



# Oil & Gas | Fortnightly POL Price Preview



Date: 31st May'24

REP # 048



**Muhammad Asad Qureshi**

Email: [asad@adamsecurities.com.pk](mailto:asad@adamsecurities.com.pk)

Tel: +92-21-32440519 EXT: 117

Cell # 0334-3227771

© Copyright 2022, Adam Securities Limited | All rights reserved



[/AdamSecurities](#)



[/company/adamsecurities](#)



[/AdamSecurities](#)



[/sm.adamsecurities](#)



[Adam Securities Limited](#)



[/adamsecurities](#)



Room# 806-814, 8th Floor,  
Main Pakistan Stock Exchange Building,  
Stock Exchange Road, Karachi.



[info@adamsecurities.com.pk](mailto:info@adamsecurities.com.pk)  
[adamsecurities145@yahoo.com](mailto:adamsecurities145@yahoo.com)  
[sm.adamsecurities@gmail.com](mailto:sm.adamsecurities@gmail.com)



+9221 32444315-16, 32420909,  
32413580, 32437380



سویاہ کاری مسجد اری کے ساتھ  
[www.jamapunji.pk](http://www.jamapunji.pk)

## Projected POL prices for 2<sup>nd</sup> Fortnightly of May'24

- We anticipate POL prices to remain unchanged in the next fortnightly, amid increase in int'l crude prices by 35bps and stable USDPKR rate during the 2<sup>nd</sup> fortnightly of May'24. We also expect a drop in Inland freight rates by approx. 80bps during the corresponding period, which we believe would likely keep the POL prices unchanged.
- On MoM basis, int'l crude prices merely dropped by 18bps, illustrating limited downside risk due to ongoing Israel-Hamas conflict.

## Monthly Outlook of int. crude prices - Jun'24

- We believe int'l crude oil prices to drop significantly by 6-8% during the month of Jun'24, which is currently in the range of USD72.50-USD79.50 per barrels. The reasons for the probable drop in int'l crude prices are given below:
  - China's oil demand outlook darkens, resultantly, refineries have started to cut processing rates amid warning signs of flagging factory strength, housing crash and deflationary pressures.
  - OPEC+ in its upcoming meeting (June 02, 2024) will likely extend production cuts for the next 3 months due to weak oil demand outlook. While, OPEC producers are also pressurizing Saudi Arabia to cut Arab light prices from July 01, 2024 for Asian countries as non-OPEC oil supply continues to grow while the global economy faces headwinds.
  - US economy kicks off with summer driving season but the elevated inflationary pressures have caused Fed to reconsider holding interest rates for longer-term. This has capped the upside pressure on crude prices.

Projected POL prices		
Litres/bbl		158.99
Avg price/bbl (Fortnightly)	\$	84.02
Avg.USDPKR (Fortnightly)		278.09
<b>Base Price</b>	<b>Rs</b>	<b>189.21</b>
IFEM	Rs	6.68
<b>Subtotal</b>	<b>Rs</b>	<b>195.89</b>
OMC margin	Rs	7.87
Dealers commission	Rs	8.64
PDL	Rs	60.00
Subtotal	Rs	272.40
Sales tax	Rs	-
<b>Forecasted Retail Price</b>	<b>Rs</b>	<b>272.40</b>

Source: OGRA, ASL Research



# Analyst Certification & Disclosures



The research analyst(s) primarily involved in the preparation of this report, certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject companies/securities and (2) 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. Furthermore, it is stated that the research analyst or any of its close relatives do not have a financial interest in the securities of the subject company aggregating more than 1% of the value of the company. Additionally, the research analyst or its close relative have neither served as a director/officer in the past 3 years nor received any compensation from the subject company in the past 12 months.

### 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.

### Company Specific Disclosures:

Adam Securities Limited may, to the extent permissible by applicable law or regulation, use the above material, conclusions, research or analysis in which they are based before the material is disseminated to their customers. Adam Securities Limited, their respective directors, officers, representatives, employees and/or related persons may have a long or short position in any of the securities or other financial instruments mentioned or issuers described herein at any time and may make a purchase and/or sale or offer to make a purchase and/or sale of any such securities or other financial instruments from time to time in the open market or otherwise. Adam Securities Limited may make markets in securities or other financial instruments described in this publication, in securities of issuers described herein or in securities underlying or related to such securities.

### Research Dissemination Policy:

Adam Securities 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 mail, fax and/or email. Nevertheless, not all clients may receive the material at the same time.

### Disclaimer:

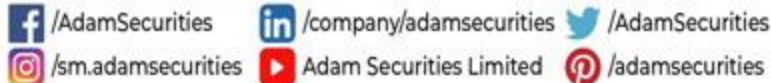
Adam Securities Limited has produced this report for private circulation only. The information and statistical data herein have been obtained from reliable sources to our knowledge where such information has not been independently verified and we make no representation or warranty as to its accuracy, completeness or correction. This report makes use of forward-looking statements that are based on assumptions made and information currently available to us and those are subject to certain risks and uncertainties that could cause the actual results to differ. This report is not a solicitation or any offer to buy or sell any of the securities mentioned herein. It is meant for information purposes only and does not take into account the particular investment objectives, financial situation or needs of individual recipients. Neither Adam Securities Limited nor any of its affiliates or any other person connected with the company accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or the information contained herein.

### Rating System:

Adam Securities Limited employs a 3-tier rating mechanism i.e. Buy, Hold and Sell, which is based upon the level of expected return for a specific stock. Time horizon is usually the annual financial reporting period of the company. If total expected return exceeds or equals to 15.0%, a Buy rating is issued. If total expected return falls or equals to 10.0%, a sell rating is issued. If return is in between the two ranges, hold rating is assigned. Aforementioned ratings are subject to change on the basis of change in stock price, change in analyst's estimates, change in assessment of company's business risk or a combination of these factors.

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

© Copyright 2022, Adam Securities Limited | All rights reserved



Room# 806-814, 8th Floor,  
Main Pakistan Stock Exchange Building,  
Stock Exchange Road, Karachi.



info@adamsecurities.com.pk  
adamsecurities145@yahoo.com  
sm.adamsecurities@gmail.com



+9221 32444315-16, 32420909,  
32413580, 32437380





## ADAM SECURITIES LIMITED

Corporate Member of Pakistan Mercantile Exchange (PMEX) – Reg No. BRC – 017  
TREC Holder Pakistan Stock Exchange Limited – TRE Certificate No. 145  
SECP Broker License No. 145  
Management Rating by VIS – BMR2+



**DOWNLOAD AT**  
[WWW.ADAMSECURITIES.COM.PK/DOWNLOADS](http://WWW.ADAMSECURITIES.COM.PK/DOWNLOADS)



© Copyright 2022, Adam Securities Limited | All rights reserved



/AdamSecurities



/company/adamsecurities



/AdamSecurities



/sm.adamsecurities



Adam Securities Limited



/adamsecurities



Room# 806-814, 8th Floor,  
Main Pakistan Stock Exchange Building,  
Stock Exchange Road, Karachi.



info@adamsecurities.com.pk  
adamsecurities145@yahoo.com  
sm.adamsecurities@gmail.com



+9221 32444315-16, 32420909,  
32413580, 32437380



سرمایہ کاری مسجد اری کے ساتھ  
[www.jamapunji.pk](http://www.jamapunji.pk)