

MORNING GLANCE



| | | |
|--------|------------|---------------|
| 78,488 | ▲ 138 | ▲ 0.18% |
| 148 mn | YTD 21.38% | 1 Year 69.72% |

| ASIA | Value | Pts | Chg. (%) |
|------------|-----------|--------|----------|
| NIFTY 50 | 25,235.90 | 83.95 | 0.33% ▲ |
| DSE 30 | 2,124.71 | 6.78 | 0.32% ▲ |
| SHANGHAI | 2,824.50 | 17.71 | 0.62% ▼ |
| Hang Seng | 17,650.00 | 339.07 | 1.88% ▼ |
| Nikkei 225 | 38,696.00 | 75.00 | 0.19% ▲ |

| EUROPE | Value | Pts | Chg. (%) |
|----------|-----------|------|----------|
| FTSE 100 | 8,376.63 | 3.01 | 0.04% ▼ |
| DAX 30 | 18,906.92 | 5.65 | 0.03% ▼ |

| USA | Value | Pts | Chg. (%) |
|-----------|-----------|--------|----------|
| DOW JONES | 41,563.08 | 228.03 | 0.55% ▲ |
| S&P 500 | 5,648.40 | 56.44 | 1.01% ▲ |
| NASDAQ | 19,574.64 | 249.19 | 1.29% ▲ |

| Commodities | Value | Chg. | Chg. (%) |
|---------------|----------|------|----------|
| Gold (t oz.) | 2,527.25 | 0.35 | 0.01% ▼ |
| Oil-WTI (bbl) | 72.98 | 0.57 | 0.77% ▼ |

| Currencies | Value | Chg. | Chg. (%) |
|------------|--------|------|----------|
| USD/PKR | 278.60 | 0.25 | 0.09% ▼ |
| EURO/PKR | 310.38 | - | - |
| GBP/PKR | 367.45 | - | - |
| AED/PKR | 76.30 | - | - |

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

Market Outlook

The stock market on Friday remained positive in the first half of the day. However, selling was observed in the second half and concluded the session in the green zone as Moody's stated that Pakistan's external financing prospects have improved following the staff-level agreement with the IMF on July 12, 2024. The Benchmark KSE-100 index made an intra-day high and low at 78,914.27 (564.61 points) and 78,439.61 (89.95 points) respectively while closed at 78,488.21 by gaining 138.55 points. Trading volume decreased at 148mn shares as compared to 151mn shares on the previous trading day. Going forward, we expect the market to remain positive driven by expectations of a drop in CPI-based inflation rate for the month of August. The index is anticipated to face upcoming resistance at 78,750 and 79,000, while finding support at 78,000.

Key News

International

Asian Stocks Decline as China's Economy Falter

Asian shares edged lower after ratcheting up four months of gains, as China's efforts to support its ailing economy showed no signs of taking hold. Benchmarks in Australia and China slipped, while those for South Korea were little changed. Japanese equities, the outlier of the region, advanced on Monday helped by news of corporate profits surpassing expectations. In Hong Kong, the benchmark index declined with shares of New World [see more...](#)

Oil Extends Drop on Signs of OPEC+ Output Boost and China Woes

Oil pushed lower on signs OPEC+ will progress with a plan to lift output from October, while economic headwinds mount in China. Brent for November slipped toward \$76 a barrel after losing more than 2% on Friday, and West Texas Intermediate traded near \$73. The cartel is due to add 180,000 barrels a day as it gradually [see more...](#)

Politics

After Zardari, PM calls on Fazl, seeks his support

After President Asif Ali Zardari, Prime Minister Shehbaz Sharif on Friday visited the residence of Jamiat Ulema-e-Islam-Fazl (JUIF) chief Maulana Fazlur Rehman in the federal capital. On Saturday last, President Zardari [see more...](#)

Economy

SBP seen poised for another rate cut - Neutral

Pakistan is expected to see single-digit inflation for the first time in three years in August, which may allow the central bank to cut interest rates for a third consecutive meeting this month. Cooling inflation, manageable current account deficit, and emphasis on economic growth are also anticipated to prompt the country's central bank to continue with the monetary easing cycle. [see more...](#)

MORNING GLANCE

Govt seeks IMF nod for power tariff cut – Neutral

Pakistan has shared a new plan with the International Monetary Fund (IMF) to reduce electricity prices by Rs6 per unit by pumping in Rs2.8 trillion — a proposal that is built on highly risky funding sources and might not immediately get the lender's endorsement. The federal government has told the IMF that out of the Rs2.8 trillion, an amount of Rs1.4 trillion will be provided by [see more...](#)

Four states 'commit' \$27bn investment in years ahead, claims Ahsan - Neutral

Federal Minister for Planning, Development and Special Initiatives Ahsan Iqbal says that four countries have allocated \$27 billion for investment through launching various mega projects in Pakistan under framework of the Special Investment Facilitation Council (SIFC). [see more...](#)

Jul-Aug: there's Rs98bn shortfall, admits FBR – Negative

The Federal Board of Revenue (FBR) Sunday officially admitted that tax machinery suffered a huge shortfall of Rs 98 billion in tax collection during first two months of 2024-25, as net collection stood at Rs1,456 billion against assigned target of Rs1,554 billion during this period. According to the data released by the FBR on Sunday, the FBR has collected gross [see more...](#)

Optimism plummets as concerns about economy mount – Neutral

An international survey conducted by Ipsos has suggested that only one in 10 Pakistanis believe the country is headed in the right direction. The survey, released on Friday, indicates that the rural population is more optimistic than urban [see more...](#)

Pakistan's Total Export Growth Outpaces External Debt - Neutral

The country's External Debt to Total Exports ratio has fallen to 253 percent in FY 2023-24, compared to its peak of 314 percent in FY20. This suggests growth in exports has remained higher in the last few years than growth in external debt, Topline Securities said in a brief statement. [see more...](#)

Govt threatens to further slash PSDP – Negative

Federal Minister for Planning, Development and Special Initiatives Ahsan Iqbal said that due to the worst economic situation, the government would have to further cut the Public Sector Development Programme (PSDP) 2024-25 if it did not impose more taxes on the people. The minister expressed these views while responding to [see more...](#)

OGDCL announces significant gas discovery in Sanghar – Positive

The Oil & Gas Development Company Limited (OGDCL) on Friday announced a significant gas condensate discovery at the Baloch-2 well, in the exploratory zone of the Sembar Formation located in District [see more...](#)

POL products' prices reduced - Positive

Federal government on Saturday announced a reduction in the prices of petroleum products up to Rs 3.32 per litre for the fortnight starting September 1, 2024. The price of petrol has been reduced by Rs 3.32 per litre from Rs 266.97 to Rs 262.75 per litre. The price of high speed diesel (HSD) has also been reduced by Rs 1.86 per litre from Rs 260.96 to Rs 259.10 per litre. [see more...](#)

Conversion of power plants to Thar coal; Govt likely to ask local banks for financing – Neutral

The government is likely to ask local banks to finance conversion of imported coal projects to Thar coal and expansion of mines, well informed sources in PPIB told Business Recorder. This idea [see more...](#)

Lucky to increase pharma, soda ash production – Positive

Lucky Core Industries (LCI) is expanding its production lines for pharmaceutical products and soda ash. It has, however, delayed the launch of float glass project and the polyester business has slowed down. After attending a corporate briefing held by LCI this week, Topline [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