



May 31,
2021

Stocks gain 770 points after SBP decides to hold interest rate in near-term

Domestic equities gained over 850 points during the day as the central bank left interest rates unchanged at 7% for next two months, along with signals of maintaining current policy stance in near term. KSE-100 benchmark closed the Monday's session at 47,896.34 points with the gain of 770.05 points at day end. Bourse concluded the month of May with the gain of 8.2% or 3,634 points, along with record single day trading volume of 2.2 billion shares. Positive sentiments stemming from central bank's MPS supported Monday's bull-run, in line with government's projection, SBP endorsed growth target of 3.94% in FY21 with the view of curtailing inflation near the upper band of its target range of 7%-9% NCPI. Going forwards, we expect stocks to remain bullish as investors eye upcoming budget announcement scheduled to be presented on 11th of Jun'21.

The major scrips that added to the index were DGKC (45 pts), LUCK (45 pts), PSO (41 pts), HBL (31 pts), and OGDC (30 pts). The index found its support and resistance at 47,126.29 points and 47,979.68 points, respectively.

Sector-wise, Technology & Communication sector took the spotlight today, generating a volume of 614mn shares. Refinery sector was the runner up, clocking in a total volume of 110mn shares. Commercial banks sector was the third-most traded sector amassing a volume of 103mn shares.

The bourse witnessed a volume of 1,412mn shares, with the value traded clocking in at PKR 32.05bn. The advance-to-decline ratio favored the bulls as 316 scrips closed green, 67 closed red and 14 remained unchanged.

News & Corporate Announcements:

Minister for Finance and Revenue, Shaukat Tarin says the government has no intention to impose any new tax in the upcoming budget, but it would broaden tax base with use of technology to reach unreachable areas and increase revenue.

Prime Minister said the government would construct ten dams to overcome the looming threat of water scarcity and global warming. He said along with construction of these dams, a telemetry system would be made fully functional to ensure just water distribution among provinces.

At a CDWP meeting presided over by Deputy Chairman Planning Commission Mohammad Jehanzeb Khan, cleared fifteen development projects with a cumulative cost of Rs45.09billion and recommended four projects worth Rs124.09bn to the Executive Committee of the National Economic Council (ECNEC) for further consideration.

The Board of Systems Limited, has approved the acquisition of 20% of the shares of Retailistan (Private) Limited (RPL), at a cost of Rs. 468 million and authorized the Systems Management to do this investment through its wholly-owned subsidiary Systems Ventures (Private) Limited (SVL).

Tariq Glass Industries Limited has successfully managed to start commercial operations from its Float Glass Plant (Unit-II), with effect from May 31, 2021. This new state-of-the-art Float Glass Plant has a production capacity of 500 metric tons per day.

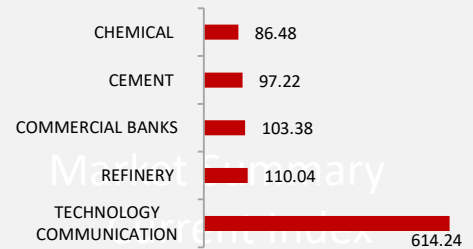
The shareholders of Service Fabric Limited in an extraordinary general meeting held on May 29, 2021 have approved to change the name of the Company from Service Fabrics Limited to G3 Technologies Limited subject to approval of the SECP or Registrar of the Companies..

Market Summary

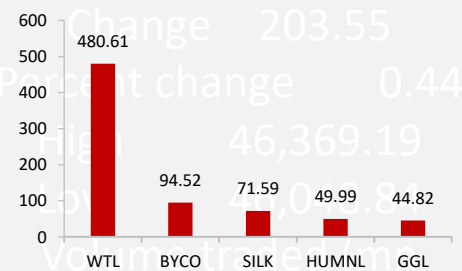
Current Index	47,896.34
Change	770.05
Percent change	1.63
High	47,979.68
Low	47,126.29
Volume traded (mn shares)	409.98
Value traded (PKR mn)	19.62

Source: PSX and AAH Research

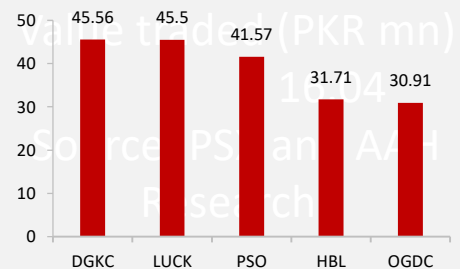
Top-5 Traded Sectors (mn shares)



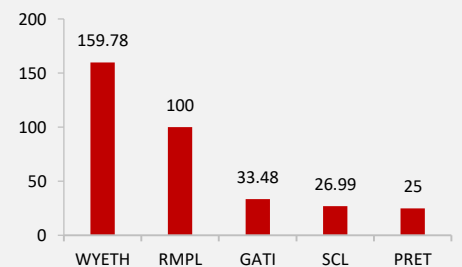
Top-5 Volume Leaders (mn shares)



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.

Analyst Certification ^{AC}

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