

MORNING GLANCE



41,008	▲ 291	▲ 0.71%
113 mn	YTD 0.47%	1 Year -9.04%

ASIA	Value	Pts	Chg. (%)
NIFTY 50	17,859.45	132.7	0.74% ▼
DSE 30	2,193.40	3.45	0.16% ▼
SHANGHAI	3,175.06	17.43	0.55% ▲
Hang Seng	21,285.00	293.36	1.40% ▲
Nikkei 225	25,973.85	153.05	0.59% ▲

EUROPE	Value	Pts	Chg. (%)
FTSE 100	7,699.49	66.04	0.87% ▲
DAX 30	14,610.02	173.71	1.20% ▲

USA	Value	Pts	Chg. (%)
DOW JONES	33,630.61	700.53	2.13% ▲
S&P 500	3,895.08	86.98	2.28% ▲
NASDAQ	11,040.35	299.14	2.78% ▲

Commodities	Value	Chg.	Chg. (%)
Gold (t oz.)	1,881.80	12.10	0.65% ▲
Oil-WTI (bbl)	74.58	0.81	1.10% ▲

Currencies	Value	Chg.	Chg. (%)
USD/PKR	227.50	0.25	0.11% ▲
EURO/PKR	239.20	2.03	0.84% ▼
GBP/PKR	270.92	2.79	1.02% ▼
AED/PKR	61.90	0.07	0.11% ▲

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

Market Outlook

KSE-100 on Friday remained positive for the majority part of the day and concluded the session in the green zone amid the positive development of the expected arrival of IMF delegation to Pakistan for the ninth review of bailout programme in the coming days. The index made an intra-day high and low at 41,098 (381 points) and 40,684 (-32 points) respectively while closed at 41,008 by gaining 291 points. Trading volume has increased to 114mn shares as compared to 62mn shares on the previous trading day. Going forward, we expect the market to test its resistance at 41,578 (50 DMA). Breaking this level would further push the index towards 42,290 (200 DMA). Contrarily, the support for the index resides at 40,600.

Key News

International

Asia shares rise on U.S. rate bets, China reopening

Asian shares rallied on Monday as hopes for less aggressive U.S. rate hikes and the opening of China's borders bolstered the outlook for the global economy. MSCI's broadest index of Asia-Pacific shares outside Japan rose 1.5% to a five-month top, with South Korean shares gaining 2.1%. Chinese blue chips added 0.4%, while Hong Kong shares climbed [see more...](#)

Oil prices rebound on China reopening optimism, easing Fed fears

Oil prices rose on Monday, recovering a measure of recent losses as investors bet that an economic reopening in China and a less hawkish rhetoric from the Federal Reserve will help spur a recovery in crude demand this year. China reopened its international borders for the first time since 2020, a clear indication that the country intends to pivot away [see more...](#)

Politics

PTI defers Punjab Assembly dissolution until LHC decision

The Pakistan Tehreek-e-Insaf (PTI) has decided not to dissolve the Punjab Assembly till the outcome of the Lahore High Court's (LHC) decision in Chief Minister Pervaiz Elahi's de-notification case. On December 23, the LHC restored CM Elahi after Punjab Governor Balighur Rehman de-notified him for failing to take a vote of confidence in the Punjab [see more...](#)

Economy

Stalled bailout: IMF team to meet Dar in Geneva - Neutral

A delegation of International Monetary Fund (IMF) will meet Finance Minister Ishaq Dar on the sidelines of the upcoming Geneva conference to discuss outstanding issues, a spokesperson of IMF said on Sunday. The International Conference on Climate Resilient Pakistan will be held in Geneva today (Monday). The event will be co-hosted [see more...](#)

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Pace of domestic debt accumulation accelerates - **Negative**

The pace of domestic debt accumulation further accelerated by 6 percent during this fiscal year (FY23) and reached all time level of Rs 33 trillion mark end of November 2022. According to State Bank of Pakistan (SBP), the government's domestic debt rose by 6 percent during the first five months of this fiscal year. Total domestic debt stocks reached historical level of Rs 32.929 trillion at the end of Nov 22 compared to Rs 31.037 trillion in June [see more...](#)

SBP-held forex reserves plunge to \$4.5 billion: sources - **Negative**

After the repayment of loans to banks in the United Arab Emirates (UAE) totaling \$1.2 billion, foreign exchange reserves held by the State Bank of Pakistan (SBP) reduced to just \$4.5 billion, sources told Geo News on Saturday. The development has, as per sources, left Pakistan with an import cover of only under a month, as the country grapples with a deteriorating economic crisis while trying to bring down imports amid dollar shortage. A breakup [see more...](#)

FBR estimates Rs170bn shortfall in tax collection - **Negative**

In the wake of continued import compression, the Federal Board of Revenue has projected a downward revision in the tax collection target by Rs170 billion and now estimates to fetch Rs7,300 billion by June 30, 2023, against an earlier target of Rs7,470 billion. The revised projection of FBR's tax collection target will be shared with the IMF on the sidelines of upcoming Donors Conference for reconstruction in the flood-affected [see more...](#)

Weekly inflation sees 30pc jump from last year - **Negative**

Weekly inflation, measured by the Sensitive Price Index (SPI), jumped by nearly 31 per cent as compared to last year, amid a big surge in the prices of foods and a couple of fuel items. "The year-on-year (YoY) trend depicts an increase of 30.60pc," the Pakistan Bureau of Statistics (PBS) said in its weekly report on the movement in prices of 51 essential items, collected from 50 markets in 17 major cities across the country. PBS said the [see more...](#)

Rupee to remain under pressure on economic woes - **Negative**

The rupee is expected to stay under pressure during the coming week as investors worry about how the country's economic situation will develop amid a sharp decline in foreign exchange reserves brought on by fresh repayments of external debt, traders and analysts said. "We expect the rupee to depreciate much further during the course of the upcoming week due to declining foreign reserves and repayment of foreign loans. Any [see more...](#)

Pakistan repays over \$1bn external debt - **Negative**

The country has successfully repaid over one-billion-dollar external debt to the international financial institutions on Friday. Although the country is facing a serious crisis of foreign exchange reserves, it is meeting international financial obligations to avoid default. Sources said that cumulatively, on Friday, the country repaid some \$1.2 billion to the two foreign banks. "Pakistan has paid back \$600 million to [see more...](#)

Pak Suzuki extends plant shutdown - **Negative**

After keeping production activities suspended from Jan 2-6, Pak Suzuki Motor Company Ltd (PSMCL) has extended plant shutdown from Jan 9-13 due to a continued shortage of imported parts and accessories. In a stock filing on Friday, the company said the motorcycle plant would remain operative, however. From August 2022 to date, PSMCL had kept its production activities closed for 30 days due to the [see more...](#)

Govt set to sell LNG plants to Qatar - **Positive**

The government has quietly delisted two power plants, which over four years ago, had been put on an active list for privatisation to raise an estimated \$1.5 billion, aimed at selling these state assets to Qatar in a direct deal to avoid a looming sovereign default. The development came two days after the government constituted a new cabinet committee aimed at selling the state assets on a fast-track basis. [see more...](#)

SSGC Turn to Profitability After 3 Years of Losses - **Negative**

Sui Southern Gas Company Limited (SSGC) turn to profitability in fiscal year 2021 after posting losses for last three years, according to company filing to the exchange. Company reported profit of PKR 1,955 million in fiscal year 2021 compared to loss of PKR 21.3 billion in fiscal year 2022 due to increase in Other income and lower finance cost and taxation reversal. Sui Southern Gas Company Limited's main [see more...](#)

PSO, SNGPL in a debt trap - **Negative**

Rising cost of liquefied natural gas (LNG), Pakistan State Oil (PSO) and Sui Northern Gas Pipeline Limited (SNGPL) have found themselves in a debt trap. In the past, the power sector used to be a key defaulter of payments to PSO on supply of furnace oil. Today, however, SNGPL is liable to pay PSO a whopping Rs396 billion. In March of last year, its dues stood at Rs277.8 billion and have been piling up ever since. [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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The Research Analyst is not and was not involved in issuing of a research report on any of the subject company's associated companies

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