



May 11,  
2021

## Economy

### PSX to get new trading platform

#### PSX | Positive

The Pakistan Stock Exchange (PSX) is all set to make a newly acquired trading platform fully operational over the next couple of months to strengthen security features to better safeguard investors' data and integrate the national bourse with regional and international stock markets. The new trading system, which is bought from Shenzhen Stock Exchange (SZSE) for \$2.85 million, has a built-in surveillance system, which means it is capable of preventing and detecting data leakages and theft attempts. The integration would help attracting foreign investment at PSX. (ET) | [Click for more info.](#)

### Riyadh to provide \$500m to Pakistan for development projects

#### Economy | Positive

Pakistan and Saudi Arabia have agreed to give strategic direction to their ties through the Saudi-Pakistan Supreme Coordination Council (SP-SCC) by strengthening and diversifying existing bilateral cooperation in different fields. For this purpose, the Saudi Development Fund will finance projects worth \$500 million, according to the spokesperson for the Ministry of Foreign Affairs. (Dawn) | [Click for more info.](#)

### Pakistan submits compliance report to FATF

#### Economy | Neutral

Pakistan has submitted its compliance report on implementation of the remaining three key out of total 27 action plans to the global money laundering watchdog Financial Action Task Force (FATF) to come out of its grey list, official sources said on Thursday. (The News) | [Click for more info.](#)

### IMF ready to help Pakistan navigate a difficult situation

#### Economy | Positive

The International Monetary Fund (IMF) has said that it stands ready to help Pakistan navigate the difficult situation it's facing due to the Covid-19 crisis and a slowing economy. Finance Minister Shaukat Tarin said in Islamabad on Wednesday that Pakistan had urged the IMF to reconsider the "tough conditions" attached to its loans. (Dawn) | [Click for more info.](#)

### IMF approached: Pakistan wants to slash FBR's collection target from Rs5.9tr to Rs5.5tr

#### Economy | Neutral

Pakistan has formally approached the IMF and asked for slashing down the FBR's collection target from Rs5.9 trillion to Rs5.5 trillion maximum for the upcoming budget, keeping in view the prevalence of the third wave of Covid-19 pandemic. (The News) | [Click for more info.](#)

### Export of services soars 32pc in March

#### Economy | Positive

The export of services posted a growth of 31.72 per cent year-on-year to \$563.95 million in March, showed data compiled by the Pakistan Bureau of Statistics. However, the service exports in July-March period of 2020-21 grew by just 0.61pc to \$4.37bn as against \$4.34bn over the corresponding period last year. (Dawn) | [Click for more info.](#)

### Rs900 bn to be earmarked for development in 2022: Shaukat Tarin

#### Cement, Steel | Positive

Minister for Finance Shaukat Tarin said on Friday that the government is planning to boost spending on large infrastructure projects by as much as 40 percent to create jobs and foster productivity in an economy crippled by the ongoing COVID-19. In an interview with Bloomberg, Tarin said that the federal government will earmark as much as Rs900 billion (\$6 billion) for development expenditure in the year beginning from July. (The News) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	30,259.3	30,475.5	216.2	0.7%
KSE100	44,943.6	45,174.7	231.1	0.5%
KSE30	18,383.0	18,469.9	86.9	0.5%
KMI30	72,845.4	73,136.1	290.8	0.4%

### Top Five Gainers

	Open	Close	Chg.	%
BATA	1,680.0	1,790.0	110.0	6.5%
PAKT	1,305.0	1,390.0	85.0	6.5%
WYETH	1,077.9	1,111.3	33.3	3.1%
SAPT	918.0	950.0	32.0	3.5%
PRET	345.0	370.9	25.9	7.5%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	1.4	1.5	0.1	80.90
TRG	162.4	165.8	3.4	14.80
TELE	15.6	15.5	0.0	12.80
UNITY	35.0	35.7	0.7	11.57
GGL	38.1	38.8	0.7	10.72

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.01	-0.03	-0.01
F-Corporates	1.47	-1.64	-0.17
O/S Pakistanies	6.92	-5.48	1.45
<b>Net</b>	<b>8.41</b>	<b>-7.14</b>	<b>1.27</b>
<b>LIPI</b>			
Individuals	116.01	-116.00	0.01
Companies	3.36	-3.16	0.20
Comm. Banks	0.62	-2.05	-1.43
NBFC	0.06	-0.04	0.01
Mutual Funds	4.16	-2.99	1.17
Other	0.49	-0.23	0.27
Brokers Proprietary	26.15	-27.80	-1.65
Insurance	1.34	-1.19	0.15
<b>Net</b>	<b>152.19</b>	<b>-153.45</b>	<b>-1.27</b>

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	64.90	0.3%
Brent oil	USD/bbl.	68.28	0.3%
Gold	USD/t oz.	1831.24	0.9%
Silver	USD/t oz.	27.45	0.5%
Coal	USD/ton	99.40	-0.3%
Steel Scrap (LME)	USD/ton	508.00	1.6%
Steel Rebar (LME)	USD/ton	710.00	-2.7%
USD/PKR	Interbank	152.40	-0.4%

News Source: Local / Int'l Newspapers and websites

Research Team

[research@abaalihabib.com](mailto:research@abaalihabib.com)

Aba Ali Habib Securities (Pvt) Limited  
(021) 32429665, Ext. 106

REP-055

## Foreign investors withdrew \$32.352m since Jan 1

### Economy | Neutral

The outflows from foreign investors portfolio investment (FIPI) account continued despite bullish trend on the Pakistan Stock Exchange during the current calendar year. (BR) | [Click for more info.](#)

## PIBs rates cut again by up to 65bps

### Economy | Positive

The most attractive long-term domestic papers Pakistan Investment Bonds (PIBs) witnessed another significant cut up to 65 basis points in the auction held on Thursday. The auction was held for fixed rate PIBs. The government, which has been raising maximum liquidity from banks, slashed cut-off yields on all PIBs for all tenors. (Dawn) | [Click for more info.](#)

## Jul-Mar LSMI output up 8.99pc YoY

### Economy | Positive

The overall output of Large Scale Manufacturing Industries (LSMI) increased by 8.99 percent for July-March 2020-21 compared to July-March 2019-20, as most of the major manufacturing sectors posted growth, the data released by the Pakistan Bureau of Statistics (PBS) showed Friday. (BR) | [Click for more info.](#)

## Budget 2021-22; FBR asked to reach out to Pakistani-American investors

### Economy | Neutral

The American Business Council (ABC) of Pakistan has proposed to the Federal Board of Revenue (FBR) to take effective measures in budget (2021-22) for encouraging American citizens of Pakistan-origin to invest in projects, real estate, and set up bank accounts. (BR)

[Click for more info.](#)

## Nine-month fiscal deficit widens to 3.6pc

### Economy | Negative

The country's fiscal deficit has increased to 3.6 per cent of gross domestic product (GDP) or Rs1.652 trillion during the first nine months (July-March) of the current fiscal year despite a drastic cut in development, almost static defence expenditure, healthy provincial cash surpluses and record petroleum levy collections. The consolidated data on fiscal operations for the first three quarters of the year released by the finance ministry on Thursday showed that the total revenue increased by 6.45pc to Rs4.99tr in nine months against a rise of about 4.2pc to Rs6.644tr in total expenditure. (Dawn) | [Click for more info.](#)

## Inflationary pressure likely to surge

### Economy | Negative

After bearing the brunt of hard economic conditions amid the Covid-19 pandemic, consumers in Pakistan have been hit by steep increase in prices of raw material for industrial products and other commodities including food items. According to experts and global trends, inflationary pressure is likely to surge in near future meaning that masses will have to pay extra money to buy essential food and non-food items. The Pakistan Bureau of Statistics (PBS) reported that consumer price index soared to 11.1% in April 2021, the highest rate of inflation in past 13 months. (ET) | [Click for more info.](#)

## China reluctant to approve \$6b ML-I loan

### Economy | Negative

Expressing concern over Pakistan's growing debt, China has shown reluctance to approve \$6 billion loan for the Mainline-I (ML-I) railway track -- the single largest project under the China-Pakistan Economic Corridor. The actual cost of the project was \$9bn initially, including equity amount of the government of Pakistan. But later, it was reduced gradually to \$6.8bn. (ET) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	49,502.4	295.94	0.60%
PAK (KSE-100)	45,174.7	231.06	0.51%
KSA - Tadawul	10,322.7	94.33	0.92%
PHILP - PSEi	6,317.4	58.70	0.94%
INDONESIA - IDX	5,975.8	47.48	0.80%
CHINA - Shanghai	3,428.0	9.12	0.27%
HK - Hang Seng	28,595.7	-14.99	-0.05%
US - Dow 30	34,742.8	-34.94	-0.10%
US - S&P 500	4,188.4	-44.17	-1.04%
Taiwan - TWII	17,235.6	-49.39	-0.29%

### Board Meetings

Scrip	Day	Agenda	Time
MIRKS	Thursday	HY A/c 31-Mar-21	11:00 AM
SKRS	Thursday	HY A/c 31-Mar-21	3:00 PM

Source: PSX



## Foreign exchange: SBP reserves fall \$830m to \$15.6b

### Economy | Neutral

The foreign exchange reserves held by the central bank fell 5.05% on a weekly basis, according to data released by the State Bank of Pakistan (SBP) on Thursday. On April 30, the foreign currency reserves held by the SBP were recorded at \$15,597.9 million, down \$830 million compared with \$16,427.8 million in the previous week. (ET) | [Click for more info.](#)

## Oil & Gas

### SNGPL, SSGC consumers; Ogra announces RLNG provisional prices

#### SNGP, SSGC | Neutral

The Oil and Gas Regulatory Authority (OGRA), on Friday, announced RLNG provisional prices for the consumers of the Sui Northern Gas Company Limited (SNGPL) at \$10.2528 per mmbtu and \$9.9692 per mmbtu for the consumers of the Sui Southern Gas Company (SSGC) for the month of May. The provisional prices have been worked out based at 13 LNG cargoes imported by the Pakistan State Oil (PSO) under long-term agreements and Pakistan LNG Ltd imported RLNG through spot purchase. (BR) | [Click for more info.](#)

### Sales tax on kerosene oil reduced

#### Oil | Neutral

The Federal Board of Revenue (FBR) has reduced sales tax from 17 percent to 15.44 percent on Kerosene oil and from 17 percent to 7.56 percent on Light diesel oil from May 1, 2021. (BR) | [Click for more info.](#)

## Power

### Circular debt also hits CPEC projects

#### Power | Negative

The China Pakistan Economic Corridor (CPEC) power projects are also hit by the circular debt and the government has not been able to clear Rs188 billion due payments in breach of a bilateral energy framework agreement. Although, the outstanding payments are only 18.4% of the billed amount, it has started affecting the financing models of the Chinese sponsors of the Independent Power Producers (IPPs), set up under the CPEC agreement. (ET) | [Click for more info.](#)

### Nepra releases two power tariff determinations

#### Power | Neutral

National Electric Power Regulatory Authority (Nepra) Friday released two tariff determinations according to which it approved an increase of paisa 90 per unit in tariffs for first and second quarters of FY 2020-21 under quarterly tariff adjustment mechanism and a refund of paisa 64 per unit for March 2021, for all Discos under monthly FCA sans agriculture, lifeline and those domestic consumers who use up to 300 units monthly. (BR) | [Click for more info.](#)

### NTDC installs shunt reactors on Jamshoro-Dadu transmission line

#### Power | Neutral

National Transmission and Despatch Company (NTDC) has said that it has installed shunt reactors on 152km-long 500-kilovolt Dadu-Jamshoro transmission line to enhance power system stability. The installation of shunt reactors has been completed at a cost of Rs340 million and they have been energised successfully. (ET) | [Click for more info.](#)



## Autos

**Output of LCVs increases 30.21pc in 3 quarters**

**Autos | Positive**

The production of light commercial vehicles (LCVs) witnessed 30.21 percent increase during the first three quarters of the financial year 2020-21 against the output of the same period of last fiscal year. As many as 14,334 LCVs were manufactured during July-March (2020-21) as compared to the production of 11,008 LCVs manufactured during July-March (2019-20), showing growth of 30.21 percent, according to official data revealed by Pakistan Bureau of Statistics (PBS). (The Nation) | [Click for more info.](#)

## Cement

**Construction sector; Over 1,070 projects worth Rs383bn investment registered**

**Cement | Positive**

Over 1,070 construction projects worth investment of Rs383 billion including both existing and new projects have been registered with the Federal Board of Revenue (FBR) under the prime minister's incentive package for the construction sector. (BR) | [Click for more info.](#)

**Cement makers to expand production capacity by 40pc**

**Cement | Neutral**

Pakistan's cement producers plan to expand their capacity by more than 40 per cent from nearly 69 million tonnes to nearly 99m tonnes over the next several years in anticipation of 10-15pc growth in their sales every year, claims an All Pakistan Cement Manufacturers Association (APCMA) official. (Dawn) | [Click for more info.](#)

## Banks

**New schemes for SMEs to accelerate credit uptake ratio up to 30pc: Baqir**

**Banks | Positive**

State Bank of Pakistan Governor Reza Baqir on Thursday said new schemes for the small and medium-sized enterprises (SME) sector would accelerate the credit uptake ratio of smaller businesses by approximately up to 30 per cent during three years. The meeting was convened to discuss the features of a new credit scheme for the SME sector. (PT) | [Click for more info.](#)

**BOP to launch 'First Free Roshan Digital Account'**

**BOP | Positive**

After a rigorous process of monitoring and inspection over a few months to ensure protection of customer interest, State Bank of Pakistan gave its approval to The Bank of Punjab (BOP) to launch "First Free" Roshan Digital Account (RDA) for BOP to join an elite group of banks to launch this Digital Initiative for the Non-Resident Pakistanis (NRPs). (BR) | [Click for more info.](#)

**Banks bad loans rise by Rs22bn in 1QCY21**

**Banks | Neutral**

The non-performing loans (NPLs) of all banks significantly increased by Rs22 billion in the first quarter of the calendar year 2021 to Rs866bn, while the recovery remained less than half of the preceding quarter (October-December 2020). (Dawn) | [Click for more info.](#)

## Tech. & Communication

**IT industry achieves 43.61pc growth**

**Tech. & Communication | Positive**

Information Technology and Telecommunication Industry has achieved 43.61 percent growth rate compared to the corresponding period, July-March, 2019-20, during which IT exports remittances inflow totaled \$1.052 million. (BR) | [Click for more info.](#)



## Cellular subscribers in Pakistan cross 183m mark in March

Tech. & Communication | **Positive**

Cellular subscriptions in Pakistan crossed the 183 million mark by the end of March 2021 from 178.97m in January, figures shared by the Pakistan Telecommunication Authority (PTA) on Saturday showed. (Dawn) | [Click for more info.](#)

## Transportation

### PIA chairman asked to take steps to remove surplus staff

PIAA | **Neutral**

The chairman Pakistan International Airline Corporation (PIAC) has been asked to take necessary steps towards removing surplus and non-required staff to make it a viable commercial airline. (BR) | [Click for more info.](#)

### PIA restructuring plan blocked

PIAA | **Negative**

Secretary Cabinet, Sardar Ahmad Nawaz Sukhera has reportedly blocked PIA's restructuring plan prepared by the Prime Minister's Advisor on Institutional Reforms and Austerity (IR&A), Dr Ishrat Hussain, arguing that it would not be in accordance with Rules of Business, 1973 to take any decision, especially when it entails large sums of public money on a presentation. (BR) | [Click for more info.](#)

## Textile

### Interloop Plans to Invest \$300 Million in Local Textile Production

ILP | **Positive**

Interloop Limited (ILP), a local textile giant, plans to expand its production capacity while installing an apparel factory by investing a little north of \$300 million in its production line. (Propakistani) | [Click for more info.](#)

### Dawood says tariffs on raw materials will be reduced

Textile | **Positive**

Prime Minister's Advisor on Commerce and Investment, Abdul Razak Dawood has said that the government will reduce tariffs on raw materials of textiles, pharmaceuticals, chemicals, dairy, food processing, engineering and footwear etc in the federal budget. (BR) | [Click for more info.](#)

### Cotton yarn; Importers exempted from duty

Textile | **Positive**

The Federal Board of Revenue (FBR) has exempted up to June 30, 2021 the importers of cotton yarn from payment of customs duty. (BR) | [Click for more info.](#)

### Cotton import bill hits \$1.84bn in 9MFY21

Textile | **Neutral**

The country spent \$1.838 billion on cotton imports during nine months of the current fiscal year (9MFY21) — up 46 per cent — from \$1.258bn in the same period a year ago. The 9MFY21 lint imports surpassed the FY20 total cotton import bill of \$1.704bn. Cotton import bill in FY19 was \$1.65bn. (Dawn) | [Click for more info.](#)

## Miscellaneous

### Investment of assets in govt securities; SECP decides to revise procedure for insurance firms

SECP has decided to revise procedure for the insurance companies regarding investment of assets in government securities. Under the revised procedure on the assets to be invested in securities, 30 percent of the assets of the shareholders' fund of a life insurer, or of a statutory fund of a life insurer, other than a statutory fund, which contains only investment linked policies, shall be invested in government securities. (BR) | [Click for more info.](#)



## Amazon includes Pakistan in its sellers list

Economy | **Positive**

Adviser to Prime Minister on Commerce Razak Dawood announced on Thursday that Amazon is going to add Pakistan in its sellers list within a few days, opening new opportunities for the country's youth and small and medium enterprises (SMEs). (ET) | [Click for more info.](#)

## Freight rates surge on Chinese demand for containers

Economy | **Neutral**

As the Chinese demand for containers ramps up, there is a sharp surge in freight rates to hurt profitability of Pakistani exporters, it was learnt on Monday. All Pakistan Shipping Association (APSA) Chairman Asim Siddiqui said the freight rates for containers shot up by around 300 percent, and this is the case in the entire region. (The News) | [Click for more info.](#)

## Political News

### General elections; Ordinance on voting thru EVMs promulgated

President Dr Arif Alvi has promulgated the 'Elections (Second Amendment) Ordinance, 2021' paving the way to hold next general election through Electronic Voting Machines (EVMs) and enabling overseas Pakistanis to exercise their right to vote. (BR) | [Click for more info.](#)

### KSA keen on working to reduce tensions between Pakistan, India: Saudi FM

Saudi Foreign Minister Prince Faisal bin Farhan Al Saud said on Sunday that Saudi Arabia will work to encourage reduction in tension between Pakistan and India, while also terming Pakistan's role critical in the Afghan peace process. (ET) | [Click for more info.](#)

## International News

### Asian shares slide following Wall Street tech sell-off

Equity bench marks across Asia fell sharply on Tuesday, as fears of higher inflation prompted investors to dump risk assets, especially highflying tech stocks. (Nikkei) | [Click for more info.](#)

### Oil falls as pipeline outage weighs on U.S. Gulf Coast refinery runs

Oil prices fell on Tuesday as the prospect of the main U.S. East Coast gasoline pipeline remaining shut for the rest of this week led some U.S. Gulf Coast refiners to cut output, denting their appetite for crude. (Reuters) | [Click for more info.](#)





## Disclaimer

This report has been prepared by Aba Ali Habib Securities and is provided for information purposes only. Under no circumstances this is to be used or considered as an offer to sell or solicitation of any offer to buy. While reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time, Aba Ali Habib Securities and/or any of its officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. This report is provided only for the information of professional advisers who are expected to make their own investment decisions without undue reliance on this report. Investments in capital markets are subject to market risk and Aba Ali Habib Securities accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents.

In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors, who should seek further professional advice or rely upon their own judgment and acumen before making any investment. The views expressed in this report are those of Aba Ali Habib Securities' Research Department and do not necessarily reflect those of the company or its directors. Aba Ali Habib as a firm may have business relationships, including investment- banking relationships, with the companies referred to in this report. Aba Ali Habib Securities or any of its officers, directors, principals, employees, associates, close relatives may act as a market maker in the securities of the subject company, may have a financial interest in the securities of the subject company to an amount exceeding 1% of the value of the securities of the subject company, may serve or may have served in the past as a director or officer of the subject company, may have received compensation from the subject company for corporate advisory services, brokerage services or underwriting services or may expect to receive or intend to seek compensation from the subject company for the aforesaid services, may have managed or co-managed a public offering, take-over, buyback, delisting offer of securities or various other functions for the subject company.

All rights reserved by Aba Ali Habib Securities. This report or any portion hereof may not be reproduced, distributed or published by any person for any purpose whatsoever. Nor can it be sent to a third party without prior consent of Aba Ali Habib Securities. Action could be taken for unauthorized reproduction, distribution or publication.

## 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.

## Analyst Certification <sup>AC</sup>

The research Analyst(s) hereby certify that the views about the company/companies and the security/securities discussed in this report accurately reflect his or her or their personal views and that s/he has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendation or views in this report. The analyst(s) is/are principally responsible for preparation of this research report and that s/he or his/her close relative/family member doesn't own 1% or more of a class of common equity securities of the following company/companies covered in this report.

## THE TEAM

### CEO

Zahid Ali Habib  
[Zahid@abaalihabib.com](mailto:Zahid@abaalihabib.com)  
(021) 32425022

### RESEARCH TEAM

**Contact:** (021) 32429665, Ext. 106

Mohammad Zubair - Research Analyst  
[zubair@abaalihabib.com](mailto:zubair@abaalihabib.com)

Behroze Atique – Research Analyst  
[behroze@abaalihabib.com](mailto:behroze@abaalihabib.com)

Ayesha Abid – Research Analyst  
[ayesha.abid@abaalihabib.com](mailto:ayesha.abid@abaalihabib.com)

### SALES TEAM

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

Salman Ahmed - Head of Retail Sales  
(021) 32412491

Syed Khalid Ahmed - Equity Trader  
[Syedkhalid@abaalihabib.com](mailto:Syedkhalid@abaalihabib.com)  
(021) 32429664

Muhammad Faisal - Equity Trader  
[faisal@abaalihabib.com](mailto:faisal@abaalihabib.com)  
(021) 32464835

### Office (PSX Building)

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



[https://twitter.com/Aba\\_Ali\\_Habib](https://twitter.com/Aba_Ali_Habib)



<https://www.facebook.com/aah162>



<https://www.linkedin.com/company/aba-ali-habib-securities/>