



Market Outlook

The stock market on the second day of 2024 remained volatile throughout the day and concluded the session in the red zone amid economic challenges including a rising external financing gap, challenging global financial markets, and local political instability. The Benchmark KSE-100 index made an intra-day high and low at 65,333.69(671.91 points) and 64,213.62 (448.16 points) respectively while closed at 64,349.60 by losing 312.18 points. Trading volume increased to 424mn shares as compared to 340mn shares on the previous trading day. Going forward, we expect the market to be volatile in the short term. The index is anticipated to face upcoming support at 64,000 and 63,800 while finding resistance at 65,000.

Key News

International

Asia stocks decline after Wall Street rally pauses

Asian equities slipped, tracking a drop in US stocks and Treasuries as Wall Street's risk-on mood faded with declines in big tech. South Korea's benchmark index fell more than 1% at the open, while that of Australia traded lower after nearing a record high in the previous session. Stock futures for Hong Kong pointed to a drop as well, while [see more...](#)

Oil prices steady after weak start to 2024; rate cuts, Red Sea in focus

Oil prices steadied in Asian trade on Wednesday after logging steep losses in the prior session as the dollar rebounded on some doubts over early interest rate cuts by the Federal Reserve, while focus remained on the conflict in the Red Sea. Crude prices marked a dismal start to the new year, sinking over 1% each on Tuesday as the dollar shot up from [see more...](#)

Politics

Sharif's nomination papers acceptance challenged

A citizen Shahid Orakzai has challenged before the appellant tribunal acceptance of nomination papers of former Prime Minister Shehbaz Sharif from NA-132. The appellant challenged the candidature of Shehbaz Sharif on the basis of his alleged involvement in the 1997 attack on the Supreme Court. The appellant submitted [see more...](#)

Economy

Jul-Dec: Trade deficit falls 34.29pc to \$11.15bn YoY – Positive
Pakistan's trade deficit narrowed down by 34.29 percent in the first half (July-December) of the current fiscal year 2023-24 as it stood at \$11.148 billion compared to \$16.965 billion during the same period of last fiscal year, says the Pakistan Bureau of Statistics (PBS). The monthly data released by the bureau noted that the country's exports increased by 5.17 percent (\$737 million) to \$14.981 billion [see more...](#)

| | | |
|--------|------------|---------------|
| 64,349 | ▼ -313 | ▼ -0.48% |
| 424 mn | YTD -0.48% | 1 Year 57.66% |

| ASIA | Value | Pts | Chg. (%) |
|------------|-----------|-------|----------|
| NIFTY 50 | 21,665.80 | 76.1 | 0.35% ▼ |
| DSE 30 | 2,091.54 | 2.29 | 0.11% ▼ |
| SHANGHAI | 2,958.17 | 4.1 | 0.14% ▼ |
| Hang Seng | 16,562.00 | 222 | 1.32% ▼ |
| Nikkei 225 | 33,464.17 | 75.45 | 0.23% ▼ |

| EUROPE | Value | Pts | Chg. (%) |
|----------|-----------|-------|----------|
| FTSE 100 | 7,721.52 | 11.72 | 0.15% ▼ |
| DAX 30 | 16,769.36 | 17.72 | 0.11% ▲ |

| USA | Value | Pts | Chg. (%) |
|-----------|-----------|--------|----------|
| DOW JONES | 37,715.04 | 25.50 | 0.07% ▲ |
| S&P 500 | 4,742.83 | 27 | 0.57% ▼ |
| NASDAQ | 16,543.94 | 281.99 | 1.68% ▼ |

| Commodities | Value | Chg. | Chg. (%) |
|---------------|----------|------|----------|
| Gold (t oz.) | 2,071.95 | 1.45 | 0.07% ▼ |
| Oil-WTI (bbl) | 70.31 | 0.07 | 0.10% ▼ |

| Currencies | Value | Chg. | Chg. (%) |
|------------|--------|------|----------|
| USD/PAK | 282.00 | 0.14 | 0.05% ▲ |
| EURO/PAK | 311.74 | 0.24 | 0.08% ▲ |
| GBP/PAK | 359.01 | 0.41 | 0.11% ▲ |
| AED/PAK | 77.40 | 0.66 | 0.86% ▲ |

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

MORNING GLANCE

Devolved subjects: SIFC to discuss expenditure-sharing today - Neutral

Ministry of Finance (MoF) is all set to brief Apex Committee of Special Investment Facilitation Council (SIFC) on Wednesday (today) on expenditure-sharing on devolved subjects, pending issues with M/s Etisalat of UAE and progress on MoU with UAE on investment cooperation in banking and financial services sectors. In the meeting to be presided over by [see more...](#)

FBR set to block mobile phones of non-filers - Neutral

The Federal Board of Revenue (FBR) is all set to block mobile SIM cards and mobile phones of non-filers during the current month. It is learnt that the FBR is ready to enforce strict measures against the non-filers. In the first phase, the mobile SIM cards and mobile phones of non-filers will be blocked. In this regard, the FBR will issue the Income Tax General order by January 15. The FBR is also devising a strategy to disconnect [see more...](#)

Money supply reaches to Rs35.18tr in November - Neutral

The total money supply circulating within the economy till November 2023 has been recorded at Rs35.18 trillion, according to provisional accounts on Monetary Aggregates for the month, maintained by the State Bank of Pakistan (SBP). The money circulating within the economy until October 2023 was Rs34.91tr whereas, in the month of November of last year, the figure was Rs30.82tr. This means that the money supply has risen [see more...](#)

Pakistani Rupee ends 13-Day winning streak against USD - Neutral

The Pakistani rupee (PKR) snapped its 13-day-long winning streak by depreciating 3.37 paise against the US dollar in Tuesday's interbank session and settled at PKR 281.89 per USD, compared to the previous session's closing of PKR 281.86 per USD. The currency saw an intraday high (bid) of 282.25 and a low (ask) of 281.74. In the open market, Exchange Companies [see more...](#)

Dec petroleum products' sales fall 7pc YoY - Negative

The reduction in sales comes on account of surge in price of petroleum products, economic slowdown and lower demand of furnace oil (FO) amid reliance on new coal-based power plants", Muhammad Iqbal Jawaid at Arif Habib Limited said. The sales of MS dropped by 8.0 percent in December 2023, clocking in at 0.57 million tons. Likewise, HSD sales volume also decreased by 2.0 percent YoY, reaching [see more...](#)

Caretakers eye cutting power prices for industries - Positive

Muhammad Ali, the caretaker federal minister for energy, stated that the government was considering making a significant move by lowering industrial power rates. Speaking to Geo News, the minister said that with five to six weeks remaining until the elected government could assume power, the caretaker government will complete a few major things. Ali said the government was trying [see more...](#)

ECC rejects hike in wheat support price proposal - Neutral

The Economic Coordination Committee of the Cabinet has turned down the Ministry of National Food Security and Research's proposal to increase the support price of wheat crop 2023-24 at Rs 4,000 per 40 kg and decided to maintain last year's price of Rs 3,900. Well-placed sources told Business Recorder that on the recommendations of the provincial governments, the Ministry of NFS&R put a summary [see more...](#)

Agha Steel to restart production activities in 10 days - Neutral

Agha Steel Ind.Ltd (PSX: AGHA) will commence the operational production in tentatively in ten working days, the company's filing on Tuesday informed To recall, an isolated incident that occurred at AGHA plant site in the low-voltage electric control room (ECR) has been effectively managed and contained, and no major damage is being reported. [see more...](#)

Assets of Islamic Banks Surge to Over Rs. 8 Trillion - Positive

The Islamic banking industry (IBI) continues its momentum in its acceptability and penetration, reflecting tremendous growth in asset value and deposits, which surged to over Rs. 8 trillion and Rs. 6 trillion by the end of September 2023. According to the Islamic Banking Bulletin released by the State Bank of Pakistan (SBP), the assets of the Islamic Banking Industry (IBI) grew to Rs. 8.417 trillion by [see more...](#)

TOMCL exports heat-treated beef to China - Positive

The Organic Meat Company Limited (TOMCL) said on Monday it had become the first company in South Asia to export heat-treated frozen beef meat products to China, the world's largest meat importer. We are pleased to inform that TOMCL now stands as the first company from South Asia to have successfully exported cooked/heat treated frozen beef meat products to the Peoples' Republic of China [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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