

MORNING GLANCE



39,721	▼ -603	▼ -1.50%
52 mn	YTD -2.68%	1 Year -13.2%

ASIA	Value	Pts	Chg. (%)
NIFTY 50	17,894.85	61.75	0.34% ▼
DSE 30	2,197.27	1.49	0.07% ▼
SHANGHAI	3,223.58	4.02	0.12% ▼
Hang Seng	21,648.00	98.72	0.45% ▼
Nikkei 225	26,131.00	308.68	1.20% ▲

EUROPE	Value	Pts	Chg. (%)
FTSE 100	7,860.07	16.00	0.20% ▲
DAX 30	15,134.04	47.52	0.31% ▲

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.)	1,918.35	3.35	0.17% ▼
Oil-WTI (bbl)	79.24	0.87	1.09% ▼

Currencies	Value	Chg.	Chg. (%)
USD/PKR	228.75	0.25	0.11% ▲
EURO/PKR	248.26	0.61	0.25% ▲
GBP/PKR	280.25	1.70	0.61% ▲
AED/PKR	62.24	0.07	0.11% ▲

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

Market Outlook

KSE-100 on Monday plunged over 600 points and concluded the session in the red zone amid the political uncertainty created after the dissolution of the Punjab assembly in addition to the expected rise of interest rate by SBP in the scheduled MPC meeting in coming week amid declining foreign exchange reserves and the higher inflation. The index made an intra-day high and low at 40,355 (31 points) and 39,661 (-663 points) respectively while closed at 39,721 by losing 603 points. Trading volume has decreased to 52mn shares as compared to 67mn shares on the previous trading day. Going forward, we expect the market to continue its downward momentum. The index is likely to test its support at 39,300. Breaking this level would further drag the index towards 38,800. Contrarily, the resistance for the index resides at 39,800.

Key News

International

Asia shares slip ahead of expected weak China economic data

Asia shares mostly slipped on Tuesday ahead of Beijing's expected release of weak fourth-quarter economic data, although investor sentiment about China's rebound remained positive even as the global economy edges closer to recession. MSCI's gauge of Asia Pacific stocks outside Japan was [see more...](#)

Oil prices slip on global recession gloom

Oil prices fell in early trade on Tuesday as recession fears dominated headlines out of the World Economic Forum's meeting in Davos, draining optimism that stoked the market last week on prospects of a fuel demand recovery in top oil importer China. Brent crude futures were down 38 [see more...](#)

Politics

Interim set-up: IK hints at PTI's return to NA

Pakistan Tehreek-e-Insaf (PTI) Chairman Imran Khan has said that they may return to the National Assembly to consult the treasury benches for an interim setup. While talking to senior journalists here on Monday, the former prime minister apprehended that the government might form an [see more...](#)

Economy

Pakistan among lower-middle income countries: UN report - Neutral

Pakistan remains a lower-middle income country and will continue to be vulnerable to fluctuating energy prices, warns a UN report released on Monday. The report also places India and Bangladesh among lower-middle-income countries despite their economic gains and urges the entire South Asian region to reduce its energy consumption. Nepal is also [see more...](#)

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Exchange firms suggest higher dollar rates to help boost remittances - **Negative**

Exchange Companies Association of Pakistan (ECAP) has suggested the government to increase the dollar price for remittances to reduce currency market volatility as the country grapples with a severe economic crisis amid depleted foreign reserves. "It is advised to fix the rupee/dollar exchange rate for export-import bills and remittances," said M Zafar Paracha, the general [see more...](#)

Centre spends 44pc less on development - **Negative**

The federal development spending fell drastically by 43.68 per cent to Rs151.42 billion in the first half year (July-December) of the current fiscal year from Rs268.87bn over the corresponding period last year to create a space for unbridled current expenditures. In absolute terms, the expenditures so far account for 20.82pc of the total revised allocation of Rs727bn, drastically short of the development spending target, according to [see more...](#)

Lotte Chemical Pakistan Limited: Sale of 75pc issued and paid-up capital to LCI approved, PSX informed - **Positive**

The Lucky Core Industries Ltd (LCI), formerly the ICI Pakistan Ltd, has received confirmation from the Lotte Chemical Corporation that their board of directors has approved the sale of approximately 75.01 percent of the issued and paid-up capital of Lotte Chemical Pakistan Limited, comprising approximately 1,135,860,105 ordinary shares, to LCI. The completion of [see more...](#)

Remittances, export proceeds: ECAP seeks special exchange rate - **Neutral**

In order to enhance the foreign inflows, the Exchange Companies Association of Pakistan (ECAP) has suggested a special exchange rate for remittances and export proceeds. Zafar Paracha, General Secretary ECAP has said that in the current situation, where the economic conditions are abnormal and banks are reluctant to open the LCs, of which various imports are pending. This [see more...](#)

SBP issues NOC for incorporation of KT Bank - **Positive**

The State Bank of Pakistan (SBP) has issued a no-objection certificate (NOC) for incorporation of the proposed KT Bank Pakistan Limited for establishing the Digital Retail Bank (DRB) under the SBP's Licensing and Regulatory Framework. The Fatima Fertilizer Company, along with other sponsors including Kuda Technologies Limited and City Schools (Private) Limited, will incorporate the proposed DRB with the Securities and [see more...](#)

Agreement signed: France to provide €120m soft loan for Keyal Khuwar hydropower project - **Neutral**

France will provide soft loan of € 120 million for Keyal Khuwar 128 MW Hydropower project. Dr Kazim Niaz, Secretary Ministry of Economic Affairs (MoEA) and Philippe Steinmetz, Country Director French Agency for Development (AFD) signed the loan financing agreement, here on Monday. The French loan assistance will support 128 MW facility, [see more...](#)

Gas supply from MPCL: FKPCCL asked to obtain PPIB's consent - **Positive**

Petroleum Division has asked M/s Fauji Kabirwala Power Company Limited (FKPCCL) to get consent of PPIB for supply of gas to its plant from Mari Petroleum Company Limited (MPCL). The decision was taken under the chairmanship of the Secretary, Petroleum Division, to deliberate the issues related to supply/ allocation of gas/RLNG to FKPCCL's power [see more...](#)

Steel bar hits new peak of Rs243,500 - **Negative**

While seeking the government's help in opening letters of credit (LCs) amid fear of industry closure, the manufacturers have pushed up the price of steel bars to an all-time high of Rs243,500 per tonne citing a continuous increase in raw material prices, supply chain disruptions and soaring production cost. In another development, the rate of galvanised sheet or cold rolled sheet used in making [see more...](#)

SBP issues framework on outsourcing to CSPs - **Neutral**

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...](#)

LCs issue: CMOs likely to get force majeure for new projects - **Neutral**

The government is likely to grant force majeure to cellular mobile operators (CMOs) for 10 new infrastructure projects worth Rs8 billion which are facing serious problems in implementation due to the non-opening of Letters of Credit (LCs) for the equipment's imports, it is learnt. All the CMOs had requested the Universal Service Fund (USF) for [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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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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