

MORNING GLANCE



Market Outlook

KSE-100 on Tuesday remained volatile throughout the day and concluded the session in the red zone amid the rupee's continuous depreciation for the 10th consecutive session against the USD. The benchmark KSE-100 index made an intra-day high and low at 41,016 (200 points) and 40,596 (-220 points) respectively while closed at 40,631 by losing 185 points. Trading volume has decreased to 81mn shares as compared to 108mn shares on the previous trading day. Going forward, we expect the market to test its support at 39,800. Breaking this level would further drag the index towards 39,300. Contrarily, the resistance for the index resides at 41,000.

Key News

International

Asian equities rise, dollar sways as focus firmly on Fed minutes

Asian equities rose on Wednesday, while the dollar was on the back foot after a steep spike overnight, with investors keenly awaiting minutes from the Federal Reserve's most recent meeting to gauge the path forward for interest rates. MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.91%, set for a third straight day of gains for the year. [see more...](#)

Oil prices nurse steep losses as markets look to Fed minutes

Oil prices fell further on Wednesday after a weak start to 2023 amid increased fears of a looming recession, with markets now awaiting more cues on U.S. monetary policy from the minutes of the Federal Reserve's December meeting. Crude markets were dealt a double whammy in their first trading session for the year after the International Monetary Fund warned of a potential global recession in 2023, while [see more...](#)

Politics

Contempt case: ECP directs Imran Khan, Asad Umar, Fawad Chaudhry to appear

In line with the directives given by the Supreme Court of Pakistan, the Election Commission of Pakistan (ECP) Monday directed Pakistan Tehreek-e-Insaf (PTI) Chairman Imran Khan, Secretary General Asad Umar and Senior Vice President Fawad Chaudhry to appear before it on the next date of hearing in the contempt case. A three-member bench, [see more...](#)

Economy

Early closure of markets announced - Neutral

The federal cabinet, on Tuesday, approved the Energy Conservation Plan, under which, all wedding halls will be closed at 10pm and the markets/ malls will be closed at 8:30pm and also approved 30 per cent decrease in prices of 20 essential medicines while rates of 54 new medicines have been fixed. Defence Minister Khawaja Asif while briefing the media along with federal ministers, said that the [see more...](#)

40,631	▼ -185	▼ -0.46%
81 mn	YTD -0.45%	1 Year -9.48%

ASIA	Value	Pts	Chg. (%)
NIFTY 50	18,232.55	35.10	0.19% ▲
DSE 30	2,191.43	3.87	0.18% ▼
SHANGHAI	3,122.50	5.99	0.19% ▲
Hang Seng	20,451.00	305.71	1.52% ▲
Nikkei 225	25,720.50	374	1.43% ▼

EUROPE	Value	Pts	Chg. (%)
FTSE 100	7,554.09	102.35	1.37% ▲
DAX 30	14,181.67	112.41	0.80% ▲

USA	Value	Pts	Chg. (%)
DOW JONES	33,136.37	10.88	0.03% ▼
S&P 500	3,824.14	15.36	0.40% ▼
NASDAQ	10,862.64	77.12	0.70% ▼

Commodities	Value	Chg.	Chg. (%)
Gold (t oz.)	1,850.45	4.35	0.24% ▲
Oil-WTI (bbl)	76.89	0.04	0.05% ▼

Currencies	Value	Chg.	Chg. (%)
USD/PKR	227.00	0.25	0.11% ▲
EURO/PKR	242.03	0.65	0.27% ▲
GBP/PKR	273.93	0.84	0.31% ▲
AED/PKR	61.76	0.46	0.74% ▼

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

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Pakistan Trade Deficit Increased 2.36% in December on Lower Exports- Negative

Pakistan trade deficit increased 2.36 percent during the month of December to USD 2,857 million when compared to the previous month, according to data released by Pakistan Bureau of Statistics. As per the latest data released, exports stood at USD 2,304 million while Imports were USD 5,161 million during December 2022. The data showed that exports during December 2022 were [see more...](#)

Pakistan Allowed Sugar Exports of 250,000 Tons this Year - Positive

Economic Coordination Committee allowed exports of 250,000 tons sugar with a condition to bring dollars in 60 days. Federal Minister for Finance and Revenue Senator Mohammad Ishaq Dar presided over the meeting of the Economic Coordination Committee (ECC) of the Cabinet, today. Ministry of National Food Security and Research submitted a summary on export of [see more...](#)

ECC Approved Package of PKR 60 Billion For PSO - Positive

Economic Coordination Committee approved a package of PKR 60 billion for PSO to clear its financial obligations of supplier within stipulated period. Federal Minister for Finance and Revenue Senator Mohammad Ishaq Dar presided over the meeting of the Economic Coordination Committee (ECC) of the Cabinet. Petroleum Division tabled a summary on liquidity requirement of PSO for import of LNG and petroleum products in the [see more...](#)

SBP Raised PKR 655 Billion Through Additional T-Bill Auction - Neutral

On January 3rd, 2023, SBP raised PKR 655 billion through the additional auction of market treasury bills against target of PKR 300 Billion, according to information shared by the central bank. In the previous T-bill auction government was able to raise only 50 percent of the targeted amount. SBP raised an amount of PKR 655.09 billion in 3 Months while rejects bids of both in 6 [see more...](#)

Urea, DAP sales jumps to 39%, 37% YoY in December 2022 - Positive

The urea offtake in December 2022 stood at 833,000 tons, showing an increase of 39% YoY as compared to 599,000 tons in the same period last year (SPLY). On monthly basis, urea dispatched jumped by 43% MoM as compared to 583,000 tons in November 2022, due to the seasonality factor and availability of urea from Engro Fertilizer Limited (EFERT) amid [see more...](#)

Uplift budget for Q3, 4: Finance Div revises fund release strategy - Neutral

The Finance Division has revised the strategy for release of funds of the recurrent and development budget for 3rd and 4th quarters of the current fiscal year (2022-23) and directed that any shortfall in the employees-related expenditure (ERE) will be met by re-appropriation of funds from non-ERE. A circular issued to this effect by the Finance Division [see more...](#)

Pakistan Yarn Manufacturer Announces To Reduce Production by 50% On Lower Demand - Negative

Crescent Fibres Limited decided to reduce its production by up to 50 percent on slowdown in global economic activity, according to company filing to the exchange. "As you are aware, the global economy is heading towards a recession and this has led to wide spread demand destruction in the textile as well as other sectors. Keeping in view the global [see more...](#)

Avanceon Transferred 5.68% Stake of Octopus To Dawood Hercules In Exchange for Acquisition of EmpiricAI - Positive

Avanceon has transferred its 5.68 percent holding of Octopus Digital Limited comprising of 7,767,400 shares to Dawood Hercules Corporation Limited ("Seller") in the account of the Seller on 03 January 2023, in exchange for entire shareholding of EmpiricAI (Pvt) Limited. 100 percent shares of the outstanding paid-up capital of EmpiricAI (Pvt) Limited [see more...](#)

Pakistan Petroleum Sales Decline 19% in First Half on Economic Slowdown - Negative

Pakistan sales of petroleum products decreased by 11.4 percent to 1.33 million tons during December 2022 when compared with the sales of the same month last year due to substantial increase in prices and slowdown in economic activity. The petroleum sales during the month of December decline by 13.6 percent when compared with sales of [see more...](#)

Digital lending companies: Compliance certificates made mandatory - Neutral

The Securities and Exchange Commission of Pakistan (SECP) will issue licenses to only those digital lending companies, which will obtain "compliance certificates" from the Pakistan Telecommunication Authority's approved cyber security audit firms. The SECP officials told Business Recorder here on Tuesday at the SECP Headquarters that the [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

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

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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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