



January 6,
2021

KSE-100 index takes support from rising global oil prices

Influence of increasing oil prices was at play in today's trading session, mainly due to major activity taking place in oil sector. KSE-100 index rallied through the persistent wall of 45,000 level with a gain of 502.99pts to close at 45,153.42pts. OPEC+ lingering decision to maintain current cuts in global oil supply for one more month supported the international oil prices. Furthermore, according to news sources the Economic Coordination Committee (ECC) has postponed the approval of Textile Policy 2020-25 till next week. Going forward, we believe the market will track trends in international commodity prices for the rest of the week.

The major scrips that added to the index were MEBL (+63 pts), DAWH (+54 pts), POL (+48 pts), LUCK (+37 pts), and PAKT (+28 pts). The index found its support and resistance at 44,650.43 points and 45,194.63 points, respectively.

Sector-wise, Refinery sector took the spotlight, generating a volume of 192mn shares. Technology & Communication sector became the runner up, clocking in a total volume of 67mn shares. Power Generation & Distribution sector was the third-most traded sector amassing a volume of 65mn shares.

The bourse witnessed a volume of 664mn shares, with the value traded clocking in at PKR 24.69bn. The advance-to-decline ratio favored the bulls as 203 scrips closed green, 155 closed red and 18 remained unchanged.

News & Corporate Announcements:

The Economic Coordination Committee (ECC) has postponed the approval of Textile Policy 2020-25 till next week.

The Organization of Petroleum Exporting Countries (OPEC) and non-bloc producers agreed on Wednesday to allow Russia and Kazakhstan to slightly raise oil output in the next two months. All the remaining participants in the OPEC+ mechanism will keep their output unchanged from January. The OPEC+ has introduced caps on production to stabilize global oil prices.

The Oil and Gas Development Company Limited (OGDCL) has carried out 975 Line Kilometers (L-KMs) of 2D seismic surveys in its various operational areas during the first quarter of the current fiscal year.

In view of rising demand for polypropylene bags produced by the Company, the Board of Directors of Cherat Packaging Limited in its meeting held on January 5, 2021, has decided to enhance its production capacity by installing its fourth Polypropylene line for woven bags.

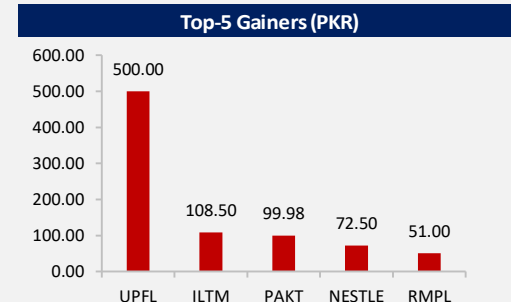
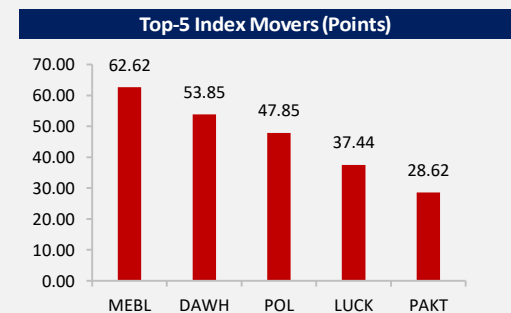
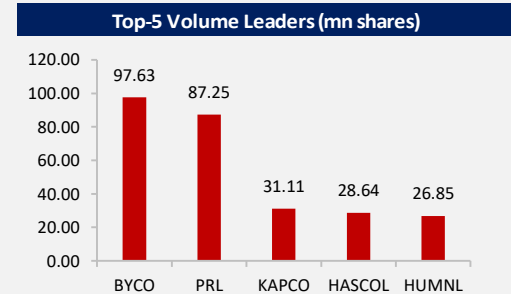
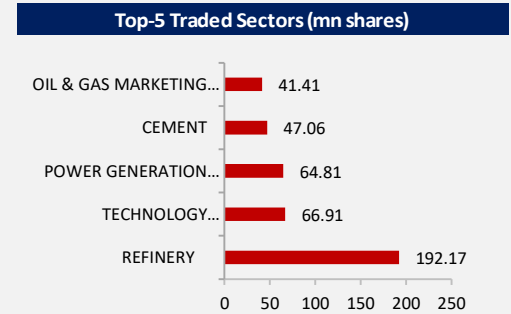
The federal cabinet on Tuesday approved the procurement of the anti-Covid-19 vaccine by relaxing the Public Procurement Regulatory Authority (PPRA) rules. There will be no need to fulfil the tender requirement to procure the vaccine, which will be procured from any of the six companies registered with the Ministry of National Health Services (NHS).

Two contracts having a value of more than Rs3 billion have been signed to lay optical fibre cables to provide Internet broadband service to over 4.7 million residents of 140 union councils of four districts of Sindh.

Taking stock of the dwindling economic situation due to the coronavirus pandemic, the World Bank has forecast Pakistan's growth rate at 0.5 per cent financial year 2020-21.

Market Summary	
Current Index	45,153.42
Change	502.99
Percent change	1.13
High	45,194.63
Low	44,650.43
Volume traded (mn shares)	373.17
Value traded (PKR mn)	16.58

Source: PSX and AAH Research



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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