monday accorded assent to the State-Owned Enterprises (Governance and Operations) Bill, 2022. The president gave the assent under Article 75 of the Constitution on the advice of the prime minister, a press release issued here by the President House's Media Wing said. (BR) | [Click for more info.](#)

**UAE reschedules president's trip to Pakistan**
**Economy | Neutral**

The Prime Minister's Office (PMO) on Monday issued a statement announcing Sheikh Mohamed bin Zayed Al Nahyan, United Arab Emirates (UAE) President's official one-day visit to Islamabad has been rescheduled due to bad weather. The UAE president was set to land in Islamabad today to hold discussions with the PM regarding friendship and cooperation between the Gulf state and Pakistan and ways to enhance them in a number of fields. (The News) | [Click for more info.](#)

**Rupee loses another Rs7 against US dollar**
**Economy | Negative**

The persistent economic uncertainty on Monday further weakened the rupee making the dollar holders reluctant to sell their holdings as the greenback posted massive gains both in open and interbank markets. The State Bank of Pakistan (SBP) reported that the dollar price increased by Rs7.03 to Rs269.63 from Rs262.60 on Friday. (Dawn) | [Click for more info.](#)

## Morning Briefing

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	26,921.4	26,673.2	-248.2	-0.9%
KSE100	40,450.5	39,871.3	-579.3	-1.4%
KSE30	15,109.9	14,897.7	-212.2	-1.4%
KMI30	68,732.3	67,995.5	-736.7	-1.1%

### Top Five Gainers

	Open	Close	Chg.	%
RMPL	8,385.0	8,999.0	614.0	7.3%
PRET	561.0	596.0	35.0	6.2%
GATI	295.1	317.2	22.1	7.5%
INDU	802.5	823.4	20.9	2.6%
MARI	1,450.1	1,468.8	18.7	1.3%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
PRL	13.6	13.7	0.1	21.14
CNERGY	3.9	3.9	0.0	11.81
EPCL	46.1	47.0	0.9	6.70
PPL	78.7	76.3	-2.4	5.12
OGDC	86.6	86.3	-0.4	5.02

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	0.59	-0.81	-0.23
O/S Pakistanies	1.34	-1.15	0.19
<b>Net</b>	<b>1.93</b>	<b>-1.97</b>	<b>-0.04</b>
LIPI			
Individuals	22.82	-20.80	2.02
Companies	1.36	-1.46	-0.09
Comm. Banks	1.03	-0.41	0.62
NBFC	0.03	-0.01	0.02
Mutual Funds	0.96	-1.03	-0.07
Other	1.27	-1.03	0.24
Brokers Proprietary	6.32	-7.17	-0.85
Insurance	0.17	-2.01	-1.84
<b>Net</b>	<b>33.96</b>	<b>-33.92</b>	<b>0.04</b>

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	77.95	-2.2%
Brent oil	USD/bbl.	84.53	-2.5%
Gold	USD/t oz.	1922.52	-0.3%
Silver	USD/t oz.	23.59	0.0%
Coal	USD/ton	146.25	-0.7%
Steel Scrap (LME)	USD/ton	413.00	-0.2%
Steel Rebar (LME)	USD/ton	688.00	-0.3%
USD/PKR	Interbank	8.24	3.0%

News Source: Local / Int'l Newspapers and websites

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# Morning Briefing

## Oil & Gas

**Oil import LCs shrink up to 20pc on rupee devaluation**

**Oil | Negative**

Pakistan's oil sector on Monday sought urgent revision in the exchange loss adjustments mechanism on import of petroleum products as the letters of credit limits have shrunk by 15-20 percent overnight on account of rupee devaluation. (The News) | [Click for more info.](#)

**Russia vows to cooperate with Pakistan on energy**

**Oil | Neutral**

A week after Pakistan and Russia signed an agreement for supply of Russian crude and oil products, Russian Foreign Minister Sergey Lavrov Monday said his country would "cooperate fully" to meet the energy needs of Pakistan. (The News) | [Click for more info.](#)

## Power

**NEPRA to consider relief worth almost Rs12bn for Karachiites in Feb bills**

**KEL | Neutral**

The National Electric Power Regulatory Authority (NEPRA) is scheduled to conduct a public hearing on January 31, 2023, on a request submitted by K-Electric (KE) for a reduction in the power price by Rs 10.26 per unit on account of Fuel Charge Adjustments (FCA) for December 2022. The FCA is reviewed every month as per the tariff regime applicable across the country and is usually applicable to the consumer's bills for one month only. (PT) | [Click for more info.](#)

**Expansion in N-power generation hits snags**

**Power | Neutral**

The development of C-5, which is the fifth unit of the Chashma Nuclear Power Generating Station, has hit a snag because of the reported refusal by the Ministry of Finance to furnish a sovereign guarantee. The Chinese partner has agreed to provide financing for up to 85 per cent of the \$3.7 billion nuclear power plant having a nameplate capacity of 1,200 megawatts, subject to the sovereign guarantee. (Dawn) | [Click for more info.](#)

**Getting Daharki Power shares; ECC allows FF \$2.9m equity investment**

**Power | Positive**

Economic Coordination Committee (ECC) of the Cabinet has allowed Fauji Foundation (FF) equity investment of \$ 2.9 million for acquisition of 2,750,000 shares (18.64 per cent) of Daharki Power Holdings Limited BVI. (BR) | [Click for more info.](#)

**Revised RFP; AEDB seeks approval from Nepra**

**Power | Neutral**

The Alternative Energy Development Board (AEDB), an arm of Power Division, has sought approval of revised Request for Proposal (RFP) from National Electric Power Regulatory Authority (Nepa) drafted on the basis of amendments recently approved by the Economic Coordination Committee (ECC) of the Cabinet. (BR) | [Click for more info.](#)

## World Indices

	Last	Chg.	Chg. %
Taiwan - TWII	15,493.8	560.89	3.76%
INDIA - SENSEX	59,500.4	169.51	0.29%
CHINA - Shanghai	3,269.3	4.51	0.14%
INDONESIA - IDX	6,872.5	-26.50	-0.38%
KSA - Tadawul	10,810.7	-28.81	-0.27%
US - S&P 500	4,017.8	-52.79	-1.30%
PHILP - PSEi	6,971.0	-81.19	-1.15%
US - Dow 30	33,717.1	-260.99	-0.77%
PAK (KSE-100)	39,871.3	-579.26	-1.43%
HK - Hang Seng	22,069.7	-619.17	-2.73%

## Board Meetings

Scrip	Day	Agenda	Time
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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## Tech.& Communication

**PTCL eyes Telenor acquisition**

**PTC | Positive**

The Pakistan Telecommunication Company Limited (PTCL) is all set to give its non-binding offer for acquiring the Telenor Pakistan at a possible price range of \$800 million to \$1.2 billion. The PTCL's Board of Directors granted its nod last week for expressing interest in acquiring majority shares of Telenor Pakistan. They are interested in acquiring Telenor Pakistan with management control. (The News) | [Click for more info.](#)

## Miscellaneous

**SBP orders dealers to facilitate IT, ITes exporters**

**TECH | Neutral**

The State Bank of Pakistan has directed authorised dealers to swiftly facilitate IT and ITes exporters, the Ministry of Information Technology and Telecommunication said. (BR) | [Click for more info.](#)

**LCs: steel sector says facing dire situation**

**Steel | Negative**

The steel industry is facing a critical situation as the State Bank of Pakistan (SBP) is still not opening Letters of Credit (LCs), leading to the closure of numerous steel businesses and widespread job losses. According to industry estimates, the steel sector in Pakistan employs over 200,000 people directly and has an annual production capacity of over 5 million tons. However, the crisis has forced many steel companies to reduce production or even shut down operations. (BR) | [Click for more info.](#)

**Exports to nine regional states shrink**

**Economy | Negative**

Pakistan's exports to nine regional countries shrank 11.93 per cent in the first half of FY23 mainly driven by a drop in shipments to China, data released by the State Bank of Pakistan showed on Monday. The country's exports to Afghanistan, China, Bangladesh, Sri Lanka, India, Iran, Nepal, Bhutan and the Maldives dipped to \$1.897 billion — just 13.31pc of Pakistan's total exports of \$14.25bn in July-December FY23. (Dawn) | [Click for more info.](#)

## Political News

**PPP seeks 'hopefuls' for NA by-polls**

As parties in the ruling coalition mull whether or not to participate in the upcoming by-elections to 33 National Assembly seats, one of the allies, Pakistan Peoples Party, has invited applications for tickets from aspiring candidates. (Dawn) | [Click for more info.](#)

## International News

**Global Stocks Hold Monthly Gain Before Fed, ECB: Markets Wrap**

A gauge of global stocks held to a monthly gain of more than 6% amid mixed trading in Asia on Tuesday as investors positioned for interest-rate hikes this week from the Federal Reserve and the European Central Bank. (Bloomberg) | [Click for more info.](#)

**Oil falls 2% as rate hikes loom and Russian flows stay strong**

Oil prices dipped 2% on Monday, extending losses as looming increases to interest rates by major central banks weighed on demand and Russian exports remained strong. (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 FCFF based DCF methodology.

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