

June 11,
2021

Economy

PSX shows remarkable performance

Capital Market | Positive

Pakistan stock market's performance has been remarkable this year and during July 2020 to April 2021 period, the KSE-100 Index increased by 9,372.94 points from 34,889.41 points to 44262.35 points, Pakistan Economic Survey 2020-21 unveiled by Finance Minister Shaukat Tarin at a press conference at Islamabad on Thursday said. (BR) | [Click for more info.](#)

FY22 budget to be presented today

Economy | Neutral

The federal government is to present an annual (FY2021-22) budget today (Friday). The government has estimated 3.94% GDP growth for FY2020/2021, up from the revised 3% target from the original 2.1% set in the last budget. Independent financial analysts have questioned that number in view of the IMF and World Bank's projection of 1.5% and 1.3% respectively. (BR) | [Click for more info.](#)

Pakistan beats growth target as industries, services guide V-shaped recovery

Economy | Positive

Finance Minister Shaukat Tarin unveiled the Pakistan Economic Survey 2020-21 at a press conference in Islamabad on Thursday, revealing that the industrial and services sectors had helped the economy rebound and post GDP growth of 3.94 per cent in the first 9 months of the fiscal year (July to March), significantly higher than the target of 2.1pc. After last year's contraction of 0.47pc, the economy witnessed a V-shaped recovery, according to the survey document, which was supported by the industrial and services sectors surpassing the government's expectations. (Dawn) | [Click for more info.](#)

JP Morgan asks investors to reap benefit of Pakistan's improved economy

Economy | Positive

JP Morgan — the leading financial company — has asked investors to invest in Pakistan to reap benefits of its improved economic situation, Minister of State for Information and Broadcasting Farrukh Habib said. In a tweet on Thursday, he said the world's biggest institution of Investment and Financial services (JP Morgan), in its recent report, had predicted Pakistan's GDP (Gross Domestic Product) growth at 4.7 per cent for the fiscal year 2021-22. (ET) | [Click for more info.](#)

JP Morgan expects '100bps policy rate hike later this year'

Economy | Neutral

There have been some positive developments on the economic front in Pakistan, but challenges including risks around current account, deterioration from fading remittances, and higher commodity prices and political pressure to stimulate growth would presumably require a reappraisal of the International Monetary Fund (IMF) programme targets, says JP Morgan — a global leader in financial services. (BR) | [Click for more info.](#)

Govt hopeful about IMF relaxations

Economy | Neutral

Expressing the government's resolve to consolidate and build on the growth trajectory achieved during the outgoing fiscal year of 3.94 percent, Finance Minister Shaukat Tarin stated that the International Monetary Fund (IMF) has been plainly told that the government cannot afford to burden people with new taxes and in power tariff hikes. (BR) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	32,397.3	32,657.4	260.1	0.8%
KSE100	47,777.6	48,251.5	473.9	1.0%
KSE30	19,381.8	19,537.6	155.8	0.8%
KMI30	78,230.8	78,784.9	554.1	0.7%

Top Five Gainers

	Open	Close	Chg.	%
RMPL	9,600.0	9,898.0	298.0	3.1%
ILTM	2,209.1	2,335.0	125.9	5.7%
NESTLE	5,715.1	5,800.0	84.9	1.5%
PMRS	360.0	387.0	27.0	7.5%
WAHN	260.7	280.2	19.6	7.5%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	4.2	4.3	0.0	329.07
KEL	4.2	4.2	0.0	49.10
HUMNL	8.7	8.8	0.1	43.16
UNITY	46.5	49.4	2.8	41.83
PACE	5.4	6.2	0.9	34.54

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.01	-0.02	0.00
F-Corporates	3.33	-5.58	-2.25
O/S Pakistanies	9.28	-9.59	-0.31
Net	12.63	-15.19	-2.56
LIPI			
Individuals	162.64	-167.76	-5.12
Companies	7.60	-8.28	-0.68
Comm. Banks	3.89	-3.90	0.00
NBFC	0.05	-0.07	-0.02
Mutual Funds	10.87	-5.03	5.84
Other	0.98	-0.52	0.46
Brokers Proprietary	38.71	-37.45	1.26
Insurance	4.85	-4.03	0.82
Net	229.59	-227.03	2.56

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	70.29	0.5%
Brent oil	USD/bbl.	72.52	0.4%
Gold	USD/t oz.	1898.51	0.5%
Silver	USD/t oz.	27.99	0.8%
Coal	USD/ton	115.65	-0.9%
Steel Scrap (LME)	USD/ton	515.00	3.3%
Steel Rebar (LME)	USD/ton	715.00	0.0%
USD/PKR	Interbank	155.93	0.1%

News Source: Local / Int'l Newspapers and websites

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REP-055



Exports bounce back

Economy | Positive

The government on Thursday claimed that exports have bounced back owing to proactive measures taken by the state authorities and Pakistan is among those countries whose exports recovered more rapidly. The government has used foreign trade figures of first three quarters (July- March) 2020-21 in which trade deficit was comparatively less. However, the trade figures of 11 months July-May 2020-21 have posted a trade deficit of over 30 percent to reach over \$50 billion as compared to \$40.849 billion in the corresponding period of 2019-20. (BR) | [Click for more info.](#)

Remittances stay above \$2b for 12th month in a row

Economy | Positive

In keeping with the trend over the past many months, workers' remittances stayed above \$2 billion in May 2021, driven higher by the proactive policy measures taken by the government and the State Bank of Pakistan (SBP) to encourage expatriates to use formal money transfer channels. According to data released by the central bank on Thursday, the remittances sent home by overseas Pakistanis rose 33.5% to \$2.5 billion in May on a year-on-year basis. (ET) | [Click for more info.](#)

Forex reserves rise to \$23.578bn

Economy | Positive

With arrival of inflows of WAPDA Green Eurobonds, the country's total liquid foreign exchange reserves rose to \$23.578 billion at the end of last week. (BR) | [Click for more info.](#)

Govt aims to generate Rs242b revenue

Economy | Neutral

The government has proposed to collect Rs242 billion through enforcement measures in the upcoming budget in addition to expanding its list of potential additional taxes. The development came as the International Monetary Fund (IMF) shows little flexibility on its demand over personal income tax measures. (ET) | [Click for more info.](#)

Headline inflation recorded at 8.6pc in July-April

Economy | Neutral

The headline inflation measured by the Consumer Price Index (CPI) has been recorded at 8.6 percent during July-April fiscal year 2021 against 11.2 percent in the same period last year, revealed the Economic Survey 2020-21. The survey noted that inflation in perishable food items increased by 0.1 percent during July-April 2020-21 against increase of 34.7 percent during the same period last year. (BR) | [Click for more info.](#)

Cost of exemptions increases Rs164bln in FY2021

Economy | Negative

The cost of total tax exemptions has gone up by Rs164.3 billion in outgoing fiscal year as Rs1.3 trillion was provided on this account compared to Rs1.1 trillion a year earlier, according to Pakistan Economic Survey. (The News) | [Click for more info.](#)

Public debt increases by Rs1.607trn

Economy | Negative

External debt of \$81.606 billion in the Economic Survey 2020-21 does not contain foreign exchange liabilities (foreign currency bonds, SWAP), public sector enterprises debt, banks and private sector borrowing. State Bank of Pakistan (SBP) however includes all these to determine total external debt liabilities at \$116.309 billion by March 2021. The Survey noted that Pakistan's total public debt was Rs 38.006 trillion by end March 2021 compared to Rs 36.399 trillion by end June 2020. (BR) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
PAK (KSE-100)	48,251.5	473.87	0.99%
INDIA - SENSEX	52,300.5	358.83	0.69%
Taiwan - TWII	17,159.2	193.00	1.14%
INDONESIA - IDX	6,107.5	60.06	0.99%
US - S&P 500	4,239.2	19.63	0.47%
CHINA - Shanghai	3,610.9	19.46	0.54%
US - Dow 30	34,466.2	19.10	0.06%
KSA - Tadawul	10,796.3	6.09	0.06%
HK - Hang Seng	28,738.9	-3.75	-0.01%
PHILP - PSEi	6,875.7	-26.83	-0.39%

Board Meetings

Scrip	Day	Agenda	Time
HUMNL	Monday	ANN A/c 30-Jun-20	12:00 PM
ADAMS	Wednesday	HY A/c 31-Mar-20	2:30 PM

Source: PSX



Oil & Gas

Country witnesses decline in gas, crude oil production

E&P | **Negative**

Pakistan Economic Survey 2020-21 revealed that the country witnessed a decline in indigenous natural gas and crude oil production by 4.70 percent and 6.72 percent respectively during the first three quarters (July-March) 2021. (BR) | [Click for more info.](#)

Power

Installed power capacity grows 3.6pc

Power | **Positive**

The country's installed capacity of electricity has posted a growth 3.6 percent to 37,261 MW till April 2021, as compared to 35,972 MW during the same period in 2019-20, but no significant change is witnessed in its consumption pattern. (BR) | [Click for more info.](#)

Govt adds 1,200MW of electricity to national grid amid surge in demand

Power | **Neutral**

Amid a surge in demand for electricity due to scorching heat across the country, Federal Minister for Energy Hammad Azhar said that the government added 1,200MW of electricity to the national grid on Thursday. (ET) | [Click for more info.](#)

Power sector's circular debt reaches 5.2pc of GDP

Power | **Negative**

The power sector's circular debt has reached 5.2 percent of GDP or Rs2.1 trillion till June-end, because of capacity payments on overbuilding of plants, finance minister said on Thursday. (The News) | [Click for more info.](#)

Tech & Communication

Finance Minister Confirms Huge Tax Relief for Telecom Users

Tech & Communication | **Positive**

A relief package for the Telecom sector was confirmed today during the press conference and Minister Tarin gave the reassurance that the taxes on the sector would be reduced in the upcoming budget. The government is set to announce relief packages for the Telecom sector in the budget 2021-22, including the status of the industry, reducing the advance income tax on mobile phone users from 12.5 percent to 10 percent, and further reducing it to eight percent in 2022-23, federal excise duty from 17 percent to 16 percent, abolishing Rs. 250 on SIM cards, and reducing services tax on telecommunication companies from eight percent to three percent. (Propakistani) | [Click for more info.](#)

Telecom sector contributes Rs97.7bn to exchequer

Tech & Communication | **Neutral**

The telecom sector contributed an estimated Rs 97.7 billion to the national exchequer in terms of taxes, regulatory fees, initial and annual license fees, activation taxes and other charges during July-December FY 2021, says the Economic Survey 2020-21. (BR) | [Click for more info.](#)

Miscellaneous

Brokerage houses issue subscribe calls for upcoming IPO of Citi Pharma

IPO | **Positive**

Several brokerage houses have issued 'subscribe' calls for the upcoming initial public offer (IPO) of Citi Pharma, a major manufacturer of paracetamol. The drug-maker is looking to raise up to Rs2.8 billion by offering a 35 percent stake to institutional and ordinary investors in the IPO whose first leg, known as the book-building process, will commence on June 15. (BR) | [Click for more info.](#)



Steel bar prices hit record Rs146,500 per tonne

Steel | Positive

Steel bar prices once again moved up by Rs3,000 to a record Rs146,500 per tonne ahead of the federal budget FY22. In the last week of May, some steel bar manufacturers stopped taking new booking orders from June 1, 2021 from builders in a bid to increase bar prices. In mid-May, the manufacturers had raised steel bar prices by Rs5,000 per tonne to Rs142,500-143,500, citing an unexpected surge in international scrap prices. (Dawn) | [Click for more info.](#)

LSM sector posts 9pc growth in July-March

Textile, Autos, Food & Tobacco | Positive

During July-March 2021, Large Scale Manufacturing (LSM) sector posted nine percent growth against 5.1 percent decline in the same period last year, the Pakistan Economic Survey 2020-21 released Thursday said. The survey said that the LSM expansion is broad-based, reflecting production increase in major manufacturing sectors. This is the highest period-wise growth since FY2007 supported by promising performance of textile, food beverages and tobacco, and automobile. (BR) | [Click for more info.](#)

Banks achieve 64pc target of agri-credit

Banks | Positive

Banks have achieved 64 percent of the annual target of agriculture lending by disbursing some Rs953.7 billion during the July-March FY21. According to Pakistan Economic Survey issued by the federal government on Thursday, following the government's agenda for promoting agriculture sector, the State Bank of Pakistan (SBP) assigned an indicative agriculture credit disbursement target of Rs1,500 billion for FY2021, 23.5 percent higher than last year's disbursement of Rs1,215 billion. (BR) | [Click for more info.](#)

Agri sector grows 2.8pc

Economy | Neutral

The agriculture sector in the country witnessed 2.8 percent growth July-March 2021 as per Economic Survey 2020-21 against 2.7 percent in the compared period of 2019-20, the Survey says. The Survey noted in the chapter on agriculture that it grew by 2.77 percent however in the statistical appendix it noted the growth at 2.8 percent (the target set for the year). The growth of major crops including wheat, rice, sugarcane, maize and cotton during the year registered 4.65 percent. (BR) | [Click for more info.](#)

International News

Asian Stocks Eye Calm Start as U.S. Shrugs Off CPI: Markets Wrap

Asian stocks look set for a steady open Friday after U.S. shares and Treasuries rallied as investors judged that a jump in inflation is likely to be transitory, leaving scope for ongoing central-bank support. (Bloomberg) | [Click for more info.](#)

Oil trims gains, but heads for third weekly rise on demand recovery

Oil prices slipped on Friday but were set for their third weekly rise on expectations for a recovery in fuel demand in Europe, China and the United States as rising vaccination rates lead to an easing of pandemic curbs. (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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