

January  
15, 2021

## Economy

### Govt to Offer Tax Exemptions to Overseas Pakistanis under New Program Economy | Positive

The government is planning to offer tax incentives and concessions to the Overseas Pakistanis under the National Remittance Loyalty Program (NRLP) including duties and tax exemption on the import of different items including vehicles. (Propakistani) | [Click for more info.](#)

### Govt raises Rs75.43bln via fixed, variable rates Economy | Positive

The government on Thursday raised Rs75.439 billion through the auction of five-year fixed and variable rental rates Government of Pakistan Ijara Sukuk, in a bid to help finance the budget deficit. The government raised Rs67.189 billion via the auction of Ijara Sukuk (variable), while the amount realized through fixed rental rate Sukuk was Rs8.250 billion, according to the central bank's auction result. The cut off fixed rental rate was 9.45 percent. (The News) | [Click for more info.](#)

### Forex reserves fall by \$12m Economy | Neutral

The State Bank of Pakistan's (SBP) foreign exchange reserves were decreased by \$12 million during the last week. During the week ended January 8, 2021, SBP reserves stood at \$13.40 billion down from \$13.412 billion. Net foreign reserves held by commercial banks increased by \$19 million to \$7.119 billion during the last week. (BR) | [Click for more info.](#)

### Taxes stuck in litigation rise 38% Economy | Neutral

The disputed tax amount stuck in litigation has shot up 38% in two years to nearly Rs1.8 trillion amid questions over government's priorities, which is defending the colossal amount by allocating a budget that boils down to Rs2,687 per case. (ET) | [Click for more info.](#)

### Alarm as daily virus cases jump to over 3,050 Economy | Negative

The country recorded the highest number of Covid-19 cases in a single day on Thursday in January as 3,097 new cases and 46 deaths were reported. The positivity ratio, which remained at around 5 per cent for the last few weeks, also saw a jump and went up to 7.45 per cent. Earlier, 3,179 cases were reported on Dec 18 last year. (Dawn) | [Click for more info.](#)

## Oil & Gas

### Oil production falls by 6pc in 2Q Oil | Negative

Pakistan's oil production during the second quarter of FY21 fell by six percent on year-on-year basis to 76,331 barrels of oil per day due to decline in production of Tal Block fields like Marandkhel and Makori Deep by 27 percent and 31 percent, respectively. Oil production during the first half of FY21 fell at the same rate of six percent on YoY basis. (BR) | [Click for more info.](#)

### Petrol, diesel prices likely to go further up Oil | Neutral

The government is likely to increase for next 16 days the prices of key petroleum products — petrol and high-speed diesel — by about Rs5 per litre on Friday, a senior official told Dawn on Thursday. (Dawn) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	32,064.2	32,043.6	-20.5	-0.1%
KSE100	46,092.0	45,989.4	-102.6	-0.2%
KSE30	19,286.2	19,177.7	-108.5	-0.6%
KMI30	74,566.4	74,014.9	-551.5	-0.7%

### Top Five Gainers

	Open	Close	Chg.	%
COLG	3,100.0	3,199.0	99.0	3.2%
PAKT	1,607.0	1,650.0	43.0	2.7%
GATI	561.8	603.0	41.2	7.3%
KHTC	524.4	562.6	38.3	7.3%
ICI	743.4	780.0	36.6	4.9%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
HUMNL	7.7	6.9	-0.8	57.53
KEL	4.3	4.2	-0.1	45.69
FFBL	26.2	27.6	1.4	25.89
KAPCO	36.6	38.8	2.2	24.03
KOSM	4.1	5.1	1.0	23.66

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	4.19	0.00	3.96
F-Corporates	2.47	-4.56	-2.09
O/S Pakistanies	7.17	-6.05	1.12
<b>Net</b>	9.67	-10.61	-0.94
<b>LIPI</b>			
Individuals	115.40	-110.87	4.53
Companies	6.90	-6.70	0.21
Comm. Banks	4.07	-6.68	-2.61
NBFC	0.04	-0.04	0.00
Mutual Funds	4.89	-8.32	-3.43
Other	0.92	-1.11	-0.19
Brokers Proprietary	24.44	-22.22	2.22
Insurance	4.02	-3.81	0.21
<b>Net</b>	160.69	-159.75	0.94

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	53.57	1.2%
Brent oil	USD/bbl.	56.42	0.6%
Gold	USD/t oz.	1846.53	0.1%
Silver	USD/t oz.	25.52	1.2%
Coal	USD/ton	92.25	-1.0%
Steel Scrap (LME)	USD/ton	472.00	1.7%
Steel Rebar (LME)	USD/ton	643.50	1.5%
USD/PKR	Interbank	160.33	-0.2%

News Source: Local / Int'l Newspapers and websites

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## Private firms licensed to supply LNG through bowzers

Gas | **Neutral**

The government on Thursday granted licenses to two private firms to supply liquefied natural gas (LNG) through cryogenic bowzers to consumers living off the grid. Oil and Gas Regulatory Authority (Ogra) granted provisional licenses to two virtual pipeline companies LNG Easy (Private) Limited and Daewoo Gas Private limited. (The News) | [Click for more info.](#)

## Power

Terms for revival of IMF programme: Government to hike power tariff by Rs3.30 to plug circular debt

Power | **Negative**

The government has projected that the circular debt will mount up to Rs 2,805 billion till end June 2021, putting the bleeding power sector into a severe cash constraint situation. Top official sources said that the government is all set to increase the power tariff by hiking Rs1.90 per unit to revive the stalled IMF program under the \$6 billion Extended Fund Facility (EFF). The government had agreed in principle to hike electricity tariff by Rs3.30 per unit in phases and in the first phase, it is going to announce power tariff to the tune of Rs 1.90 per unit within the next few days. (The News) | [Click for more info.](#)

## Autos

Japan takes measures to curb illegal car trade in Pakistan

Autos | **Positive**

Japanese government has swung into action to crack down on clearance of imported cars on forged and fake documents in Pakistan, it said on Thursday. The Embassy of Pakistan in Tokyo, in a statement, said it is taking all legal measures both in Pakistan and Japan to address the matter under applicable laws and to mitigate any possible unease that might be caused to legitimate trade. (The News) | [Click for more info.](#)

## Fertilizer

MI&P expresses satisfaction over urea supply, demand situation

Fertilizer | **Neutral**

In a meeting with the fertilizer industry, the Ministry of Industries and Production (MI&P) has expressed satisfaction over the prevailing urea supply and demand situation, while also assuring the industry of resolving all pending issues to ensure food security in Pakistan. (BR) | [Click for more info.](#)

## Miscellaneous

ECC meets today; Waiver of sugar taxes high on 6-point agenda

Sugar | **Neutral**

The Economic Coordination Committee (ECC) of the Cabinet has been convened Friday (Jan 15) with six-point agenda items including the Ministry of Industries and Production's proposal for waiver of taxes on the import of sugar. ECC meeting would take up the Ministry of Interior's proposal with regard to approval of the technical supplementary grant (TSG) amounting to Rs 10 million within the Interior Sanctioned Budget for purchase of spare parts for helicopter maintenance by HQs Frontier Corps Baluchistan (North), Quetta during ongoing fiscal year 2020-21. (BR) | [Click for more info.](#)

Covid-19: China stops PIA flights for three weeks

PIAA | **Negative**

The Pakistan International Airlines (PIA) has halted flights to China in the wake of the second wave of coronavirus in China. According to local media sources, China has also imposed a temporary travel ban on Pakistani passengers. PIA operates two weekly flights to China. (The News) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
HK - Hang Seng	28,496.9	261.26	0.93%
INDIA - SENSEX	49,584.2	91.84	0.19%
PHILP - PSEI	7,273.2	30.30	0.42%
INDONESIA - IDX	6,428.3	-6.89	-0.11%
US - S&P 500	3,795.5	-14.30	-0.38%
KSA - Tadawul	8,898.7	-15.61	-0.18%
CHINA - Shanghai	3,565.9	-32.74	-0.91%
Taiwan - TWII	15,707.2	-62.79	-0.40%
US - Dow 30	30,991.5	-68.95	-0.22%
PAK (KSE-100)	45,989.4	-102.61	-0.22%

### 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

## Pakistan has not placed orders for Covid-19 vaccine: Dr Faisal

### Pharmaceutical | Neutral

Pakistan has neither placed any final order yet to acquire COVID-19 vaccine nor any vaccine manufacturer has accepted the country's request for the supply of vaccine, top federal government health authorities confirmed. (The News) | [Click for more info.](#)

## Steel Mills land valuation to be completed by month-end: Soomro

### Economy | Neutral

Minister for Privatization Mohammadmian Soomro said on Thursday that the land valuation of Pakistan Steel Mills (PSM) would be completed by the end of this month while the expressions of interest would be called in March. (Dawn) | [Click for more info.](#)

## International News

### Asia shares inch up as U.S. stimulus hopes boost sentiment

Asian shares rose on Friday, brushing off a late Wall Street dip as expectations of large U.S. stimulus under President-elect Joe Biden shored up sentiment while oil prices perked up on upbeat Chinese trade figures. (Reuters) | [Click for more info.](#)

### Oil mixed as Chinese lockdowns raise demand questions

Oil prices were mixed on Friday as strong import data from China, the world's biggest crude importer that boosted sentiment earlier ran into concerns about Chinese cities in lockdown due to coronavirus outbreaks. (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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