



September  
23, 2020

## Stocks inch up, adds 47 points on current account surplus

The local bourse witnessed mixed session, taking cues from yesterday, market started the day on negative note. However, during the day release of current account data by SBP boosted investors' sentiments wherein it recorded second consecutive surplus of \$295mn in Aug'20. In addition to that, ECC approved proposal for removal of ACDs and RDs on selected textile items which also supported the index to park itself in safe territory. Furthermore, ongoing rollover week is expected to put some pressure on index. Going forward, we believe market to remain volatile owing to upcoming UNGA's session where PM Imran Khan to discuss the regional issues. The benchmark KSE-100 index managed to gain 47.35 points to settle the day at 41,876.26. During the session, the index found its support and resistance at 41,755.69 ppts and 42,023.06 ppts, respectively.

Sector-wise, Commercial Banking sector remained in limelight throughout the trading session which fetched total volume of 194.31mn shares. Vanaspati & Allied Industries sector is the second most traded sector which recorded total volume of 51.81mn shares followed by Technology & Communication sector which fetched volume of 47.19mn shares.

The bourse witnessed the volumes of 583mn shares, while traded value clocked in at PKR 12.88bn. The advance to decline ratio remained in the favour of bears where 158 closed green, 193 scrips closed red and 20 remained unchanged.

## News & Corporate Announcements:

The Banking sector spread for August 2020 depressed by 12 basis points (bps) over the month which brings its latest value to 4.88% as compared to prior month's spread of 5%. Similarly, the spread has contracted by 102 bps as compared to SPLY.

Economic Coordination Committee (ECC) today has approved the proposal for the removal of additional customs duties (ACDs) and regulatory duties (RDs) on selected HS Codes of the textile sector, including synthetic fibers, wool, and vegetable-based fibers. The overall urea offtake during the month of August 2020 was 573 thousand tonnes, depicting a decrease of 8.3 percent Aug'19

The Current Account Balance during the month of August 2020 showed a surplus of \$297 million, i.e. around 42% lower than the surplus recorded in the previous month. This brought the total surplus for the first two months of the Fiscal Year 2021 to \$805 million, as opposed to the deficit of \$1.214 billion recorded in SPLY.

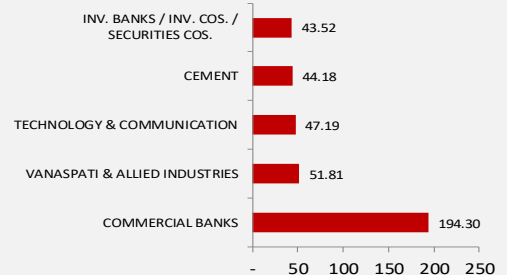
The Government of Pakistan has decided to set up Medium Term Note (MTN) programs to float both Eurobonds and International Sukuk, for a period of one year initially in order to lure foreign exchange reserves into the country.

### Market Highlights

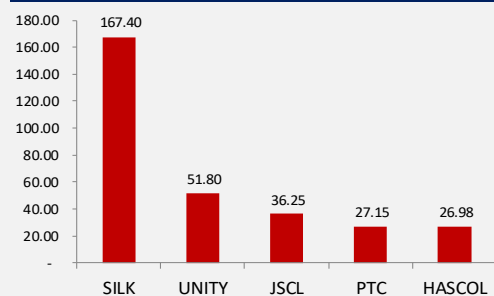
Current Index	41,876.26
Change	47.35
Percent change	0.11%
High	42,023.06
Low	41,755.69
Volume traded (mn shares)	251.5
Value traded (PKR mn)	8.301.

Source: PSX and AAH Research

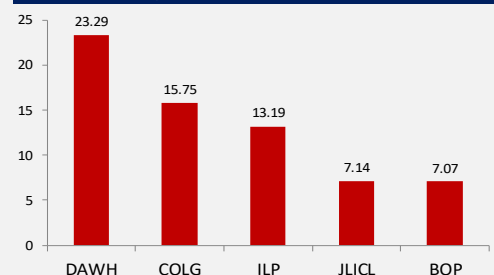
### Top-5 Traded Sectors (mn shares)



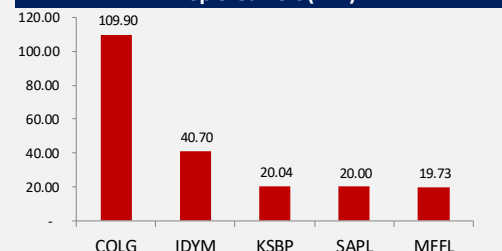
### Top-5 Volume Leaders (mn shares)



### 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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