

Economy

Economic slowdown to adversely affect loan quality, profitability

Economy | Neutral

Banking profitability and loan quality will adversely be hurt by the slowdown in Pakistan's economy that is expected to modestly grow 1.5 percent this fiscal year compared to 0.4 percent contraction a year earlier, ratings agency Moody's said on Wednesday. Moody's Investors Service said stable outlook for the country's banking system reflects banks' solid funding and liquidity "although a challenging – but improving – operating environment will weigh on asset quality and profitability." (The News) | [Click for more info.](#)

Pakistan among states reducing time to deal with construction permits: IMF

Economy | Neutral

Several countries including Pakistan reduced time it takes to deal with construction permits aimed at streamlining business regulations, says the International Monetary Fund (IMF). The Fund in its report, "Economic Governance Reforms to Support Inclusive Growth in the Middle East, North Africa, and Central Asia", stated that enhancing accountability and integrity of institutions and civil servants may begin with establishing a professional and competitive public service as in Georgia. (BR) | [Click for more info.](#)

Foreign investors spend Rs16bln on CSR in 2019-20

Economy | Positive

Foreign investors have spent Rs16 billion in Pakistan on corporate social responsibility programmes during 2019-2020, Overseas Investors Chambers of Commerce and Industry (OICCI) report showed. (The News) | [Click for more info.](#)

Choked ports are a drag on Pakistan's exporters

Economy | Neutral

Pakistan's rush to import items to tame Asia's fastest inflation is dogging the nation's busiest ports and is hiding something else in plain sight — exporters' pain, Bloomberg reported on Wednesday. (The News) | [Click for more info.](#)

Abu Dhabi Group to invest another \$500m in Pakistan

Economy | Positive

UAE's Culture, Youth and Social Development Minister Sheikh Nahayan bin Mubarak Al Nahayan has said that the Abu Dhabi Group would further their investments in Pakistan by launching a new project worth \$500 million in the near future. (PT) | [Click for more info.](#)

Pakistan, Turkey, Azerbaijan resolve to enhance cooperation, continue mutual support on national issues

Economy | Positive

Pakistan, Turkey and Azerbaijan on Wednesday agreed to strengthen cooperation in diverse fields and people-to-people ties, as well as continue to support each other on all issues involving the three countries' national interests. The understanding was reached between the foreign ministers of the three nations at the second Pakistan-Turkey-Azerbaijan trilateral meeting, hosted by Islamabad. (ET) | [Click for more info.](#)

FBR invites budget proposals

Economy | Neutral

The Federal Board of Revenue (FBR) has started exercise for budget 2021/22 and invited income tax proposals from tax managers and trade and industry. The FBR on Wednesday issued letters to tax offices and associations of trade and industries, asking them to send their income tax proposals for the budget 2021/22 by February 15. (The News) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	32,059.1	32,064.2	5.1	0.0%
KSE100	45,922.0	46,092.0	169.9	0.4%
KSE30	19,212.1	19,286.2	74.0	0.4%
KMI30	74,436.5	74,566.4	129.9	0.2%

Top Five Gainers

	Open	Close	Chg.	%
NESTLE	6,660.4	6,735.0	74.6	1.1%
SFL	920.0	988.0	68.0	7.4%
SAPT	912.0	974.2	62.2	6.8%
GATI	522.6	561.8	39.2	7.5%
KHTC	487.8	524.4	36.6	7.5%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
KEL	4.5	4.3	-0.2	110.62
PIBTL	12.8	13.2	0.4	79.64
POWER	10.2	11.0	0.8	45.13
HUMNL	8.2	7.7	-0.5	31.48
FFL	17.5	18.0	0.5	31.06

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	1.90	-0.05	-6.90
F-Corporates	6.70	-9.55	-2.85
O/S Pakistanies	10.48	-12.21	-1.73
Net	17.20	-21.81	-4.62
LIPI			
Individuals	148.38	-143.77	4.60
Companies	8.17	-9.21	-1.04
Comm. Banks	6.52	-4.91	1.61
NBFC	0.06	-0.11	-0.05
Mutual Funds	8.79	-5.71	3.07
Other	1.37	-2.04	-0.67
Brokers Proprietary	29.52	-32.02	-2.50
Insurance	4.44	-4.85	-0.41
Net	207.23	-202.62	4.62

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	52.91	-0.6%
Brent oil	USD/bbl.	56.06	-0.9%
Gold	USD/t oz.	1845.51	-0.5%
Silver	USD/t oz.	25.22	-1.3%
Coal	USD/ton	93.20	-0.2%
Steel Scrap (LME)	USD/ton	464.00	-0.7%
Steel Rebar (LME)	USD/ton	634.00	0.1%
USD/PKR	Interbank	160.58	0.0%

News Source: Local / Int'l Newspapers and websites

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Govt raises Rs580bn

Economy | Positive

The government accepted Rs580 billion through auction of treasury bills and Rs7bn was accepted through quarterly auction of Pakistan Investment Bonds. The State Bank of Pakistan reported that the highest bids were offered for the shortest tenure three months. The total bids for three-month T-bills were Rs624bn while the government raised Rs509.4bn. (Dawn) | [Click for more info.](#)

Oil & Gas

Engro awaits govt's approval to build second LNG terminal

Engro | Positive

Pakistani conglomerate Engro Corp is awaiting government's nod to bring in liquefied natural gas (LNG) floating storage regasification unit (FSRU) that has already been acquired last year, people familiar with the matter said on Wednesday. Engro Elengy Terminal (EETL) and its partner Excelerate have secured a larger and more technologically-advanced FSRU, Excelerate Sequoia, which is expected to arrive at Port Qasim shortly after all regulatory and Sui Southern Gas Company's (SSGC) approvals, they said. (The News) | [Click for more info.](#)

Power

Electricity generation: There's plan to disconnect gas supply to industries

Power | Negative

Petroleum Division has reportedly prepared a plan to disconnect from February 1, 2021, gas supply to all industries that are currently using it as fuel for the primary purpose of electricity generation for self-consumption. Sharing details, SSGCL and SNGPL are engaged in transmission and distribution/sale of natural gas in the country. Except for a few dedicated gas consumers such as power plants/PPs and fertilizer plants, gas to all other bulk consumers including power, fertilizer, industry, CNG, cement and residential consumers is supplied through the extensive network of these two gas utility companies. (BR) | [Click for more info.](#)

Autos

Auto sector; BOD of EDB meets today to discuss issues

Autos | Neutral

The Board of Directors (BoD) of Engineering Development Board (EDB) is scheduled to meet on Thursday (today) to take-up various issue related to the auto sector. The EDB will share update on Electric Vehicle (EV) Policy approved by the ECC/Cabinet. The EV Policy for 2-3 wheelers and Heavy Commercial Vehicles (HCVS) was approved by the cabinet and implemented. (BR) | [Click for more info.](#)

Banks

Moody's improves its rating for Pakistan's banking sector

Banks | Positive

The international credit rating agency Moody's Wednesday improved its rating for Pakistan's banking sector saying that the government's credit profile is stable due to ongoing reforms and increasing policy effectiveness. (The News) | [Click for more info.](#)

Foreign Currency deposits remain dreary in December

Banks | Neutral

Foreign Currency Deposits during the month of December 2020 stood at \$7.821 billion, depicting an increase of 2%YoY. While on a month-on-month basis, it remained flat, shows recently released SBP data on foreign currency deposits and its utilizations. (Mettis) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
Taiwan - TWII	15,770.0	269.28	1.74%
PAK (KSE-100)	46,092.0	169.92	0.37%
INDONESIA - IDX	6,435.2	39.54	0.62%
KSA - Tadawul	8,914.3	29.83	0.34%
US - S&P 500	3,809.8	8.65	0.23%
US - Dow 30	31,060.5	-8.22	-0.03%
CHINA - Shanghai	3,598.7	-9.69	-0.27%
PHILP - PSEI	7,242.9	-15.26	-0.21%
INDIA - SENSEX	49,492.3	-24.79	-0.05%
HK - Hang Seng	28,235.6	-41.15	-0.15%

Board Meetings

Scrip	Day	Agenda	Time
DNCC	Tuesday	1Q ACC 30-SEP-20	3:30 PM
DCR	Wednesday	HY ACC 31-DEC-20	11:00 AM
CLOV	Wednesday	1Q ACC 30-SEP-20	12:30 PM
EXIDE	Friday	HY ACC 31-DEC-20	11:00 AM

Source: PSX

Silkbank partners with Visa

SILK | Positive

Silkbank has partnered with Visa to utilise their “Visa Consumer Authentication Service” (VCAS), which provides the bank risk-based authentication to reduce fraud and false declines through an improved online authentication service, a statement said on Wednesday. (The News) | [Click for more info.](#)

Miscellaneous

'Welcome sign': Pakistani textile unit acquires manufacturing facility in US

ADMM | Positive

Adviser to the Prime Minister on Commerce and Investment Abdul Razak Dawood on Wednesday said that a Pakistani textile unit has acquired a manufacturing facility in the US. “It is with great interest that I read that Artistic Milliners has acquired a manufacturing facility in California,” he tweeted. (The News) | [Click for more info.](#)

PTCL renews license for 25 years

PTC | Positive

The Pakistan Telecommunication Company Limited (PTCL) has renewed its integrated telecom services license with Pakistan Telecommunications Authority (PTA) for the next 25 years, a statement said on Wednesday. PTCL had initiated the renewal process by formally requesting PTA on June 29, 2018, it added. (The News) | [Click for more info.](#)

Political News

Violent nationalist outfits must be outlawed just as terrorist groups, Pakistan tells UNSC

Highlighting its leading role in the global campaign against terrorism, Pakistan has proposed an action plan in the UN Security Council (UNSC) to deal with the recent growth of violent nationalist ideologies, including Hindutva, which constitute new threats to global peace. (ET) | [Click for more info.](#)

International News

Oil prices dip on rise in virus cases; U.S. stock draw checks losses

Oil prices eased for a second day on Thursday as mounting coronavirus cases globally raised demand concerns, although a drawdown in U.S. crude stocks for a fifth straight week capped losses. (Reuters) | [Click for more info.](#)

Asia shares make cautious gains after Wall Street rises as U.S. yields fall

Asian equities made early trading gains on Thursday after a mixed session Wall Street buoyed by expectations of a U.S. stimulus package even as political events in Washington culminated in the impeachment of President Donald Trump. (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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