



March 19,  
2021

## Economy

### MPS Preview: 3rd Covid wave to fade away rate hike

#### Economy, Capital Market | Neutral

The State Bank of Pakistan (SBP)'s Monetary Policy Committee (MPC) is scheduled to convene on Friday, March 19, 2021, to announce Monetary Policy for the next two months. To recall, the SBP has kept the policy rate unchanged for the past 9 months to support growth in the aftermath of covid-induced lockdown and meet the demand gap of the economy. (Mettis) | [Click for more info.](#)

### Rupee strengthens

#### Economy | Positive

The rupee strengthened further against the dollar in the interbank market on Thursday, dealers said. The rupee closed at 155.45 against dollar, compared with the previous closing of 155.74. It gained 29 paises, or 0.19 percent. In the open market, the rupee ended at 156.10 to the dollar, compared with 156.20 on Wednesday. (The News) | [Click for more info.](#)

### Foreign exchange: SBP reserves rise \$4m to \$13b

#### Economy | Positive

The foreign exchange reserves held by the central bank rose 0.03% on a weekly basis, according to data released by the State Bank of Pakistan (SBP) on Thursday. On March 12, the foreign currency reserves held by the SBP were recorded at \$13,019.7 million, up \$4 million compared with \$13,016.1 million in the previous week (ET) | [Click for more info.](#)

### PMRC launches Rs3.1bn sukuk for housing finance

#### Construction, Economy | Positive

Pakistan Mortgage Refinance Company (PMRC) has issued a first of its kind sukuk of Rs3.1 billion at 8.25 percent for the promotion of housing finance in the country, it said on Thursday. "PMRC and its Partner Financial Institutions (PFIs) have joined hands to strengthen and promote the housing finance market by participating in a Privately Placed sukuk of Rs3.1 billion," the company said in its statement. (The News) | [Click for more info.](#)

### Rs543bn financing approved in week

#### Economy | Neutral

The Temporary Economic Refinance Facility (TERF) has recorded a growth of 13 percent on a weekly basis to Rs543 billion on March 4 from Rs481 billion on February 25, a brokerage report said on Thursday, showing a recovery in investment and the economic activities. (The News) | [Click for more info.](#)

### Japan will be urged to restore yen-based concessional loans

#### Economy | Neutral

Pakistan is all set to request Japan to restore yen-based concessional loans and tariff relief on textile and other products under Japan's GSP Scheme, well-informed sources told. (BR) | [Click for more info.](#)

### Promulgation of the Tax Laws Ordinance; Govt seeks approval of federal cabinet

#### Economy | Neutral

The government is seeking approval of the Federal Cabinet for promulgation of the Tax Laws (Second Amendment) Ordinance, 2021 for withdrawal of corporate income tax exemptions from the date of promulgation of the Ordinance. The Presidential Ordinance would have immediate effect, but it would be corrected when converted into a Bill at the time of the federal budget (2021-21). (BR) | [Click for more info.](#)

### Pakistan's outstanding debt reaches Rs 23.6 trillion in February

#### Economy | Negative

Pakistan's outstanding debts as of February 28, 2021 stand at a colossal amount of Rs.23.61 trillion whereas total debt at the end of the prior month was Rs.23.3 trillion, meaning that around Rs.312.34 billion were additionally borrowed during this month alone. (Mettis) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	31,058.2	30,655.8	-402.3	-1.3%
KSE100	45,450.3	44,724.1	-726.2	-1.6%
KSE30	18,878.7	18,500.8	-377.9	-2.0%
KMI30	74,910.3	73,599.9	-1310.4	-1.7%

### Top Five Gainers

	Open	Close	Chg.	%
NESTLE	5,950.0	6,000.0	50.0	0.8%
KHTC	433.6	466.1	32.5	7.5%
ISIL	360.0	387.0	27.0	7.5%
HINO	355.4	382.1	26.7	7.5%
INDU	1,081.1	1,100.2	19.1	1.8%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
BYCO	10.1	10.0	-0.1	57.88
KEL	4.1	4.1	0.0	49.49
TRG	147.9	138.6	-9.3	39.26
HUMNL	7.1	6.8	-0.3	37.75
ANL	33.0	32.5	-0.5	20.49

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.06	-0.01	0.04
F-Corporates	3.07	-0.92	2.15
O/S Pakistanies	9.24	-8.59	0.65
<b>Net</b>	<b>12.36</b>	<b>-9.52</b>	<b>2.84</b>
<b>LIPI</b>			
Individuals	161.47	-162.21	-0.73
Companies	5.46	-5.12	0.34
Comm. Banks	3.26	-2.34	0.92
NBFC	0.04	-0.04	0.00
Mutual Funds	6.21	-8.89	-2.68
Other	0.98	-0.77	0.21
Brokers Proprietary	39.89	-42.57	-2.68
Insurance	2.58	-0.80	1.78
<b>Net</b>	<b>219.89</b>	<b>-222.73</b>	<b>-2.84</b>

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	60.00	-7.1%
Brent oil	USD/bbl.	63.28	-6.9%
Gold	USD/t oz.	1736.42	-0.5%
Silver	USD/t oz.	26.07	-0.9%
Coal	USD/ton	93.60	0.8%
Steel Scrap (LME)	USD/ton	439.50	1.0%
Steel Rebar (LME)	USD/ton	628.50	0.2%
USD/PKR	Interbank	155.35	-0.6%

News Source: Local / Int'l Newspapers and websites

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## Oil & Gas

### Uninterrupted gas for two Punjab plants ordered

**SNGP, FATIMA | Positive**

The government has ordered uninterrupted operations of two Punjab-based fertiliser plants — Agritech and Fatima Fertiliser — on domestic gas supply from Sui Northern Gas Pipelines Ltd (SNGPL) until November this year to ensure sufficient local fertiliser production. Also, the Petroleum Division and the SNGPL have been asked to charge late payment surcharge (LPS) on gas bills to these plants on an actual basis instead interest on LPS. The two decisions would involve about Rs3-4bn in the form of technical supplementary grants. (Dawn) | [Click for more info.](#)

## Power

### PD withdraws summary seeking non-payment of dues to IPPs

**IPPs | Positive**

In a new development, the sanity has prevailed as the Power Division has withdrawn the summary from the ECC, which it earlier pitched asking for stopping the dues payment to the IPPs installed in 2002 unless the NAB completes its probe against 'some power plants'. It had also asked in the summary for halting the process of making arbitration court to resolve Rs 55billion excess profits till the completion of the NAB probe. (The News) | [Click for more info.](#)

### 1,100MW K-2 nuclear power plant linked to grid

**Power | Positive**

The Pakistan Atomic Energy Commission (PAEC) has gifted the nation with another 1,100 megawatts (MWs) of clean, reliable and cost-effective electricity by connecting the much-awaited Karachi Nuclear Power Plant Unit-2 (K-2) to the national grid. (The News) | [Click for more info.](#)

## Autos

### SAZGAR applies for approval to manufacture commercial vehicles under HAVAL brand

**SAZEW | Positive**

Sazgar Engineering Works Limited (SAZEW) has informed via notification to Exchange that the company has applied to the relevant Government Authorities for obtaining approval for the manufacture/assembly, sales, and after-sales service of passenger and commercial vehicles under brand GWM "HAVAL". These vehicles will be manufactured/ assembled in addition to the "BAIC" brand. (Mettis) | [Click for more info.](#)

### Car Prices Expected to Rise Due to Shortage of Containers

**Autos | Positive**

Pakistan's automotive industry relies almost entirely on imported mechanical goods and parts that are assembled after their arrival to build a complete car. With the ongoing acute shortage of containers that is impeding overseas trade and increasing shipping costs, the prices of vehicles are likely to go up in the near future. (Propakistani) | [Click for more info.](#)

## Banks

### Q2FY21: Digital financial transactions post strong growth

**Banks | Positive**

Digital financial transactions in the country showed strong growth during the second quarter of this fiscal year (FY21). Overall, 296.7 million e-Banking transactions valuing Rs 21.4 trillion were carried out, registering a growth of 24 percent by volume and 22 percent by value during the Oct-Dec FY21 over the same quarter of last year. (BR) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
HK - Hang Seng	29,405.7	371.60	1.28%
Taiwan - TWII	16,287.8	72.02	0.44%
INDONESIA - IDX	6,347.8	70.60	1.12%
PHILP - PSEI	6,630.9	64.02	0.97%
CHINA - Shanghai	3,463.1	17.52	0.51%
US - S&P 500	3,915.5	-58.66	-1.48%
KSA - Tadawul	9,486.0	-116.30	-1.21%
US - Dow 30	32,862.3	-153.07	-0.46%
INDIA - SENSEX	49,216.5	-585.10	-1.17%
PAK (KSE-100)	44,724.1	-726.22	-1.60%

### Board Meetings

Scrip	Day	Agenda	Time
WAVES	Friday	ANN A/c 31-Dec-20	11:30 AM
PKGS	Friday	ANN A/c 31-Dec-20	1:30 PM
PSMC	Monday	ANN A/c 31-Dec-20	11:00 AM

Source: PSX



## Auto-financing 'all-time high' at Rs273bn

Bank | **Positive**

Car financing has reached an all-time high of Rs273 billion as of Feb 28, 2021, showing a jump of four per cent month-on-month and 29pc since June 30, 2019. The share of auto-financing in total car sales has swelled to 40-50pc now as compared to 20-25pc in March 2020 when the interest rate was 13.5pc. (Dawn) | [Click for more info.](#)

## Miscellaneous

### Privately imported Covid vaccines await price cap from government

AGP | **Positive**

The government is yet to put a price cap on COVID vaccines with the first shipment of privately imported Russian Sputnik-V shots having already arrived, it was learnt on Thursday. Sputnik-V vaccine imported in Pakistan by AGP Pharma at a cost price of \$22.5/dose will be distributed to vaccination centres in a week after its price is determined by the Drug Regulatory Authority (DRAP), sources said. (The News) | [Click for more info.](#)

### Cabinet committee gives go-ahead for sale of Services International Hotel in Lahore

Economy | **Positive**

The Cabinet Committee on Privatisation (CCoP) on Thursday gave the Privatisation Commission (PC) the go-ahead to proceed with the sale of Services International Hotel (SIH) property in Lahore. Sources told Dawn that the meeting approved SIH's 'reserve price' at Rs2.25 billion. (Dawn) | [Click for more info.](#)

### Non-textile exports rise in 8MFY21

Economy | **Positive**

Pakistan's non-textile exports posted 1.02 per cent growth year-on-year to \$6.324 billion in the first eight months of FY21 owing to the partial revival of orders from international markets. The non-textile sector was yet to receive full orders to the pre-Covid-19 levels, showed data released by the Pakistan Bureau of Statistics (PBS) on Thursday. (Dawn) | [Click for more info.](#)

### Cotton import from India in sight

Textile | **Neutral**

Commerce Ministry said on Thursday that summary on import of cotton from India is under process. Ministry of Commerce also came under fire for giving a subsidy "unfairly" to All Pakistan Textile Mills Association (APTMA) which is allegedly involved in billions of rupees fake invoices scam, "which will be unveiled in the next six months". The Ministry said that it is reviewing the subsidy mechanism so that it should be linked to performance. (BR) | [Click for more info.](#)

## International News

### Asia stocks spooked by spike in yields, oil sell-off

Asian share markets eased on Friday as a spike in global bond yields soured sentiment toward richly priced tech stocks, while a stampede out of crowded positions in crude oil caused the sharpest setback in months. (Reuters) | [Click for more info.](#)

### Oil slump deepens as Europe faces pandemic lockdowns

Oil prices fell on Friday, extending losses for a sixth day as a new wave of COVID-19 infections wash across Europe, spurring new lockdowns and dampening hopes for a recovery in demand for fuels anytime soon. (Reuters) | [Click for more info.](#)



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**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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