



February
8, 2021

Economy News

Results of MSCI quarterly review will be released on 9th

Economy | Neutral

MSCI will be releasing the results of the MSCI February 2021 Quarterly Index Review on February 9. Announcement will be made available shortly after 11pm. Central European Summer Time (CEST), ie, 2 am Pakistan Standard Time (PST) on Feb 10, 2021. (BR) | [Click for more info.](#)

Expats remitting around \$7m per day

Economy | Positive

Prime Minister Imran Khan was on Thursday informed that with 82,728 Roshan Digital Accounts opened so far in 97 countries of different continents by the overseas Pakistanis, an amount of \$436 million had been remitted and paid under the facility. He was further informed that as 600 to 700 accounts were being opened on a daily basis, Pakistani expatriates were remitting around \$6 to \$7 million per day. (ET) | [Click for more info.](#)

Saudi Arabia, UAE retain \$2b financial support

Economy | Positive

Saudi Arabia and the United Arab Emirates (UAE) have not withdrawn their \$2 billion loans that matured last month, indicating a thaw in relations between Pakistan and the two key Gulf nations. Saudi Arabia has retained the remaining \$1 billion cash deposit, a senior government functionary having direct knowledge of the development has confirmed to The Express Tribune on condition of anonymity. (ET) | [Click for more info.](#)

Pakistan to receive 17.2m doses of vaccine in H12021: IMF

Economy | Positive

The UN's Covax Facility, aimed at covering priority groups - around 20 percent of the population, has confirmed that Pakistan will receive 17.2 million doses of the Oxford-AstraZeneca vaccine in the first half of 2021, including six to seven million doses by March 2021. (BR) | [Click for more info.](#)

Country's exports cross \$2 bn mark four months running

Economy | Positive

The country's exports have crossed \$2 billion mark four months running for the first time in the last eight years. (The News) | [Click for more info.](#)

SBP reserves rise \$33m to \$13b

Economy | Neutral

The foreign exchange reserves held by the central bank rose 0.25% on a weekly basis, according to data released by the State Bank of Pakistan (SBP) on Thursday. On January 29, the foreign currency reserves held by the SBP were recorded at \$13,031.2 million, up \$33 million compared with \$12,998.4 million in the previous week. (ET) | [Click for more info.](#)

PSM privatization process to end by September, SC told

Economy | Neutral

The privatization process of Pakistan Steel Mills (PSM) would be completed by September, Secretary Industries and Production informed the Supreme Court (SC) on Thursday. (Dawn) | [Click for more info.](#)

PSDP 2020-21; Rs476.6bn released for ongoing, new uplift projects

Economy | Positive

The federal government has released Rs476.6 billion (73.32 percent) including Rs67 billion foreign aid for various ongoing and new development projects under the Public-Sector Development Programme (PSDP) 2020-21 against the total budgeted allocation of Rs650 billion. (BR) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	32,359.0	32,386.1	27.1	0.1%
KSE100	46,933.6	46,905.8	-27.8	-0.1%
KSE30	19,568.8	19,576.0	7.2	0.0%
KMI30	76,020.6	76,326.9	306.3	0.4%

Top Five Gainers

	Open	Close	Chg.	%
RMPL	10,185.0	10,890.0	705.0	6.9%
MARI	1,534.0	1,649.0	115.0	7.5%
COLG	2,900.0	2,979.9	79.9	2.8%
BATA	1,610.0	1,639.9	29.9	1.9%
CPPL	227.9	245.0	17.1	7.5%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
PRL	27.9	28.2	0.3	34.49
TRG	119.4	115.0	-4.4	30.38
KEL	4.7	4.6	-0.1	19.25
PIBTL	13.6	13.2	-0.4	15.78
HASCOL	12.3	12.2	0.0	15.40

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.01	-0.01	0.00
F-Corporates	3.50	-1.64	1.86
O/S Pakistanies	9.47	-9.40	0.07
Net	12.99	-11.05	1.94
LIPI			
Individuals	153.63	-154.76	-1.13
Companies	9.21	-8.22	1.00
Comm. Banks	10.06	-9.65	0.41
NBFC	0.04	-0.19	-0.15
Mutual Funds	11.17	-8.99	2.17
Other	0.82	-2.00	-1.19
Brokers Proprietary	35.91	-37.63	-1.73
Insurance	4.10	-5.42	-1.32
Net	224.94	-226.88	-1.94

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	56.85	1.1%
Brent oil	USD/bbl.	59.34	0.8%
Gold	USD/t oz.	1814.11	1.1%
Silver	USD/t oz.	26.92	2.2%
Coal	USD/ton	86.40	1.8%
Steel Scrap (LME)	USD/ton	408.00	-1.7%
Steel Rebar (LME)	USD/ton	597.50	-0.1%
USD/PKR	Interbank	160.23	-0.1%

News Source: Local / Int'l Newspapers and websites

Research Team

research@abaalihabib.com

Aba Ali Habib Securities (Pvt) Limited

(021) 32429665, Ext. 106



Trade gap widens 21pc in January

Economy | **Negative**

Pakistan's trade deficit widened by 20.84 per cent to \$2.597 billion in January from \$2.149bn over the same month last year mainly on account of surging duty-free imports, official data showed on Friday. Pakistan's trade deficit widened by 20.84 per cent to \$2.597 billion in January from \$2.149bn over the same month last year mainly on account of surging duty-free imports, official data showed on Friday. The trade deficit swelled for the second consecutive month suggesting that consumption is reviving. An increase in export could mean recovering global economy and improvement in domestic production. During the first seven months (July-January) of FY21 the trade deficit increased 8.24pc to \$14.96bn from \$13.82bn in the corresponding period last year. (Dawn) | [Click for more info.](#)

Fiscal Policy Statement; Debt per capita, other challenges highlighted

Economy | **Neutral**

The federal government has identified adherence to budgetary targets, energy sector circular debt, revenue collection and the risk of continuation of the pandemic or natural disasters as primary challenges, fearing the possibility that any reduction of global demand would impact Pakistan's GDP and eventually tax receipts. Fiscal Policy Statement-January 2021 available with Business Recorder has revealed that the debt per capita of the country has increased to Rs 175,000 following rise in the total public debt to Rs 36.4 trillion – 87.2 percent of the GDP – by the end June 2020. Total public debt recorded an increase of Rs 3,691 billion during fiscal year 2019-20. (BR) | [Click for more info.](#)

Oil & Gas

Customs seals 1,800 fuel pumps, seizes petrol, diesel

Oil | **Positive**

Around 1,800 petrol pumps were sealed out of 2600 petrol pumps which were identified as illegal by the Custom officials in a move against oil smugglers across the country. According to the documents available with The News, petrol worth Rs419,905,013 has been seized from these illegal petrol pumps while diesel worth Rs534,718,502 was also seized by the Custom officials. (The News) | [Click for more info.](#)

Pakistan offers China partnership in \$9 bn PARCO coastal refinery

Refineries | **Positive**

The government has decided to seek investment from China for becoming a shareholder in the state-of-art PARCO coastal refinery and petrochemical complex of \$8-9 billion, to be built at Hub, Balochistan. (The News) | [Click for more info.](#)

Pakistan State Oil seeks spot LNG in first potential purchase in 3 years; sources

PSO | **Neutral**

Pakistan State Oil (PSO) is seeking a liquefied natural gas (LNG) cargo for delivery in April through a tender after a five-year contract with commodity trader Gunvor expired in December, three industry sources told. (Reuters) | [Click for more info.](#)

Vitol places lowest offers for Pakistan LNG buy tender in April

Gas | **Neutral**

Commodity trader Vitol has placed the lowest offers for two liquefied natural gas (LNG) cargoes, which Pakistan LNG was seeking for delivery in April, according to a notice on the company website. Vitol placed the lowest offers among three other companies, at a slope rate of 11.0522 percent against Brent crude oil for a cargo to be delivered over April 5 to 6, and a 10.8933 percent slope against Brent for a cargo to be delivered over April 19 to 20. (BR) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
HK - Hang Seng	29,288.7	175.18	0.60%
INDIA - SENSEX	50,731.6	117.34	0.23%
PHILP - PSEi	7,019.2	115.43	1.67%
Taiwan - TWII	15,802.4	96.18	0.61%
US - Dow 30	31,148.2	92.38	0.30%
KSA - Tadawul	8,617.9	75.32	0.88%
INDONESIA - IDX	6,151.7	44.51	0.73%
US - S&P 500	3,886.8	15.09	0.39%
CHINA - Shanghai	3,496.3	-5.53	-0.16%
PAK (KSE-100)	46,905.8	-27.84	-0.06%

Board Meetings

Scrip	Day	Agenda	Time
ASTL	Monday	HY A/c 31-Dec-20	2:00 PM
FCEPL	Monday	ANN A/c 31-Dec-20	3:00 PM
MCBAH	Monday	HY A/c 31-Dec-20	3:00 PM
PIBTL	Monday	HY A/c 31-Dec-20	3:00 PM
BIPLS	Tuesday	ANN A/c 31-Dec-20	12:00 PM
CEPB	Tuesday	HY A/c 31-Dec-20	6:00 PM
CHCC	Wednesday	HY A/c 31-Dec-20	11:00 AM
MCB	Wednesday	ANN A/c 31-Dec-20	11:00 AM
EMCO	Wednesday	HY A/c 31-Dec-20	11:30 AM
EPCL	Wednesday	ANN A/c 31-Dec-20	2:00 PM
PTC	Wednesday	ANN A/c 31-Dec-20	2:00 PM
EPQL	Thursday	ANN A/c 31-Dec-20	10:30 AM
CSAP	Thursday	HY A/c 31-Dec-20	11:00 AM
CPPL	Thursday	HY A/c 31-Dec-20	11:00 AM
BWHL	Thursday	HY A/c 31-Dec-20	11:00 AM
AGIL	Thursday	QTR A/c 31-Dec-20	12:30 PM
NPL	Friday	HY A/c 31-Dec-20	11:00 AM
RPL	Friday	HY A/c 31-Dec-20	11:00 AM
AKBL	Monday	ANN A/c 31-Dec-20	10:00 AM
EFERT	Monday	ANN A/c 31-Dec-20	10:00 AM
FCCL	Wednesday	HY A/c 31-Dec-20	11:00 AM
KAPCO	Thursday	HY A/c 31-Dec-20	10:30 AM
PPP	Thursday	HY A/c 31-Dec-20	11:00 AM

Source: PSX



RLNG prices increased

Gas | Positive

The government Thursday raised prices of Re-Gasified Liquefied Natural Gas (RLNG) for February by 10.16 percent month-on-month for the Sui Northern Gas Pipelines Limited (SNGPL) and 10.4 percent for the Sui Southern Gas Company Limited (SSGCL). The Oil and Gas Regulatory Authority (Ogra) notified the new RLNG prices at \$9.6191 per million metric British thermal unit (mmbtu) for the SNGPL's consumers and \$9.3570 per mmbtu for consumers of the SSGCL. (BR) | [Click for more info.](#)

Power

Renegotiated govt-IPPs pacts; ECC, CCoE all set to accord final approval tomorrow

IPPs | Positive

The Economic Coordination Committee (ECC) and Cabinet Committee on Energy (CCoE) are all set to accord final approval to renegotiated pacts with 44 Independent Power Producers (IPPs) on Monday (tomorrow), official sources told. (BR) | [Click for more info.](#)

Resolution of dispute over receivables, payables: K-Electric surrenders principle of reciprocity, int'l arbitration

KEL | Positive

In a goodwill gesture, the top management of K-Electric has withdrawn its main conditions of Principle of Reciprocity and arbitration through the London Court from its draft terms of reference (ToRs) to resolve once for all the decade old disputes over receivables and payables between the KE and the government entities. The shareholders of K-Electric from Kuwait, Dubai and Saudi Arabia have also given the nod to the top management to remove the clause of Principle of Reciprocity and agree to the local arbitration mainly on the demand of the government paving the way to resolve the historic dispute over receivables and payables, a senior official at Ministry of Energy confirmed. (The News) | [Click for more info.](#)

Power consumers may face Rs1.95 per unit hike

Power | Negative

Consumers are likely to face a hike of Rs1.95 per unit in electricity tariff as the regulator reserved its judgement on Thursday. The increase, aimed at applying a uniform electricity tariff, will burden the power consumers with Rs200 billion. (ET) | [Click for more info.](#)

Power sector's circular debt likely to swell to Rs2,587bn till June

Power | Negative

The power sector's circular debt has been increasing is likely to increase to Rs2,587 billion till June. Sharing the projected figures, sources told Profit that circular debt would increase to Rs2,587 bn by June this year as payable to Independent Power Producers (IPPs) would increase to Rs1,510 bn, while payable by power generation companies (GENCOs) to fuel suppliers is estimated to be around Rs100 bn, and the amount parked in Power Holding Private Limited (PHPL) would increase to Rs77 bn. (PT) | [Click for more info.](#)

Autos

Govt mulling slapping additional taxes on cars from next week

Autos | Neutral

The government is considering promulgation of tax amendment ordinance next week, it was learnt on Friday. Sources said that the Federal Board of Revenue (FBR) had suggested withdrawing three percent additional sales tax on the import of electric vehicles while giving one percent tax exemption to the locally manufactured electric cars. Similarly, the ordinance proposes an exemption of one percent additional customs duty on the electric vehicles' spare parts. (BR) | [Click for more info.](#)



Uncertainty irks EV investors

Autos | Neutral

Despite issuance of electrical vehicle (EV) policy for two and three-wheelers, non-issuance of Statutory Regulatory Orders (SROs) for customs duty and sales tax has put potential investors in a dilemma. According to a notification issued by the Federal Board of Revenue (FBR) on February 3, 2021, to amend SRO 572(I)2020, there will be no more additional customs duty on the import of electric vehicles falling under Pakistan Customs Tariff (PCT) codes 8703.8030 (electric auto rickshaw), 8711.6040 (electric motorcycle), and 8711.6060 (three-wheeler electric-loader). (ET) | [Click for more info.](#)

Fertilizer

Govt to end discounted tariff for fertilizer firms

FATIMA, EFERT | Negative

The government is set to end concessionary gas tariff for Fatima and Engro Fertilizer plants by mid of current year. Currently, a concessionary gas tariff of \$0.70 per mmbtu is being availed by Fatima Fertilizer Ltd and Engro Fertilizer Ltd. The concessionary period for Fatima Fertilizer is set to expire in July 2021 after completing 10 years from its commercial operation date (COD) whereas Engro Fertilizer's concessionary period is coming to an end by June 2021. However, the government and Engro Fertilizer are in dispute over expiration of gas supply agreement at discounted rates. (ET) | [Click for more info.](#)

Fertilizer price hike poses threat to crop yields

Fertilizer | Neutral

Unabated surge in prices of fertilizer is compelling farmers to cut down on application of nutrients on crops, posing threat to the yields of ongoing winter and upcoming summer. Surging prices annoyed and demoralized farmers to the extent that they might not continue to apply farm nutrients at pace achieved in the first half of this year. Owing to multiple factors, price of DAP in general and Urea, potash and other fertilisers have shown tremendous increase in recent past, potentially lowering their offtake in the remaining rabi season and early kharif. (The News) | [Click for more info.](#)

Tech. & Communication

Presidential Ordinance; Corporate sector IT exemptions may be withdrawn

Tech & Communication | Negative

The government is likely to withdraw the corporate sector income tax exemptions through a Presidential Ordinance before the next fiscal year. (BR) | [Click for more info.](#)

Textile

Artistic Milliners intends to set up 62MW hydropower plant

ADMM | Positive

Artistic Milliners, one of leading denim fabric and garment manufacturing companies in Pakistan, planned an estimated \$236 million of investment to set up a hydropower project with 62.6 megawatts production capacity, it was learnt on Saturday. (The News) | [Click for more info.](#)

Miscellaneous

AGP Limited to acquire product portfolio of Sandoz

AGP | Positive

AGP Limited, along with its parent Aitkenstuart Pakistan, has formed a special purpose vehicle (SPV), to acquire a select product portfolio of Sandoz AG, a bourse filing said on Thursday. The board of directors has authorised AGP Limited through SPV setup by Aitken to acquire a selected portfolio of products commercialised in Pakistan under the Sandoz brand, including widely used Azomax, Zatofen and Amoxi-Clav, which were owned by Sandoz AG of Switzerland, the notice said. (The News) | [Click for more info.](#)



Dealers/distributors of steel products; New Ord on tax relief may reduce minimum tax to 0.25pc

Steel | Positive

The Presidential Ordinance on tax relief measures to be promulgated next week, may reduce the minimum tax rate from 1.5 percent to 0.25 percent for the dealers/distributors of steel products. Official sources confirmed that the Ordinance would be promulgated next week. (BR) | [Click for more info.](#)

Private sector borrowing surges 57pc in Jul-Jan

Banks | Positive

Bank lending to private sector surged 57.2 percent year-on-year to Rs234.7 billion during the first seven months of the current fiscal year of 2020/21 as businesses were gravitating toward low-cost borrowing amid economic recovery, the central bank's data showed. The State Bank of Pakistan's (SBP) data showed the private sector borrowed Rs149.3 billion between July 1, 2019 to January 22, 2020. (The News) | [Click for more info.](#)

Imports of six smuggling-prone goods surge 55pc

Economy | Positive

The quantum of smuggled goods into the country decreased during the first seven months of 2020-21 from a year ago as data reported by the Pakistan Customs showed a higher collection of duties and taxes. Formal imports of six smuggling-prone commodities — green tea, black tea, tyres, textile products, electronic goods and palm oil — increased by over 55.51 per cent, the latest data showed. (Dawn) | [Click for more info.](#)

Sugar prices to remain high on fall in production

Sugar | Negative

The Pakistan Tehreek-e-Insaf (PTI) government may not succeed in bringing sugar prices down in the near future at least, as a leading sweetener producer said prices would remain high due to a notable drop in fresh production and a substantial increase in cost of production during the current season. "... sugar prices in the market will naturally remain on the higher side," JDW Sugar Mills, owned by PTI stalwart Jahangir Khan Tareen, said in a report to the Pakistan Stock Exchange on Feb 2. (ET) | [Click for more info.](#)

International

IMF chief seeks more help for low-income countries

The head of the IMF on Friday urged advanced economies to provide more resources to low-income countries, warning of an emerging "Great Divergence" in global growth that could risk stability and trigger social unrest for years to come. (ET) | [Click for more info.](#)

Asian shares near all-time peak, oil heads to \$60 on economic revival hopes

Asian shares hovered near record highs on Monday while oil edged closer to \$60 a barrel on hopes a \$1.9 trillion COVID-19 aid package will be passed by U.S. lawmakers as soon as this month just as coronavirus vaccines are being rolled out globally. (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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THE TEAM

CEO

Zahid Ali Habib
Zahid@abaalihabib.com
(021) 32425022

RESEARCH TEAM

Contact: (021) 32429665, Ext. 106

Mohammad Zubair - Research Analyst
zubair@abaalihabib.com

Behroze Atique Bahalim – Research Analyst
behroz@abaalihabib.com

Ayesha Abid – Research Analyst
ayesha.abid@abaalihabib.com

SALES TEAM

Zaheer Ahmed - Head of Institutional Sales
Zaheer.ahmed@abaalihabib.com
(021) 32418693-94

Salman Ahmed - Head of Retail Sales
(021) 32412491

Syed Khalid Ahmed - Equity Trader
Syedkhalid@abaalihabib.com
(021) 32429664

Muhammad Faisal - Equity Trader
faisal@abaalihabib.com
(021) 32464835

Office (PSX Building)

Room # 419, 419 A & 421, 4th Floor, Pakistan Stock Exchange, I.I. Chundrigarh Road, Karachi
Contact: 021-32429665
Cell: [+92 3312766771](tel:+923312766771)



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