



## Benchmark slips back to bears

January 20,  
2021

Bourse continues downward trend after yesterday's dead cat bounce, delays in policy approvals and ambiguity over IMF review slashed 226.29 points during the session to rest the index at 45,676.94 points. Trading remained muted in bourse despite expectations of multi-year lower inflation number in Jan'21, which may strengthen central bank's case to maintain status quo in upcoming MPC meeting on 22nd Jan'21. We expect inflation to bottom at 5.84% YoY in Jan'21. Investor's sentiments remained dull, reflected in the comparatively lower turnover of 476mn shares till the session close. Going forward, we believe the tone of central bankers in upcoming policy statement and corporate earnings announcements will set stocks direction.

The major scrips that deducted from the index were OGDC (-35pts), HUBC (-33 pts), ENGRO (-30 pts), MCB (-25 pts), and PPL (-23 pts). The index found its support and resistance at 45,545.43 points and 45,903.23 points, respectively.

Sector-wise, Technology & Communication sector took the spotlight today, generating a volume of 89mn shares. Commercial banks sector was the runner up, clocking in a total volume of 72mn shares. Cement sector was the third-most traded sector amassing a volume of 48mn shares.

The bourse witnessed a volume of 475mn shares, with the value traded clocking in at PKR 19.13bn. The advance-to-decline ratio favored the bears as 144 scrips closed green, 218 closed red and 15 remained unchanged.

## News & Corporate Announcements:

Pakistan has received \$5.69 billion total external inflows during 1HFY21 from bilateral and multilateral development partners, foreign commercial borrowing, and time deposits to restructure its economy and finance its development projects.

Government has approved Rs.213 million for Duty Drawback of Local Taxes and Levies (DLTL) payments of the non-Textile sector. The aforesaid announcement was made by Adviser to PM for Commerce and Investment, Abdul Razak Dawood on his official Twitter handle.

Oil prices rose on Wednesday, adding to solid gains overnight, on expectations the incoming U.S. administration will go ahead with massive stimulus spending that would boost fuel demand and draw down crude stocks.

In a bid to attract investments in Panda Bonds, the Federal Government has exempted the payment of principal and profits on such bonds from all kinds of tax.

Meezan Bank, Pakistan's first and largest Islamic Bank, has recently announced direct integration with global digital payments leader, Visa, for routing settlement of Visa card transactions.

President Dr. Arif Alvi says Pakistan wants to further enhance bilateral trade, investment, defence, and cultural ties with all friendly countries. The President said Pakistan's ranking in the Ease of Doing Business Index has improved tremendously and foreign investors need to take advantage of the investment-friendly environment of the country.

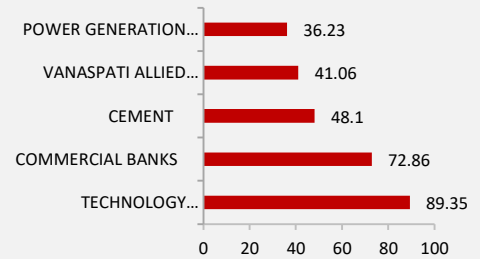
K-Electric's flagship 900 MW power plant, BQPS-III is progressing on fast track and the Gas Turbine, Generator and Heat Recovery Boiler for the first unit of 450 MW have arrived at the power utility's Bin Qasim Power Complex. Steam Turbine and Transformers for the first unit are on the way to the site.

### Market Summary

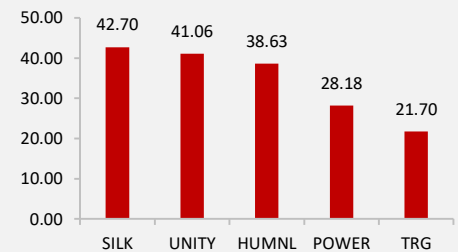
Current Index	45,676.94
Change	-226.29
Percent change	-0.49%
High	45,903.23
Low	45,545.43
Volume traded (mn shares)	219.022
Value traded (PKR mn)	13.18

Source: PSX and AAH Research

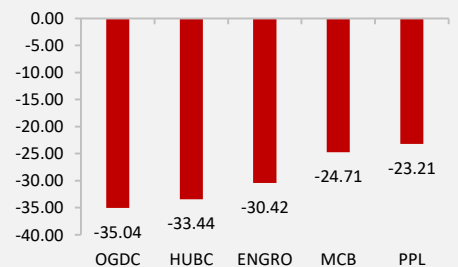
### Top-5 Traded Sectors (mn shares)



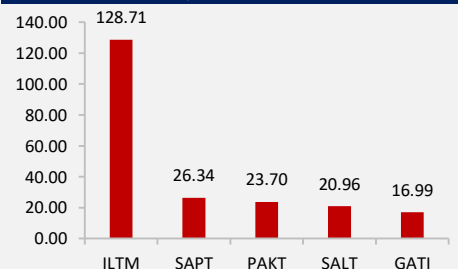
### Top-5 Volume Leaders (mn shares)



### Top-5 Index Movers (Points)



### Top-5 Gainers (PKR)



Data Source: PSX

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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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