

Economy News

SBP exempts resident investors from approval for foreign investment

Economy | Neutral

The State Bank of Pakistan (SBP) on Wednesday exempted Pakistani investors from taking the central bank's permission for foreign investment except when they want to invest abroad for business expansion. "The equity investment abroad transactions have been divided into four categories bringing more clarity in terms of classification of investments and its related procedures," the SBP said in a statement. (The News) | [Click for more info.](#)

Record Rs51bn financing in a week under TERF

Economy | Positive

The Temporary Economic Refinance Facility (TERF) has recorded the highest increase of Rs51 billion during one week, which ended on January 28, while the total amount has reached over Rs374bn. The State Bank of Pakistan said the TERF had shown significant growth over the last 10 months, as reflected by increase in requested amount from Rs36.1 billion by the end of April 2020 to Rs687.4bn by Jan 28, 2021, while over the same period approved financing has reached Rs374.3bn. So far, 450 projects have been approved under the scheme. (Dawn) | [Click for more info.](#)

T-bills auction beats target; yields mostly flat

Economy | Neutral

The government on Wednesday raised Rs662.8 billion through the auction of Market Treasury Bills (MTBs), beating its target of Rs550 billion, results issued by the State Bank of Pakistan (SBP) showed. The yields ended little changed as markets expect interest rates to remain steady, with the inflation appearing to be well in check in the coming months. The SBP's Monetary Policy Committee has indicated near-term stability in the policy rate at least for the next policy. (The News) | [Click for more info.](#)

Oil & Gas

Ogra allows Rs13.4 rate increase to SNGPL

SNGP | Positive

Rejecting a request for 123 per cent increase, the Oil & Gas Regulatory Authority (Ogra) on Wednesday allowed Rs13.42 per unit (2pc) raise in the prescribed price for Lahore-based Sui Northern Gas Pipelines Ltd (SNGPL). The regulator said it provisionally determined the shortfall in revenue required for the SNGPL at Rs4.35bn. "Accordingly, the revenue required for SNGPL is provisionally determined at Rs228.7bn and prescribed at Rs644 per million British thermal unit (mmBtu) against each category of consumers for the said year." (Dawn) | [Click for more info.](#)

Energy ministry warned of LNG supply chain disruption

Gas | Negative

Pakistan LNG Limited (PLL) has warned the Ministry of Energy (MoE) of massive disruption in the liquefied natural gas supply chain in near future if Rs6.5 billion payments are not released by the Sui Northern Gas Pipelines Limited (SNGPL). The PLL, which already defaulted with the United Bank Limited (UBL) for LNG supply payment last week, has in a recent communication to the MoE complained that the SNGPL has failed to release payment on an urgent basis despite repeated requests. (Dawn) | [Click for more info.](#)

Launch of first phase of TAPI gas pipeline project planned for this year: ADB Gas, CSAP | Positive

The first phase of the Turkmenistan–Afghanistan–Pakistan–India Natural Gas Pipeline project is planned to be launched in 2021, says the Asian Development Bank (ADB). (BR) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	32,166.7	32,115.4	-51.3	-0.2%
KSE100	46,674.8	46,644.3	-30.5	-0.1%
KSE30	19,486.6	19,474.3	-12.3	-0.1%
KMI30	76,126.1	76,284.8	158.7	0.2%

Top Five Gainers

	Open	Close	Chg.	%
LUCK	742.1	767.2	25.1	3.4%
PAKT	1,575.0	1,599.0	24.0	1.5%
NRL	514.1	532.8	18.7	3.6%
AGIL	241.6	257.5	15.9	6.6%
KOHC	212.7	227.5	14.8	7.0%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	1.3	1.7	0.4	370.40
KEL	4.5	4.5	0.1	106.88
TELE	5.9	6.9	1.0	41.70
PRL	29.0	27.9	-1.2	39.13
FCCL	23.8	25.5	1.7	25.08

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.05	-0.03	0.02
F-Corporates	1.08	-2.88	-1.79
O/S Pakistanies	8.32	-8.39	-0.07
Net	9.45	-11.30	-1.85

LIPI

Individuals	162.76	-162.67	0.09
Companies	7.28	-4.63	2.65
Comm. Banks	9.25	-11.24	-1.99
NBFC	0.03	-0.13	-0.10
Mutual Funds	9.25	-6.28	2.97
Other	0.81	-1.25	-0.44
Brokers Proprietary	39.65	-39.83	-0.18
Insurance	2.71	-3.86	-1.15
Net	231.75	-229.90	1.85

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	58.68	0.5%
Brent oil	USD/bbl.	61.47	0.6%
Gold	USD/t oz.	1842.89	0.2%
Silver	USD/t oz.	27.03	-0.9%
Coal	USD/ton	88.25	0.9%
Steel Scrap (LME)	USD/ton	418.00	0.2%
Steel Rebar (LME)	USD/ton	599.00	0.2%
USD/PKR	Interbank	159.53	0.0%

News Source: Local / Int'l Newspapers and websites

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Power

Payment to IPPs; IMF has acquiesced to deal

IPPs | Positive

The Federal Government and 44 Independent Power Producers (IPPs) are all set to sign the revised agreements on Thursday (today), with a clear understanding that there will be no halt in ongoing/future investigations in National Accountability Bureau (NAB), Securities and Exchange Commission of Pakistan (SECP) or the power regulator (Nepra) against them. "40 IPPs will sign agreements with the government today whereas two IPPs, M/s Lalpir and Pakgen will ink their pacts on Friday(tomorrow) as the MoUs expiry date is February 12, 2021," said an insider. Both the Minister and SAPM revealed that the IMF's nod has already been obtained and mode of payment of Rs 403 billion payable to the IPPs as on November 30, 2020 agreed. (BR) | [Click for more info.](#)

Nepra allows Discos to charge additional Rs1.53 per unit in Feb bills

Power | Positive

The National Electric Power Regulatory Authority (Nepra) Wednesday allowed the power distribution companies, except K-Electric, to charge Rs1.53/unit extra from consumers on account of monthly Fuel Charges Adjustment (FCA) for December 2020. The power distribution companies (Discos) would collect the amount from consumers in their February 2021 bills. After this increase, Discos will collect an additional Rs11.6 billion from consumers. This increase will be not applicable to K-Electric for being a privatised company. (The News) | [Click for more info.](#)

Autos

Sazgar Engineering sells 2,007 units of three-wheelers during January

SAZEW | Positive

Sazgar Engineering Works Limited sold a total of 2,007 units of three-wheelers against the production of 1,548 units during the month of January 2021. (Mettis) | [Click for more info.](#)

PAMA concerned over alleged extension in incentives to new entrants

Autos | Neutral

Pakistan Automotive Manufacturers Association (PAMA) has raised concern over alleged extension in incentives available to the new entrants under the Automotive Development Policy (ADP) 2016-21. | [Click for more info.](#)

Tech. & Communication

Systems Limited becomes SAP Partner

SYS | Positive

Systems Limited has announced a partnership with another leading global software technology giant SAP. The alliance aims to accelerate advanced digital transformation initiatives in Pakistan. (Mettis) | [Click for more info.](#)

5G service to be launched in Pakistan in Dec 2022: Haque

Tech & Comm. | Neutral

Federal Minister for Information Technology and Telecommunications, Syed Aminul Haque announced on Wednesday that the 5G technology would be launched in Pakistan next year in December. (Pakobserver) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
HK - Hang Seng	30,038.7	562.53	1.91%
Taiwan - TWII	15,802.4	96.18	0.61%
US - Dow 30	31,437.8	61.97	0.20%
CHINA - Shanghai	3,655.1	51.60	1.43%
INDONESIA - IDX	6,201.8	20.16	0.33%
PHILIP - PSEi	7,082.2	16.60	0.23%
KSA - Tadawul	8,901.6	8.71	0.10%
US - S&P 500	3,909.9	-1.35	-0.03%
INDIA - SENSEX	51,309.4	-19.69	-0.04%
PAK (KSE-100)	46,644.3	-30.48	-0.07%

Board Meetings

Scrip	Day	Agenda	Time
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
SNBL	Wednesday	ANN A/c 31-Dec-20	10:00 AM
ABL	Wednesday	ANN A/c 31-Dec-20	11:00 AM
FCCL	Wednesday	HY A/c 31-Dec-20	11:00 AM
HBL	Wednesday	ANN A/c 31-Dec-20	12:00 PM
ENGRO	Wednesday	ANN A/c 31-Dec-20	2:30 PM

Source: PSX



Miscellaneous

Fertiliser makers seek permission to export surplus urea

Fertilizer | **Positive**

Fertiliser manufacturers are sitting on a surplus production capacity of one million tons that can be exported to earn foreign exchange revenue amid uptrend in international prices, industry officials said on Wednesday. The officials said the government's fertiliser policy incentivised manufacturers to expand capacity and upgrade plants by offering gas at lower rates. That attracted investments of around Rs162 billion from Engro Fertilizers and Fatima Fertilizers, and enhanced local urea production capacity by 1.9 million tons/annum, they added. (The News) | [Click for more info.](#)

Panther Tyres' IPO oversubscribed by 1.92x

Panther Tyres | **Positive**

Arif Habib Limited on Wednesday informed PSX that it received applications for a total 19,196,500 ordinary shares against the issue size of 10,000,000 ordinary shares for Panther Tyres Limited. (Mettis) | [Click for more info.](#)

FBR issues new system for electronic IT refunds

Textile | **Positive**

The Centralized Income Tax Refund Office (CITRO) of the Federal Board of Revenue (FBR) will generate electronic advice of approved income tax refund for onwards submission to the State Bank of Pakistan (SBP) for crediting the amount directly to the bank account of the taxpayer. (BR) | [Click for more info.](#)

Federal cabinet approves extension of Pak-Afghanistan Transit Trade Agreement

Economy | **Neutral**

The federal cabinet has approved a three-month extension in the Afghanistan Pakistan Transit Trade Agreement (APTTA) under the chairmanship of the Prime Minister. The Afghanistan Pakistan Transit Trade Agreement is expiring on 11th February 2021. (Mettis) | [Click for more info.](#)

Govt to set up subsidiary to lease PSM, SC informed

Economy | **Neutral**

The government will most likely set up a subsidiary or a special purpose vehicle (SPV) of the Pakistan Steel Mills (PSM) by the end of February in a bid to get rid of billions in debt and other liabilities. In this regard, Federal Minister for Privatisation, Mohammad Mian Soomro, said that this initiative would help attract capital through private investors, which would revive the bleeding mill. (PT) | [Click for more info.](#)

Political News

ECP proposes March 2, 3 and 4 as possible dates for Senate elections

The Election Commission of Pakistan (ECP) has prepared a schedule for the upcoming Senate election, proposing 2, 3 and 4 March as the possible dates. The schedule will be released by the Election Commission after final approval. (The Nation) | [Click for more info.](#)

Govt ready to notify hike in salaries: Rashid

Interior Minister Sheikh Rashid Wednesday said the government was ready to notify an increase of 25 percent in the salaries of government employees from Grade 1 to 16. (BR) | [Click for more info.](#)



International News

Markets tap brakes on asset rise after getting ahead of recovery

Stocks were flat in early trading in Asia on Thursday as investors kept tapping the brakes on runs in asset prices after taking in tepid U.S. inflation data and comments from the Federal Reserve chief affirming the outlook for a slow recovery. (Reuters) | [Click for more info.](#)

Oil Extends Longest Rally in 2 Years with U.S. Supplies Dropping

Oil futures rose for an eighth straight day in New York as a decline in U.S. crude inventories further highlighted depleting global supplies. The rally of about 0.6% extended the longest streak of daily gains since February 2019. A U.S. government report showed domestic oil stockpiles fell by 6.6 million barrels to the lowest since March, though the data also pointed to gasoline supplies rising to the highest since June. (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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