



May 24,
2021

Bourse take bullish start on faster economic recovery, adds 182 points

Bourse spurred Monday morning motivation as local equity prices cheered revised growth forecasts and populist budget vibes. KSE-100 benchmark gained almost 400 points in intraday, before leveling off some gains to settle the day at 46,097.11 level with the gain of 182.13 points. Investors' sentiments remained in full spirit due to upward revision of projected GDP growth at 3.94% as compared to -0.47% in FY20. Bullish trend was also supported by domestic news flow that suggested the government may be formulating a populist budget proposal to keep the personal income taxes and power tariffs unchanged. Furthermore, market expectations on upcoming monetary policy meeting scheduled for 28th of May also added to elevated volumes during the day. Analysts expects rate setter committee to leave the interest rate unchanged for next two months, as the inflation expectation is largely within SBP's target range. Going forward, we believe market to track on positive economic triggers, while strong volatility is expected prior to MPC meeting.

The major scrips that added to the index were SYS (24 pts), MTL (23 pts), PPL (21 pts), MLCF (21 pts), and COLG (20 pts). The index found its support and resistance at 45,914.98 points and 46,314.83 points, respectively.

Sector-wise, Technology & Communication sector took the spotlight today, generating a volume of 351mn shares. Commercial banks sector was the runner up, clocking in a total volume of 88mn shares. Food Personal Care Products sector was the third-most traded sector amassing a volume of 47mn shares.

The bourse witnessed a volume of 766mn shares, with the value traded clocking in at PKR 19.32bn. The advance-to-decline ratio favored the bulls as 211 scrips closed green, 147 closed red and 17 remained unchanged.

News & Corporate Announcements:

The current fiscal year 2020-21 growth is expected to rise to 3.94%, as post-Covid-19 recovery underway since last summer has strengthened. The 9-month current account is also in surplus for the 1st time in 17 years and FX reserves at a 4-year high. This rebound was fueled by a well-calibrated policy response.

The government has released funds amounting to Rs707.78million, during the current fiscal year, to execute around 15 aviation sector projects under the Public Sector Development Programme (PSDP 2020-21).

Special Assistant to Prime Minister on Climate Change Malik Amin Aslam says the government is well on the track to meet the renewable energy targets by 2030, rising the generation through renewable resources to 60 percent.

Pakistan Petroleum Limited (PPL) on behalf of the consortium comprising PPL, Oil and Gas Development Company Limited (OGDCL), Mari Petroleum Company Limited (MPCL) and Government Holding Private Limited (GHPL) has clarified "The consortium has participated in the Abu Dhabi Bid Round 2019, but there has been no award in respect of the block applied for as yet," PPL in a notification to Exchange said.

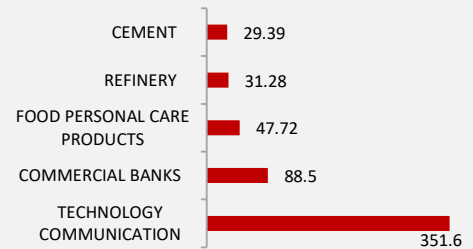
Since Pakistan's economy is still in the phase of recovery amid the third wave of the Covid-19 pandemic and the economic activities are restoring back to normal. As a result, the demand for the group of petroleum products keeps on surging as it inflated the import bill by 97.11% YoY to \$1.14billion in April'21. While on MoM basis, the import of the same group increased by 3.2%.

Market Summary

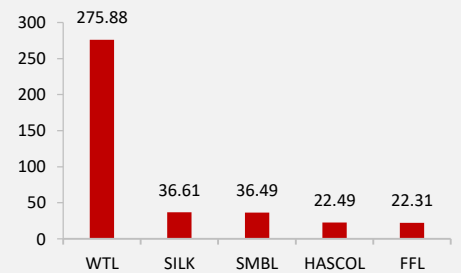
Current Index	46,097.11
Change	182.13
Percent change	0.4%
High	46,314.83
Low	45,914.98
Volume traded (mn shares)	191.69
Value traded (PKR mn)	12.85

Source: PSX and AAH Research

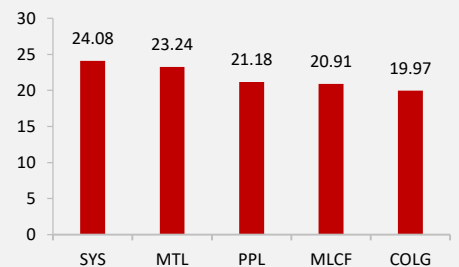
Top-5 Traded Sectors (mn shares)



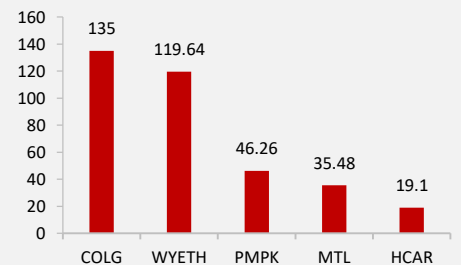
Top-5 Volume Leaders (mn shares)



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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