



February  
10, 2021

## Economy News

### Pakistan to Seek Debt Relief from China Belt and Road Loan

#### Economy | Neutral

Pakistan plans to ask China for relief on payments for power projects Beijing financed over the past eight years, the latest developing nation that's struggling to repay debt under President Xi Jinping's Belt and Road Initiative. In informal talks, Pakistan and China have discussed easing terms on the repayment of debt on about a dozen power plants, according to a person with knowledge of the matter, who said Islamabad hasn't made a formal request yet. (Bloomberg) | [Click for more info.](#)

### New system ready to facilitate overseas Pakistanis on succession issues

#### Economy | Positive

Law Minister Barrister Dr Farogh Naseem has called for effective implementation of Letters of Administration and Succession Certificates Act, 2020 by the Pakistani missions abroad in order to facilitate the diaspora community. The system is developed with the help of National Database and Registration Authority (NADRA). Dr Naseem said that the new system would make it convenient for the overseas Pakistanis to obtain letters of administration and succession certificates with the help of biometric verification at the Pakistani missions abroad. (ET) | [Click for more info.](#)

### Public Debt to GDP Ratio Jumps To 87.2%, far above the limit set under FRDL Act 2005

#### Economy | Negative

The government failed to achieve its target of decline in public debt to GDP ratio to 84%, rather it rose to 87.2% of GDP in fiscal year 2019-20 compared to 86.1% in FY19. (Mettis) | [Click for more info.](#)

## Oil & Gas

### Regulatory authority: Framework for upstream petroleum sector to be placed before CCI

#### E&P | Neutral

The Petroleum Division prepared a framework of regulatory authority for the upstream petroleum sector which would be placed before the Council of Common Interest (CCI) for approval. (BR) | [Click for more info.](#)

## Power

### Govt-IPPs deal: Rs800bn saving projected

#### IPPs, Power | Positive

The Federal Cabinet has given final approval to the recommendations of the Cabinet Committee on Energy (CCoE) for payment of Rs403 billion to Independent Power Producers (IPPs), with the government maintaining that the agreement would yield over Rs800 billion saving in the next 20 years and reduce the cost of electricity. (BR) | [Click for more info.](#)

### KE wants to charge consumers Rs3.9bn in backdated bills

#### KEL | Neutral

K-Electric has sought the government's permission to charge an additional Rs3.9 billion from its consumers on account of fuel cost adjustment (FCA) for the months of June to December 2020, it was learnt on Tuesday. K-Electric sought permission from the National Electric Power Regulatory Authority (Nepra) to collect the amount. Nepra will conduct a hearing on February 23 to determine whether the requested fuel price variations and quarterly variations are justified. (The News) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	32,246.9	32,166.7	-80.3	-0.2%
KSE100	46,721.9	46,674.8	-47.1	-0.1%
KSE30	19,499.9	19,486.6	-13.3	-0.1%
KMI30	75,984.7	76,126.1	141.4	0.2%

### Top Five Gainers

	Open	Close	Chg.	%
KHYT	273.1	293.5	20.5	7.5%
NRL	494.6	514.1	19.4	3.9%
SURC	234.8	252.0	17.2	7.3%
MARI	1,675.1	1,692.2	17.1	1.0%
PAKT	1,560.0	1,575.0	15.0	1.0%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
TELE	4.9	5.9	1.0	62.86
PRL	28.5	29.0	0.5	43.18
HASCOL	11.2	11.8	0.5	39.78
TRG	123.6	124.8	1.2	35.06
PIBTL	13.0	13.0	-0.1	32.04

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.08	-0.02	0.06
F-Corporates	1.58	-4.77	-3.19
O/S Pakistanies	10.93	-9.47	1.46
<b>Net</b>	12.58	-14.26	-1.68
<b>LIPI</b>			
Individuals	177.83	-173.17	4.67
Companies	8.44	-7.56	0.88
Comm. Banks	10.00	-11.98	-1.98
NBFC	0.03	-0.05	-0.02
Mutual Funds	7.74	-6.31	1.43
Other	1.37	-2.20	-0.83
Brokers Proprietary	44.46	-46.95	-2.49
Insurance	2.18	-2.16	0.02
<b>Net</b>	252.06	-250.38	1.68

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	58.36	0.7%
Brent oil	USD/bbl.	61.09	0.9%
Gold	USD/t oz.	1838.32	0.4%
Silver	USD/t oz.	27.27	0.0%
Coal	USD/ton	87.50	0.2%
Steel Scrap (LME)	USD/ton	417.00	0.5%
Steel Rebar (LME)	USD/ton	598.00	-0.3%
USD/PKR	Interbank	159.52	-0.3%

News Source: Local / Int'l Newspapers and websites

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## Industries to get uninterrupted electricity

Power, DISCOs | **Positive**

The government has directed power distribution companies to make sure uninterrupted supply to the industrial units that have been disallowed to use gas for electricity generation. The ministry of energy, in a letter, asked the power distribution companies (Discos) to ensure that they meet electricity demand due to discontinuation of gas supply to the captive power plants of non-export industry from February 1. Export industry can use gas for power production till 15 March. Sui Northern Gas Pipelines Ltd (SNGPL) is in the process of removing connections while conducting surveys of industrial units as per directions issued by ministry of energy. (The News) | [Click for more info.](#)

## Miscellaneous

Govt asks SSGC to divert gas to FFBQL

FFBL | **Positive**

The Federal Government has directed Sui Southern Gas Company Limited (SSGCL) to divert gas to Fauji Fertilizer Bin Qasim Limited (FFBQL) curtailed from export-oriented industry or any other source and also sign a Gas Supply Agreement (GSA) with it, sources in Petroleum Division told. (BR) | [Click for more info.](#)

Descon Oxychem's Plant Achieves New Design Capacity

DOL | **Positive**

Descon Oxychem Limited today announced via PSX that its plant has achieved the new design capacity on February 6, 2021 and is now operating at the new capacity. The plant, which was a part of the company's expansion project, commenced operation in September 2020. The project was completed without any safety incidents, well within timelines and budget. (Mettis) | [Click for more info.](#)

NHA approves three mega road projects including M-6

Cement | **Positive**

The National Highways Authority (NHA) Executive Board has reviewed its earlier decision and approved three mega road projects including Hyderabad-Sukkur Motorway (M-6), a critical component of the China-Pakistan Economic Corridor (CPEC) on Public Private Partnership (PPP) mode with an upfront government support in the form of Viability Gap Funding (VGF). (BR) | [Click for more info.](#)

Wheat import exempted from PPRA rules

Sugar | **Positive**

The federal cabinet on Tuesday decided to set up 30 additional accountability courts in the country. It also accorded approval for exemption of PPRA regulations for import of 300,000 ton wheat and 500,000 ton sugar. (The News) | [Click for more info.](#)

## International News

Asian stocks make cautious gains after patchy Wall St. rally

Asian stocks inched higher on Wednesday, as upbeat Wall Street earnings and optimism about a global recovery supported sentiment, although concerns about the sustainability of a recent risk rally are likely to cap gains. (Reuters) | [Click for more info.](#)

Oil prices extend rally after surprise fall in U.S. stocks

Oil prices rose again on Wednesday, extending their more than week-long rally after industry data showing a fall in U.S. crude oil stocks added to optimism about an expected rise in global fuel demand. (Reuters) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
HK - Hang Seng	29,476.2	156.72	0.53%
Taiwan - TWII	15,802.4	96.18	0.61%
KSA - Tadawul	8,892.9	83.58	0.95%
CHINA - Shanghai	3,603.5	71.04	2.01%
PHILP - PSEi	7,065.6	41.07	0.58%
US - S&P 500	3,911.2	-4.36	-0.11%
US - Dow 30	31,375.8	-9.93	-0.03%
INDIA - SENSEX	51,329.1	-19.69	-0.04%
INDONESIA - IDX	6,181.7	-27.20	-0.44%
PAK (KSE-100)	46,674.8	-47.10	-0.10%

### Board Meetings

Scrip	Day	Agenda	Time
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
BWHL	Thursday	HY A/c 31-Dec-20	11:00 AM
CPPL	Thursday	HY A/c 31-Dec-20	11:00 AM
CSAP	Thursday	HY A/c 31-Dec-20	11:00 AM
AGIL	Thursday	QTR A/c 31-Dec-20	12:30 PM
NETSOL	Thursday	HY A/c 31-Dec-20	2:00 PM
NPL	Friday	HY A/c 31-Dec-20	11:00 AM
RPL	Friday	HY A/c 31-Dec-20	11:00 AM
BRR	Friday	HY A/c 31-Dec-20	4:45 PM
AKBL	Monday	ANN A/c 31-Dec-20	10:00 AM
EFERT	Monday	ANN A/c 31-Dec-20	10:00 AM
NEXT	Monday	HY A/c 31-Dec-20	11:30 AM
ESBL	Monday	HY A/c 31-Dec-20	12:00 PM
ILP	Tuesday	HY A/c 31-Dec-20	9:00 AM

Source: PSX



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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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