

MORNING GLANCE



40,323	▼ -480	▼ -1.18%
66 mn	YTD -1.21%	1 Year -11.89%

ASIA	Value	Pts	Chg. (%)
NIFTY 50	17,956.60	98.40	0.55% ▲
DSE 30	2,197.27	1.49	0.07% ▼
SHANGHAI	3,230.53	35.22	1.10% ▲
Hang Seng	21,837.00	98.34	0.45% ▲
Nikkei 225	25,817.50	302.02	1.16% ▼

EUROPE	Value	Pts	Chg. (%)
FTSE 100	7,844.07	50.03	0.64% ▲
DAX 30	15,086.52	28.22	0.19% ▲

USA	Value	Pts	Chg. (%)
DOW JONES	34,302.61	112.64	0.33% ▲
S&P 500	3,999.09	15.92	0.40% ▲
NASDAQ	11,541.48	81.87	0.71% ▲

Commodities	Value	Chg.	Chg. (%)
Gold (t oz.)	1,928.50	6.80	0.35% ▲
Oil-WTI (bbl)	79.62	0.49	0.61% ▼

Currencies	Value	Chg.	Chg. (%)
USD/PKR	228.50	-	-
EURO/PKR	247.65	1.74	0.71% ▲
GBP/PKR	278.55	0.98	0.35% ▲
AED/PKR	62.17	-	-

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

Market Outlook

KSE-100 on Friday plunged over 450 points and concluded the session in the red zone amid the political uncertainty created after CM Punjab advised the Governor to dissolve Punjab assembly. The index made an intra-day high and low at 40,804 (0 points) and 40,196 (-608 points) respectively while closed at 40,323 by losing 480 points. Trading volume has decreased to 66mn shares as compared to 84mn shares on the previous trading day. Going forward, we expect the market to remain under pressure amid political uncertainty after the dissolution of Punjab assembly and the expected dissolution of KP assembly in the current week. The market is likely to test its support at 39,800. Breaking this level would further drag the index towards 39,300. Contrarily, the resistance for the index resides at 40,600.

Key News

International

Asian shares cautious, BOJ faces crunch policy decision

Asian shares started cautiously on Monday as investors waited nervously to see if the Bank of Japan (BOJ) will defend its super-sized stimulus policy at a pivotal meeting this week, while a holiday in U.S. markets made for thin trading. There were even rumours the BOJ might hold an emergency meeting on Monday as it struggles to defend its new [see more...](#)

Oil prices slip as markets await demand forecasts, economic clarity

Oil prices fell on Monday after a sharp rally last week, as traders turned cautious and locked in some profits ahead of demand forecasts from the OPEC and the IEA, as well as a barrage of economic data due this week. Crude prices rallied over 8% last week on the prospect of a rebound in [see more...](#)

Politics

PTI to go for 'PM confidence vote' if MQM changes sides

After successfully managing vote of confidence in Punjab provincial assembly against its chief minister, Pakistan Tehreek-e-Insaf (PTI) is contemplating upon asking Prime Minister Shehbaz Sharif to take a vote of confidence from parliament if Muttahida Qaumi Movement-Pakistan (MQM-P) decides to part ways with the ruling coalition in the [see more...](#)

Economy

Plan to turn to friendly countries for additional deposits - Neutral

The government is considering approaching friendly countries, especially Saudi Arabia, for additional deposits on an immediate basis and to end the 'wait and see' policy. The Saudi authorities are busy 'studying' the possibility of additional deposits amid dwindling foreign exchange [see more...](#)

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SBP likely to hike interest rate by 100-200bps - Negative

The State Bank of Pakistan is expected to further raise its benchmark interest rate at its January 23 meeting, a brokerage house poll showed on Saturday, as a result of rising inflation and declining foreign exchange reserves. "Majority of the participants (74 percent) expect policy rate to increase by 100-200 basis points (bps)," said Toplevel Research, citing a poll result on the monetary policy expectations. Out of these, 37 percent expect a [see more...](#)

Remittances drop to 31-month low at \$2.04b - Negative

The inflows of workers' remittances sent home by overseas Pakistanis have continued to slow down, plunging to a 31-month low at \$2 billion in December 2022. The straight drop in the inflows for the fourth consecutive month has further hit the country's forex reserves, increasing its reliance on expensive foreign loans to finance external expenditures. Almost all the multilateral and bilateral creditors have linked providing [see more...](#)

Pakistan's economy grinding to a halt as dollars dry up - Negative

Thousands of containers packed with essential food items, raw materials and medical equipment have been held up at Pakistan's Karachi port as the country grapples with a desperate foreign exchange crisis. A shortage of crucial dollars has left banks refusing to issue new letters of credit for importers, hitting an economy already squeezed by soaring inflation and lacklustre growth. "I have been in the business for the past 40 years and I have [see more...](#)

Food inflation reaches 31.75% YoY - Negative

The trend of the rising prices carried on in the week that ended on January 12 with the inflation rate hitting 0.44% in comparison with the previous seven days and 31.75% on a year-on-year basis. According to the figures released by the Pakistan Bureau of Statistics (PBS) on Friday, the prices of 23 essential items increased on a weekly basis including flour by 6.75%, liquefied petroleum gas (LPG) by 5.24%, plain bread by 4.85%, garlic by 4.51%, eggs [see more...](#)

Levy on diesel hiked to Rs35/litre under IMF target - Negative

In order to keep the POL [petrol, oil, lubricants] prices unchanged for the next fortnight, the government jacked up petroleum development levy (PDL) on high-speed diesel (HSD) by Rs2.50 per litre and increased it from Rs32.50 to Rs35 per litre with effect from January 16, 2023. Under the IMF [International Monetary Fund] agreement, the government seeks Rs855 billion through petroleum development levy in the current fiscal year, [see more...](#)

Oil, telecom sectors raise red flags over LCs - Negative

The Petroleum Division of the Ministry of Energy on Friday sought urgent intervention of the Ministry of Finance (MoF) and the State Bank of Pakistan (SBP) to arrange the opening of letters of credit (LCs) for fuel imports after the entire industry, including oil marketing companies and refineries, raised red flags over looming supply disruption. Similarly, the telecommunication industry, in a letter to the IT [see more...](#)

Tal block may sell gas to third party - Positive

The Economic Coordination Committee (ECC) is likely to allow the joint venture of Tal block to sell gas to third party at a higher price in order to reach an out-of-court settlement. The recoverable reserves in Tal block are estimated at 16.1 billion cubic feet (bcf) of gas but due to litigation, production could not begin at the field. It has not produced gas since 2017 due to the dispute in court. The exploration licence for Tal [see more...](#)

Pak Suzuki extends plant shutdown by another week - Negative

Pak Suzuki Motor Company (PSMC) on Friday announced to extend shutdown of its automobile plant till January 20 on the back of inventory shortages. The company has kept its production activities suspended for most days since start of the new year, blaming a dearth of imported parts and accessories, as banks are rejecting or retiring letters of [see more...](#)

NOCs issued for setting up five digital banks - Positive

The State Bank of Pakistan (SBP) on Friday issued no-objection-certificates (NOCs) to five applicants — Easy Paisa DB, Hugo Bank, KT Bank, Mashreq Bank, and Raqami — for establishing digital banks. In January last year, the SBP introduced a Licensing and Regulatory Framework for Digital Banks in line with international best practices. The framework was the first step towards introducing full-fledged [see more...](#)

FY 2022-23: Ogra determines up to 11.5pc increase in gas prices - Neutral

The Oil and Gas Regulatory Authority (Ogra) has determined up to 11.5 percent increase in the prescribed price of gas for consumers of both gas companies - the Sui Northern Gas Pipeline Limited (SNGPL) and the Sui Southern Gas Company (SSGC) for the current financial year 2022-23. In a review estimated revenue requirement (RERR) for the current [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

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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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