



November
11, 2020

Economy News

THE RUPEE: Upward trend continues

Economy | Positive

On Tuesday, PKR continued its upward trend. It went up against USD in both interbank and open markets while also strengthening against Euro, AED and SR in open market. In the interbank market, Pakistan Rupee gained 20 paises for both buying and selling against USD over yesterday's rates closing at 158.65 and 158.75 respectively. (BR) | [Click for more info.](#)

First time-ever forex rates moving both ways: SBP governor

Economy | Positive

Governor of State Bank of Pakistan (SBP) shared an overview of the current economic outlook of Pakistan saying that "since June 2019, Pakistan has transitioned to a market-based exchange rate regime, resulting for the first time ever in an orderly two-way movement of exchange rates in the country, which led to a significant shrinking of the current account deficit, and better fundamentals facilitated capital inflows. (BR) | [Click for more info.](#)

Subsidies stand at 4.5 of GDP, cabinet told

Economy | Neutral

The federal cabinet has been informed that over Rs2 trillion or 4.5 percent of the GDP regular subsidies on budget and grants were being provided to different sectors of the economy with an equal amount potential losses on account of circular debt, guarantees as well as non-productive loans. (BR) | [Click for more info.](#)

Oil & Gas

Rising circular debt; Petroleum sector to collapse if urgent measures not taken: official

Oil & Gas | Negative

Secretary Petroleum Asad Haya-ud-Din has cautioned the federal government that petroleum sector will collapse if urgent measures are not taken to resolve its circular debt. (BR) | [Click for more info.](#)

PLL invites bids for 6 LNG cargoes in January

Gas | Neutral

Pakistan is looking to import six additional liquefied natural gas (LNG) cargoes of 140,000 cubic meters each for coming January as energy demand continues to rise in winters. State-owned Pakistan LNG Limited (PLL) invited bids for import of the LNG cargoes to be delivered in January 2021. PLL last month issued a tender of six LNG cargoes to be delivered next month. (The News) | [Click for more info.](#)

Govt recovers \$20mln on port charges from LNG suppliers

Gas | Neutral

The government has recovered more than half of \$40 million paid to liquefied natural gas (LNG) suppliers on account of port charges in the past five years. (The News) | [Click for more info.](#)

ARL to buy oil from Mari Petroleum

MARI | Positive

Mari Petroleum Company Ltd on Tuesday informed the PSX on the follow-up in the previously announced crude oil discovery by the Ziarat Joint Venture in September 2018 at exploratory well Bolan East-1 in Ziarat Block, near Mach City in Kachhi, Balochistan. Mari Petroleum is the operator of Ziarat Exploration Licence with 60 per cent working interest, while Pakistan Petroleum Ltd, Europe E&P Ltd is the joint venture partner with 40pc working interest. After persistent follow-ups and negotiations with local refineries and the government, Mari has now reached an agreement with the Attock Refinery Ltd for disposal of Bolan crude. (Dawn) | [Click for more info.](#)

Pakistan Stock Exchange Overview

| | Open | Close | Chg. | % |
|---------|----------|----------|-------|------|
| KSE All | 28,670.9 | 28,861.5 | 190.6 | 0.7% |
| KSE100 | 40,784.0 | 41,153.1 | 369.0 | 0.9% |
| KSE30 | 17,098.2 | 17,308.2 | 209.9 | 1.2% |
| KMI30 | 64,983.5 | 65,935.9 | 952.4 | 1.5% |

Top Five Gainers

| | Open | Close | Chg. | % |
|--------|---------|---------|------|------|
| ILTM | 1,149.1 | 1,235.3 | 86.2 | 7.5% |
| SAPT | 980.3 | 1,053.4 | 73.2 | 7.5% |
| NESTLE | 6,233.8 | 6,300.0 | 66.2 | 1.1% |
| WYETH | 880.0 | 946.0 | 66.0 | 7.5% |
| SFL | 839.6 | 902.5 | 63.0 | 7.5% |

Top Five Volume Leaders

| | Open | Close | Chg. | Vol. |
|-------|------|-------|------|-------|
| TRG | 57.5 | 54.4 | -3.1 | 30.91 |
| PRL | 19.1 | 19.5 | 0.4 | 23.53 |
| ASC | 19.2 | 20.4 | 1.2 | 21.65 |
| UNITY | 23.6 | 23.3 | -0.3 | 21.43 |
| POWER | 10.7 | 10.4 | -0.3 | 20.24 |

Portfolio Investments – Net Position

| FIPI | Buy | Sell | Net |
|---------------------|--------|---------|-------|
| F-Individuals | 1.13 | -0.01 | 0.15 |
| F-Corporates | 3.18 | -5.45 | -2.27 |
| O/S Pakistanies | 6.26 | -5.09 | 1.17 |
| Net | 9.45 | -10.54 | -1.10 |
| LIPI | | | |
| Individuals | 82.32 | -82.12 | 0.20 |
| Companies | 4.41 | -6.11 | -1.70 |
| Comm. Banks | 3.09 | -3.83 | -0.74 |
| NBFC | 0.08 | -0.05 | 0.04 |
| Mutual Funds | 8.32 | -4.18 | 4.14 |
| Other | 0.57 | -0.39 | 0.18 |
| Brokers Proprietary | 17.83 | -18.44 | -0.62 |
| Insurance | 2.40 | -2.80 | -0.41 |
| Net | 119.02 | -117.92 | 1.10 |

Commodity Outlook

| | Unit | Close | % chg. |
|-------------------|-----------|---------|--------|
| Crude oil | USD/bbl. | 41.36 | 2.7% |
| Brent oil | USD/bbl. | 43.61 | 2.9% |
| Gold | USD/t oz. | 1877.32 | 0.8% |
| Silver | USD/t oz. | 24.23 | 0.5% |
| Coal | USD/ton | 65.30 | 1.9% |
| Steel Scrap (LME) | USD/ton | 306.00 | -0.6% |
| Steel Rebar (LME) | USD/ton | 464.00 | -1.3% |
| USD/PKR | Interbank | 158.97 | -0.1% |

News Source: Local / Int'l Newspapers and websites

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Power

Expand renewable electricity supply: WB

Power | Neutral

The World Bank has advised Pakistan to go for urgent expansion of renewable electricity supply by giving it preference over all other fuel sources — including domestic and imported coal — for energy cost savings and environmental benefits. (Dawn) | [Click for more info.](#)

Wholesale power sector to be competitive by April 2022

Power | Neutral

In a landmark decision, the National Electric Power Regulatory Authority (Nepra) has approved a detailed design and 18-month implementation plan of Competitive Trading Bilateral Contract Market (CTBCM) to make the wholesale electricity market competitive with multiple buyers and sellers. (The News) | [Click for more info.](#)

Miscellaneous

Export market of health care products reaches over 14 countries: Razak Dawood

Pharmaceutical | Positive

The exports of COVID-19 related products including Remdesivir have surged in October 2020. Taking to his Twitter handle, Adviser to PM for Commerce and Investment, Abdul Razak Dawood said, 'As per our policy of diversification of export products, we recently allowed the export of Remdesivir and I am happy to note that exports of COVID-19 related products, including Remdesivir, have surged in the past month. (Mettis) | [Click for more info.](#)

Multi-billion rupees unjustified profits on sugar: CCP issues show cause notices to PSMA, 84 sugar mills

Sugar | Negative

The Competition Commission of Pakistan (CCP) has issued a show cause notice to the Pakistan Sugar Mills Association (PSMA) and its 84 member mills after finding out evidence that Jahangir Khan Tarin's JDW Mill played a catalyst role for establishing cartelisation for minting multi-billion rupees unjustified profits. (The News) | [Click for more info.](#)

Five-year textile policy finalized, awaits approval

Textile | Neutral

The government has almost finalized Textile Policy 2020-25 with cash subsidies and lower rates on utilities to boost production of textiles and clothing in the country. (Dawn) | [Click for more info.](#)

International News

Asian stocks extend gains as vaccine hopes support global reopening

Asian shares rose on Wednesday as hopes for a successful coronavirus vaccine lifted expectations of a swift reopening of the global economy, which would help the region's heavily trade-dependent markets. (Reuters) | [Click for more info.](#)

Oil gains nearly 3% on vaccine hopes, even as nations re-impose lockdowns

Oil ended nearly 3% higher on Tuesday as hopes that a COVID-19 vaccine is on the horizon outweighed worries about a drop in fuel demand from new lockdowns to contain the virus. (Reuters) | [Click for more info.](#)

World Indices

| | Last | Chg. | Chg. % |
|------------------|----------|--------|--------|
| INDIA - SENSEX | 43,277.7 | 680.22 | 1.60% |
| PAK (KSE-100) | 41,153.1 | 369.01 | 0.90% |
| PHILP - PSEI | 7,035.5 | 349.63 | 5.23% |
| HK - Hang Seng | 26,301.5 | 285.31 | 1.10% |
| US - Dow 30 | 29,420.9 | 262.95 | 0.90% |
| INDONESIA - IDX | 5,462.7 | 106.74 | 1.99% |
| KSA - Tadawul | 8,405.0 | 38.58 | 0.46% |
| US - S&P 500 | 3,545.5 | -4.97 | -0.14% |
| CHINA - Shanghai | 3,360.2 | -11.16 | -0.33% |
| Taiwan - TWII | 13,081.7 | -45.75 | -0.35% |

Board Meetings

| Scrip | Day | Agenda | Time |
|-------|-----------|------------------|----------|
| JOPP | Monday | 1Q/A/C - 30SEP20 | 11:30 AM |
| HCAR | Wednesday | HYA/C - 30SEP20 | 11:00 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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