



February
10, 2021

Stocks battering continue despite record volume of 1bn shares, benchmarks sheds 30 points

Bears continue battering the index marking a continuous three-day streak on Wednesday, pushing the index down by 30.48 points during the day to close at 46,644.29 points. While positive global cues project good numbers such as rising crude prices and recovery from the global pandemic, the local markets seems to be restrained due to several factors. The political activity is heating up in the country as PDM continues its march for fresh elections. Analysts pointed out that the market may have been artificially driven in the past few weeks, with investors sentiments being highly sensitive to positive indicators. FATF review is expected by the end of this month, acting as a strong gravitational force to the benchmark. Pakistan debt to GDP ratio rises to the range of 87% during the month. Going forward, we believe the bourse to post recovering trends during the week.

The major scrips that deducted from the index were OGDC (-33pts), MARI (-23 pts), SYS (-21 pts), PPL (-19 pts), and BAHL (-16 pts). The index found its support and resistance at 46,341.76 points and 46,845.44 points, respectively.

Sector-wise, Technology & Communication sector took the spotlight today, generating a volume of 490mn shares. Power Generation & Distribution sector was the runner up, clocking in a total volume of 112mn shares. Cement sector was the third-most traded sector amassing a volume of 90mn shares.

The bourse witnessed a volume of 1,011mn shares, with the value traded clocking in at PKR 27.25bn. The advance-to-decline ratio favored the bears as 161 scrips closed green, 191 closed red and 16 remained unchanged.

News & Corporate Announcements:

The federal cabinet has approved a three-month extension in the Afghanistan Pakistan Transit Trade Agreement (APTTA) under the chairmanship of the Prime Minister. The Afghanistan Pakistan Transit Trade Agreement is to expire on 11th February 2021.

Russia's Sputnik V has become the third COVID-19 vaccine to be approved by Pakistan for emergency use after China's Sinopharm and the one developed by AstraZeneca and Oxford University, the country's health minister said on Tuesday.

China says it will continue to provide support and assistance to Pakistan for its efforts against Coronavirus, economic recovery, and social development in accordance with its needs. The assurance was given by the Chinese Foreign Ministry's Spokesperson Wang Wenbin.

The State Bank of Pakistan (SBP) has proposed amendments to the existing foreign exchange regulations regarding borrowing from abroad in an attempt to meet the specific needs of fintech and startup companies, keeping in view the issues they are facing in raising capital in the form of convertible debt from abroad under current regulations.

While 1,008 Covid-19 cases and 40 deaths were reported across the country in a single day, the number of active cases has dropped by around 20,000 over the last two months.

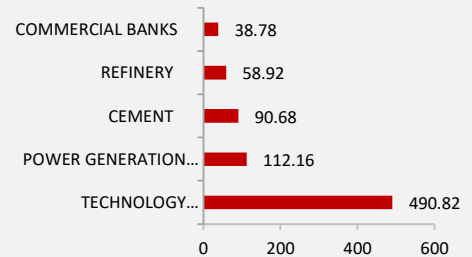
Pakistan plans to ask China for relief on payments for power projects Beijing financed over the past eight years, the latest developing nation that's struggling to repay debt under President Xi Jinping's Belt and Road Initiative.

Market Summary

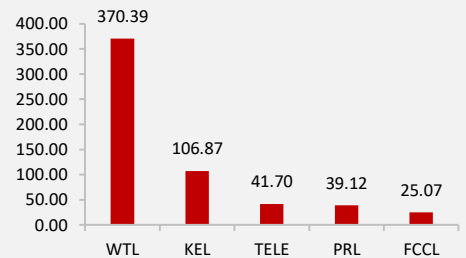
Current Index	46,644.29
Change	-30.48
Percent change	-0.07
High	46,845.44
Low	46,341.76
Volume traded (mn shares)	314.39
Value traded (PKR mn)	17.35

Source: PSX and AAH Research

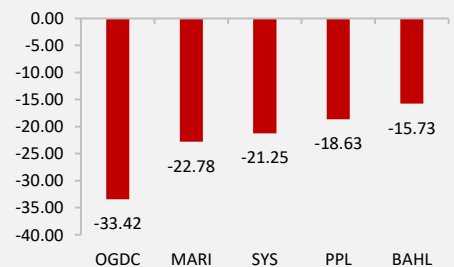
Top-5 Traded Sectors (mn shares)



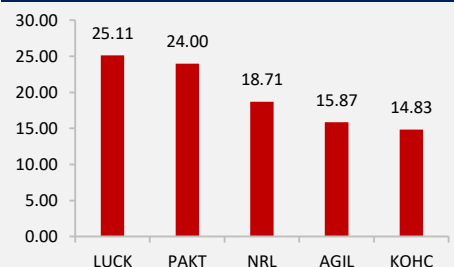
Top-5 Volume Leaders (mn shares)



Top-5 Index Movers (Points)



Top-5 Gainers (PKR)



Data Source: PSX

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Rating Criteria

Rating - Expected Total Return
Buy - Greater than 10%
Hold - Neither Buy nor Sell
Sell - Less than and equal to -10%

Valuation Methodology

To arrive at our 12-months Price Target, ABA Ali Habib Research uses different valuation methods which include: 1). DCF methodology, 2). Relative valuation methodology, and 3). Asset-based valuation methodology. In this report, our PT is founded on FCF based DCF methodology.

Analyst Certification ^{AC}

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