

MORNING GLANCE



Market Outlook

The stock market on Tuesday remained under pressure throughout the day and concluded the session in the red zone amid political distress prevailing in the country. The Benchmark KSE-100 index made an intra-day high and low at 64,246.67 (22.70 points) and 63,397.94 (871.43 points) respectively while closed at 63,737.46 by losing 531.91 points. Trading volume decreased to 234mn shares as compared to 235mn shares on the previous trading day. Going forward, we expect the market to remain volatile amid uncertainty on the political front. The support for the index resides at 63,600, if it breaks below this level then it will be targeting 62,000. Meanwhile the resistance for the index resides at 65,000.

Key News

International

Asia stocks slide as China weakness, rate cut jitters weigh

Asian equities slumped on Wednesday, led by Chinese stocks after a slew of data pointed to a patchy recovery in the world's second-biggest economy, while the dollar was near a one-month high as traders dialed back bets of early interest rate cuts. MSCI's broadest index of Asia-Pacific shares outside Japan slid 1.34%, touching a fresh. [see more...](#)

Oil prices fall as stronger dollar offsets Red Sea disruptions risks

Oil prices fell on Wednesday as a stronger U.S. dollar limited demand for greenback-denominated crude, though the rising risks of supply disruptions amid the intensifying conflict in the Red Sea curbed the losses. Global benchmark Brent crude futures fell 36 cents, or 0.5%, to \$77.93 a barrel by 0215 GMT. U.S. West Texas Intermediate crude futures Brent crude rose slightly on Tuesday. [see more...](#)

Politics

Pakistan strongly condemns violation of airspace by Iran killing 2 children: Foreign Office

The incident, according to a Foreign Office statement released after midnight, resulted in the "deaths of two innocent children while injuring of three girls". The statement did not mention the location where the casualties took place. It came on the heels of a report in Reuters quoting Iranian state media as announcing it had. [see more...](#)

Economy

Margin on PIBs declines – Neutral

Margin on long-term government investment bonds fell up to 50 basis points (bps) in the auction held on Tuesday. The State Bank of Pakistan (SBP) conducted the auction for the sale of 3-, 5-, 10-, 15-, 20- and 30-year Pakistan Investment Bonds (PIBs) on January 16, 2024 with settlement date of January 17, 2024. [see more...](#)

63,737	▼ -532	▼ -0.83%
234 mn	YTD -1.43%	1 Year 66.23%

ASIA	Value	Pts	Chg. (%)
NIFTY 50	21,723.20	76.00	0.35% ▲
DSE 30	2,108.01	6.11	0.29% ▲
SHANGHAI	2,873.15	20.84	0.72% ▼
Hang Seng	15,391.00	492	3.10% ▼
Nikkei 225	35,770.00	150.82	0.42% ▲

EUROPE	Value	Pts	Chg. (%)
FTSE 100	7,576.59	75.17	0.98% ▼
DAX 30	16,547.03	142.78	0.86% ▼

USA	Value	Pts	Chg. (%)
DOW JONES	37,711.02	15.29	0.04% ▲
S&P 500	4,780.24	3.21	0.07% ▼
NASDAQ	16,820.90	27.86	0.17% ▲

Commodities	Value	Chg.	Chg. (%)
Gold (t oz.)	2,030.30	0.10	-
Oil-WTI (bbl)	72.09	0.43	0.59% ▼

Currencies	Value	Chg.	Chg. (%)
USD/PKR	280.30	0.06	0.02% ▲
EURO/PKR	307.02	0.07	0.02% ▼
GBP/PKR	356.01	1.2	0.34% ▼
AED/PKR	76.96	0.66	0.87% ▲

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

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'Further sales tax or extra tax': FBR fails to deal with legal issue of chargeability – Neutral

Sources told Business Recorder that the lack of coordination between FBR Member Inland Revenue (Policy) and FBR Member Legal resulted in prolonged litigation in the matter of collection of "further sales tax" or "extra tax" on items exempted from sales tax under the Sixth Schedule (Exemption Schedule) of the Sales Tax Act, 1990. In the absence of a clear [see more...](#)

Petrol, HSD: PSO allowed exchange rate adjustments - Positive

The interim government has allowed Pakistan State Oil (PSO) per litre exchange rate adjustment of Rs 2.58 per litre on petrol and Rs 2.95 on high-speed diesel (HSD) for the fortnight starting from January 16, 2024. The document available with Business Recorder showed the exchange rate adjustment for PSO is up by Rs 1.59 per litre on petrol and Rs 1.76 per litre on HSD as compared with the last fortnight ended on January 15, 2024. [see more...](#)

Govt revives plan to deregulate kerosene and diesel prices - Neutral

The government has resumed its efforts to deregulate the prices of kerosene and light diesel oil, two key fuels used by the poor and the agriculture sector, after shelving the plan in 2022. The petroleum division has proposed to maintain the petroleum levy, a tax imposed on oil products, at Rs50 per liter on both fuels after their deregulation, according to an official document seen by The News.. [see more...](#)

KAPCO bids for wind power producer, HUBCO eyes coal miner - Positive

Kot Addu Power Company Limited (KAPCO) said on Tuesday that it had submitted a bid to buy a majority stake in Tenaga Generasi Limited (TGL), a wind power producer in Sindh. KAPCO, which operates a 1,600 megawatt (MW) multi-fuel power plant in Punjab, said in a notice to the Pakistan Stock Exchange . [see more...](#)

Govt to cut power tariff for revival of economy – Positive

Testifying before the Senate Standing Committee on Power, Secretary-In-Charge Power Division Asad Rehman Gilani said working had been completed on bringing down the industrial tariff to 9 cents per unit which currently stands at 14 cents. He told the panel that a review of industrial tariffs was important to run the industry, adding that this would help job creation and address circular debt among various entities. [see more...](#)

Telecard approves selling entire shareholding in Supernet to Hallmark – Positive

Telecard Limited's board has approved and authorised the selling of its complete shareholding in its subsidiary, Supernet Limited to Hallmark Company Limited. In a notice sent to the Pakistan Stock Exchange (PSX) on Tuesday, Telecard said that the decision was made in an extraordinary general meeting of the board conducted on January 16, 2024. [see more...](#)

AMA propels financial inclusion in Pakistan, opening 7m accounts in 2023 - Neutral

According to recent data, a mere 30% of Pakistan's adult population currently enjoys access to financial services, with a glaring gender gap as only 13% of women possess registered financial accounts compared to 47% of men. The Aasaan Mobile Account, however, has proven to be a game-changer, enabling any Pakistani citizen with a [see more...](#)

Power output drops 8.2pc in December, fuel cost rises - Negative

The power generation fell 8.2 percent year-on-year to 7,726 gigawatt hours (GWh) in December 2023, as lower nuclear and solar output offset higher coal and liquefied natural gas (LNG) production, industry data showed on Tuesday. The country generated 8,417 GWh (11,313 MW) electricity in same period of 2022. The power generation rose by 1 percent month-on-month from 7,548 GWh in November 2023 [see more...](#)

Energy sector circular debt hits record Rs5.73tr despite tariff hikes – Negative

Pakistan's energy sector is grappling with soaring circular debt, now reaching a staggering Rs5.73 trillion, as revealed by official documents. This figure has exceeded the previous estimate reported to the International Monetary Fund (IMF) two months ago by Rs1.5 trillion. The breakdown [see more...](#)

Extension sought in \$425m WB-financed NTM-I project - Neutral

The government of Pakistan has sought extensions in the completion of the National Transmission Modernization-I project worth \$425 million financed by the World Bank, after facing delays in finalizing key procurement and land compensation activities. The proposed restructuring would be the second restructuring of the [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:

- 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

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

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