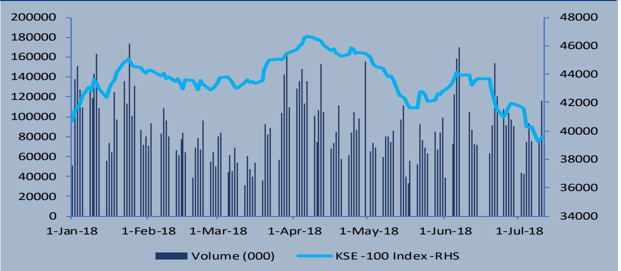
Morning Briefing

News Feeds

We Invest in Relationships ™

9th June, 2023

KSE –100 Index



Source: PSX & WE Research

Market- Key Statistics

	Current	Previous	Change
KSE100 Index	41,793.87	41,585.54	208.33
All Shares Index	27,358.27	27,195.81	162.46
KSE30 Index	15,551.73	15,662.84	-111.11
KMI30 Index	71,775.28	71,468.53	306.75
Volume (mn)	272,723,39	229,035,21	43,688

Source: PSX

Top Losers-KSE100 Index

Symbol	Price	% Change	Volume
GATI	323.71	(-7.50%)	100
TATM	64	(-6.84%)	500
PINL	6.01	(-5.35%)	500
DLL	200	(-3.80%)	100
KOSM	2.3	(-2.95%)	10,000

Top Winners-KSE100 Index

Symbol	Price	% Change	Volume
HASCOL	6.27	(11.17%)	6,978,000
NICL	47.57	(7.48%)	13,500
SSOM	107.35	(7.38%)	1,000
PASL	0.75	(7.14%)	5,500
SITC	254	(7.12%)	200

Volume Leaders KSE-All Index

Symbol	Price	% Change	Volume
HASCOL	6.27	(11.17%)	6,978,000
OGDC	89.83	(3.40%)	2,972,588
PPL	71.89	(4.60%)	1,774,459
SNGP	42.99	(2.65%)	1,268,503
FFL	5.74	(0.70%)	1,233,500

Volume Leaders KMI-30 Index

Symbol	Price	% Change	Volume (mn)
TELE	8.11	1.00%	23.46
TPLP	15.18	-0.52%	14.63
GGL	11.44	0.62%	10.65
PAEL	11.03	-0.54%	9.16
CNERGY	3.72	0.81%	7.07

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Economic Survey 2022-23: Inflationary pressure intensifies amid global headwinds

The government conceded on Thursday average inflation will surpass its budgetary target and remain at 29 per cent for 2022-23 owing to the unprecedented depreciation and rising global commodity prices. According to the Pakistan Economic Survey 2022-23 released on Thursday, the inflation target for the outgoing fiscal year was 11.5pc. Global inflationary pressures have intensified in recent years even though there's been some improvement in the global supply chain over the last few months. The survey also stated that the international commodity price outlook is favourable and may help offset the negative impact of currency depreciation. Additionally, timely measures leading to a better crop outlook, expected political stability and a stable exchange rate are expected to contribute to price stability. Click to see more

Dip in exports, remittances offsets gains of low imports

The fiscal year 2023 was not very different from the previous many years as the external account recorded a dismal performance owing to increased debt repayment, dwindling reserves and falling exports. The government's only solace lay in its success in curtailing the import bill but decreased exports and poor remittance collection significantly offset any gains on that front, according to the Economic Survey 2022-23 released on Thursday. Exports fell by 9.8 per cent during Jul-Mar FY2023 to $21 billion. The quantum in the corresponding period last year was $23.3bn. Textiles recorded the greatest fall of 12.4pc, from $14.2bn in FY22 to $12.47bn in the current fiscal year till March. The export of cotton yarn dipped by 37pc from $908m to $573m. Click to see more

Cash-strapped govt doles out Rs2.2tr in tax discounts

Federal Board of Revenue's (FBR) tax exemptions reached an all-time high of Rs2.239 trillion in the outgoing fiscal year, up 51 per cent from Rs1.482tr in FY22, showed the Pakistan Economic Survey 2022-23 released by Finance Minister Ishaq Dar on Thursday. The government claims that it has met all conditions set out by the International Monetary Fund to unlock the stuck-up funding under the $7bn programme, but the surging tax exemptions have been a key area of concern for the fund. Click to see more

Investment-to-GDP ratio drops to lowest

The investment-to-GDP ratio in the outgoing 2022-23 stood at 13.6 per cent, lowest among the regional countries, according to the economic survey released on Thursday. This ratio stood at 15.6pc in 2021-22. The survey attributed the year-on-year decline to a slowdown in global and domestic economic activity and contractionary macroeconomic policies. The per capita income decreased from $1,765 to $1,568 in 2022-23. This deceleration was attributed to the significant depreciation and a contraction in economic activity. Click to see more

Key Economic Data

Reserves (20-Jan-23)	$9.45bn
Inflation CPI Dec'22	24.5%
Exports - (Jul'21-Jun'22)	$31.79bn
Imports - (Jul'21-Jun'22)	$80.18bn
Trade Balance- (Jul'21-Jun'22)	$(44.77)bn
Current A/C- (Jul'21-Jun'22)	$(17.4)bn
Remittances - (Jul'21-Jun'22)	$29.45bn

Source: SBP

FIPI/LIPI (USD Million)

FIPI (10-Mar-23)	0.565
Individuals (10-Mar-23)	0.444
Companies (10-Mar-23)	2.934
Banks/DFI (10-Mar-23)	(0.036)
NBFC (10-Mar-23)	0.00695
Mutual Fund (10-Mar-23)	(0.836)
Other Organization (10-Mar-23)	0.399
Brokers (10-Mar-23)	(2.856)
Insurance Comp: (10-Mar-23)	(0.621)

Source: NCCPL

Commodities

Commodities	Current	Previous	Change
Cement (Rs./bag)	1,043	1,043	0.00%
DAP (PKR/bag)	9,429	9,527	-1.03%
Urea Fertilizer (PKR/bag)	2,626	2,531	3.75%
Gold Spot (USD/oz)	1,928.15	1,926.92	0.06%
Gold Future (USD/oz)	1,929.40	1,924.25	0.27%
WTI Spot (USD/bbl)	79.27	81.20	-2.38%
WTI Future (USD/bbl)	79.68	81.33	-2.03%
FOREX Reserves (USD bn)	9.45	10.44	-9.48%

Exchange Rates– Open Market Bids

Local (PkR)	Current	Previous	Change
PKR / US$	281.5	283.2	-0.60%
PKR / EUR	294	295	-0.34%
PKR / GBP	331.5	331	0.15%
PKR / JPY	2.06	2.06	0.00%
PKR / SAR	74.3	74.2	0.13%
PKR / AED	76.4	76.8	-0.52%
PKR / AUD	184.5	182.5	1.10%

RLNG prices reduced

The Oil and Gas Regulatory Authority (Ogra) on Thursday notified a reduction in the prices of Regasified Liquified Natural Gas (RLNG) for the twin gas utility companies effective June 1, owing to a decline in international prices. The revisions have been made under the policy guidelines of the federal government. The prices of Sui Northern Gas Pipeline Ltd (SNGPL) have been decreased by 5.07 per cent to $11.8 per mmBtu in transmission and 5.09pc in distribution to $12.72 mmBtu. Likewise, the prices for Sui Southern Gas Company Ltd (SSGCL) have been cut by 5.22pc to $11.37 per mmBtu in transmission and 5.23pc to $12.94 per mmBtu in distribution. Click to see more

IT sector posts limited growth

The telecom sector remained a significant source of revenue generation for the national exchequer contributing Rs327 billion in the outgoing fiscal year, the Economic Survey revealed on Thursday. It posted a growth of 6.6 per cent in the outgoing fiscal year, but the economic slowdown and increased operational costs resulted in the slower expansion of the cellular mobile sector. "The envisioned turnaround of Pakistan's economy in the medium-to-long-term is possible by utilising the potential of the IT and telecom sector," the survey predicts. Click to see more

Public debt piles up

The economic survey for 2022-23 showed on Thursday the country's total public debt reached Rs59.24 trillion at the end of March, with domestic debt amounting to Rs35.07tr and external debt clocking in at Rs24.17tr or $85.2 billion. Within domestic debt, the government relied on long-term debt securities, predominantly the floating-rate Pakistan Investment Bonds (PIBs) and Sukuk for the financing of its fiscal deficit and repayment of debt maturities. The government retired treasury bills amounting to Rs527bn. According to the survey, the government repaid Rs310bn of its debt owed to the State Bank of Pakistan (SBP). The cumulative debt retirement against the SBP stood at Rs2tr since July 2019. Click to see more

Plan to raise $2b via Eurobonds

The government is planning to raise $2 billion through floating Eurobonds in the next fiscal year, as its foreign loan disbursement projections remain fluid in the absence of an International Monetary Fund (IMF) deal. Due to the lack of clarity on the IMF front, the external debt inflows from the multilateral and bilateral creditors are estimated at only $6.2 billion for the next fiscal year, nearly 30% less than this year's original estimate. The estimate of $6.2 billion does not include any inflows on account of Eurobonds, commercial loans, and the IMF loan. Click to see more

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Stock Ratings

WE Financial Services Ltd. uses three rating categories, depending upon return form current market price, with Target period as December 2021 for Target Price. In addition, return excludes all type of taxes. For more details kindly refer the following table;

Potential to target price	
Buy Upside	More than +10% from last closing price
HOLD	In between -10% and +10% from last closing price
SELL	Less than -10% from last closing price

Equity Valuation Methodology

WE Research uses the following valuation technique(s) to arrive at the period end target prices;

- Discounted Cash Flow (DCF)
- Dividend Discount Model (DDM)
- Relative valuation (P/E, P/B, P/S)
- Equity & Asset return based (EVA, Residual income)

Risks

The following risks may potentially impact our valuations of subject security(ies);

- Market Risk
- Interest Rate Risk
- Exchange rate risk

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