



December
21, 2020

Economy

Issuer rating B3; Credit profile reflects country's 'baa2' economic strength: Moody's

Economy | Positive

The credit profile of Pakistan (issuer rating B3) reflects the country's "baa2" economic strength, which is underpinned by the robust long-term GDP growth potential and large scale of the economy, balanced against low per capita incomes and global competitiveness, says Moody's Investors Service. (BR) | [Click for more info.](#)

Pakistan's exports improve by 11% YoY in November

Economy | Positive

The total exports from Pakistan during the month of November, 2020 amounted to Rs. 346,063 million as against Rs. 342,063 million in October, 2020 and Rs. 311,786 million during November, 2019, showing an increase of 1.17% over the previous month and of 10.99% over the same month of last year. (Mettis) | [Click for more info.](#)

Pace of uplift funds release picks up

Economy | Positive

The Planning Commission has quickened the pace of authorization of funds for the Public Sector Development Programme (PSDP) to meet requirements of the Public Finance Management Act introduced last year under covenants agreed with international lending agencies. Data released by the commission on Friday put the total authorization of funds for federal development projects at Rs320.24 billion, which comes to more than 49 per cent of the annual budget allocation of Rs650bn. (Dawn) | [Click for more info.](#)

Vaccination drive in Pakistan expected in Q2 2021: IMF

Economy | Neutral

Pakistan is expected to launch Covid-19 vaccination drive in the second quarter of 2021 as the government is in discussions with several of the vaccine manufacturers and with donors (the World Bank and the Asian Development Bank) for the procurement of extra vaccines which will be funded through a \$250 million budget allocation. (BR) | [Click for more info.](#)

Growing debt market crucial to Pakistan's economic progress

Economy | Neutral

Growing and dynamic debt market is crucial for the economic progress of Pakistan and it is imperative for all stakeholders of the financial ecosystem to take the country's debt market to regional and international levels, PSX chief executive officer said on Friday. (The News) | [Click for more info.](#)

Oil & Gas

Pakistan to import LNG at \$6.34 per mmbtu

Gas | Positive

In the wake of heavy criticism for losing a lifetime opportunity to import liquefied natural gas (LNG) at exceptionally low price, the government announced import of 30% more fuel during the peak winter month of January 2021 at the price of \$6.34 per mmbtu - which it claims is the cheapest ever. "Pakistan will be moving 30% more LNG in this January (2021) compared to January 2018 at the cheapest ever price of \$6.34 during the peak winter month," Ministry of Energy (Petroleum Division) spokesperson said in a tweet on the division's official Twitter handle on Saturday. The government has arranged import of 12 ships of LNG in January 2021. (ET) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	30,674.6	30,738.4	63.7	0.2%
KSE100	43,766.7	43,740.6	-26.1	-0.1%
KSE30	18,271.6	18,246.2	-25.4	-0.1%
KMI30	71,747.6	71,646.6	-101.0	-0.1%

Top Five Gainers

	Open	Close	Chg.	%
RMPL	9,000.0	9,300.0	300.0	3.3%
IDYM	520.0	553.0	33.0	6.3%
SRVI	828.3	860.4	32.1	3.9%
KHTC	430.0	462.0	32.0	7.4%
GLPL	421.8	453.4	31.6	7.5%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
PRL	22.6	21.6	-0.9	38.07
FFL	17.2	17.5	0.3	31.50
KEL	3.9	3.9	0.0	28.65
ICIBL	1.1	2.1	1.0	22.51
PAEL	39.7	38.6	-1.0	22.43

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	9.48	-0.11	-7.73
F-Corporates	3.28	-7.00	-3.72
O/S Pakistanies	8.19	-7.31	0.88
Net	11.53	-14.42	-2.88
LIPI			
Individuals	139.70	-140.54	-0.84
Companies	8.91	-5.76	3.15
Comm. Banks	3.25	-2.18	1.06
NBFC	0.05	-0.07	-0.02
Mutual Funds	5.26	-4.79	0.47
Other	1.40	-1.08	0.31
Brokers Proprietary	27.93	-29.83	-1.90
Insurance	2.47	-1.81	0.65
Net	188.97	-186.08	2.88

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	49.10	1.5%
Brent oil	USD/bbl.	52.26	1.5%
Gold	USD/t oz.	1886.73	0.1%
Silver	USD/t oz.	25.93	-0.5%
Coal	USD/ton	91.05	0.0%
Steel Scrap (LME)	USD/ton	420.00	0.0%
Steel Rebar (LME)	USD/ton	597.50	0.8%
USD/PKR	Interbank	160.23	-0.1%

News Source: Local / Int'l Newspapers and websites

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REP-055

20 new oil, gas exploration blocks to be auctioned: SAPM

E&P | **Positive**

Special Assistant to the Prime Minister (SAPM) on Petroleum Nadeem Babar has said that Pakistan would auction 20 new oil and gas exploration blocks during the next month as part of its strategy to achieve self-reliance in the energy sector. (BR) | [Click for more info.](#)

Gas crisis to worsen in January

SSGC, SNGP, Fertilizer | **Negative**

With surge in gas shortages in the country, Sui Northern Gas Pipelines Limited (SNGPL) has closed down RLNG supply to captive power plants meant for non-zero rated industry (general industry). The supply of RLNG to CNG and fertilizer sectors has already been stopped, top officials of the Petroleum Division told. (The News) | [Click for more info.](#)

SSGC denies LPG procurement tenders

SSGC | **Neutral**

Sui Southern Gas Company (SSGC) has not issued any tenders for procurement of liquefied petroleum gas (LPG), the company said on Friday. "Some misconceptions need to be corrected," SSGC said in a statement with reference to a news item. (The News) | [Click for more info.](#)

Banks

Bank deposits increase 18.5pc to Rs16.5trln

Banks | **Positive**

Bank deposits stood at Rs16.5 trillion at the end of November, up 18.5 percent from Rs13.9 trillion in the same month of last year, the central bank's data showed on Friday. Deposits stood at Rs16.3 trillion in the previous month. (The News) | [Click for more info.](#)

BoP becomes market maker for debt securities on PSX

BoP | **Neutral**

An agreement was signed between PSX and BoP on Friday at PSX trading hall whereby BOP becomes the first bank to be recognized as market maker for both conventional and Shariah compliant debt instruments on PSX. (BR) | [Click for more info.](#)

Sugar

Sugar, flour, pulses prices once again on the rise

Sugar | **Negative**

Wheat flour, sugar, and pulses prices have once again started going up as sugar price in the wholesale market has jumped from Rs3,750 per 50kg bag to Rs3,900 per bag, wheat flour from Rs920 per 15kg bag to Rs955 per bag, while pulses prices also recorded an increase. (BR) | [Click for more info.](#)

Wheat, sugar import; TCP commission reduced to 0.75pc

Sugar | **Neutral**

The government has reduced the commission of the Trading Corporation of Pakistan (TCP) by more than half from two percent to 0.75 percent on import of sugar and wheat to lessen the cost borne by the federal government on import of these two commodities. (BR) | [Click for more info.](#)

Textile

Nov textile exports up 9.27pc YoY

Textile | **Positive**

The country's textile group exports have registered an increase of 9.27 percent on year-on-year basis as it reached \$1.286 billion in November 2020 compared to \$1.176 billion in November 2019, says the Pakistan Bureau of Statistics (PBS). (BR) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	46,960.7	70.35	0.15%
Taiwan - TWII	14,250.0	-8.97	-0.06%
INDONESIA - IDX	6,104.3	-9.06	-0.15%
CHINA - Shanghai	3,394.9	-9.97	-0.29%
US - S&P 500	3,709.4	-13.07	-0.35%
KSA - Tadawul	8,686.9	-24.69	-0.28%
PHILP - PSEi	7,272.8	-25.22	-0.35%
PAK (KSE-100)	43,740.6	-26.14	-0.06%
US - Dow 30	30,179.1	-124.32	-0.41%
HK - Hang Seng	26,498.6	-179.78	-0.67%

Board Meetings

Scrip	Day	Agenda	Time
SHSML	Monday	ANNUAL ACCOUNT	11:30 AM
HABSM	Wednesday	ANNUAL ACCOUNT	12:00 PM
AABS	Thursday	ANNUAL ACCOUNT	11:00 AM
ALNRS	Friday	ANNUAL ACCOUNT	11:30 AM
TICL	Friday	ANNUAL ACCOUNT	11:30 AM
BAFS	Friday	ANNUAL ACCOUNT	2:00 PM

Source: PSX



Miscellaneous

Banaspati ghee, cooking oil prices may shoot up

Vanaspati | **Positive**

The constant increase in global prices of palm oil and higher duties and taxes structure on import of edible oil may result in higher prices of banaspati ghee and cooking oil in the coming months. On December 18 (Friday) the C&F price has touched eight years high of US \$960/M Ton and in his opinion the price may cross US \$1,000/M Ton benchmark by the end of December, 2020. (BR) | [Click for more info.](#)

PIA employees to be reduced from 500 to 250 per aircraft

PIAA | **Negative**

The government has reportedly prepared a plan to make the Pakistan International Airlines (PIA) a profitable organization that envisages reduction in the size of employees from 500 to 250 per aircraft. (BR) | [Click for more info.](#)

Alarming decline in cotton production

Textile | **Negative**

The cotton production in the country witnessed an alarming decline of 2.8 million bales, according to a report released by Pakistan Cotton Ginners Association. The report says that more than 5 million bales were produced in the country which is 35.67 percent less as compared to more than 7 million bales produced till December 15 last year. (BR) | [Click for more info.](#)

Gwadar port provides huge trade opportunity to CARs, Afghanistan: Razak Dawood

Economy | **Neutral**

Adviser to Prime Minister on Commerce and Investment Abdul Razak Dawood has said that Gwadar port would provide huge opportunities to the energy rich Central Asian Countries and Afghanistan for regional trade connectivity. (The Nation) | [Click for more info.](#)

Over 500 Japanese IT firms keen to come to Pakistan

Economy | **Neutral**

Pakistan is working to send its manpower to countries other than the Gulf region and is engaged in talks with South Korea, Germany, Romania and Japan. According to Japan's Ministry of Commerce and Industry, by 2030, Japan will face a shortage of 800,000 IT engineers. (ET) | [Click for more info.](#)

Political

Pakistan asks UN to probe Indian attack on observers

With yet another Kashmiri woman falling victim to unrelenting ceasefire violations by Indian troops only a day after they targeted a vehicle of the UN Military Observer Group in India and Pakistan along the Line of Control (LoC), Pakistan has taken up the reprehensible attack on the UNMOGIP with the UN. (Dawn) | [Click for more info.](#)

International News

Oil Drops After Seventh Weekly Gain on Virus Mutation Concern

Oil fell in early Asian trading -- after posting a seventh weekly gain -- on concern a mutation of Covid-19 discovered in the U.K. could speed transmission of the virus and lead to more lockdown measures. (Bloomberg) | [Click for more info.](#)

Dollar Rises, Stocks Slip; Virus Curbs Hit Pound: Markets Wrap

The dollar climbed and stocks edged lower as the worsening pandemic and lack of progress on Brexit trade talks sapped risk appetite despite a nearing U.S. stimulus package. (Bloomberg) | [Click for more info.](#)

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Source: PSX



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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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