

MORNING GLANCE



39,838

▲ 495

▲ 1.26%

86 mn

YTD -10.67%

1 Year -9.82%

ASIA	Value	Pts	Chg. (%)
NIFTY 50	18,127.35	71.75	0.39% ▼
DSE 30	2,193.03	6.44	0.29% ▼
SHANGHAI	3,049.90	4.53	0.15% ▼
Hang Seng	19,575.00	104.22	0.53% ▼
Nikkei 225	26,198.50	309.37	1.17% ▼

EUROPE	Value	Pts	Chg. (%)
FTSE 100	7,469.28	28.04	0.37% ▼
DAX 30	13,914.07	183.75	1.30% ▼

USA	Value	Pts	Chg. (%)
DOW JONES	33,027.49	348.99	1.05% ▼
S&P 500	3,822.39	56.05	1.45% ▼
NASDAQ	10,956.14	279.74	2.49% ▼

Commodities	Value	Chg.	Chg. (%)
Gold (t oz.)	1,802.10	6.80	0.38% ▲
Oil-WTI (bbl)	78.59	1.10	1.42% ▲

Currencies	Value	Chg.	Chg. (%)
USD/PKR	225.50	-	-
EURO/PKR	239.96	0.70	0.29% ▲
GBP/PKR	273.27	0.97	0.35% ▼
AED/PKR	61.36	-	-

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

Market Outlook

KSE-100 on Thursday remained depressed for the majority part of the day. However, later on, it gained momentum and concluded the session up in the green zone as the Sindh High Court has declared the retrospective application of super tax ultra vires to the constitution. The index made an intra-day high and low at 39,926 (583 points) and 39,330 (-13 points) respectively while closed at 39,838 by gaining 495 points. Trading volume has increased to 86mn shares as compared to 65mn shares on the previous trading day. Going forward, we expect the market to remain under pressure amid the renewed political uncertainty after Governor's move to de-notify CM Punjab. The support for the index resides at 39,300. Breaking this level would further drag the index towards 38,800. Contrarily, the resistance for the index resides at 40,600.

Key News

International

Asian shares slide as fears over hawkish Fed mount

Asian shares eased on Friday, tracking a dive on Wall Street, while the dollar firmed as strong U.S. data revived fears the Federal Reserve will have to retain its hawkish stance to tame inflation. MSCI's broadest index of Asia-Pacific shares outside Japan slid 0.69%, snapping a two-day winning streak. Wall Street's major averages closed lower on Thursday with [see more...](#)

Oil rally halts as X'mas cold delayed; rate hike fears back on strong U.S. GDP

Oil's three-day rally came to a halt on Thursday as weather forecasts indicated that freezing temperatures initially expected for the Christmas weekend might be delayed, reducing the potential for a spike in heating oil demand. The Global Forecast System, the weather forecasting [see more...](#)

Politics

Governor de-notifies Parvez Elahi as Punjab chief minister with 'immediate effect'

Punjab Governor Balighur Rehman has de-notified Chaudhry Parvez Elahi as the chief minister, it emerged in the early hours of Friday. On Monday, the governor had ordered Elahi to take a vote of confidence from Punjab Assembly by 4pm on Wednesday. However, a day later, PA Speaker Sibtain [see more...](#)

Economy

Review delay throws IMF's EFF off the track? - Neutral

The IMF's Extended Fund Facility (EFF) has once again fallen off track amid delays in completion of the 9th review, experts said. The IMF has raised concerns over the fiscal slippages emanating from a combination of the devastating floods and revenue shortfall, particularly from Petroleum [see more...](#)

MORNING GLANCE

International donors moot to seek over \$16bn for rehab of flood victims - Neutral

The International Donors Conference scheduled to be held in Geneva on January 9, 2023 will seek over \$16 billion in assistance for construction in the flood-affected areas in Pakistan. A high-powered delegation led by Prime Minister Shehbaz Sharif and comprising Minister for Finance Ishaq Dar, Minister for Foreign Affairs Bilawal Bhutto-Zardari, Minister for Planning Ahsan [see more...](#)

S&P Global lowers Pakistan's rating to 'CCC+/C' - Negative

Global ratings agency S&P Global cut Pakistan's long-term sovereign credit rating by one notch to "CCC+" from "B" to reflect a continued weakening of the country's external, fiscal and economic metrics. Pakistan's already low foreign exchange reserves will remain under pressure through 2023 unless oil prices slump or foreign assistance improves, the agency said. The country also faces elevated political risks which may affect [see more...](#)

Critical level: SBP-held foreign exchange reserves plummet \$584mn, now stand at \$6.12bn - Negative

Foreign exchange reserves held by the State Bank of Pakistan (SBP) fell another \$584 million to a critical level of \$6.12 billion, data released on Thursday showed. This is the lowest level of SBP-held reserves since April 2014. Total liquid foreign reserves held by the country stood at \$12 billion as of Dec 16, 2022. Net foreign reserves held by commercial banks stood at \$5.88 billion. [see more...](#)

Super tax to be applicable in TY23 and onwards: SHC - Negative

The Sindh High Court (SHC) has held that super tax on high-earning persons will not be applicable for the Tax Year 2022, but for Tax Year 2023 and onwards. In this connection, the SHC has issued a short order on Thursday that section 4C (Super Tax on High Earning Persons) of the Income Tax Ordinance 2001 would not be applicable for the tax year 2022, but for 2023 and onwards. The petitions filed against the supertax are allowed, however, [see more...](#)

OGDCL discovers oil & gas in Singhoro Block - Positive

By the Grace of Almighty Allah, the Joint Venture of Singhoro Block comprising Oil & Gas Development Limited (OGDCL) as operator (76pc), Orient Petroleum (19pc) and GHPL (5pc) has discovered oil and gas hydrocarbons from an exploratory well namely Kot Nawab-1 which is located in District Sanghar, Sindh. Kot Nawab-1 was spudded-in on 3rd June, 2022 as an exploratory well by using OGDCL's in-house expertise. The well was drilled down to [see more...](#)

Reduction in circular debt of gas sector by 70pc - Positive

Prime Minister Shehbaz Sharif has directed Petroleum and Finance Divisions to prepare a master plan to reduce circular debt of the gas sector by 70 percent from existing Rs 1.6 trillion to Rs 500 billion by December 28, 2022, sources close to the finance minister told Business Recorder. The decision was taken at a meeting on gas sector circular debt presided over by the prime minister on December 19, 2022. [see more...](#)

Pakistan, IMF remain poles apart as power sector debt skyrockets - Negative

Pakistan and the International Monetary Fund (IMF) on Thursday could not agree on a roadmap for recouping on an average monthly Rs123 billion power sector losses that are further ballooning highly unsustainable circular debt. Finance Minister Ishaq Dar held a virtual meeting with the IMF mission chief, Nathan Porter, aimed at finding a common [see more...](#)

Lucky Cement kick-starts new line, reaches 15.3 MTPA capacity - Positive

Lucky Cement has become the largest cement manufacturer of Pakistan with 15.3 million tonnes per annum capacity after the completion of its brownfield expansion in Pezu, Khyber Pakhtunkhwa. With the addition of 3.15 million tonnes per annum, Lucky Cement's capacity has grown to 15.3 million tonnes from 12.15 million tonnes previously, the [see more...](#)

Fauji Fertilizer Bin Qasim shuts down DAP plant amid economic downturn - Negative

Fauji Fertilizer Bin Qasim Limited (FFBL) announced on Thursday that it shut down its DAP (Di-ammonium Phosphate) fertilizer plant on December 21 in a bid to manage inventory owing to the demand and supply situation in the market. In a notice to the Pakistan Stock Exchange (PSX), the company said: "DAP plant has been shut down on December 21, [see more...](#)

Rain- and flood-hit farmers: Three markup waiver and financing schemes announced - Positive

The federal government has announced three markup waiver and financing schemes for farmers in rain and flood affected areas under Kissan Package 2022. Under these schemes farmers can also avail up to Rs 200,000 financing at zero percent markup rate, besides waiver of markup on previously obtained financing. According to the State Bank of [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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