

MORNING GLANCE



40,673






▲ 802



▲ 2.01%




93 mn



YTD -0.35%





1 Year -10.36%

ASIA		Value	Pts	Chg. (%)
	NIFTY 50	17,662.15	13.20	0.07% ▲
	DSE 30	2,225.83	4.87	0.22% ▼
	SHANGHAI	3,264.20	8.53	0.26% ▲
	Hang Seng	21,839.00	3.33	0.02% ▼
	Nikkei 225	27,410.50	83.39	0.31% ▲

EUROPE		Value	Pts	Chg. (%)
	FTSE 100	7,771.70	13.17	0.17% ▼
	DAX 30	15,128.27	2.19	0.01% ▲

USA		Value	Pts	Chg. (%)
	DOW JONES	34,086.04	368.95	1.09% ▲
	S&P 500	4,076.60	58.83	1.46% ▲
	NASDAQ	12,101.93	189.54	1.59% ▲

Commodities		Value	Chg.	Chg. (%)
	Gold (t oz.)	1,942.00	3.3	0.17% ▼
	Oil-WTI (bbl)	79.11	0.24	0.30% ▲

Currencies		Value	Chg.	Chg. (%)
	USD/PKR	267.25	2.00	0.75% ▲
	EURO/PKR	289.75	1.48	0.51% ▲
	GBP/PKR	329.79	1.01	0.31% ▲
	AED/PKR	72.72	0.55	0.76% ▲

Source: dps.psx.com.pk, investing.com, forex.com

Market Outlook

KSE-100 on Tuesday surged by over 800 points and concluded the session in the green zone amid the hopes of the revival of the stalled IMF programme. The index made an intra-day high and low at 40,717 (846 points) and 39,871 (0 points) respectively while closed at 40,673 by gaining 802 points. Trading volume has increased to 93mn shares as compared to 79mn shares on the previous trading day. Going forward, the level of 40,700 (50 DMA) is crucial as the market needs to break it to unlock further upside. Breaking this level would further push the index towards 41,000. Contrarily, the support for the index resides at 39,800.

Key News

International

Stocks firm, dollar on edge ahead of Fed decision

Asia's stockmarkets steadied on Wednesday, with signs of a slowdown in U.S. wages bolstering hopes that the Federal Reserve could hint at an end to interest rate hikes at its meeting later in the day. Wall Street indexes had rallied, as had bonds to a lesser extent, while the dollar gave up gains overnight when the Fed's preferred wages gauge, the U.S. employment cost index, showed a 1% rise last quarter, [see more...](#)

Oil mixed ahead of U.S. inventory data, Fed and OPEC meetings

Crude prices settled mixed on Tuesday as expectations for a U.S. inventory drop and a smaller Federal Reserve rate hike for February faced off with negative connotations linked to a likely OPEC+ decision to keep production steady. A weaker dollar and an uptick in November demand for U.S. crude and petroleum products, reported belatedly by the EIA, or [see more...](#)

Politics

Shahid Khaqan Abbasi quits as PMLN senior vice president

Former prime minister and PMLN Senior Vice President (SVP) Shahid Khaqan Abbasi has resigned from the party office and decided to continue to work for country's wellbeing through the forum of Reimagining Pakistan. In a brief chat with The News here at the Parliament House Tuesday evening, he brushed aside the impression that he had been [see more...](#)

Economy

Govt team tries to persuade IMF to unlock lending - Neutral

The International Monetary Fund (IMF) on Tuesday asked Pakistan to withdraw untargeted subsidies, reduce circular debt, meet petroleum levy and Federal Board of Revenue (FBR) tax collection targets, it is learnt. Official sources revealed to Business Recorder that these demands were tabled during Federal Minister for Finance and Revenue Senator Mohammad Ishaq Dar's meeting held with the [see more...](#)

MORNING GLANCE

Fitch says PKR to further weaken - **Negative**

The Pakistani rupee is expected to weaken further, particularly with the country's balance of payments position that is likely to remain weak for several more months, says Fitch Solutions. The rating agency noted that a continued weakening in the rupee will have broader economic implications too. In the near term, it could exacerbate imported inflationary pressure and may eventually result in steeper policy rate hikes from the State Bank of [see more...](#)

IMF revises GDP growth projections downward - **Negative**

The International Monetary Fund (IMF) has revised downward GDP growth rate projection for Pakistan from 3.5 per cent to two per cent for 2023 against six per cent in 2022. The IMF World Economic Outlook (WEO) Update "inflation peaking amid low growth" projected Pakistan's GDP growth at two per cent for 2023 and four per cent for 2024. However, the IMF WEO report released in October 2022, had projected GDP growth rate [see more...](#)

Jul-Dec: govt has borrowed \$5.595bn - **Neutral**

The government has borrowed \$5.595 billion from multiple financing sources including \$1.166 billion from the International Monetary Fund (IMF) during the first half (July-December) of 2022-23 compared to \$9.432 billion borrowed during the same period of last fiscal year. The Economic Affairs Division data shows that the country has not received foreign assistance from China for the third consecutive month in December, and \$54.93 [see more...](#)

January CPI likely to rise 27pc; 30pc breach in months ahead - **Negative**

Analysts expect Pakistan's consumer price index (CPI) to breach the 30 percent barrier in months ahead, with January 2023 inflation to hover around 27 percent on account of energy and food prices. JS Global citing back-to-back impact of macro developments on CPI said, "In any scenario, given the bulk adjustment in currency, a 30 percent YoY CPI reading now [see more...](#)

Govt plans to convert Rs800bn PHL debt into public debt - **Negative**

The government has prepared plan to impose multiple surcharges of over Rs 4/kWh on consumers across the country including those of the KE and conversion of Power Holding Limited's (PHL) debt of Rs 800 billion to public debt, sources close to Finance Minister told Business Recorder. Sharing the details, sources said PHL outstanding debt stock as of June 2020 was Rs 1.004trillion. [see more...](#)

Country braces for fuel shortages? - **Negative**

Pakistan could face a crunch in fuel supplies in February as banks have stopped financing and facilitating payments for imports due to depleting foreign exchange reserves, traders and industry sources said. The South Asian nation is facing a balance of payments crisis and the plummeting value of the Pakistani rupee is pushing up the price of imported goods. Energy comprises a large chunk of Pakistan's import [see more...](#)

July-January 2022-23: Rs4bn increase in revenue collection - **Positive**

The Federal Board of Revenue (FBR) has provisionally collected Rs 537 billion during January 2023 against the monthly budgetary target of Rs533 billion, reflecting an increase of Rs4 billion. The provisional tax collection of the FBR stood at Rs3,965 billion in the first seven months of the current financial year against the assigned target of [see more...](#)

Toyota manufacturer shuts down plant for two weeks - **Negative**

In view of "insufficient inventory levels", Indus Motor Company (IMC), the maker of Toyota vehicles, has decided to "completely" shut down its production plant in Pakistan from February 1 to 14. In a letter addressed to the general manager of the Pakistan Stock Exchange, the IMC management said that in light of the recently introduced mechanism vide [see more...](#)

PSO receivables soar to Rs718bn with payables at Rs219bn - **Negative**

With circular debt in the energy sector at Rs4,200 billion, the Pakistan State Oil's (PSO) receivables have soared to an alarming high of Rs718.016 billion, with payables at Rs219.070 billion. The biggest defaulter is the Sui Northern Gas Pipelines Limited (SNGPL) which owes PSO a huge amount of Rs455.045 billion against the LNG imports, the daily receivables [see more...](#)

Honda Increases Bike Prices By up to Rs. 30,000 - **Positive**

The persistent devaluation of the Pakistani Rupee has sparked a new series of price increases that are wreaking havoc on the populace. The most recent participant in this saga is Atlas Honda (KLMC), which has increased prices by as much as Rs. 30,000. Effective February 1, the price of new Honda bikes will be as follows: Last week, Atlas Honda Limited announced Rs. 1.408 billion profit for the quarter that ended [see more...](#)

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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

VALUATION METHODOLOGY

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

- Discounted Cash Flow Model
- Dividend Discount Model
- Relative Valuation Model
- Sum of Parts Valuation

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Stock Rating	Expected Total Return	Sector Rating	Sector Outlook
BUY	Greater than 15%	Overweight	Positive
HOLD	Between -5% to 15%	Market Weight	Neutral
SELL	Less than and equal to -5%	Underweight	Negative

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The Research Analyst is not and was not involved in issuing of a research report on any of the subject company's associated companies

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