

January 1,  
2021

## Economy

### IMF links extension to stringent conditions

#### Economy | Neutral

The International Monetary Fund (IMF) has linked a six-month extension in the amnesty scheme for the construction industry with stringent conditions of timeline, nature and goals, aimed at providing support to the most vulnerable segments of the population, suffering due to COVID-19 crisis. (BR) | [Click for more info.](#)

### Rupee holds strong against dollar in 2020

#### Economy | Positive

The rupee showed strong resistance against the US dollar during 2020 despite serious repercussions of Covid-19 on the economy. The local currency depreciated by 3.29 per cent against the greenback between Dec 31, 2019 to Dec 30, 2020. (Dawn) | [Click for more info.](#)

### Chinese FM assures over 1m Covid doses for Pakistan

#### Economy | Positive

Chinese Foreign Minister Wang Yi assured his Pakistani counterparty, Shah Mahmood Qureshi on Thursday Beijing would assure supply of over 1 million doses of Covid-19 vaccine to Pakistan for emergency use. (ET) | [Click for more info.](#)

### China gives \$100m grant for road rehabilitation

#### Economy | Positive

China on Thursday gave a \$100 million grant to Pakistan for rehabilitating a road that had been damaged by floods 10 years ago, indicating a shift in Beijing's policy of only extending loans to its strategic ally. The \$100 million grant was the highest amount given by China in recent years to Pakistan, announced Ministry of Economic Affairs. (ET) | [Click for more info.](#)

### Investors show Rs186bn in bank accounts

#### Economy | Neutral

So far an amount of Rs186 billion has been shown by investors in their bank accounts who have availed the government's construction package that provides immunity against probing the source of investment. Till now projects worth Rs186 billion have been registered with the Federal Board of Revenue (FBR) under the construction package, whereas, projects worth another Rs116 billion are in the pipeline. Tax experts told Business Recorder that the Rs186 billion worth construction projects have been registered with the FBR. (BR) | [Click for more info.](#)

### UK court orders payment of \$28.7m to Broadsheet from Pakistan High Commission accounts

#### Economy | Negative

A high court in the United Kingdom has ordered to debit Rs4.5 billion from the accounts of the Pakistan High Commission in London over non-payment of penalty by the National Accountability Bureau (NAB) to the foreign asset recovery firm Broadsheet LLC. (ET) | [Click for more info.](#)

### Foreign exchange: SBP reserves fall \$65m to \$13.15b

#### Economy | Neutral

The foreign exchange reserves held by the central bank declined 0.49% on a weekly basis, according to data released by the State Bank of Pakistan (SBP) on Thursday. On December 24, the foreign currency reserves held by the SBP were recorded at \$13,150.9 million, down \$65 million compared with \$13,216.2 million in the previous week. (ET) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	30,733.9	30,779.7	45.8	0.1%
KSE100	43,694.8	43,755.4	60.6	0.1%
KSE30	18,139.7	18,180.0	40.3	0.2%
KMI30	71,149.5	71,167.6	18.1	0.0%

### Top Five Gainers

	Open	Close	Chg.	%
UPFL	13,500.0	14,000.0	500.0	3.7%
MUREB	601.8	627.4	25.6	4.3%
FASM	322.5	346.7	24.2	7.5%
BATA	1,511.2	1,531.8	20.6	1.4%
BTL	270.0	290.3	20.3	7.5%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
PRL	23.3	23.8	0.5	41.46
SILK	1.0	1.1	0.1	38.50
FFBL	23.6	25.3	1.8	36.79
TRG	90.9	91.4	0.5	34.61
PIBTL	12.8	12.9	0.1	30.88

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	1.04	0.00	0.28
F-Corporates	0.85	-3.73	-2.88
O/S Pakistanies	9.67	-8.53	1.14
<b>Net</b>	10.52	-12.27	-1.74
<b>LIPI</b>			
Individuals	142.21	-136.09	6.12
Companies	6.46	-5.70	0.76
Comm. Banks	5.49	-9.93	-4.44
NBFC	0.02	-0.05	-0.02
Mutual Funds	11.23	-10.45	0.78
Other	2.79	-1.71	1.08
Brokers Proprietary	28.46	-30.94	-2.47
Insurance	3.44	-3.50	-0.06
<b>Net</b>	200.11	-198.37	1.74

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	48.52	0.2%
Brent oil	USD/bbl.	51.80	0.3%
Gold	USD/t oz.	1898.67	0.2%
Silver	USD/t oz.	26.40	-1.0%
Coal	USD/ton	87.05	-0.7%
Steel Scrap (LME)	USD/ton	423.10	-0.1%
Steel Rebar (LME)	USD/ton	583.52	-1.6%
USD/PKR	Interbank	159.77	-0.4%

News Source: Local / Int'l Newspapers and websites

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REP-055



## Oil & Gas

Fuel prices go up

E&P | **Positive**

Prime Minister Imran Khan Thursday approved increase of Rs 2.31 and Rs 1.80 in the prices of petrol and diesel, contrary to OGRA's recommendation of Rs 10.68 and Rs 8.37 respectively. (BR) | [Click for more info.](#)

Local LPG price increases by Rs187.47 per 11.8-kg cylinder

BPL | **Positive**

The Oil and Gas Regulatory Authority (OGRA) on Thursday issued a price-revision notification of Liquefied Petroleum Gas (LPG) for the month of January. According to the notification, the authority increased the locally produced LPG price by Rs187.47 per cylinder of 11.8 kilogram. (BR) | [Click for more info.](#)

Euro V applied to imported diesel, NA panel told

E&P | **Neutral**

The diesel imports from January 1, 2021, would comply with Euro V standard, Special Assistant to Prime Minister (SAPM) on Petroleum Nadeem Babar told a meeting of the National Assembly Standing Committee on Climate Change on Thursday. (ET) | [Click for more info.](#)

Two state-owned LNG companies merged

LNG | **Neutral**

In a much-awaited development, at last two 100 percent state-owned LNG entities, Pakistan LNG Limited (PLL) and Pakistan LNG Terminal Limited (PLTL), formally got merged. The merger will be effective from today (January 1, 2021) as PLTL and its board stand abolished. (The News) | [Click for more info.](#)

## Autos

Cabinet directs inquiry into auto companies

Autos | **Negative**

The Federal Cabinet has directed the Ministry of Industries to inquire into the production capacity of existing car makers, alleging that they have failed to increase their output as per the market demand resulting in overcharging and increase in prices of locally-assembled cars. (Dawn) | [Click for more info.](#)

## Cement

Fixed tax regime for construction sector extended till Dec 31, 2021: PM Imran Khan

Cement, Steel | **Positive**

Prime Minister Imran Khan on Thursday announced that the fixed tax regime for the construction sector has been extended to December 31, 2021. "Our construction industry was waiting for this, so I want to give them some good news for the year ahead," said the premier. He said this was a "big demand" from the industry and now it will have "a year extra". (The News) | [Click for more info.](#)

## Fertilizer

Global supply, uncertain subsidy mechanism may increase DAP price

Fertilizer | **Neutral**

The increasing price trend of Di-Ammonium Phosphate (DAP) in the international market is likely to exert pressure on local prices and impact application on crops by farmers as the direct subsidy mechanism announced by the government is yet to be finalized. In October, the Economic Coordination Committee (ECC) had approved the Rabi package to extend 25 per cent reduction, equivalent to Rs1,000 per 50kg bag, in the price of DAP. (PT) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
US - Dow 30	30,606.5	196.92	0.65%
HK - Hang Seng	27,231.1	84.02	0.31%
PAK (KSE-100)	43,755.4	60.62	0.14%
CHINA - Shanghai	3,473.1	58.62	1.72%
Taiwan - TWII	14,732.5	44.83	0.31%
US - S&P 500	3,756.1	24.03	0.64%
PHILP - PSEi	7,139.7	17.46	0.25%
INDIA - SENSEX	47,751.3	5.11	0.01%
INDONESIA - IDX	5,979.1	-57.11	-0.95%
KSA - Tadawul	8,689.5	-70.55	-0.81%

### Board Meetings

Scrip	Day	Agenda	Time
KPUS	Friday	ANN A/C 30-SEP-20	2:30 PM
JDWS	Saturday	ANN A/C 30-SEP-20	11:00 AM
SANSM	Saturday	ANN A/C 30-SEP-20	12:30 PM
IML	Monday	ANN A/C 30-SEP-20	11:00 AM
SML	Monday	ANN A/C 30-SEP-20	11:00 AM
DNCC	Tuesday	ANN A/C 30-SEP-20	3:30 PM

Source: PSX



## Miscellaneous

### Container shortage fuels upsurge in steel scrap prices

Steel | **Negative**

Swelling freight charges are hand in glove with imported price pressure to send iron and steel scrap prices up 100 percent in the local market since lockdown associated with the Covid-19 coronavirus early this year, people familiar with the matter said on Thursday. At Port Qasim, price-on-arrival of iron and steel scrap doubled to \$500/ton for booking in December from \$250/ton in April, industry sources said. (The News) | [Click for more info.](#)

### Pakistan's IT exports surge 39pc amid improved global image, sector maturity: Report

Technology | **Positive**

Pakistan's improving global image in Information Technology (IT) sector increased IT exports growth by 39 percent to \$763 million in the first five months of the current fiscal year, officials and industry sources said. Pakistan's IT and IT-related services exports posted an increase of 51 percent, amounting \$168 million, in the month of November 2020 alone, as compared to \$111 million in the corresponding month of the last fiscal year, central bank data showed. (BR) | [Click for more info.](#)

### SECP Allows Digital Accounts Opening for Mutual Fund Investors

Funds | **Neutral**

As part of its efforts to usher in a new era of smart investments, the Securities and Exchange Commission of Pakistan (SECP) has introduced the Digital Onboarding mechanism for the investors of the Asset Management Companies (AMCs). The Digital Onboarding mechanism offers investors not only a seamless account opening process for investments in mutual funds but also eliminates the requirement of physical presence and submission of physical documents. (Propakistani) | [Click for more info.](#)

## International News

### U.S. stocks in 2020: a year for the history books

The year 2020 was a wild one for Wall Street, bookended by the end of the longest bull market in history with the battering of equities by the COVID-19 shutdowns, and a bungee-cord rebound on hopes for economic recovery that resulted in the shortest bear market on record. (Reuters) | [Click for more info.](#)

### LNG prices jump to six-year highs

Asian spot prices for liquefied natural gas (LNG) jumped 17 per cent this week, riding six-year highs, as a cold spell in some countries prompted record imports into the region. The average LNG price for February delivery into Northeast Asia LNG-AS was estimated at about \$14.60 per million British thermal units (mmBtu), up \$2.10 from the previous week, sources said. (Dawn) | [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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