

May 17,  
2021

## Economy

### MSCI raises Pakistan weight to 0.023pc in EM index

#### Economy | Positive

The MSCI on Wednesday announced outcome of its Semi-Annual Index review which to the surprise of some major market participants was addition of Lucky Cement to the MSCI Pakistan Index under the MSCI Global Standard Index in place of Oil and Gas Development Company (OGDC), which was eased out as it fell short of the criteria. The other two constituents would be MCB Bank (MCB) and Habib Bank (HBL). The changes would be effective from May 28. Under the MSCI Global Small Cap Indexes, TRG Pakistan (TRG) has been added while Indus Motors (INDU), Lucky Cement, National Bank of Pakistan (NBP) and Packages (PKGS) have been removed. (Dawn) | [Click for more info.](#)

### World Bank Redeploys \$153 Million to Support Pakistan's COVID-19 Vaccine Drive

#### Economy | Positive

The World Bank's Board of Executive Directors today approved the restructuring of the Pandemic Response Effectiveness in Pakistan (PREP) project, originally approved in April 2020, to redeploy \$153 million to support the ongoing national vaccine drive in Pakistan. (reliefweb) | [Click for more info.](#)

### CPEC facilitates Pakistan's pursuit of becoming regional transshipment hub

#### Economy | Positive

Pakistan's Ministry of Commerce has said that it is striving to make Pakistan a hub of transshipment by tapping the potential of the geographical location of the country and its capability to help cargo reach the outside world through its ports. (xinhuanet) | [Click for more info.](#)

### Govt budgetary borrowing falls by 42pc in 10MFY21

#### Economy | Positive

The government's borrowing for budgetary support sharply declined by 42 per cent in the first 10 months of the current fiscal year, indicating a trend that may result in lower fiscal deficit for the year. (Dawn) | [Click for more info.](#)

### Tax incentives expected to keep remittances high in 2021

#### Economy | Positive

Pakistan's tax incentives may continue to keep the level of remittances high this year, but it is not clear how long these measures would accelerate their growth rate, the World Bank said. Pakistan, which saw the highest surge of flows last year, had introduced new remittance tax incentives in 2019 and 2020. Remittances rose by over 17 percent to a record high of \$26.1 billion, according to a World Bank's latest migration and development brief. (The News) | [Click for more info.](#)

### Remittances likely to slow down

#### Economy | Negative

Pakistan's economy is likely to grow by 2% against the central bank's projection of 3% in the current fiscal year 2020-21 and it is strongly expected to slightly shake next week when the bank is estimated to report a drop in receipt of workers' remittances from overseas Pakistanis for the month of April compared to March. (ET) | [Click for more info.](#)

### Rs2 trillion stimulus revives Pakistan economy

#### Economy | Neutral

Pakistan economy is on solid growth path and has potential to grow at much higher rate in next five years despite a challenging environment across the globe, experts say. (Khaleejtimes) | [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 Pakistanians	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.	65.37	2.4%
Brent oil	USD/bbl.	68.71	2.5%
Gold	USD/t oz.	1843.43	0.9%
Silver	USD/t oz.	27.42	1.2%
Coal	USD/ton	103.85	0.0%
Steel Scrap (LME)	USD/ton	499.00	-2.2%
Steel Rebar (LME)	USD/ton	755.00	-3.3%
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



## Pakistan economic growth projected to be 3pc: Baqir

### Economy | Neutral

Pakistan's economic growth rate is expected to be three percent this fiscal year, said Governor State Bank of Pakistan (SBP) Dr. Reza Baqir. Governor SBP Dr. Reza Baqir said that the economy is moving in the right direction, and will perform better in the years to come, next fiscal year the economy will grow by four percent. (BR) | [Click for more info.](#)

## Pakistan wants broad-based partnership with US, Blinken told

### Economy | Neutral

Foreign Minister Shah Mahmood Qureshi on Sunday emphasised the need for expanded bilateral ties and cooperation with the United States. Talking to US Secretary of State Antony Blinken over phone, Mr Qureshi said Pakistan desires "a broad-based and comprehensive" partnership with America. (Dawn) | [Click for more info.](#)

## Consumers protected from worst inflation

### Economy | Neutral

Although the increasing inflationary pressures that had peaked to over 11 percent in April 2021 have created more difficulties for the urban consumers, the government has claimed that it has diverted additional Rs1,100 billion to the rural economy, making the rural population more prosperous. (The News) | [Click for more info.](#)

## Oil & Gas

### Rs4bn allocation against RLNG supply; ECC refuses to give relief to export sectors

#### Gas | Negative

The Economic Coordination Committee (ECC) of the Cabinet has refused to allocate Rs 4 billion against the supply of RLNG to export-oriented sectors, saying that the Petroleum Division should meet the requirement from its available balance at this stage, sources close to the Secretary Petroleum told. (BR) | [Click for more info.](#)

### OGRA postpones modifying prices of petroleum products

#### Oil | Neutral

The Oil and Gas Regulatory Authority (OGRA) has postponed the announcement of new prices of petroleum products. Local media reports state that the announcement regarding new prices of petroleum products could be made on May 16 as OGRA did not prepare the summary following Eidul Fitr holidays. (PT) | [Click for more info.](#)

## Power

### Govt, KE moving towards new PPA

#### KEL | Positive

The Federal Government and Karachi Electric (KE) are said to have been inching towards a long-awaited settlement on new Power Purchase Agreement (PPA) and Arbitration Agreement, after a long deliberation, well informed sources told. (BR) | [Click for more info.](#)

## Autos

### Auto assemblers flexing muscles for another price hike

#### Autos | Neutral

As the auto assemblers anticipate jump in vehicle prices on account of spiralling raw material prices on world markets, another cost pressure has emerged following removal of export tax rebate by China on 146 kinds of steel products from May 1, 2021. At the analyst briefing held last week, Pak Suzuki Motor Company Ltd (PSMCL) and Indus Motor Company (IMC) cautioned about price hikes in vehicles. (Dawn) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
US - Dow 30	34,382.1	360.68	1.06%
HK - Hang Seng	28,027.6	308.90	1.11%
PAK (KSE-100)	45,174.7	231.06	0.51%
Taiwan - TWII	15,827.1	156.99	1.00%
KSA - Tadawul	10,322.7	94.33	0.92%
US - S&P 500	4,173.9	61.35	1.49%
CHINA - Shanghai	3,490.4	60.84	1.77%
INDIA - SENSEX	48,732.6	41.75	0.09%
PHILP - PSEI	6,269.4	32.96	0.53%
INDONESIA - IDX	5,938.4	-37.44	-0.63%

### Board Meetings

Script	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



## Miscellaneous

### Markets allowed to reopen from tomorrow

#### Economy | Positive

The National Command and Operation Centre (NCOC) on Saturday decided to allow markets and shops to remain open till 8pm from May 17 onwards. The NCOC also decided that all inter-provincial, intra-city and inter-city public transport can resume from May 16 instead of the earlier decided May 17. (BR) | [Click for more info.](#)

### Local JV consortium submits proposal for developing Reko diq

#### AHL, MARI, FATIMA, LUCK | Positive

Balochistan Mineral Exploration Company (BMEC) – a joint venture of the government of Balochistan and government of Pakistan and the concession holder of EL199 consisting of Reko diq and Tanjeel reserves – has received a proposal from the National Resources Private Limited (NRL) on unsolicited basis to develop and implement the Tanjeel reserves as a starter project, followed by development of the vast Reko diq area reserves. NRL is a domestic joint venture company of Arif Habib Equity Pvt. Ltd., Mari Petroleum Company Ltd., Liberty Mills Ltd., Reliance Commodities Pvt. Ltd. (Fatima group), Y.B. Pakistan Ltd. (Lucky Group) and South Western Mining Pvt. Ltd. (PT) | [Click for more info.](#)

### Gas/RLNG, electricity; APTMA for continuation of competitive tariffs

#### Textile | Neutral

The patron-in-chief of All Pakistan Textile Mills Association (APTMA) Gohar Ejaz asked the government for continuation of Regionally Competitive Tariffs of \$6.5/mmbtu of Gas/RLNG and 7.5 cents / kWh of electricity. (BR) | [Click for more info.](#)

### Pakistan for JVs with China in livestock sector, SEZs

#### Economy | Positive

Pakistan is looking for joint ventures with China to upgrade livestock and fisheries industries and explore opportunities in special economic zones (SEZs), minister said. (The News) | [Click for more info.](#)

### Exports to EU rise by 17pc in 10 months

#### Economy | Positive

Pakistan's exports to the European Union (EU) grew by over 17 per cent in the first ten months of the current financial year, largely due to the Generalised System of Preferences-Plus (GSP+) scheme. According to data compiled by the ministry of commerce, export proceeds to the EU's 27 member countries amounted to \$7.474 billion during the July-April period against \$6.367bn over the same period of the previous financial year. (Dawn) | [Click for more info.](#)

### Levi's largest Knit supplier in Pakistan expands capacity with TUKATECH

#### Economy | Neutral

Pakistan based, Combined Fabric Ltd., the largest supplier of knit garments to Levi's, is expanding their cutting capacity by adding a third Tukatech automatic high-ply cutter. This is a big deal especially in countries such as Pakistan, India, Bangladesh, Sri Lanka and even parts of the United States where electricity costs of factories can be extremely high when running multiple shifts and demand for faster production is required. (prnewswire) | [Click for more info.](#)

### Govt may impose health levy on cigarettes

#### Tobacco | Neutral

The government is expected to impose a health levy on cigarettes in the upcoming federal budget (2021-22) to discourage smoking, raise revenue and reduce the number of non-communicable diseases, including cancer and diabetes. (BR) | [Click for more info.](#)



## CCP considers launching probe against poultry sector

**Economy | Neutral**

With prices of chicken meat surging to a new high, the Competition Commission of Pakistan (CCP) is considering the launch of an investigation against the poultry sector. The investigation will examine whether a collusion between poultry companies and the Pakistan Poultry Association (PPA) led to the unusual rise in prices. (Dawn) | [Click for more info.](#)

## Green Line, Orange Line BRT; Chinese company to provide 100 new energy buses

**Economy | Neutral**

Zhongtong, one of the earliest listed bus manufacturers in China has secured an order to provide 100 units 18-meter new energy buses for Green Line and Orange Line Bust Rapid Transport (BRT) in Karachi. (BR) | [Click for more info.](#)

## Global surge in raw material prices; Manufacturers urge govt to cut duties, taxes to offset impact

**Economy | Neutral**

The manufacturers Wednesday urged the government to cut the duties and taxes to avoid the impact of global surge in raw materials' prices and to keep the prices of goods under consumers range. (BR) | [Click for more info.](#)

## Cyclone 'Tauktae' threatens coastal regions of Pakistan, India

**Economy | Neutral**

The Pakistan Meteorological Department (PMD) on Saturday said the depression over the southeast Arabian Sea has intensified into cyclonic storm 'Tauktae'. According to the PMD, as of 0800 PST today, the storm is approximately 1,460 kilometres south southeast of Karachi with maximum sustained winds of 70-90kmph and gusting up to 100kmph. (ET) | [Click for more info.](#)

## Political News

### Ghani asks European allies' role to 'get Pakistan on board'

As US and coalition forces are withdrawing from Afghanistan and the peace talks have stalled amidst a sharp increase in violence, President Ashraf Ghani has emphasized the need for a decision on peace by the region and for Europe's further role to "get Pakistan on board." (BR) | [Click for more info.](#)

### Govt may lay two presidential ordinances in NA today

National Assembly will meet today (Monday) and the government is likely to lay two presidential ordinances granting voting right to the overseas Pakistanis and allow the use of electronic voting machine (EVMs) in general elections for discussion. (RB) | [Click for more info.](#)

## International News

### Asia Stocks to Open Firmer; Currencies Steady: Markets Wrap

Stocks are set to start the week firmer in Asia, as easing commodity prices and slightly softer U.S. data allay investor concerns about excessive inflation. (Bloomberg) | [Click for more info.](#)

### Oil Edges Higher as Demand Optimism Offsets Asia Virus Flare-Up

Oil edged higher at the open after a third weekly increase as a demand recovery in key regions raised optimism about rising fuel consumption, despite a Covid-19 flare-up in parts of Asia. (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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## 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)



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