



June 1,
2021

Bulls settle index above 48,000 level on strong growth indicators

Benchmark index opened positive on Tuesday backed by strong growth sentiments, upbeat investors' confidence added 341.27 points to KSE-100 in intraday session before settling at a gain of 294.92 points to close at 48,191.26 points. Consumer price inflation (CPI) slowed down to 10.87% YoY in May'21, whereas average NCPI during 11MFY21 arrived at 8.83% as against NCPI of 10.96% YoY in SPLY, which is near the upper band of SBP's threshold of 7-9% YoY CPI in FY21. Government kept petroleum prices unchanged for Jun'21 by adjusting petroleum levy and sales tax to provide healthy economic stimulus. Furthermore, NCOC reported less than 2000 Covid-19 infections in the last 24 hours, pushing positivity rate down to 3.71% on strategic restrictions and SOPs. Going forward, we believe bulls rally to continue on pro-people budget prospects complimented by healthy economic indicators.

The major scrips that added to the index were ENGRO (41 pts), PPL (38 pts), LUCK (21 pts), HUBC (21 pts), and OGDC (21 pts). The index found its support and resistance at 47,126.29 points and 47,979.68 points, respectively.

Sector-wise, Technology & Communication sector took the spotlight today, generating a volume of 501mn shares. Commercial banks sector was the runner up, clocking in a total volume of 115mn shares. Refinery sector was the third-most traded sector amassing a volume of 112mn shares.

The bourse witnessed a volume of 1,392mn shares, with the value traded clocking in at PKR 30.48bn. The advance-to-decline ratio favored the bulls as 238 scrips closed green, 147 closed red and 12 remained unchanged.

News & Corporate Announcements:

Pakistan is to sign four debt relief agreements with Germany, Italy, Canada and the UK in exchange for investments in environmental conservation efforts.

Tajikistan President Emomali Rahmon will be in Pakistan for two days starting tomorrow. He is visiting on the invitation of Prime Minister Imran Khan. The two sides will exchange views on deepening bilateral cooperation in diverse areas, including political, economic, trade, investment, energy, security and defense, culture, education and regional connectivity.

The government has not increased the prices of petroleum products since April 16, 2021 by adjusting sales tax and petroleum levy so that there is no corresponding increase in the prices of essential items and maximum relief is provided to the common man.

The government of Pakistan has retired Rs.63.56 billion during the week ended May 21, 2021, which brings its total net borrowing for ongoing fiscal year 2021 to Rs.557.75 billion. As of prior week, the government had borrowed a net sum of Rs.621.31 billion.

The non-government sector has borrowed another net sum of Rs.45.16 billion during the week ended May 21, 2021, which brings the cumulative net borrowing for ongoing fiscal year FY2021 to Rs.453.18 billion. The net borrowing as of prior week was recorded at Rs.408.01 billion.

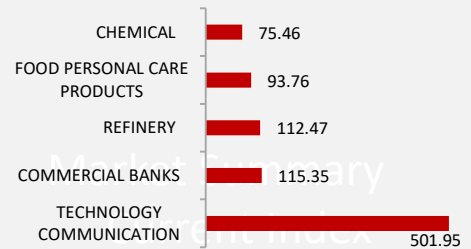
As construction of the CPEC project has come into the new stage of promoting industry and industrial park cooperation, Pakistan is facing new opportunities to fast-track the development of its industries which can help it compete globally, according to an article published by Global Times on Tuesday.

Market Summary

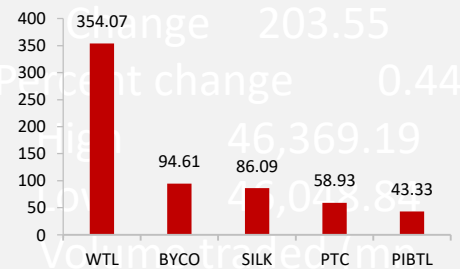
Current Index	48,191.26
Change	294.92
Percent change	0.62
High	48,237.61
Low	47,896.34
Volume traded (mn shares)	456.37
Value traded (PKR mn)	18.17

Source: PSX and AAH Research

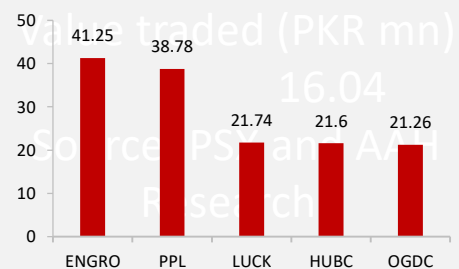
Top-5 Traded Sectors (mn shares)



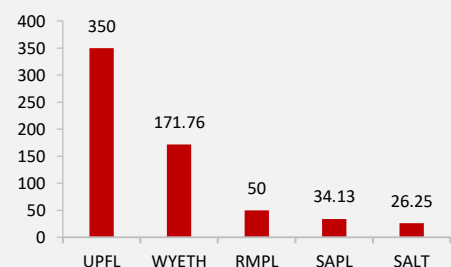
Top-5 Volume Leaders (mn shares)



Top-5 Index Movers (Points)



Top-5 Gainers (PKR)



Data Source: PSX

Research Team

research@abaalihabib.com

Aba Ali Habib Securities (Pvt) Limited

(021) 32429665, Ext. 106

REP-055

www.jamapunji.pk



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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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THE TEAM

CEO

Zahid Ali Habib
Zahid@abaalihabib.com
(021) 32425022

RESEARCH TEAM

Contact: (021) 32429665, Ext. 106

Mohammad Zubair - Research Analyst
zubair@abaalihabib.com

Behroze Atique – Research Analyst
behroze@abaalihabib.com

Ayesha Abid – Research Analyst
ayesha.abid@abaalihabib.com

SALES TEAM

Zaheer Ahmed - Head of Institutional Sales
Zaheer.ahmed@abaalihabib.com
(021) 32418693-94

Salman Ahmed - Head of Retail Sales
(021) 32412491

Syed Khalid Ahmed - Equity Trader
Syedkhalid@abaalihabib.com
(021) 32429664

Muhammad Faisal - Equity Trader
faisal@abaalihabib.com
(021) 32464835

Office (PSX Building)

Room # 419, 419 A & 421, 4th Floor, Pakistan Stock Exchange, I.I. Chundrigarh Road, Karachi
Contact: 021-32429665
Cell: [+92 33312766771](tel:+9233312766771)



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