



April 27,
2021

Bears regain control after a dead cat bounce

Benchmark index slid by 389.90 points on Tuesday to close at 45,292.87 points after yesterday's bullish onslaught. Investors were quick to book healthy profits following strong earnings announcements which led to a KSE-100's gradual decline into the red zone. Overall investors remain anxious over the worsening Covid-19 situation and increasing odds of the broader lockdown like restrictions. In addition, government hints at bringing sales tax and income tax reforms in response to satisfy IMF's stringent conditions and increase FBR's revenue generation. Furthermore, recent depreciation track of PKR against USD also tested investors' confidence. Going forward we expect the market to remain range bound during the rollover week, while positive earnings announcements may add some value to the index.

The major scrips that deducted from the index were OGDC (-71.43 pts), PPL (-58.91 pts), ENGRO (-46.37 pts), POL (-44.45 pts), and PSO (-40 pts). The index found its support and resistance at 45,169.80 points and 45,937.68 points, respectively.

Sector-wise, Technology & Communication sector took the spotlight today, generating a volume of 96mn shares. Food & Personal care sector was the runner up, clocking in a total volume of 54mn shares. Refinery sector was the third-most traded sector amassing a volume of 20mn shares.

The bourse witnessed a volume of 367mn shares, with the value traded clocking in at PKR 17.33bn. The advance-to-decline ratio favored the bears as 166 scrips closed green, 174 closed red and 17 remained unchanged.

News & Corporate Announcements:

Oil and Gas Development Company Limited (OGDC) has unveiled its financial performance for 9MFY21, where the company's net profits declined by 20% YoY to Rs66bn (EPS: Rs15.43) as against the profits of Rs83bn (EPS:19.33) reported in the corresponding period last year.

In a notification to PSX, MLCF notified that the Consortium of the banks has established a Letter of Credit (LC) for import of equipment and engineering for a dry process clinker production line-4 of 7000 metric tons per day grey clinker, in order to enhance grey clinker production capacity up to 25,500 metric tons per day at the existing plant site.

In order to enhance focus and consolidate the infant formula business, the Board of Directors of ICI Pakistan Limited (the "Company"), in its meeting held on April 26, has approved the merger/amalgamation of NutriCo Pakistan into NutriCo Morinaga (Private) Limited.

Oil prices rebounded on Tuesday after falling in the previous session, but gains are likely to be capped amid growing concern about fuel demand in India, the world's third-biggest crude importer now slammed by spiraling new coronavirus cases.

The national tally on Tuesday of total active COVID-19 cases was recorded 87,794 with 4,487 more people tested positive for the deadly virus and 5,770 people recovered from the disease during the last 24 hours.

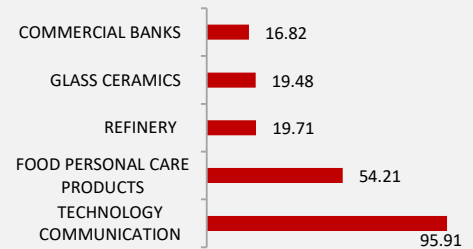
The National Command and Operation Centre has banned tourism and travel across Pakistan during Eid holidays. As the country continues to battle the deadly third wave of the novel coronavirus, the government has announced new restrictions to curb the spread of the virus.

Market Summary

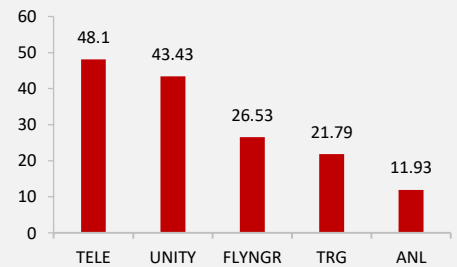
Current Index	45,292.87
Change	-389.90
Percent change	-0.85
High	45,937.68
Low	45,169.80
Volume traded (mn shares)	171.67
Value traded (PKR mn)	13.28

Source: PSX and AAH Research

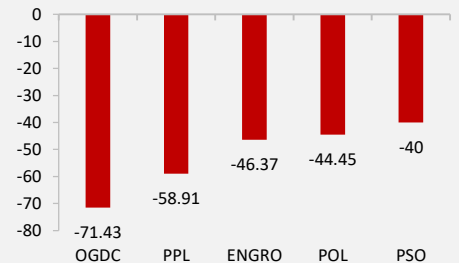
Top-5 Traded Sectors (mn shares)



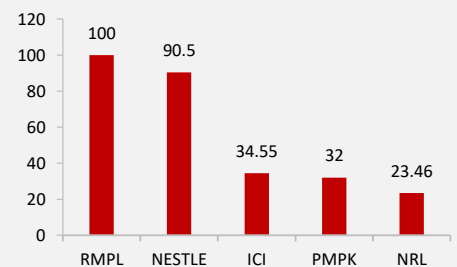
Top-5 Volume Leaders (mn shares)



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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