

Economy News

Revision of CGT, other taxes; Stockbrokers propose policy measures to FBR Economy | Neutral

The PSX Stockbrokers Association has proposed some policy measures to the Federal Board of Revenue (FBR) to rationalise tax rates on stock market transactions including Capital Gains Tax (CGT) on the trading of shares in the next budget for 2021-22. Sources told Business Recorder Saturday that a delegation of the association has recently presented their set of proposals to the FBR, asking rationalisation in the rate of CGT on the trading of shares. (BR) | [Click for more info.](#)

Tariff cut win-win for China, Pakistan: Liu Baocheng Economy | Positive

China has reduced, cancelled import tariffs for 2021 and it would be win-win for China and related countries including its iron-clad brother Pakistan. China adjusted import tariffs on a range of products starting from January 1, 2021 to support fostering the new development paradigm and promoting high-quality development, and lowered parts of conventional tariff rates and most-favoured-nation rates in 2021. (BR) | [Click for more info.](#)

UK wants to increase bilateral trade with Pakistan to £10 billion Economy | Positive

Mike Nithavrianakis, Deputy High Commissioner of UK in Karachi and Trade Director for Pakistan, Friday said that his country wanted to increase bilateral trade with Pakistan from existing £3 billion to £ 10 billion to achieve mutually beneficial outcomes for both countries. (The Nation) | [Click for more info.](#)

CPEC's Rashakai SEZ; Bol body approves first land allotment to foreign firm Economy | Positive

The Special Economic Zone (SEZ) Committee of the Board of Investment (BoI) approved first allotment to a foreign firm as Zone Enterprise in the China-Pakistan Economic Corridor's Rashakai SEZ. In a meeting held here, the SEZ Committee of Rashakai SEZ, allocated 40 acres of land to Century Steel (Pvt) Ltd. (BR) | [Click for more info.](#)

Initiatives on cards for SMEs Economy | Positive

The government is taking initiatives to facilitate ease of doing business for small and medium enterprises (SME) sector, commerce adviser said on Friday. (The News) | [Click for more info.](#)

FBR looks to reduce cost of doing business Economy | Positive

The Federal Board of Revenue (FBR) is prioritising reduction in the cost of doing business for budget 2021-22 by getting rid of excessive taxation and slashing compliance cost. (ET) | [Click for more info.](#)

24pc corporate growth witnessed despite Covid-19 Economy | Positive

Despite the outbreak of the coronavirus, Pakistan has witnessed 24 percent corporate growth during 2020, as the Securities and Exchange Commission of Pakistan (SECP) has registered 20,324 new companies in 2020 against 16,456 companies during 2019. (BR) | [Click for more info.](#)

Only 29pc of PSDP funds utilized in first half of fiscal year Economy | Neutral

Despite tall claims about revival of the national economy, the government has, so far, utilized only Rs168 billion, or 29 per cent of the total allocated amount of Rs577 billion, for the Public Sector Development Programme (PSDP) during the current fiscal year. (The News) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	32,043.6	31,914.6	-129.0	-0.4%
KSE100	45,989.4	45,931.0	-58.3	-0.1%
KSE30	19,177.7	19,109.6	-68.0	-0.4%
KMI30	74,014.9	73,742.0	-272.9	-0.4%

Top Five Gainers

	Open	Close	Chg.	%
SAPT	1,000.0	1,050.0	50.0	5.0%
AKDCL	381.9	410.5	28.6	7.5%
APL	356.9	376.0	19.1	5.3%
KSBP	385.0	404.0	19.0	4.9%
SIEM	532.6	549.8	17.3	3.2%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
HUMNL	6.9	7.0	0.0	66.33
POWER	11.0	11.5	0.5	45.26
FFBL	27.6	27.3	-0.3	23.73
TRG	96.0	96.5	0.6	21.95
KOSM	5.1	4.9	-0.2	16.02

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.01	0.00	0.01
F-Corporates	3.45	-2.45	0.99
O/S Pakistanies	6.80	-5.70	1.10
Net	10.26	-8.16	2.10
LIPI			
Individuals	108.09	-99.44	8.65
Companies	7.03	-8.81	-1.78
Comm. Banks	7.89	-5.15	2.74
NBFC	0.07	-0.07	0.00
Mutual Funds	2.66	-5.78	-3.12
Other	1.00	-1.07	-0.06
Brokers Proprietary	22.35	-26.94	-4.59
Insurance	1.84	-5.77	-3.93
Net	150.94	-153.04	-2.10

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	52.36	-2.3%
Brent oil	USD/bbl.	55.10	-2.3%
Gold	USD/t oz.	1828.45	-1.0%
Silver	USD/t oz.	24.77	-2.9%
Coal	USD/ton	92.00	-0.2%
Steel Scrap (LME)	USD/ton	458.00	-3.0%
Steel Rebar (LME)	USD/ton	638.00	-0.9%
USD/PKR	Interbank	160.40	0.0%

News Source: Local / Int'l Newspapers and websites

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66% of Covid-19 relief package remains unutilized

Economy | Negative

A UK-funded report reveals poor utilization of the Prime Minister's Relief-cum-Economic Support Package to absorb Covid-related shock, with spending of just Rs297 billion or 34%. The UK-Aid report also notes that due to limited data availability its economic and social impacts cannot be fully assessed. (ET) | [Click for more info.](#)

Clock ticking on \$1b UAE cash facility

Economy | Neutral

The United Arab Emirates (UAE) has not yet indicated that it wants to withdraw \$1 billion cash support – maturing next week – to Pakistan. The facility can be extended for one more year. (ET) | [Click for more info.](#)

IMF praises Pakistan's business-friendly measures

Economy | Neutral

The International Monetary Fund (IMF) has said that business environment can be improved by improving accountability system, enhancing institutional coordination and improving civil service and professional and competitive environment. "Pakistan is one of the countries in the Middle East, North Africa and Central Asia, where time period has reduced because of the measures taken for the development of the construction sector," according to the IMF report. (ET) | [Click for more info.](#)

Oil & Gas

Auction of oil, gas exploration blocks; Tender will be opened next Friday: minister

E&P | Positive

Tender for the auction of 20 new oil and gas exploration blocks would be opened on coming Friday while efforts are afoot to bridge huge gap between demand and supply of gas, currently recorded at 7.5 billion cubic feet and 3.5 bcf respectively, Federal Minister for Energy Omar Ayub Khan told the Senate on Friday. (BR) | [Click for more info.](#)

Campaign against oil smuggling; 609 pumps sealed, 4.5m liters of petrol, diesel seized

Oil | Positive

The government has sealed 609 petrol pumps and seized about 4.5 million liters of petrol as well as diesel in the campaign against oil smugglers in the country. (BR) | [Click for more info.](#)

Local POL production increases by 1.50pc during July-November

Oil | Neutral

Overall production of petroleum commodities has witnessed an increase of 1.50 percent during the first five months of current financial year 2020-21 as compared to corresponding period of fiscal year 2019-20. POL products that showed positive growth include Kerosene Oil the production of which increased by 3.76 percent during the period under review, Pakistan Bureau of Statistics (PBS) reported. (BR) | [Click for more info.](#)

POL products' prices hiked

Oil | Negative

The federal government Friday notified increase in the prices of petroleum products for the second half of January 2021 (January 16-31). On Friday, the Finance Division announced Rs3.20 per litre in the price of petrol. High Speed Diesel (HSD) price has also been increased by Rs2.95 per litre. The price of kerosene oil (SKO) increased by Rs3 per litre and Light Diesel Oil (LDO) also increased by Rs4.42 per litre. (BR) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
HK - Hang Seng	28,573.9	77.00	0.27%
CHINA - Shanghai	3,566.4	0.47	0.01%
KSA - Tadawul	8,874.9	-23.78	-0.27%
US - S&P 500	3,768.3	-27.29	-0.72%
PHILP - PSEi	7,238.5	-34.69	-0.48%
INDONESIA - IDX	6,373.4	-54.91	-0.85%
PAK (KSE-100)	45,931.0	-58.35	-0.13%
Taiwan - TWII	15,616.4	-90.80	-0.58%
US - Dow 30	30,814.3	-177.26	-0.57%
INDIA - SENSEX	49,034.7	-549.49	-1.11%

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
THALL	Saturday	1Q ACC 31-DEC-20	11:00 AM
BAFS	Saturday	1Q ACC 31-DEC-20	12:00 PM
FFBL	Tuesday	ANN ACC 31-DEC-20	10:30 AM
NRL	Tuesday	HY ACC 31-DEC-20	2:00 PM
ATRL	Tuesday	HY ACC 31-DEC-20	4:00 PM
ACPL	Tuesday	HY ACC 31-DEC-20	6:00 PM
HCAR	Wednesday	3Q ACC 31-DEC-20	11:30 AM
PCAL	Thursday	HY ACC 31-DEC-20	9:00 AM
EXIDE	Friday	3Q ACC 31-DEC-20	11:00 AM

Source: PSX



Govt likely to import LNG itself till new terminals commissioned

Gas | **Neutral**

Ministry of Maritime Affairs (MoMA) has proposed to the government to import LNG itself as per available extra capacity in the existing pipeline network, till new terminals are commissioned, well informed sources told. (BR) | [Click for more info.](#)

Power

Unified weighted average tariff raised by Rs1.8/unit

Power | **Neutral**

The incumbent government is said to have increased unified weighted average tariff by Rs 1.80 per unit, i.e. from Rs 11.75 per unit in the PML (N) tenure to Rs 13.55 per unit and with another expected increase of Rs 1.95 or Rs 1.97 per unit, the total increase will be around Rs 3.76 or Rs 3.77 per unit. Initially, the PTI government increased average tariff by paisa 21 per unit to take the average tariff to Rs 11.95 per unit, in addition to quarterly tariff adjustments of Rs 1.59 per unit. This increase will be in addition to monthly fuel price adjustments. (BR) | [Click for more info.](#)

PD unlikely to support smart metering system

Power | **Neutral**

The Power Division (PD) is unlikely to support Electrocure - Meterless Smart Metering System, developed by the Ministry of Information Technology and Telecom (MOITT), meant to reduce losses. (BR) | [Click for more info.](#)

MoU signing by wind IPPs in jeopardy

Power | **Neutral**

In a new development, the signing of MoUs by wind IPPs is in jeopardy as the government has temporarily stopped the ongoing talks with the wind power plants initiated for persuading them to ink MoUs on the pattern of 47 IPPs that earlier signed on August 12-14, 2020, arguing that the foreign lenders are reluctant to give a nod for the signing of new contracts. (The News) | [Click for more info.](#)

Sale of two LNG fired power plants may get delayed

Power | **Negative**

With the possibility of accomplishing three transactions, including sale out of SME Bank till June 30, 2021, one of the major transactions for sale out of two Liquefied Natural Gas (LNG) fired power plants might get delayed and they may not be privatized by the first half of next fiscal year 2021-22. (The News) | [Click for more info.](#)

Autos

NBP, Al-Ghazi Tractors sign MoU

AGTL, NBP | **Positive**

A Memorandum of Understanding (MOU) has been signed between National Bank of Pakistan (NBP) and Al-Ghazi Tractors Ltd (Al-Ghazi) for collaboration between the two organizations for development and promotion of farm mechanization on a nationwide basis. (BR) | [Click for more info.](#)

Motorbike, three wheeler sales up 18.88pc in 1st half of FY 2021

ATLH, SAZEW | **Positive**

The sale of motorbikes and three wheelers witnessed an increase of 18.88 percent during the first half of financial year (2020-21) as compared to the corresponding period of last year. During the period under review, as many as 950,871 motorbikes and three wheelers were sold in July-December (2020-21) against the sale of 799,820 units in July-December (2019-20), showing growth of 18.88 percent, according to the Pakistan Automobile Manufacturing Association (PAMA). (BR) | [Click for more info.](#)



Banks

Remittances likely to cross \$28 billion this year

Banks | Positive

Pakistan is expected to receive record remittance inflows of up to \$28 billion this year, as initiatives launched by the government and central bank to facilitate overseas workers have started yielding positive results despite challenges posed by the Covid-19 pandemic. Overseas Pakistanis residing in Gulf states in general, and the UAE and Saudi Arabia in particular, are likely to maintain an upward momentum in remittances, a report published in Khaleej Times read. They contributed 60.14 per cent of the total inflows during the July-December 2020 period. (PT) | [Click for more info.](#)

Bank deposits jump 22pc in 2020

Banks | Positive

Banking sector deposits during 2020 increased by 22 per cent or Rs3.204 trillion to hit an 18-year high at Rs17.876tr, latest data released by the State Bank of Pakistan (SBP) showed. On the other hand, despite a significant increase in deposits, the banks failed to energise the economy as advances remained at just 10pc of the deposits added during 2020. As per the SBP data, the banking sector advances during 2020 were Rs332bn. (Dawn) | [Click for more info.](#)

Miscellaneous

AstraZeneca Covid-19 vaccine approved for emergency use in Pakistan

Pharmaceutical | Positive

AstraZeneca's Covid-19 vaccine has been approved for emergency use in Pakistan, the Special Assistant to Prime Minister on Health Faisal Sultan said on Saturday, making it the first coronavirus vaccine to get the green light for use in the South Asian country. (ET) | [Click for more info.](#)

Summary to import 500k tonnes of sugar being moved to ECC: Hammad

Sugar | Neutral

Federal Minister for Industries and Production Hammad Azhar has said that a summary for importing 500k tonnes of sugar is being moved to the Economic Coordination Committee (ECC). In a tweet on Sunday, the federal minister said the provincial governments have suggested that local production of sugar will be higher than last season. But owing to low carryover stocks, TCP, in consultation with provinces, will be advised to initiate imports early. (PT) | [Click for more info.](#)

July-Dec 2020-21; Textile group exports increase by 7.79pc

Textile | Positive

The country's textile group exports have registered an increase of 7.79 percent in the first half of current fiscal year (July-Dec) 2020-21 as it reached \$7.44 billion compared to \$6.9 billion during the same period of last year 2019-20, says the Pakistan Bureau of Statistics (PBS). (BR) | [Click for more info.](#)

Cotton imports cut benefits of record textile exports

Textile | Neutral

Benefits of higher textile exports have been eaten up by poor cotton growth as the textile sector had to import lint and other related accessories (excluding textile machinery) up to \$1.5 billion in the first five months of the current fiscal year. Textile exports increased by 7.8 per cent in the first six months of the current fiscal year to reach at \$7.442bn. In dollar terms, the increase was of \$538 million. However, the textile sector had to spend \$321m to import raw cotton in the first five months of the same fiscal year. Cotton and textile experts predict that the import of cotton could cross \$1bn by the end of the third quarter of FY21. (Dawn) | [Click for more info.](#)



Exports increase 9.7pc to Rs1.97 trillion in H1

Economy | Positive

The exports from Pakistan in rupee increased by 9.7 percent during the first half (H1) of the current fiscal year as compared to corresponding period of last year, Pakistan Bureau of Statistics (PBS) reported. The exports during July-December (2020-21) were recorded at Rs1,978,764 million as against Rs1,803,776 million during July- December (2019-20) , showing an increase of 9.7 percent, according to provisional data of PBS . (BR) | [Click for more info.](#)

Telecom revenue surges 129pc amid lockdown

Tech & Communication | Neutral

Contribution of the telecom sector to the national exchequer increased by 129 per cent in the fiscal year ending in June 2020 compared to a year ago owing to Covid-19 lockdown, the Pakistan Telecom Authority (PTA) said on Friday. (Dawn) | [Click for more info.](#)

Aza Khel dry port inaugurated

Economy | Neutral

Collector Customs Muhammad Asif Jah has formally inaugurated the Aza khel pir pai dry port. A statement issued here on Friday, stated the establishment of the dry port was long standing demand of the business community of the Khyber Pakhtunkhwa. (BR) | [Click for more info.](#)

Political News

Goswami's Whatsapp leak takes the lid off India's false flag ops

India's false flag operations against Pakistan have been uncovered once again. New Delhi's campaign to malign Islamabad's reputation stands exposed before the world after a damning WhatsApp conversation between the Republic TV founder and former CEO of the Broadcast Audience Research Council was made public. (ET) | [Click for more info.](#)

International News

Asia shares step back, await China economic update

Asian share markets retreated from highs on Monday as disappointing news on U.S. consumer spending tempered risk sentiment ahead of a closely-watched reading on the health of the Chinese economy. (Reuters) | [Click for more info.](#)

Oil drops 1% as rising coronavirus cases end supply-led rally

Oil prices fell on Monday, extending losses that last week ended a rally driven by production cuts and strong Chinese demand, with the market's recovery outlook being called into question as coronavirus infections rise. (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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