

## MORNING GLANCE



41,904	▲ 218	▲ 0.52%
79 mn	YTD 2.67%	1 Year -3.64%

ASIA	Value	Pts	Chg. (%)
 NIFTY 50	18,563.40	71.15	0.38% ▼
 DSE 30	2,192.89	3.68	0.17% ▲
 SHANGHAI	3,217.62	13.78	0.43% ▼
 Hang Seng	19,282.00	107.95	0.56% ▼
 Nikkei 225	32,522.50	257.33	0.80% ▲

EUROPE	Value	Pts	Chg. (%)
 FTSE 100	7,562.36	37.38	0.49% ▼
 DAX 30	15,949.84	40.12	0.25% ▼

USA	Value	Pts	Chg. (%)
 DOW JONES	33,876.78	43.17	0.13% ▲
 S&P 500	4,298.86	4.93	0.11% ▲
 NASDAQ	14,528.36	43.82	0.30% ▲

Commodities	Value	Chg.	Chg. (%)
 Gold (t oz.)	1,970.15	7.05	0.36% ▼
 Oil-WTI (bbl)	69.42	0.75	1.07% ▼

Currencies	Value	Chg.	Chg. (%)
 USD/PKR	286.93	0.05	0.02% ▲
 EURO/PKR	308.88	2.37	0.77% ▲
 GBP/PKR	359.98	3.99	1.12% ▲
 AED/PKR	78.12	0.01	0.01% ▲

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

### Market Outlook

The stock market on Friday remained volatile throughout the day and concluded the session in the green zone as the stakeholders expect tough budget under IMF shadow. The benchmark KSE-100 index made an intra-day high and low at 41,932 (245 points) and 41,677 (9 points) respectively while closed at 41,904 by gaining 218 points. Trading volume decreased to 79mn shares as compared to 101mn shares on the previous trading day. Going forward, we expect the market to remain volatile ahead of the MPC meeting today in which we expect the SBP to keep interest rate unchanged. Furthermore, the un-expected move in the budget of imposing a tax on bonus shares instead of reserves might weigh on the index. the support for the index resides at 41,500. Breaking this level would further drag the index towards 41,271 (200 DMA) . Contrarily, the resistance of the index resides at 42,300.

### Key News

#### International

##### SGX Nifty, CPI inflation to US Fed, key triggers for Indian stock market

Asian markets traded on a mixed note on Monday as investors remained cautious ahead of interest rate decisions from a slew of major global central banks this week including the US Federal Reserve, European Central Bank and Bank of Japan. The US Federal Reserve is expected to keep interest [see more...](#)

##### Oil Extends Losses on Demand Woes as Goldman Cuts Outlook Again

Oil extended losses amid persistent concerns around the demand outlook as Goldman Sachs Group Inc. cut its price forecast again. Brent futures fell toward \$74 a barrel after capping a 1.8% decline last week, the biggest weekly drop since early May. Goldman made its third downward [see more...](#)

#### Politics

##### Plea filed in SC against trial of civilians under Official Secrets Act, Army Act

The Supreme Court has been urged to declare that the trials of the civilians arrested, in light of May 9 and 10 violent protests, under the Army Act and Official Secret Act are violative of Article 25 of the constitution, until and [see more...](#)

#### Economy

##### PM, too, advocates 'charter of economy' as solution

Prime Minister Shehbaz Sharif said on Saturday that the 'Charter of Economy' appears to be the only way forward for our political parties to achieve prosperity for our people. "Economy direly needs reforms, which, in turn, can be undertaken in a stable political environment [see more...](#)

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### **No hurdle in IMF deal as all terms met: PM Shehbaz Sharif - Neutral**

Prime Minister Shehbaz Sharif Friday hoped the International Monetary Fund (IMF) would resume the stalled bailout programme as Pakistan had already met all the prior conditions despite economic hardships. Speaking to the cabinet ahead of the budget session, Shehbaz said: "The Ninth Review will be completed soon." He said political instability was the most [see more...](#)

### **Pakistan Unlikely to Devalue Rupee as Pressure Eased, Fitch Says - Neutral**

Pakistan, which is negotiating to restart a \$6.7 billion bailout with the International Monetary Fund, is unlikely to devalue its currency again as pressure on the rupee has eased, according to Fitch Ratings. We currently do not expect a large further devaluation of the Pakistan rupee," Krisjanis Krustins, a Hong Kong-based director at Fitch, said in an emailed response [see more...](#)

### **External loans, grants of \$24bn projected - Neutral**

The government has projected external loans and grants to the tune of approximately \$24 billion, equivalent to Rs6.97 trillion in the upcoming budget, including new deposits of \$2 billion from the Kingdom of Saudi Arabia (KSA) and \$1 billion from the UAE. According to the budget documents for 2023-24 tabled before the parliament, the government did not project Saudi Oil Facility (SOF) in the next budget for 2023-24 against revised estimates [see more...](#)

### **Pakistan targets 3.5pc growth rate - Neutral**

The government has set a GDP growth target of 3.5 per cent for the budget 2023-24 against the provisional growth figure of 0.29 per cent for the outgoing financial year 2022-23. During 2023-24, the monetary policy is expected to play a challenging role in striking a balance between price and output objectives amid government endeavours for economic revival. The challenge would be to strike a balance between growth and stability [see more...](#)

### **No amnesty scheme for expats - Neutral**

Finance Minister Ishaq Dar Saturday categorically said the government has not announced any amnesty scheme for overseas Pakistanis and the new law of taxing windfall gains profits would be invoked against industries that exploit consumers to make extraordinary gains. Responding to a question on (additional tax on certain income, profits and gains) under new Section 99D of the Income Tax Ordinance 2001 at the post-budget press [see more...](#)

### **First-ever crude-laden Russian ship arrives - Positive**

The first-ever Russian oil ship carrying over 45,000 metric tons of crude has arrived at Karachi Port on Sunday. "It is a significant development for Pakistan's energy sector as the deal between Pakistan and Russia has almost materialized when the first crude oil ship has anchored at Karachi Port", industry players said. The Russian ship "Pure Point" carrying 45,142 metric tons crude has successfully anchored at [see more...](#)

### **Additional tax on income profit, gains imposed - Negative**

The government has imposed "additional tax" at the rate not exceeding 50 percent on income profit and gains of a person or class of persons on account of extraordinary gains due to exogenous factors. Through the Finance Bill 2023, the Federal Board of Revenue (FBR) has included a new section "99D" (Additional tax on certain income, profits and gains) in the Income Tax Ordinance 2001. The additional tax shall [see more...](#)

### **Budget: telecom sector expresses disappointment - Neutral**

The telecom sector, which has invested over \$25 billion in Pakistan, expressed deep disappointment as the federal budget failed to provide any relief to millions of telecom users in Pakistan who are burdened with exorbitant taxes. CEO of Jazz Aamir Ibrahim expressing his dismay in a tweet, stated, "It is disappointing to see no relief extended to Pakistan's 195 million telecom users in the budget, who continue to [see more...](#)

### **IT sector: Budget brings in huge incentives - Positive**

The government has announced huge incentives for Information Technology (IT) Sector, IT exports and IT related services in the budget 2023-24 including removing regulatory duty on IT related equipment, granting the status of cottage industry and continuation of concessionary fixed tax rate of for exports for tax years 2024, 2025 and 2026 in a bid to compete with International standards and promote [see more...](#)

### **Rate of GST on e-integrated textile retailers up 3pc - Negative**

The government has enhanced the rate of sales tax on electronically-integrated textile retailers from the existing 12 percent to 15 percent under the Finance Bill, 2023. It was informed by Arshad Shehzad, a prominent sales tax expert that the government, in order to promote electronic real-time reporting, has introduced a reduced rate of tax facility on sales made by large-scale branded textile and leather [see more...](#)

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

## 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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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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