



ACPL DIGEST

(Feb-24)

Abbasi and Company (Pvt.) Limited (ACPL) is amongst the notable financial brokerage firms in Pakistan. The company is a TREC holder of Pakistan Stock Exchange Limited (PSX) and is a universal member of Pakistan Mercantile Exchange Limited (PMEX). Pakistan Credit Rating Agency (PACRA) has assigned the initial broker rating of “BMR 2” and “BFR 2” with “Stable” outlook to Abbasi and Company (Pvt.) Limited.

ACPL Research covers 46 scrips from 14 sectors which constitute around 60% of the market capitalization of the KSE 100 index

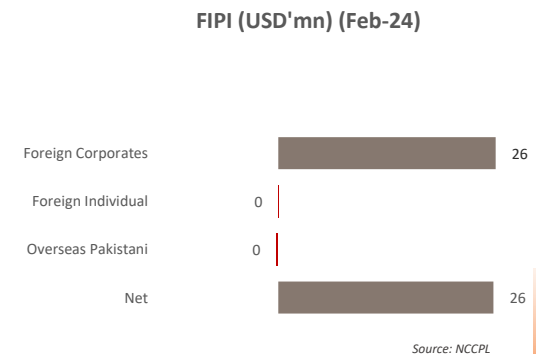
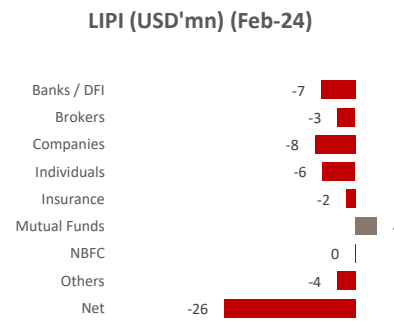
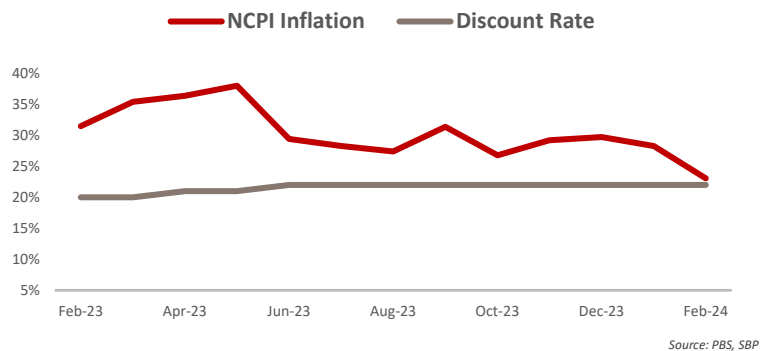
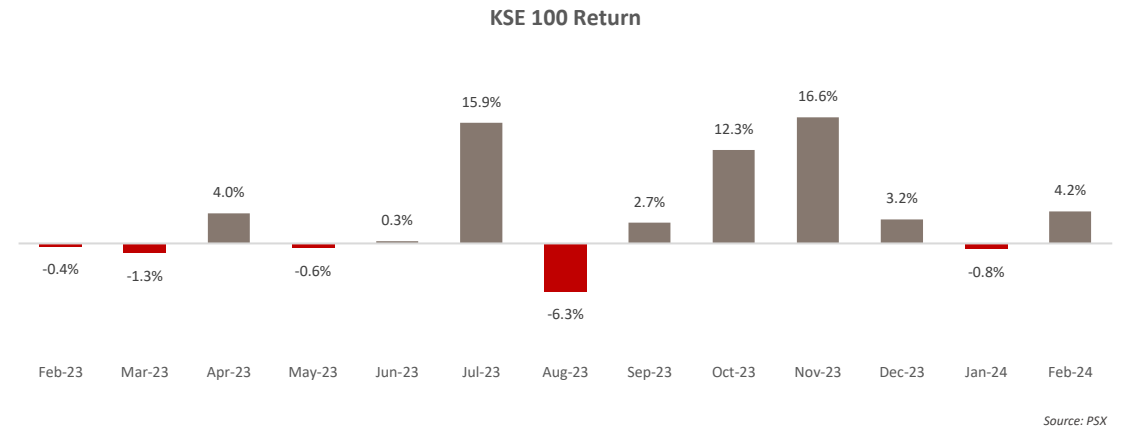


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Remittances			Exports			Imports			Current Account	
7MFY24	7MFY23	Change	7MFY24	7MFY23	Change	7MFY24	7MFY23	Change	7MFY24	7MFY23
\$15.8 bn	\$16.3 bn	▼ -3.0%	\$17.78 bn	\$16.48 bn	▲ 7.9%	\$30.94 bn	\$36.03 bn	▼ -14.1%	-\$13.2 bn	-\$19.6 bn

The KSE-100 index embarked on a volatile journey in February 2024. The month commenced with a positive first week, reflecting some investor optimism. However, this sentiment quickly dissipated as the national elections unfolded, casting a shadow of uncertainty over the market. The ongoing elections and their post-election phase significantly impacted the KSE-100. The uncertainty surrounding the formation of a new government and the potential economic policies it might implement led to a market correction. The index lost around 3,000 points, dipping to approximately 59,000 during this period. However, towards the latter part of February, a sense of optimism gradually returned to the market. As the uncertainties regarding the new government formation subsided, a glimmer of hope emerged. This renewed confidence and strong foreign buying fueled a market rally, with the index reclaiming its earlier losses by surging nearly 5,000 points



in the final week. Looking forward the current market sentiment is cautiously optimistic. Encouraging news surrounding the International Monetary Fund's (IMF) willingness to collaborate with the new government further bolsters investor confidence. This positive outlook suggests that the KSE-100 might continue its upward trajectory in the coming period. Furthermore, we anticipate a gradual decline in inflation in the near future. This development is poised to have a positive impact on the overall economy and the stock market. The potential decrease in the policy rate that accompanies this trend is expected to enhance corporate profitability, ultimately contributing positively to the market.

Our recommended stocks include AIRLINK, MLCF, MEBL, UBL, PIOC, FCCL, and GAL.

		(USD' mn) (Feb-24)										
		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
LIPI Portfolio	Banks / DFI	1.29	-1.40	-5.22	-0.29	3.00	-0.58	-2.17	0.30	-0.18	-1.48	-6.73
	Broker Proprietary Trading	0.32	0.08	-0.05	0.70	-4.92	-0.76	-0.27	-0.04	-0.01	1.74	-3.21
	Companies	-0.39	-7.01	2.66	0.26	0.16	-0.14	-2.03	-0.23	0.82	-2.05	-7.95
	Individuals	-1.49	1.39	-0.06	-0.87	-2.82	-0.46	2.50	1.44	-0.45	-5.61	-6.44
	Insurance Companies	1.19	-0.46	-0.58	-0.19	-0.15	0.40	-0.28	0.07	0.27	-2.09	-1.80
	Mutual Funds	0.79	0.72	-0.30	-0.13	-1.01	1.08	0.56	1.30	-0.43	1.73	4.33
	NBFC	0.02	-0.06	-0.03	0.00	-0.04	0.00	0.02	-0.01	0.01	0.03	-0.06
	Other Organization	-0.00	0.64	-1.18	-0.18	-4.26	0.06	0.88	-0.10	0.05	0.17	-3.91
LIPI Total		1.73	-6.08	-4.75	-0.70	-10.03	-0.40	-0.79	2.73	0.09	-7.56	-25.76
FIPI Portfolio	Foreign Corporates	0.06	5.44	5.17	0.91	9.76	-0.31	0.06	-2.93	-0.02	7.87	26.00
	Foreign Individual	0.00	0.00	0.00	0.00	-0.02	0.02	0.00	0.04	0.00	-0.04	-0.01
	Overseas Pakistani	-1.78	0.65	-0.42	-0.21	0.30	0.70	0.73	0.15	-0.07	-0.28	-0.23
	Total	-1.73	6.08	4.75	0.70	10.03	0.40	0.41	-2.73	-0.09	7.56	25.76

Source: NCCPL

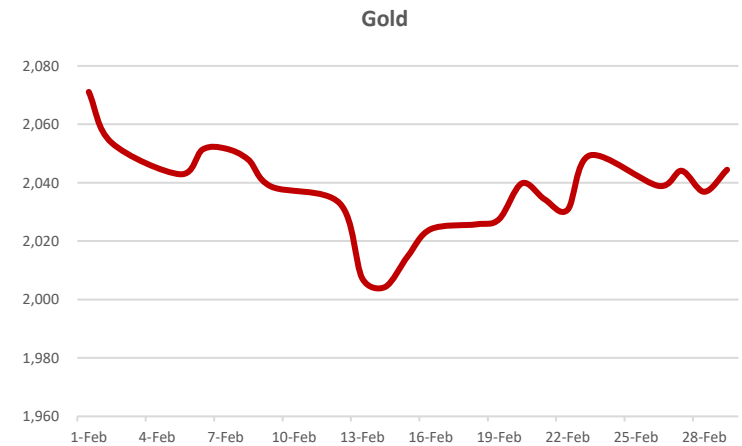
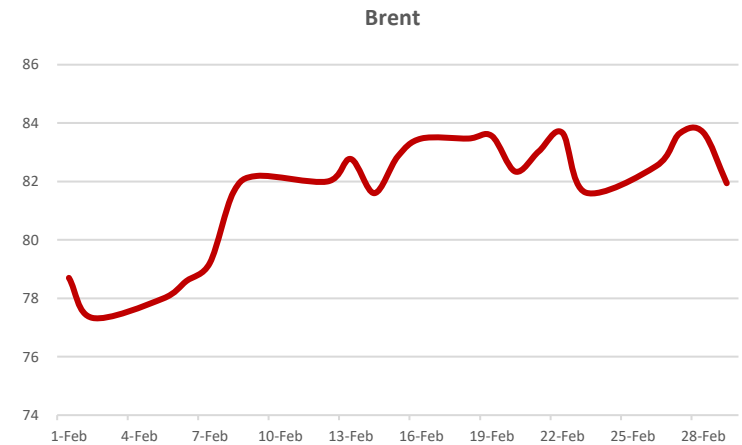
COMMODITIES OVERVIEW

Crude Oil

The month commenced positively for Brent oil, surging above \$83 per barrel in the first week due to concerns over potential Middle East supply disruptions amid geopolitical tensions. However, optimism waned as the month progressed, influenced by rising global economic uncertainty, weakened demand fears, and the resumption of Russian oil exports increasing overall supply. Shifting market sentiment, marked by volatility and investor risk aversion, contributed to short-term fluctuations and added selling pressure. Looking ahead, there's an anticipation of an upward trend in crude oil. Ongoing geopolitical tensions, such as Houthi attacks in the Red Sea, and a noticeable decline in oil supply, aligning with an expected rise in demand, indicate potential market upturn in the near future.

Gold

February 2024 saw gold prices fluctuate significantly after surpassing \$2,000 in late January. Despite initially hovering around this level during the first week of February, challenges arose with Federal Reserve announcements signaling a potential delay in rate cuts, diminishing gold's appeal. However, ongoing geopolitical tensions, particularly related to the conflict in Ukraine, sustained demand for safe-haven assets, mitigating a steeper decline. Despite reaching highs of around \$2,075, a correction ensued due to the Fed's policy stance. By month-end, gold prices stabilized around \$2,040. Moving forward, we anticipate a gradual increase in gold prices, but any Fed interest rate hike may exert selling pressure.



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DEFINITION OF TERMS

TP	Target Price	DDM	Dividend Discount Model	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DCF	Discounted Cash Flows
PE	Price to Earnings Ratio	PB	Price to Book Ratio	BVPS	Book Value Per Share
EPS	Earnings Per Share	DPS	Dividend Per Share	ROE	Return of Equity
ROA	Return on Assets	SOTP	Sum of the Parts	JPB	Justified Price to Book

Ratings are updated to account for any development impacting the economy/sector/company, changes in analysts' assumptions or a combination of these factors.

VALUATION METHODOLOGY

To arrive at our Target Price, Abbasi & Company (Private) Limited uses different valuation methods which include:

- I. Discounted Cash Flow Model
- II. Dividend Discount Model
- III. Relative Valuation Model
- IV. Sum of Parts Valuation

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