



Oil & Gas | Fortnightly POL Price Preview



Date: 15th May'24

REP # 048



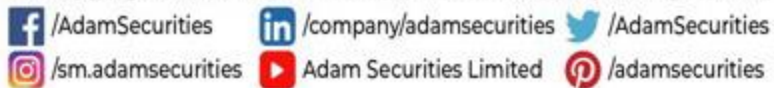
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POL Prices to drop by Rs. 12.5-13 per liter

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Projected POL prices for 1st Fortnightly of May'24

- We expect POL prices to come down by Rs. 12.5-13 per liter during 1st fortnightly of May'24 as int. crude oil prices dropped by approx. 6.0% after the US crude inventories surged to a record high since Oct'23. Moreover, USDPKR remains unchanged to post at Rs. 278.11 during the aforementioned period.
- On MoM basis, int. crude prices contracted by 0.69% to record at \$86.68 as against \$87.28 during the same period last month, reflecting series of ceasefire talks between Israel and Hamas during the period which has eased upside pressure on crude prices along with inventories pile up in USA due to weak consumer's demand.

Monthly Outlook of int. crude prices - May'24

- We believe crude oil prices to remain consolidated in between \$76.50-81.50 during the month of May'24 due to the following fundamental outlook:
 - Israel has just started ground operations in Rafah, which would pose upside pressure on int. crude prices.
 - US has recorded Apr'24 as worst month of higher crude inventories since Oct'23. We are on the view of continuity in surging US crude stock piles due to: drop in consumer sentiments and slow down industrial activities amid Fed's stances of holding higher interest rates longer than expected.

Projected POL prices	
Litres/bbl	158.99
Avg price/bbl (Fortnightly)	\$ 83.74
Avg.USDPKR (Fortnightly)	278.11
Base Price	Rs 192.71
IFEM	Rs 6.84
Subtotal	Rs 199.55
OMC margin	Rs 7.87
Dealers commission	Rs 8.64
PDL	Rs 60.00
Subtotal	Rs 276.06
Sales tax	Rs -
Forecasted Retail Price	Rs 276.06

Source: OGRA, ASL Research



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Price Methodology:

To arrive at our period end Target Price, Adam Securities Limited uses different valuation methods which include:
1) Discounted Cash flow method 2) SOTP method 3) Justified Price to Book Value method and 4) FCFE or FCFF method.

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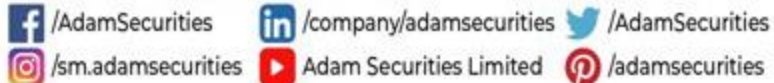
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Stance Criterion	
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Sell	≤10.0%
Hold	Between - 10.0% to 15.0%

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