



December
10, 2020

Economy News

FATF report aims to help detect trade-based money laundering

Economy | Neutral

International trade networks can attract criminals and terrorists financiers who exploit the interconnected supply chains to launder the proceeds of crime or finance terrorism. Recognising trade-based money laundering is difficult, particularly when there is a lack of understanding of this technique. (The News) | [Click for more info.](#)

WB approves \$300m financing for two Sindh projects

Economy | Positive

The World Bank's Board of Executive Directors approved US\$300 million in financing for two projects in Pakistan — the Sindh Resilience Project and the Solid Waste Emergency and Efficiency Project. (BR) | [Click for more info.](#)

Fitch says upgrades of major economies unlikely in 2021

Economy | Neutral

Fitch Ratings told Reuters on Tuesday that upgrades of any major economy are unlikely in 2021 despite recent developments related to COVID-19 vaccination, and that countries in Latin America, the Middle East and Africa show the highest level of vulnerability to further negative action in the coming year. (BR) | [Click for more info.](#)

Next five years' economic growth not encouraging

Economy | Neutral

With the highest population growth rate in the region, Pakistan is already the fifth most populous nation in the world but the economic growth outlook at least for the next four to five years is not encouraging. (Dawn) | [Click for more info.](#)

Summary ready to reconstitute cabinet bodies

Economy | Neutral

The Cabinet Division will request Prime Minister Imran Khan to reconstitute four committees of the federal cabinet headed by Finance Adviser Dr Abdul Hafeez Shaikh in compliance with a judgment of the Islamabad High Court. The Cabinet Division, which is the custodian of the official business of the federal cabinet, has prepared a summary for the PM's Office for the reconstitution of the four committees, according to government sources. (ET) | [Click for more info.](#)

Profit on debt; Overseas Pakistanis required to produce tax exemption certificate

Economy | Neutral

The Federal Board of Revenue (FBR) Wednesday issued a circular whereby tax authorities have clarified that the banks being withholding agents are to withhold tax on 'profit on debt' unless the overseas Pakistanis produces exemption certificates from tax under Section 159 of the Income Tax Ordinance. (BR) | [Click for more info.](#)

Federal, provincial govts & autonomous bodies; Re-lending of loans at actual borrowing costs proposed

Economy | Neutral

The Economic Affairs Division (EAD) has prepared re-lending policy 2020, proposing re-lending of loans to federal, provincial governments and autonomous bodies at actual borrowing cost as many entities are defaulting on their debt servicing obligations, sources close to Minister for Economic Affairs told. (BR) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	29,476.8	29,575.2	98.4	0.3%
KSE100	42,101.8	42,204.0	102.3	0.2%
KSE30	17,633.3	17,691.3	57.9	0.3%
KMI30	67,956.6	68,299.9	343.3	0.5%

Top Five Gainers

	Open	Close	Chg.	%
UPFL	13,498.0	14,500.0	1,002.0	7.4%
NESTLE	6,600.0	6,750.0	150.0	2.3%
NRL	247.7	266.3	18.6	7.5%
DLL	192.7	205.0	12.3	6.4%
SHEL	235.6	246.5	10.9	4.6%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
TRG	72.9	75.7	2.8	33.73
LOTCEM	13.2	14.2	0.9	27.19
UNITY	27.3	27.9	0.6	26.15
HASCOL	14.8	14.8	0.1	24.66
MLCF	41.9	41.2	-0.7	21.91

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	2.76	0.00	2.54
F-Corporates	0.99	-2.34	-1.35
O/S Pakistanies	7.68	-7.07	0.61
Net	8.69	-9.41	-0.72
LIPI			
Individuals	116.48	-114.29	2.18
Companies	4.82	-6.26	-1.44
Comm. Banks	4.60	-2.74	1.86
NBFC	0.02	-0.02	0.00
Mutual Funds	5.16	-6.31	-1.14
Other	0.20	-0.66	-0.46
Brokers Proprietary	27.02	-29.00	-1.98
Insurance	2.81	-1.11	1.70
Net	161.12	-160.39	0.72

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	45.52	-0.2%
Brent oil	USD/bbl.	48.86	0.0%
Gold	USD/t oz.	1839.55	-1.7%
Silver	USD/t oz.	23.95	-2.5%
Coal	USD/ton	80.35	0.3%
Steel Scrap (LME)	USD/ton	401.00	2.4%
Steel Rebar (LME)	USD/ton	574.00	1.8%
USD/PKR	Interbank	160.70	0.0%

News Source: Local / Int'l Newspapers and websites

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REP-055



Government raises Rs12.550bln through PIBs auction

Economy | **Positive**

The government on Wednesday raised Rs12.550 billion through an auction of fixed rate Pakistan Investment Bonds (PIBs) to help finance the budget deficit. The fetched amount was lower than the pre-auction target of Rs125 billion. The cut-off yield for three-year PIBs remained unchanged at 8.2400 percent at which the government borrowed Rs1.550 billion. (The News) | [Click for more info.](#)

Oil & Gas

No gas load-shedding in any part of country: Spokesperson

Gas | **Positive**

A spokesperson for the Petroleum Division Wednesday said at present there was no gas load-shedding in any part of the country. "However, isolated complaints of pressure drops, especially at tail ends of the lines and in the colder climates have been observed, which are being attended by gas utilities actively," he said in a news release. (BR) | [Click for more info.](#)

Power

Hubco to provide 600MW power, 300MGD potable water by 2024

HUBC | **Neutral**

The Hub Power Plant Management has accepted the proposal of the Power Division under which the government will buy it out for Rs65 billion but will not pay Rs260 billion as capacity payment due till 2027 under the remaining period of Power Purchase Agreement. In return, Hubco will provide 600MW of cheaper electricity to K-Electric by 2024 based on Thar coal and will also provide 300 MGD water daily to Karachi, Special Assistant to PM on Power Tabish Gauhar confirmed (The News) | [Click for more info.](#)

Banks

Youth to Receive Rs. 15 Billion in the Next 6 Months

Banks | **Positive**

Special Assistant to PM on Youth Affairs, Usman Dar, said on Tuesday that Imran Khan's flagship initiative, Kamyab Jawan Programme, will disburse Rs. 15 billion among the youth in the next six months, with Rs. 2 billion already distributed. (PT) | [Click for more info.](#)

Fertilizer

Urea supply sufficient for Rabi season

Fertilizer | **Positive**

The local urea market is adequately supplied for Rabi season 2020-21 as it has accumulated a total inventory of one million tonnes on the back of consistent local production. Industry figures show that 515,000 tonnes of urea were sold in November compared to 362,000 tonnes during the same month last year. This phenomenal jump of 42pc reflects improved farm economics and lower input costs as urea prices have been reduced by around Rs400 per bag since the beginning of this year. It may also be noted here that urea production has remained consistent at last year's level of 5.6 million tonnes till November. (PT) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	46,103.5	494.99	1.09%
HK - Hang Seng	26,502.8	198.28	0.75%
PAK (KSE-100)	42,204.0	102.25	0.24%
KSA - Tadawul	8,660.2	48.08	0.56%
Taiwan - TWII	14,390.1	29.74	0.21%
INDONESIA - IDX	5,944.4	13.65	0.23%
US - S&P 500	3,672.8	-29.43	-0.79%
CHINA - Shanghai	3,372.0	-38.22	-1.12%
PHILP - PSEi	7,102.7	-101.01	-1.40%
US - Dow 30	30,068.8	-105.07	-0.35%

Board Meetings

Scrip	Day	Agenda	Time
AGL	Thursday	ANNUAL ACCOUNT	10:00 AM

Source: PSX



Miscellaneous

Commercial basis; Importers allowed to make vaccine available

Pharma | Positive

The Federal Government has reportedly decided to allow commercial importers of pharmaceuticals to import coronavirus vaccine and make it available on commercial basis, sources close to Secretary, of National Health Services & Coordination Division told. (BR) | [Click for more info.](#)

Proton Reveals X70 SUV for the Pakistani Market

Autos | Neutral

Al-Haj Proton offered a sneak peek at the X70 SUV that will be sold in Pakistan this month at a preview-launch ceremony in Karachi yesterday. (Propakistani) | [Click for more info.](#)

Pakistan's exports to Afghanistan decrease by 12pc in 4 months of FY 20-21

Economy | Negative

Pakistan's exports of goods and services to Afghanistan witnessed a decrease of 12.55 percent during the first four months of current financial year (2020-21) compared to the corresponding period of last year. The overall exports to Afghanistan were recorded at \$296.463 million during July-October (2020-21) against exports of \$339.033 million during July-October (2019-20), showing negative growth of 12.55 percent, according to the data of State Bank of Pakistan (SBP). (BR) | [Click for more info.](#)

Rs17bn development package to change fate of Sialkot: PM

Cement, Steel | Positive

Prime Minister Imran Khan Wednesday said the mega development package of Rs. 17 billion, encompassing water supply, sewerage system, solid waste schemes and parks, would change the fate of Sialkot city. (BR) | [Click for more info.](#)

Returns, income tax paid hit all-time high

Economy | Positive

Income tax returns received by the end of the filing date increased 4 percent to 1.8 million, while collected amount surged 63 percent to Rs22 billion over last year, the highest ever, mostly owing to improved compliance and an upgraded system, the Federal Board of Revenue (FBR) said. (The News) | [Click for more info.](#)

Political

PDM plans long march towards end Jan 2021

The move of Pakistan Democratic Movement (PDM) aiming at ouster of the PTI government will enter decisive phase next month as the Movement's steering committee which here on Wednesday decided to stage long march towards Islamabad in last week of January. (The News) | [Click for more info.](#)

International News

Asian Stocks Retreat After U.S. Tech Giants Slide: Markets Wrap

Asian stocks slipped Thursday after U.S. technology giants dragged Wall Street benchmarks lower amid dimming prospects for fresh stimulus. Treasury yields ticked lower. (Bloomberg) | [Click for more info.](#)

Oil Wavers As Traders Weigh U.S. Crude Rise against Vaccine Aims

Oil was little changed in the face of the second largest U.S. crude build on record as the market held onto hopes of an upcoming vaccine rollout lifting demand from its pandemic-induced slump. (Bloomberg) | [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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