

January 14, 2021

## Bourse snaps two-day winning streak, tanks over 102 points

Bourse snaps two-day winning streak, tanks over 102 points. The local bourse snapped the two season's winning streak on profit taking, as benchmark KSE-100 index dipped 102.61 points to settle the day at 45,989.35 level. Benchmark faced fierce resistance at 46,000 level as stock added over 2,200 points to the index in CYTD in a largely one-way uptrend. The bearish run in today's session was backed by the volatility in international markets after Trump's second impeachment in the US House of Representatives. Furthermore, resurfacing of FATF related discussion, as Pakistan is expected to comply with 27-agenda action plan by Feb'21, created cautiousness among investors. Going forward, we expect market to remain volatile as next December earnings season is to coincide with FATF Feb'21 meeting.

The major scrips that deducted from the index were OGDC (-33pts), ENGR0 (-18 pts), HUBC (-17 pts), PPL (-16 pts), and POL (-13 pts). The index found its support and resistance at 45,852.83 points and 46,272.58 points, respectively.

Sector-wise, Technology & Communication sector took the spotlight today, generating a volume of 93mn shares. Power Generation & Distribution sector was the runner up, clocking in a total volume of 77mn shares. Commercial Banks sector was the third-most traded sector amassing a volume of 59mn shares.

The bourse witnessed a volume of 621mn shares, with the value traded clocking in at PKR 19.81bn. The advance-to-decline ratio favored the bears as 177 scrips closed green, 210 closed red and 15 remained unchanged.

## News & Corporate Announcements:

Minister for Science and Technology has expressed the confidence that the current year will prove to be a game-changer for Pakistan for the manufacturing of equipment and machinery in the health sector.

In an exciting development at Pakistan Stock Exchange, a Gong Ceremony was held to mark the listing of preference shares of Engro Polymer & Chemicals Limited (EPCL). The company planned to raise Rs3bn by offering 300mn preference shares of face value of Rs10/- per share. Out of the 300mn preference shares, 262.5mn preference shares (87.5%) were offered to and subscribed by the Pre-IPO investors whereas 37.5mn preference shares (12.5%) were offered to the general public.

The Board of Directors of First National Equities Limited (FNEL) in their meeting held today on January 14, 2021, has approved to appoint consultant for the negotiation and subsequent execution of an equity sale of its stake in Kingbhai Digisol (Pvt.) Limited.

The management of Hira Textile Mills Limited requested the Stock Exchange to shift the company from default segment to normal business segment in the interest of common shareholders. The company said that the production of Melange yarn (special yarn) will be increased gradually and target of 100% production of Melange yarn will be achieved by the end of June 2021.

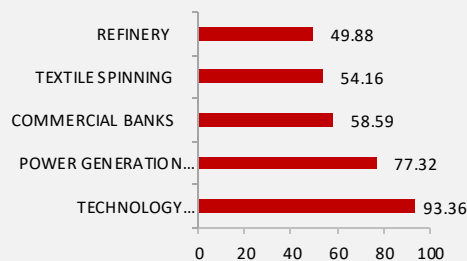
Oil prices eased for a second day on Thursday as mounting coronavirus cases globally raised demand concerns, although a drawdown in U.S. crude stocks for a fifth straight week and robust data from China capped losses.

The Petroleum Division (PD) is all set to open the bidding, received for the auction of 20 new oil and gas Exploration and Production (E&P) blocks, on January 15.

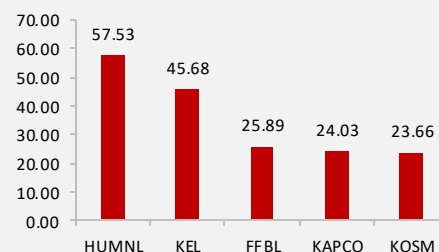
Market Summary	
Current Index	45,989.35
Change	-102.61
Percent change	-0.22
High	46,272.58
Low	45,852.83
Volume traded (mn shares)	286.40
Value traded (PKR mn)	13.52

Source: PSX and AAH Research

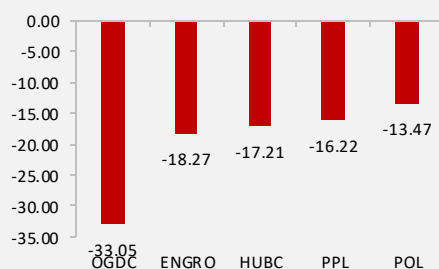
### Top-5 Traded Sectors (mn shares)



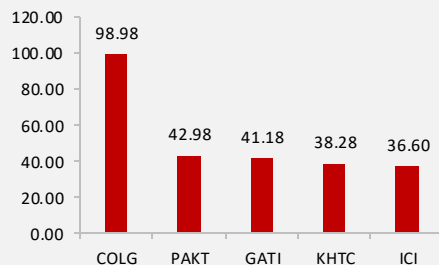
### Top-5 Volume Leaders (mn shares)



### Top-5 Index Movers (Points)



### Top-5 Gainers (PKR)



Data Source: PSX

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REP-055

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DAILY CLOSING NOTE

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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.

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