



Stocks rally 307pts in anticipation of status quo in MPC meeting

Stocks open positive in Thursday's session on global cues as the US power transition smoothly sails through. Benchmark gained 307.52pts tracking bullish sentiments in regional markets to close at 45,984.46pts. Despite recording of net negative balance in current account for the first time in six months, stock prices rallied on expected inaction in tomorrow's monetary policy meeting. We expect SBP to maintain status quo in this meeting as Jan'21 consumer price inflation is to ease down to 5.8% YoY well within SBP's range of 7% to 9%. Investors sentiment remained positive throughout the session as reflected in a high turnover of 606mn shares. Going forward, we believe the tone of central bankers in Friday's meeting and corporate earnings announcements will set market momentum.

The major scrips that added to the index were LUCK (42pts), ENGRO (27 pts), TRG (25 pts), KTML (24 pts), and BAHL (23 pts). The index found its support and resistance at 45,676.94 points and 46,143.53 points, respectively.

Sector-wise, Power Generation & Distribution sector took the spotlight today, generating a volume of 157mn shares. Technology & Communication sector was the runner up, clocking in a total volume of 90mn shares. Food & Personal Care Products sector was the third-most traded sector amassing a volume of 46mn shares.

The bourse witnessed a volume of 606mn shares, with the value traded clocking in at PKR 17.93bn. The advance-to-decline ratio favored the bulls as 209 scrips closed green, 160 closed red and 18 remained unchanged.

News & Corporate Announcements:

Prime Minister Imran Khan has said that Pakistan is looking forward to work with US President Joe Biden in building a stronger Pak-US partnership through trade and economic engagement, countering climate change.

Foreign Minister, Shah Mahmood Qureshi has said that Pakistan is striving to enhance cooperation with the European countries in different spheres. He made the remarks at a luncheon hosted in the honor of the European envoys at the Foreign Office in Islamabad.

The government is likely to bear \$6 to \$7 per dose of millions of shots if it opts to pick the Oxford-AstraZeneca's Covid-19 vaccine, which has been approved by the Drug Regulatory Authority of Pakistan (Drap), though its sole authorised local distributor is at the moment unable to give a proper timeline for the supply, it emerged on Wednesday.

After five months of consecutive surplus, the Current Account Balance entered the negative zone in December 2020 due to higher imports on the back of the domestic economic recovery, official data showed Wednesday.

K-Electric Limited (KEL) has welcomed the landmark decision by the Sindh High Court, under which all petitions challenging privatization of the company have been dismissed in favor of KE, its shareholders, and the Privatization Commission (GOP), as announced in the open court today.

The Banking sector spread for December 2020 decreased by 13 basis points (bps) over the month which brings its latest value to 4.35% as compared to prior month's spread of 4.48%. Similarly, the spread has reduced by 172 bps as compared to the same period last year.

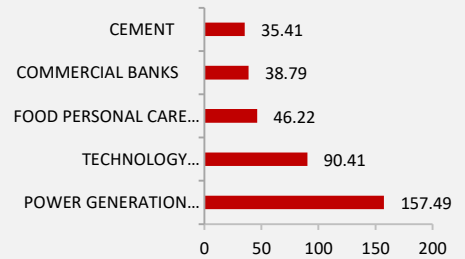
VIS Credit Rating Company Limited (VIS) has upgraded the entity ratings of Agha Steel Industries Limited (ASIL) from 'A-/A-2' (Single A Minus/A-Two) to 'A/A-2' (Single A/A-Two).

Market Summary

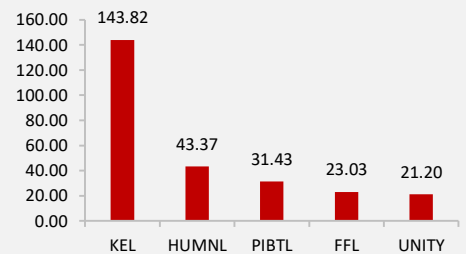
Current Index	45,984.46
Change	307.52
Percent change	0.67
High	46,143.53
Low	45,676.94
Volume traded (mn shares)	333.34
Value traded (PKR mn)	11.18

Source: PSX and AAH Research

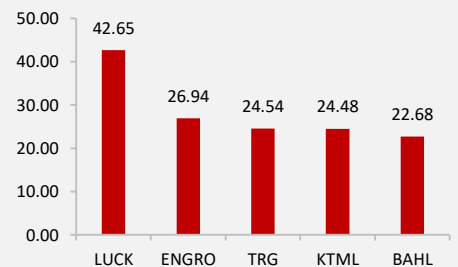
Top-5 Traded Sectors (mn shares)



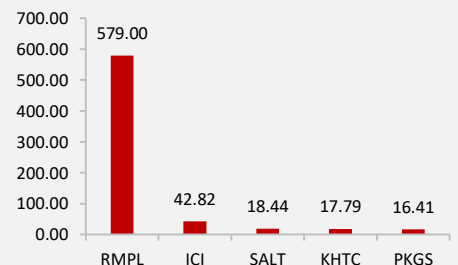
Top-5 Volume Leaders (mn shares)



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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