

MORNING GLANCE



38,408	▼ -424	▼ -1.09%
51 mn	YTD -5.9%	1 Year -14.32%

ASIA	Value	Pts	Chg. (%)
NIFTY 50	18,027.65	80.2	0.44% ▼
DSE 30	2,208.61	1.81	0.08% ▼
SHANGHAI	3,264.81	24.53	0.76% ▲
Hang Seng	22,044.65	393.67	1.82% ▲
Nikkei 225	26,850.00	296.47	1.12% ▲

EUROPE	Value	Pts	Chg. (%)
FTSE 100	7,770.59	23.30	0.30% ▲
DAX 30	15,033.56	113.20	0.76% ▲

USA	Value	Pts	Chg. (%)
DOW JONES	33,375.49	330.93	1.00% ▲
S&P 500	3,972.61	73.76	1.89% ▲
NASDAQ	11,619.03	323.36	2.86% ▲

Commodities	Value	Chg.	Chg. (%)
Gold (t oz.)	1,934.35	6.15	0.32% ▲
Oil-WTI (bbl)	81.26	0.38	0.47% ▼

Currencies	Value	Chg.	Chg. (%)
USD/PKR	230.00	0.50	0.22% ▲
EURO/PKR	249.11	1.48	0.60% ▲
GBP/PKR	284.59	1.63	0.58% ▲
AED/PKR	62.58	0.14	0.22% ▲

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

Market Outlook

KSE-100 on Friday remained depressed for the majority part of the day and concluded the session in the red zone amid the uncertainty over the resumption of IMF programme. The index made an intra-day high and low at 38,982 (151 points) and 38,292 (-540 points) respectively while closed at 38,408 by losing 424 points. Trading volume has decreased to 52mn shares as compared to 93mn shares on the previous trading day. Going forward, we expect the market to remain volatile ahead of the MPC meeting today in which we expect the SBP to raise interest rate by 100-200 bps. The index is likely to test its support at 38,300. Breaking this level would further drag the index towards 37,800. Contrarily, the resistance for the index resides at 38,800.

Key News

International

BOJ's policy tweak drew rare request to adjourn from govt - minutes

Government officials who attended the Bank of Japan's December policy meeting were given a half-hour adjournment to contact their ministries, minutes showed, underscoring the significance of the central bank's decision to tweak its bond-market peg. At the Dec. 19-20 meeting, [see more...](#)

Oil prices drift lower in thin trade as markets weigh China reopening

Oil prices edged lower from a recent rally on Monday, as traders awaited more cues on an economic recovery in China and a potential U.S. recession, although Asian trading volumes were slim amid a slew of market holidays in the region. China and other major Asian markets were closed for the [see more...](#)

Politics

General elections in October, says minister

Minister for Planning and Development Ahsan Iqbal said on Saturday the general elections would be held in October this year after completion of the population census and subsequent delimitation of the constituencies. He announced this while talking to media at the Mehran University of Engineering and Technology in Jamshoro. He said the [see more...](#)

Economy

Market foresees 100-200bps policy rate hike - Neutral

After the complete surrender by the PMLN-led coalition government to meeting the IMF conditions for the revival of the programme, the financial market looks firm that the State Bank of Pakistan (SBP) would increase the interest rate in the range of 150 to 200 basis points in the next monetary policy to be announced on Monday. State Minister for Finance Aisha Ghouse Pasha said on Thursday that the government [see more...](#)

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Ministry plans virtual talks with IMF for staff-level agreement - Neutral

In a bid to break the stalemate, the Ministry of Finance has shared the basic contours of negotiations with the IMF high-ups with the expectation that both sides will kick-start virtual talks from next week for making renewed efforts to strike a staff-level agreement. However, it is not yet known whether the upcoming talks, which will kick-start from Monday, will be formal or informal in [see more...](#)

Rs3.2 trillion spent on just debt servicing, defence - Neutral

Amid reluctance to opt for debt restructuring, interest expenses have shot-up significantly to Rs2.57 trillion during the first half of this fiscal year. This equals to 65% of the annual debt servicing budget and is forcing the government to cut out its other expenses – except those on defence. Sources in the Ministry of Finance told The Express Tribune that during the July-December period of the current fiscal year, there was an alarming increase of 77% [see more...](#)

SPI up 31.83pc YoY; weekly inflation ends flat - Negative

Sensitive price indicator (SPI) inflation increased 31.83 percent year-on-year while the week-on-week number remained flat during the seven-day period ended January 19. Pakistan Bureau of Statistics (PBS) attributed the YoY rise in SPI to the increase in prices of onions (482.07 percent), chicken (101.93 percent), tea Lipton (65.41 percent), eggs (64.23 percent), diesel (57.34 percent), broken basmati rice (56.09 percent), pulse [see more...](#)

OGDCL finds 3.29 bcf of gas reserves in Guddu - Positive

Oil and Gas Development Company Limited (OGDCL) has discovered a hydrocarbon-rich field in Sindh having estimated reserves of 3.292 billion cubic feet (bcf) of gas. Commercial production from the new discovery is poised to start in June this year. However, the company is seeking a one-year extension in the testing phase for the Umair SE-1 Guddu discovery. OGDCL was granted an exploration licence for the Guddu block in May [see more...](#)

MPCL completes SGPC phase-II facilities - Positive

Mari Petroleum Company Limited (MPCL) has successfully completed the construction of SGPC Phase-II facilities to process low Btu gas from Goru-B reservoir of Mari Gas Field, Daharki, Sindh. According to material information sent to Pakistan Stock Exchange on Friday, the phased commissioning and performance testing of the processing facilities is ongoing. After processing, 50 Million Standard Cubic Feet per Day (MMSCFD) of pipeline [see more...](#)

PSO sounds alarm over limited stocks of POL products - Negative

Pakistan State Oil (PSO) has warned the government of limited stocks of POL products amid non-opening of letters of credit (LCs) for cargoes, arguing the prevailing situation could lead to a dry-out, an industry official told The News on Friday. The state-owned oil marketing company (OMC) also told the top government functionaries that it had to cancel its [see more...](#)

Local refineries likely to witness huge losses in 2HFY23: report - Negative

Local refineries might witness net losses during the second half of this fiscal amid expected decline in oil due to ongoing global economic slowdown, resulting in inventory losses. In view of 16 percent decline on quarterly basis in average crude oil prices during the second half of 2023, local refineries would likely incur huge inventory losses which could drag the [see more...](#)

Shipping lines may stop Pakistan operations, warns PSAA - Negative

The ship agents have forewarned the government that all export cargoes could come to a halt as foreign shipping lines are considering stopping their services for Pakistan after banks stopped remitting freight charges to them for lack of dollar availability. Apart from bordering countries, almost all the international logistics from Pakistan are catered by [see more...](#)

Nishat Mills nears \$4.5m deal to acquire Danish firm - Positive

Pakistan's textile giant Nishat Mills Limited (NML) is set to buy 100 percent stake in a Denmark's fabrics manufacturer Wernerfelt A/S, against a settlement of \$4.5 million, according to an announcement made on Friday. Wernerfelt A/S has 80 years' experience in developing and supplying fabrics for personal protection and workwear, which NML to [see more...](#)

Steel price hits new peak despite demand slump - Neutral

The ex-factory price of steel bars has crossed the Rs250,000 per tonne threshold for the first time amid claims by stakeholders regarding thin demand for steel products on account of a slowdown in construction activities. Amreli Steels Limited (ASL) has quoted a new price of Rs255,000 per tonne (9.5-10mm size) and Rs253,000 (16mm and above), showing a jump of Rs10,000 in the booking rates effective from [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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