



January 4,  
2021

## Economy

### Saudi FM visiting Pakistan within fortnight

#### Economy | Neutral

A high-level Saudi delegation led by the kingdom's foreign minister is set to pay an official visit to Pakistan this month. Establishment of an oil refinery in Pakistan will also come up during the bilateral discussions. The sources say that the upcoming Saudi visit was sending positive vibes with regard to mending ties between Pakistan and the kingdom that embittered following Islamabad's demand to call an OIC meeting on Kashmir issue. (The News) | [Click for more info.](#)

### December inflation eases to 8pc

#### Economy | Positive

Inflation eased to eight per cent in December, from 8.3pc last month, on the back of a slight decrease in the prices of perishable food items and the transport index, the latest data released by the Pakistan Bureau of Statistics (PBS) showed. (Dawn) | [Click for more info.](#)

### Govt plans to lower tax for expats

#### Economy | Positive

The federal government may promulgate another presidential ordinance to give sweeping income tax concessions to local and overseas Pakistanis on their investment in Naya Pakistan Certificates and real estate sector through recently launched digital accounts. The proposal is aimed at attracting dollars from expatriates as well as those resident Pakistanis who have offshore assets aimed at supplementing foreign exchange reserves. (ET) | [Click for more info.](#)

### Foreigners invest \$77.2m in govt papers

#### Economy | Positive

Foreign investment in local bonds reached \$77.2 million till Dec 31, 2020, data released by the State Bank of Pakistan showed on Friday. With the emergence of Covid-19 in March, foreign investments in treasury bills and Pakistan Investment Bonds (PIBs) left the country within a few months. (Dawn) | [Click for more info.](#)

### Pakistan records 18.3% jump in exports

#### Economy | Positive

The country witnessed a record increase in exports of 18.3% in the month of December 2020 as demand in the international market surged. Exports rose to \$2.357 billion in December 2020 compared to \$1.993 billion in the same month of previous year. Major increase was seen in textile, engineering products, surgical instruments and value added leather products. (ET) | [Click for more info.](#)

### Govt agrees to pay \$28.7m damages to US firm

#### Economy | Neutral

The federal cabinet has approved payment of \$28.7 million in damages to the Washington-based asset recovery firm Broadsheet LLC and at the same time decided to challenge the British court's decision to attach the accounts of the Pakistan High Commission in London. (Dawn) | [Click for more info.](#)

## Oil & Gas

### OGRA, Planning Commission oppose flare gas licences

#### Gas | Neutral

The Planning Commission and the Oil and Gas Regulatory Authority (Ogra) have strongly opposed the grant of compressed natural gas (CNG) licences based on flare gas, terming it a risk to public safety. The regulator has also pointed out that the illegal use of flare gas has resulted in several incidents due to poor quality and moisture content in the gas. (ET) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	30,779.7	31,169.5	389.8	1.3%
KSE100	43,755.4	44,434.8	679.4	1.6%
KSE30	18,180.0	18,584.0	404.0	2.2%
KMI30	71,167.6	72,454.8	1287.2	1.8%

### Top Five Gainers

	Open	Close	Chg.	%
UPFL	14,000.0	14,500.0	500.0	3.6%
COLG	2,900.0	2,980.0	80.0	2.8%
MARI	1,339.8	1,372.0	32.2	2.4%
GLPL	338.0	363.3	25.3	7.5%
FASM	346.7	370.0	23.3	6.7%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
POWER	9.9	10.2	0.3	35.84
HASCOL	14.7	15.1	0.4	35.48
PRL	23.8	23.4	-0.4	33.64
ANL	28.5	30.7	2.1	30.19
MLCF	45.0	44.3	-0.7	25.09

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	4.45	-0.02	1.55
F-Corporates	0.39	-0.07	0.32
O/S Pakistanies	9.17	-9.02	0.15
<b>Net</b>	9.59	-9.11	0.48
<b>LIPI</b>			
Individuals	150.53	-151.12	-0.59
Companies	10.74	-11.50	-0.76
Comm. Banks	4.19	-8.37	-4.17
NBFC	0.15	-0.11	0.03
Mutual Funds	14.23	-8.76	5.47
Other	0.71	-2.67	-1.96
Brokers Proprietary	29.08	-27.73	1.36
Insurance	4.01	-3.87	0.15
<b>Net</b>	213.64	-214.12	-0.48

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	48.52	0.2%
Brent oil	USD/bbl.	51.80	0.3%
Gold	USD/t oz.	1898.67	0.2%
Silver	USD/t oz.	26.40	-1.0%
Coal	USD/ton	87.05	-0.7%
Steel Scrap (LME)	USD/ton	423.10	-0.1%
Steel Rebar (LME)	USD/ton	593.52	1.7%
USD/PKR	Interbank	159.77	-0.4%

News Source: Local / Int'l Newspapers and websites

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REP-055



## PSO 'only' OMC that upgrades diesel standard to Euro 5

**PSO | Positive**

The Pakistan State Oil (PSO) is the only Oil Marketing Company (OMC) which has upgraded Pakistan's diesel standard from Euro 2 to Euro 5 from January 1, 2021, in compliance with the directives of the Petroleum Division. The Petroleum Division set January 2021 deadline for the OMCs to upgrade diesel according to international standards specifications. (BR) | [Click for more info.](#)

## Repayment of GHPL's loan; PD allowed to utilise GIDC funds

**E&P | Positive**

The Federal government has allowed Petroleum Division (PD) to utilise funds from the Gas Infrastructure Development Cess (GIDC), amounting to Rs1.717 billion for the repayment of Government Holdings (Pvt) Limited (GHPL)'s loan. (BR) | [Click for more info.](#)

## PLL again floats tender for allocation of unutilized capacity

**Gas | Neutral**

After failing first time, Pakistan LNG Limited (PLL) has floated a tender for the second time to allocate unutilised capacity of the LNG Terminal to the private sector. Earlier, the PLL had floated a tender to allocate capacity to the private sector to import LNG. However, the company consumed two contract cargoes in November that were scheduled for the months of December and January. (BR) | [Click for more info.](#)

## Gas crisis crippling industrial activities

**SSGC, SNGP | Neutral**

After wheat-flour and sugar crises, Pakistan is now in the grip of a gas crisis as the government has cut fuel supplies to non-export industries for one-month a situation which carries serious implications for inflation and unemployment in the country. (ET) | [Click for more info.](#)

## Power

### Govt offers Rs450b to IPPs to clear circular debt

**IPPs, Power | Positive**

The federal government has offered a package to the independent power producers (IPPs) in a bid to clear Rs450 billion circular debt, which has plagued the entire energy chain. The circular debt in the power sector stood at Rs2.3 trillion by end June 2020 against Rs1.6 trillion during the same period in 2019. The circular debt in the oil and gas sector stands at Rs1.6 trillion. (ET) | [Click for more info.](#)

### Concessionary tariff eligibility rules notified

**Power | Neutral**

The Federal Board of Revenue (FBR) on Friday notified procedures for new registration of manufacturers for concessionary tariff rates on supply of electricity and gas. The standard operating procedures were notified through a sales tax circular no 4 of 2020 released on Friday. The procedure for registration of new entrants in export-oriented sectors shall become applicable with effect from Jan 1. (Dawn) | [Click for more info.](#)

## Cement

### Cement, steel prices rise once again

**Cement, Steel | Positive**

A persistent hike in steel and cement prices has continued to nullify the incentives offered by Prime Minister Imran Khan under a fixed tax regime for the construction industry. Cement prices in the northern region went up Rs10, with the maximum retail price reaching Rs565-570 per bag with effect from December 31, 2020. (ET) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
PAK (KSE-100)	44,434.8	679.42	1.55%
US - Dow 30	30,606.5	196.92	0.65%
INDIA - SENSEX	47,869.0	117.65	0.25%
HK - Hang Seng	27,231.1	84.02	0.31%
CHINA - Shanghai	3,473.1	58.62	1.72%
Taiwan - TWII	14,732.5	44.83	0.31%
US - S&P 500	3,756.1	24.03	0.64%
PHILIP - PSEi	7,139.7	17.46	0.25%
INDONESIA - IDX	5,979.1	-57.11	-0.95%
KSA - Tadawul	8,612.8	-76.71	-0.88%

### Board Meetings

Scrip	Day	Agenda	Time
IML	Monday	ANN A/C 30-SEP-20	11:00 AM
SML	Monday	ANN A/C 30-SEP-20	3:30 PM
DNCC	Tuesday	ANN A/C 30-JUN-20	3:30 PM
FRSM	Wednesday	ANN A/C 30-SEP-20	12:30 PM
AGL	Wednesday	1Q A/C 31-MAR-20	3:30 PM
AGSML	Thursday	ANN A/C 30-SEP-20	11:00 AM

Source: PSX



## Autos

### Parts producers stress higher localization

Auto. Parts | **Positive**

Producers of automobile parts have appreciated Prime Minister Imran Khan for taking notice of soaring car prices in the country. During the meeting, senior members of PAAPAM endorsed the federal cabinet's decision to launch inquiry in this regard citing that vehicle rates can only be reduced by complete implementation of localisation regime. The imposition of regulatory duty, additional customs duty, devaluation of rupee and higher federal excise duty became a major burden for the consumers of automobiles, they added. (ET) | [Click for more info.](#)

## Miscellaneous

### Thar coal firms given 5-years ST exemption on services

Engro, Power | **Positive**

The Sindh government has granted five years sales tax exemption on services to coal mining companies and coal-based power generation companies located within the Thar coalfield, sources said on Friday. The Sindh Revenue Board (SRB) issued a notification dated December 30, 2020 to allow the exemption from sales tax on services to such companies until June 30, 2025. (The News) | [Click for more info.](#)

### Banks sanction Rs263.8bln in 9 months under TERF

Banks, Economy | **Positive**

Banks have approved financing for new projects worth Rs263.8 billion under Temporary Economic Refinance Facility (TERF) by December 24, a giant leap from Rs0.5 billion by end April, hinting recovery in investment and economic activities, data showed on Friday. (The News) | [Click for more info.](#)

### PIA resumes regular flights to Saudi Arabia

PIAA | **Neutral**

The Pakistan International Airlines (PIA) Sunday announced resumption of regular passenger flight service to Saudi Arabia, advising passengers to urgently approach its offices for reactivating their bookings. (The News) | [Click for more info.](#)

### PTCL in talks with govt for licence renewal

PTCL | **Neutral**

Pakistan Telecommunication Company Limited (PTCL) - which is known for its wired services - reported on Friday that its integrated licence, which was awarded for a period of 25 years, expired on December 31, 2020, according to a bourse filing. (ET) | [Click for more info.](#)

### Duty-free import of cryogenic oxygen tanks allowed

GGL, PAKOXY | **Positive**

The federal government has allowed duty-free import of cryogenic oxygen tanks to facilitate new oxygen manufacturing units in the country, sources in Ministry of Industries and Production. | [Click for more info.](#)



## Political News

### PDM to contest by-polls

The leaders of Pakistan Democratic Movement (PDM) on Friday announced at a press conference that member parties of the alliance will take part in the by-elections, but decision related to the Senate elections will be taken later. (The News) | [Click for more info.](#)

## International News

### Oil prices slip after OPEC warns of downside risks to demand in first-half 2021

Oil prices edged lower on Monday, the first day of 2021 trading, ahead of a meeting of OPEC and allied producers to discuss output levels for February with fears for first-half demand seeping into the market as the coronavirus pandemic lingers. (Reuters) | [Click for more info.](#)

### Asia shares given pause by Tokyo lockdown talk

Asian share markets hit pause on Monday as reports of a possible tightening in coronavirus emergency rules for Tokyo pulled Japanese stocks off 30-year highs, while also lifting the safe-haven yen. (Reuters) | [Click for more info.](#)



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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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