

MORNING GLANCE



41,117	▲ 18	▲ 0.04%
40 mn	YTD 0.74%	1 Year -5.45%

ASIA	Value	Pts	Chg. (%)
NIFTY 50	18,285.40	62.6	0.34% ▼
DSE 30	2,195.81	5.21	0.24% ▲
SHANGHAI	3,198.77	5.98	0.19% ▼
Hang Seng	18,787.50	289.5	1.52% ▼
Nikkei 225	30,843.50	150.00	0.49% ▲

EUROPE	Value	Pts	Chg. (%)
FTSE 100	7,627.10	135.85	1.75% ▼
DAX 30	15,842.13	310.73	1.92% ▼

USA	Value	Pts	Chg. (%)
DOW JONES	32,799.92	255.59	0.77% ▼
S&P 500	4,115.24	30.34	0.73% ▼
NASDAQ	13,604.48	68.06	0.50% ▼

Commodities	Value	Chg.	Chg. (%)
Gold (t oz.)	1,957.30	7.3	0.37% ▼
Oil-WTI (bbl)	74.31	0.03	0.04% ▼

Currencies	Value	Chg.	Chg. (%)
USD/PKR	287.13	1.1	0.38% ▼
EURO/PKR	309.51	3.24	1.04% ▼
GBP/PKR	356.78	0.72	0.20% ▲
AED/PKR	78.19	0.01	0.01% ▼

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

Market Outlook

The stock market on Wednesday opened on a positive note. However, later on, it lost the impetus and reversed almost all of its intra-day gains and managed to close flat amid Govt considering a ban on PTI, says Defence Minister Khawaja Asif. The index made an intra-day high and low at 41,342 (243 points) and 41,064 (-35 points) respectively while closed at 41,117 by gaining 18 points. Trading volume decreased to 40mn shares as compared to 44mn shares on the previous trading day. Going forward, the support for the index resides at 40,969 (50 DMA). Breaking this level would further drag the index towards 40,500. Contrarily, the resistance for the index resides at 41,358 (200 DMA).

Key News

International

Asian shares mixed, US stocks drop on debt ceiling impasse
Asian shares traded mixed on Thursday after an overnight fall in the US stock market amid growing worries over US debt default as negotiations over lifting the US debt limit between President Joe Biden and House Speaker Kevin McCarthy have so far remained unfruitful. Fitch Ratings put the United States' "AAA" ratings on negative watch in a precursor to a possible downgrade should lawmakers fail to raise the debt [see more...](#)

Oil prices fall on US debt uncertainty

Brent crude futures slipped 5 cents, or 0.1%, to \$78.31 a barrel by 0042 GMT. U.S. West Texas Intermediate crude (WTI) fell 16 cents, or 0.2%, to \$74.18 Oil prices fell in early Asian trading on Thursday after uncertainty that the United States will avoid a debt default weighed against the prospect of further OPEC+ production cuts. Brent crude futures slipped 5 cents, or 0.1%, to \$78.31 a barrel by 0042 GMT. U.S. West Texas [see more...](#)

Politics

Govt says mulling banning PTI

Defense Minister Khawaja Asif on Wednesday said ban on Pakistan Tehreek-e-Insaf (PTI) is under consideration. Talking to media, Asif said every strategy of Imran Khan failed, the attack on the military installations was the last resort of Imran Khan, the events of May 9 did not happen suddenly, they were pre-planned. The miscreants involved in the incident [see more...](#)

Economy

Dar explains country's debt burden- Negative

The National Assembly was informed on Wednesday that total debt – both domestic and external debt – from 2019 to 2022 stood at Rs9.33 trillion. In a written reply to a question, Finance Minister Ishaq Dar said that total domestic debt in 2022 stood at Rs4.77 trillion while external debt stood at Rs4.56 trillion. He also said that the federal deficit [see more...](#)

MORNING GLANCE

IMF deal facing delay, but no chance of default- Neutral

Federal Minister for Finance and Revenue Senator Ishaq Dar said on Wednesday all technical formalities and prior actions had been completed but, unfortunately, the IMF programme was facing a structural delay. He was holding a meeting with a delegation of the Rawalpindi-Islamabad and Sarhad Chambers of Commerce on Budget 2023-24 proposals at the FBR Headquarters here on Wednesday. Dar expressed his belief that Pakistan would [see more...](#)

Pakistan's GDP contracts to 0.29pc in FY23 - Neutral

Pakistan's provisional GDP growth rate remained dismally low and stood at 0.29 percent for the outgoing financial year 2022-23 against the revised figure of 6.1 percent in the last financial year 2021-22. Against the original target of 5 percent for the current fiscal year, the GDP growth just clinched a slight range of a positive 0.29 percent for the ongoing financial year. This low level of growth will result in rising poverty and unemployment [see more...](#)

Govt likely to shift exporters from FTR to MTR scheme - Neutral

The government is likely to shift the exporters from the Final Tax Regime (FTR) to the Minimum Tax Regime (MTR) scheme in the upcoming budget (2023-24) to encourage documentation. In this connection, the Reforms and Resource Commission (RRMC) has proposed measures for the documentation of the economy. The RRMC has recommended that Pakistan's economy heavily relies on exports and as such, the government has been taking [see more...](#)

Swelling rate gap stirs talk of big devaluation - Negative

The exchange rate difference between open and interbank markets on Wednesday swelled to Rs22 per US dollar, strengthening speculations about another big devaluation of the local currency. On Jan 26, the exchange rate was uncapped and the rupee witnessed the largest single-day fall in over two decades. It lost 9.6 per cent, or Rs25 per dollar, to close at Rs255 the same day. The aim was to meet the IMF demand for [see more...](#)

0.1m tons of Russian oil to arrive in first week of June - Positive

The vessels carrying 100,000 tons of discounted Russian oil will arrive at Pakistan ports in the first week of June which is part of the energy security plan of the government. State Minister for Energy, Musadik Malik announced this during an off-camera meeting with mediapersons on new refinery policy, which aims at incentivising the greenfield investment in shallow, deep conversion and ultra-deep conversion new refineries [see more...](#)

OGDCL, PRL sign MoU to establish strategic cooperation in energy sector - Positive

Oil and Gas Development Company Limited (OGDCL) and Pakistan Refinery Limited (PRL) signed a Memorandum of Understanding (MOU) to establish a strategic cooperation relationship in the energy industry, a statement said on Wednesday. The MOU sets the framework for future collaboration and cooperation between the two [see more...](#)

Oil sector seeks Rs10bn reimbursement for pending price differential claims - Neutral

The oil sector has sought the reimbursement of Rs10 billion in price differential claims (PDC) on petroleum products, which have been pending since 2008, industry officials said on Wednesday. In a letter addressed to the Director General Oil at the Ministry of Energy-Petroleum Division, the Oil Companies Advisory Council (OCAC) has requested [see more...](#)

Qatar asks Pakistan to address obstacles to Energas LNG terminal investment - Neutral

Qatar has asked the Pakistani government to address all obstacles hindering its investment in the long-delayed Energas LNG terminal, a senior official of the Energy Ministry said on Wednesday. The consortium that owns Energas LNG terminal company is seeking pipeline capacities in both the Sui Southern and Sui Northern systems from the [see more...](#)

New oil refining policy for existing refineries nears debut - Neutral

Pakistan is set to introduce an oil refining policy for existing refineries, referred to as brownfield sites, within the next week or two, minister for state on petroleum Musadik Malik said on Wednesday. Malik told a group of journalists that the policy is in the final stage and will be offering incentives to encourage them to upgrade their outdated machinery [see more...](#)

Govt Planning to Ban Cash Transactions Across Pakistan Beyond Certain Limit - Neutral

The Federal Board of Revenue (FBR) is examining whether this proposal is practicable and whether it will also increase documentation or not. Sources told Pro Pakistani that the proposal is viable, but the question remains whether it would be practically possible or not. These major restrictions on cash transactions beyond a certain limit would promote [see more...](#)

DISCLAIMER

This report has been prepared by Abbasi & Company (Private) Limited and is provided for information purposes only. Under no circumstances, this is to be used or considered as an offer to sell or solicitation of any offer to buy. While reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time, Abbasi & Company (Private) Limited and or any of its officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. This report is provided only for the information of professional advisers who are expected to make their own investment decisions without undue reliance on this report. Investments in capital markets are subject to market risk and Abbasi & Company (Private) Limited accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. In particular, the report takes no account of the investment objectives, financial situation and needs of investors, who should seek further professional advice or rely upon their own judgment and acumen before making any investment. The views expressed in this report are those of Abbasi & Company (Private) Limited Research Department and do not necessarily reflect those of the company or its directors. Abbasi & Company (Private) Limited as a firm may have business relationships, including investment-banking relationships, with the companies referred to in this report. Abbasi & Company (Private) Limited does not act as a market maker in the securities of the subject company. Abbasi & Company (Private) Limited or any officers, directors, associates or close relatives do not have a financial interest in the securities of the subject company to an amount exceeding 1% of the value of the securities of the subject company at the time of issuance of this report. Abbasi & Company (Private) Limited or any officers, directors, associates or close relatives are not currently serving or have served in the past three years as a director or officer of the subject company. Abbasi & Company (Private) Limited or any officers, directors, associates or close relatives have not received compensation from the subject company in the previous 12 months. The subject company currently is not, or during the 12-month period preceding the date of publication or distribution of this report, was not, a client of Abbasi & Company (Private) Limited. We have not managed or co-managed a public offering or any take-over, buyback or delisting offer of securities for the subject company in the past 12 months and/or received compensation for corporate advisory services, brokerage services or underwriting services from the subject company in the past 12 months. Abbasi & Company (Private) Limited does not expect to receive or intend to seek compensation for corporate advisory services or underwriting services from the subject company in the next 3 months

All rights reserved by Abbasi & Company (Private) Limited. This report or any portion hereof may not be reproduced, distributed or published by any person for any purpose whatsoever. Nor can it be sent to a third party without prior consent of Abbasi & Company (Private) Limited. Action could be taken for unauthorized reproduction, distribution or publication

VALIDITY OF THE PUBLICATION OR REPORT

The information in this publication or report is, regardless of source, given in good faith, and may only be valid as of the stated date of this publication or report. The information may be subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed and it may not contain all material information concerning the company, jurisdiction or financial instruments referred to in this report. The valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report and were based upon several estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein is not to be relied upon as a representation and/or warranty by Abbasi & Company (Private) Limited and/or its other associated and affiliated companies, that:

- I. Such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- II. There is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein

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

RATINGS CRITERIA

Abbasi & Company (Private) Limited employs a three-tier ratings system to rate a stock and sector, as mentioned below, which is based upon the level of expected return for a specific stock and outlook of sector. The rating is based on the following with stated time horizon

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.

RESEARCH DISSEMINATION POLICY

Abbasi & Company (Private) Limited endeavors to make all reasonable efforts to disseminate research to all eligible clients in a timely manner through either physical or electronic distribution such as email, fax mail etc. Nevertheless, all clients may not receive the material at the same time

OTHER DISCLOSURES

The research analyst is primarily involved in the preparation of this report, certifies that:

- I. The views expressed in this report accurately reflect his/her personal views about the subject company/stock /sector and economy
- II. No part of his/her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report

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

Muhammad Umair Javed

Phone: (+92) 42 38302028

Ext: 117

Email: umairjaved@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