

MORNING GLANCE



64,822	▲ 368	▲ 0.57%
278 mn	YTD 0.25%	1 Year 62.93%

ASIA	Value	Pts	Chg. (%)
NIFTY 50	21,454.60	0.65	-
DSE 30	2,158.20	10.55	0.49% ▲
SHANGHAI	2,878.83	58.05	2.06% ▲
Hang Seng	16,106.75	206.88	1.30% ▲
Nikkei 225	36,171.50	54.98	0.15% ▼

EUROPE	Value	Pts	Chg. (%)
FTSE 100	7,527.67	41.94	0.56% ▲
DAX 30	16,889.92	262.83	1.58% ▲

USA	Value	Pts	Chg. (%)
DOW JONES	37,806.39	99.06	0.26% ▼
S&P 500	4,868.55	3.95	0.08% ▲
NASDAQ	17,499.30	95.09	0.55% ▲

Commodities	Value	Chg.	Chg. (%)
Gold (t oz.)	2,016.15	0.15	0.01% ▲
Oil-WTI (bbl)	75.42	0.33	0.44% ▲

Currencies	Value	Chg.	Chg. (%)
USD/PKR	279.67	0.33	0.12% ▼
EURO/PKR	304.20	0.27	0.09% ▼
GBP/PKR	355.63	0.69	0.19% ▲
AED/PKR	76.21	-	-

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

Market Outlook

The stock market on Wednesday remained positive throughout the day and concluded the session in the green zone amid ongoing buying spree and investor's interest towards oil and gas sector. The Benchmark KSE-100 index made an intra-day high and low at 65,063.08 (608.86 points) and 64,460.94 (6.72points) respectively while closed at 64,822.43 by gaining 368.21 points. Trading volume increased to 278mn shares as compared to 261mn shares on the previous trading day. Going forward, we expect the market to be positive amid Pakistan Treasury Bills Yield Drop To Low of 11 Months. The resistance for the index resides at 65,000, if it breaks above this level then it will be targeting 65,000. Meanwhile the support for the index resides at 66,300.

Key News

International

Asia Stocks Slip as China Stimulus Euphoria Fades: Markets Wrap

Asian equities reversed losses after Chinese stocks climbed as investors bet that the latest stimulus measures from Beijing provide a floor for the country's cratering stock market. Shares in Hong Kong and mainland China added to Wednesday's sharp gains after the [see more...](#)

Oil prices rise on big draw in US crude stocks, China stimulus hopes

Oil prices rose on Thursday after data showed U.S. crude stockpiles fell more than expected last week, while the Chinese central bank's cut in banks' reserve ratio reinforced hopes of more stimulus measures and economic recovery. The March contract for Brent crude gained 20 cents. [see more...](#)

Politics

SHC directs authorities to ensure uninterrupted internet till Feb 8

The Sindh High Court (SHC) has instructed relevant authorities to guarantee continuous internet access for all citizens until the general elections on February 8. In its order on Wednesday, the high court restrained the authorities from suspending internet services and directed the [see more...](#)

Economy

Fitch expects Pakistan to be dependent on successful IMF programme implementation – Neutral

Fitch stated on Wednesday that elections are scheduled for 2024 in almost half of its rated portfolio of Asia Pacific (APAC) sovereigns and will lead to some uncertainty. In its report, Fitch said that the Asia-Pacific region should largely remain resilient in 2024 to the several challenges it will face, including slowing global growth, high yields, geopolitics. [see more...](#)

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Ready to upgrade CPEC, says Beijing – Positive

Separately, caretaker Prime Minister Anwaarul Haq Kakar said after having achieved the first phase of CPEC, Pakistan is benefiting from its early harvest projects while remaining engaged with China to execute the next phase. Chinese foreign ministry's spokesperson Wang Wenbin while answering a question during a briefing on Wednesday said, "China stands ready to work with Pakistan to deliver on the [see more...](#)

PM welcomes investment of international companies – Positive

Caretaker Prime Minister Anwaarul Haq Kakar has welcomed the investment of international companies like EnerTech in Pakistan. Chief Executive Officer (CEO) Abdullah Al-Mutairi of EnerTech, a Kuwaiti company met with the caretaker prime minister on Tuesday. In the meeting, the caretaker premier welcomed the investment of international companies like Energetic in The caretaker prime minister said that. [see more...](#)

Govt bank borrowing triples to plug budget gap, debt payments – Negative

The borrowing, which exceeded the Rs3.7 trillion borrowed in the whole of the previous fiscal year, reflected the government's increasing need for funds to pay back loans and meet its expenses amid a sluggish economy and a record-high inflation. The State Bank of Pakistan data showed that the government borrowed Rs3.903 trillion from banks between July 1, 2023, and [see more...](#)

Debt servicing goes up by massive 74pc in 5MFY24 - Negative

Pakistan's debt servicing in the shape of mark-up on principal and outstanding loans has gone up by 74 per cent in the first five months (July-November) of the current fiscal year against the same period of FY2023, mainly because of higher policy rates. There is another challenge emerging on the fiscal front as the revenue surplus generated by the main challenge are the mounting markup payments in response to high policy [see more...](#)

Auction for MTBs; 62bps 'surprise' drop in cut-off yield – Neutral

The cut-off yield on short-term government securities surprisingly declined up to 62 basis points in the auction held on Wednesday. Muhammad Sohail of Topline said there was a surprise drop in the yield in T-bills auction. This happened after the government did not pick big amount in yesterday's Sukuk auction, causing yield to stabilise, he added He said both these auctions indicate a chance of possible rate cut in spite of slower than. [see more...](#)

Govt picks Rs87bn thru Sukuk auction – Neutral

The government has smartly borrowed slightly less amount to maintain yields in the latest Sukuk auction at Pakistan Stock Exchange. For Rs 100 billion target investors offered an amount of close to Rs 500 billion. Many offers were at higher yields amid expectations of delay in rate cut. However, the government picked Rs 87 billion and kept the rates near to last auction. The 1-year Sukuk cut-off yield came. [see more...](#)

SIFC EC reviews various policy-level initiatives - Neutral

The committee reviewed the progress in finalising the banks' workable projects under the MoUs and Framework Agreements with the UAE and Kuwait. The committee directed the ministries to speed up the relevant work to make these contracts profitable. In the meeting, various policy-level initiatives and the progress of projects under the SIFC were reviewed. [see more...](#)

Fuel prices set to rise as Middle East crisis boosts oil - Negative

Pakistan is likely to see a sharp increase in the prices of petrol and high speed diesel (HSD) in the next fortnightly review of petroleum prices, due to a surge in their international prices amid escalating tensions in the Middle East, industry officials said on Wednesday. The government, which adjusts the prices of petroleum products every 15 days. [see more...](#)

PSO faces acute liquidity crisis as Rs853bn receivables remain unpaid – Negative

Pakistan State Oil (PSO) is facing a massive liquidity crunch as its receivables have jacked up to a whopping Rs853 billion mainly because of default of Rs572 billion by Sui-Northern in the head of LNG imports. The power sector is also among the defaulters as it owes PSO Rs187 billion and PIA has to pay Rs27 billion to the state-owned oil marketing company.. [see more...](#)

Petroleum concession deals, exploration licences signed – Positive

More than 5 million SMEs are operating in Pakistan's manufacturing, trade, and services sectors, but the sector has not reached its optimum potential due to many challenges, according to research from the Association of Chartered Certified Accountants. The study, titled "SMEs: Business Challenges and Strategic Innovation Opportunities [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

PREPARED BY

Haroon Abdul Razzaq

Phone: (+92) 42 38302028

Ext: 116

Email: haroon@abbasiandcompany.com

RESEARCH DEPARTMENT

6 - Shadman, Lahore

Phone: (+92) 42 38302028; Ext: 116, 117

Email: research@abbasiandcompany.com

web: www.abbasiandcompany.com

HEAD OFFICE

6 - Shadman, Lahore

Phone: (+92) 42 38302028

Email: info@abbasiandcompany.com

web: www.abbasiandcompany.com