

# MORNING GLANCE



|        |           |              |
|--------|-----------|--------------|
| 41,442 | ▼ -392    | ▼ -0.94%     |
| 49 mn  | YTD 1.53% | 1 Year -4.7% |

| ASIA       | Value     | Pts    | Chg. (%) |
|------------|-----------|--------|----------|
| NIFTY 50   | 18,129.95 | 51.8   | 0.28% ▼  |
| DSE 30     | 2,193.32  | 0.05   | -        |
| SHANGHAI   | 3,297.32  | 13.09  | 0.40% ▲  |
| Hang Seng  | 19,727.25 | 166.68 | 0.85% ▲  |
| Nikkei 225 | 30,774.50 | 200.57 | 0.66% ▲  |

| EUROPE   | Value     | Pts    | Chg. (%) |
|----------|-----------|--------|----------|
| FTSE 100 | 7,742.30  | 19.07  | 0.25% ▲  |
| DAX 30   | 16,163.36 | 212.06 | 1.33% ▲  |

| USA       | Value     | Pts    | Chg. (%) |
|-----------|-----------|--------|----------|
| DOW JONES | 33,535.91 | 115.14 | 0.34% ▲  |
| S&P 500   | 4,198.05  | 39.28  | 0.94% ▲  |
| NASDAQ    | 13,834.62 | 245.35 | 1.81% ▲  |

| Commodities   | Value    | Chg. | Chg. (%) |
|---------------|----------|------|----------|
| Gold (t oz.)  | 1,961.45 | 1.65 | 0.08% ▲  |
| Oil-WTI (bbl) | 72.03    | 0.02 | 0.03% ▼  |

| Currencies | Value  | Chg. | Chg. (%) |
|------------|--------|------|----------|
| USD/PKR    | 285.62 | 0.22 | 0.08% ▲  |
| EURO/PKR   | 308.89 | 0.31 | 0.10% ▼  |
| GBP/PKR    | 355.56 | 0.71 | 0.20% ▲  |
| AED/PKR    | 77.78  | 0.06 | 0.08% ▲  |

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

## Market Outlook

The stock market on Thursday plunged near 400 points and concluded the session in the red zone amid renewed political uncertainty over the expected arrest of former prime minister Imran Khan as the police has surrounded his residence amid the alleged refuge of terrorists. The benchmark KSE-100 index made an intra-day high and low at 41,964 (131 points) and 41,412 (-422 points) respectively while closed at 41,442 by losing -392 points. Trading volume decreased to 49mn shares as compared to 55mn shares on the previous trading day. Going forward, the support for the index resides at 41,352 (200 DMA). Breaking this level would further drag the index towards 40,969 (50 DMA). Contrarily, the resistance for the index resides at 41,800.

## Key News

### International

#### China Pulls Asian Stocks Lower, US Futures Rise

A gauge of Asian equities was pulled lower by Chinese shares amid weakness in Hong Kong-listed technology stocks. US futures rose on hopes that lawmakers in Washington will avert a first-ever US default. Shares in Australia, South Korea and Japan advanced with the gain for the Topix placing the index on course for its best week since November [see more...](#)

#### Oil Set for Best Week Since Mid-April on US Debt-Deal Optimism

Oil headed for its first weekly advance in more than a month on optimism that the US will avert a catastrophic debt default. West Texas Intermediate futures traded near \$72 a barrel and are around 3% higher for the week. House Speaker [see more...](#)

### Politics

#### Zaman Park to be Raided after Imran Khan go ahead in front go ahead in front of media

Law enforcers will conduct a search operation at Pakistan Tehreek-e-Insaf (PTI) Chairman Imran Khan Lahore residence after his permission and in front of cameras to apprehend "terrorists", Punjab Caretaker Information Minister Amir Mir said Thursday. Mir, in conversation [see more...](#)

### Economy

#### Supply of gas, other heads; Rs50bn spent on PSM since its shutdown - Negative

The federal government has spent about Rs 50 billion on Pakistan Steel Mills (PSM), since it shut down its operations in mid of 2015 on salaries, supply of gas and other heads without any output, well-informed sources told Business Record. The government is extending [see more...](#)

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**MoEA to prioritise countries for holding various JC - Neutral**  
Ministry of Economic Affairs has decided to prioritise countries for holding Joint Commissions (JCs), Joint Economic Commissions (JECs) and Joint Ministerial Commissions (JMCs) with respect to investment, well informed sources told Business Recorder. On May 3, 2023, an Inter-ministerial meeting was held to mutually discuss the categorisation of various joint commissions in Ministry of Economic Affairs [see more...](#)

**Account of privatization of PTCL; Etisalat: no progress on pending \$800m - Neutral**

A meeting of the Senate Standing Committee on Privatization was informed that there has been no progress on pending US 800 million dollars from Etisalat on account of the privatization of the Pakistan Telecommunication Company Limited. This was stated by a senior official of the Privatization Commission during a meeting of the Senate Standing Committee on Privatization presided Dar said that [see more...](#)

**Lucky Cement's joint venture to enhance production capacity in Iraq - Positive**

Lucky Cement Limited, one of Pakistan largest cement manufacturers, and the Al-Shumookh group of Iraq have resolved to enhance their clinker production capacity by adding a new line of 1.82 million tons per annum (MTPA) in Samawah, Iraq. The announcement was shared by Lucky Cement in a notice to the Pakistan Stock Exchange (PSX) on Thursday. [see more...](#)

**Tariff relief: AEDB urges govt to hold talks with DFC's 5 wind power projects - Neutral**

The Alternative Energy Development Board (AEDB) has proposed to the government to start negotiations with five wind power projects of US International Development Finance Corporation (DFC) in order to reach a mutually acceptable agreement and provide relief/reduction in tariffs, well-informed sources in the AEDB told Business Recorder. [see more...](#)

**PD's FY24 uplift project - Neutral**

The Ministry of Planning, Development and Special Initiatives (MPD&SI) has approved Rs50 billion Indicative Budget Ceilings (IBC) for the Power Division's development projects in FY 2023-24, advising the Division to adjust its prioritized projects, well-informed sources in the Planning Commission told Business Recorder. The Power Division has been asked to [see more...](#)

**Border Market, 1000MW Project Inaugurated - Positive**

Prime Minister Shehbaz Sharif on Thursday said that Pakistan and Iran had decided to finalise the free trade agreement soon to exploit the immense potential in trade and investment. The bilateral ties and cooperation were discussed in a meeting between Prime Minister Shehbaz Sharif and Iranian President Ebrahim Raisi after the two leaders inaugurated the [see more...](#)

**Pakistan – Russia direct shipping service to begin on May 25 - Neutral**

A direct containerized shipping service linking Pakistan and Russia is scheduled to commence operations later this month, opening up enhanced trade access for Pakistani products in the lucrative Russian market, an official said on Thursday. "The first ever ship will call on May 25, 2023 at Karachi Port," Abdullah Farrukh, Chief Executive Officer (CEO) Pak Shaheen (Pvt) Limited [see more...](#)

**E&P firms scale back drilling by 50pc amid cash flow crisis - Negative**

Local oil and gas exploration (E&P) companies have scaled back their drilling activities by 50 percent due to a cash flow crisis resulting from a halt in outstanding payments from Sui gas companies, totaling Rs1,244 billion (\$4.4 billion). The reduced drilling activities to hit the gas supply chain in the country. Non-payment of the huge outstanding amount has virtually [see more...](#)

**SBP-held forex reserves fall \$72mn, now stand at \$4.31bn - Negative**

Foreign exchange reserves held by the State Bank of Pakistan (SBP) decreased by \$72 million, clocking in at \$4.31 billion as of May 12, data released on Thursday showed. The overall number still stands at a critical level at around a month of import cover [see more...](#)

**Rupee's slide continues, settles at 285.62 against US dollar - Neutral**

The Pakistani rupee sustained losses for the second consecutive session against the US dollar, depreciating 0.08% in the inter-bank market on Thursday. At close, the currency settled at 285.62, a loss of Re0.22 as per the State Bank of Pakistan (SBP) [see more...](#)

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## DEFINITION OF TERMS

|             |                           |             |                         |             |                         |
|-------------|---------------------------|-------------|-------------------------|-------------|-------------------------|
| <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       |

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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