

Economy News

Gwadar Tax Free Zone Rules 2021 issued

Economy | Positive

The Federal Board of Revenue (FBR) Wednesday issued Gwadar Tax Free Zone Rules, 2021, explaining the tax exemptions, incentives, and tax concessions available to the investors of the zone. (BR) | [Click for more info.](#)

Foreign equity investment rules to help firms okayed

Economy | Positive

In a major decision, the government on Wednesday approved a policy to allow equity investments abroad by big businesses, residents and firms on the premise that it would promote exports and allow resident firms in raising capital from abroad. (Dawn) | [Click for more info.](#)

C/A turns negative in December after five-month surplus

Economy | Negative

After staying in surplus for five consecutive months, the country's current account posted a deficit of \$662 million in December, data released by the State Bank of Pakistan showed on Wednesday. The current account was in surplus of \$513m in November. On a year-on-year basis, the monthly deficit swelled by more than 130 per cent, data showed. (Dawn) | [Click for more info.](#)

Pakistan secures \$5.688 bn external loans

Economy | Neutral

While officially confirming to have received \$1 billion from China as safe deposits after paying back to Saudi Arabia, Pakistan has received a total \$5.688 billion external loans during the first six months (July-Dec) of the current fiscal year 2020-21. However, this time Islamabad managed lesser amount of \$5.915 billion than the same period of the last fiscal. It indicates that Pakistan received \$227 million less in the first six months of the current fiscal compared to the same period of the last financial year. (The News) | [Click for more info.](#)

SBP defers Rs 657.16 billion under refinancing scheme during COVID-19

Economy | Neutral

The State Bank of Pakistan (SBP), under its refinancing scheme for protecting businesses from the impact of COVID-19, has so far deferred Rs657.16 billion principal repayments of loans up to one year. The bank also allowed restructuring or rescheduling of around Rs225.5 billion so far, according to the updated data of the central bank. (BR) | [Click for more info.](#)

Rs610bn requests under TERF received

Economy | Neutral

The State Bank of Pakistan (SBP) has received requests for Rs610.2 billion until Jan 7 under the Temporary Economic Refinance Facility (TERF) for setting up of new industrial units in order to support sustainable economic growth. Of the requested amount, the approved financing has reached Rs293.5bn under TERF during the end-April to June 7, 2021 period, Commerce Adviser Razak Dawood said in a tweet on Wednesday. (Dawn) | [Click for more info.](#)

Govt expects debt-to-GDP ratio to fall in few years

Economy | Neutral

Government on Wednesday projected debt-to-GDP ratio to decline over the next few years as most of the major adjustments to fiscal and monetary policies have been made. The change in the public debt from 1 July, 2018 and 30 November 2020 was due to a correction of the economic policies, especially overvalued exchange rate and excessive borrowing, a spokesperson of the ministry of finance. (The News) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	31,811.7	31,722.4	-89.3	-0.3%
KSE100	45,903.2	45,676.9	-226.3	-0.5%
KSE30	19,152.7	19,025.6	-127.1	-0.7%
KMI30	73,237.0	72,735.8	-501.1	-0.7%

Top Five Gainers

	Open	Close	Chg.	%
ILTM	1,716.2	1,844.9	128.7	7.5%
SAPT	1,015.0	1,041.3	26.3	2.6%
PAKT	1,576.3	1,600.0	23.7	1.5%
SALT	279.5	300.5	21.0	7.5%
GATI	603.0	620.0	17.0	2.8%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
SILK	1.2	1.3	0.1	42.71
UNITY	32.4	34.2	1.8	41.06
HUMNL	7.0	7.5	0.5	38.64
POWER	11.4	11.7	0.3	28.18
TRG	108.6	107.2	-1.4	21.70

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.01	-0.01	0.00
F-Corporates	1.86	-3.20	-1.34
O/S Pakistanies	6.00	-4.81	1.19
Net	7.88	-8.03	-0.15
LIPI			
Individuals	109.14	-105.69	3.45
Companies	9.58	-4.68	4.90
Comm. Banks	4.21	-1.63	2.58
NBFC	0.07	-0.11	-0.05
Mutual Funds	5.49	-16.20	-10.71
Other	2.11	-1.01	1.10
Brokers Proprietary	24.00	-24.77	-0.77
Insurance	4.52	-4.88	-0.36
Net	159.13	-158.98	0.15

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	52.96	0.0%
Brent oil	USD/bbl.	56.08	0.3%
Gold	USD/t oz.	1871.84	1.7%
Silver	USD/t oz.	25.84	2.4%
Coal	USD/ton	91.00	-0.4%
Steel Scrap (LME)	USD/ton	457.00	0.0%
Steel Rebar (LME)	USD/ton	631.50	-0.9%
USD/PKR	Interbank	160.59	-0.1%

News Source: Local / Int'l Newspapers and websites

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Oil & Gas

GENCOS, SNGPL, PIA have to pay Rs259 bn to PSO

PSO | Negative

The state-owned electric generation companies (GENCOs) have defaulted on payment of Pakistan State Oil (PSO) by Rs131.581 billion with Sui Northern Gas Pipelines Limited (SNGPL) also failing to clear the LNG payments of Rs107.093 billion. The data about the daily financial position of the state-owned entity also shows that receivables of PSO have jacked up to Rs333.730 billion, putting the entity in hot waters making it unable to smoothly run its operations. (The News) | [Click for more info.](#)

Power

K-Electric's flagship 900 MW power plant BQPS-III progressing on fast track

KEL | Positive

K-Electric's flagship 900 MW power plant, BQPS-III is progressing on fast track and the Gas Turbine, Generator and Heat Recovery Boiler for the first unit of 450 MW have arrived at the power utility's Bin Qasim Power Complex. Steam Turbine and Transformers for the first unit are on the way to the site. (Mettis) | [Click for more info.](#)

Engineering

Steel Q2 Preview: Strong demand to drive earnings

Steel | Positive

Increase in sales led by a broad-based surge in demand from the construction space, 2/3 wheelers and other segments have made market participants optimistic about an upswing in the profitability of the steel sector during 2QFY21. The steel sector is likely to grow by 83% YoY to post a cumulative 2QFY21 net profit after tax of PKR1,873 million. (Mettis) | [Click for more info.](#)

Rs7,000 hike in steel bar prices

Steel | Positive

The latest increase in steel bar prices by Rs7,000 to Rs139,500-142,500 per tonne has pushed up the cost of construction. The hike in steel bar prices — second since the last week of Dec 2020 when rates were raised by a similar amount — comes despite a global drop in iron and steel scrap prices. Attributing the domestic price hike to extreme shortage and increase in cost of raw materials in the world market, a number of steel bar manufacturers have quoted new enhanced rates to the builders. (Dawn) | [Click for more info.](#)

Sugar

ECC allows 800,000 tons of sugar import

Sugar | Positive

Economic Coordination Committee (ECC) of the cabinet on Wednesday allowed private and public sectors to import 800,000 tons of sugar to bring down its prices and build up carryover stocks. The ECC also allowed import of 300,000 tons of wheat to create strategic reserves before the arrival of the next crop in the coming April/May period. (The News) | [Click for more info.](#)

ECC reduces tax on sugar import from 5.5pc to 0.25pc

Sugar | Positive

The Economic Coordination Committee (ECC) of the Cabinet has approved a reduction in withholding income tax on the commercial import of white and raw sugar from 5.5pc to 0.25pc. The Ministry of Industries & Production had presented a summary before committee regarding the necessity of sugar import in order to lower the upward trend in sugar prices and to buffer up carryover stocks before the arrival of the fresh crop. (PT) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	49,792.1	393.83	0.80%
HK - Hang Seng	29,962.5	320.19	1.08%
US - Dow 30	31,188.4	257.86	0.83%
INDONESIA - IDX	6,429.8	107.90	1.71%
US - S&P 500	3,851.9	52.94	1.39%
CHINA - Shanghai	3,583.1	16.71	0.47%
KSA - Tadawul	8,878.3	-23.57	-0.26%
PHILP - PSEi	7,143.3	-55.15	-0.77%
Taiwan - TWII	15,806.2	-71.19	-0.45%
PAK (KSE-100)	45,676.9	-226.29	-0.49%

Board Meetings

Scrip	Day	Agenda	Time
TICL	Saturday	1Q A/c 31-Dec-20	11:00 AM
BAFS	Saturday	1Q A/c 31-Dec-20	12:00 PM
FFL	Monday	ANN A/c 31-Dec-20	11:00 AM
JSML	Monday	1Q A/c 31-Dec-20	11:30 AM
SHSML	Monday	1Q A/c 31-Dec-20	11:30 AM
FFBL	Tuesday	ANN A/c 31-Dec-20	10:30 AM
ALNRS	Tuesday	1Q A/c 31-Dec-20	11:30 AM
NRL	Tuesday	HY A/c 31-Dec-20	2:00 PM
APL	Tuesday	HY A/c 31-Dec-20	3:00 PM
ATRL	Tuesday	HY A/c 31-Dec-20	4:00 PM
ACPL	Tuesday	HY A/c 31-Dec-20	6:00 PM
HCAR	Wednesday	3Q A/c 31-Dec-20	11:30 AM
PCAL	Thursday	HY A/c 31-Dec-20	9:00 AM
ISL	Thursday	HY A/c 31-Dec-20	3:00 PM
EXIDE	Friday	3Q A/c 31-Dec-20	11:00 AM

Source: PSX



Miscellaneous

PIBT handles 1.04m tons of coal cargo in Dec 2020

PIBTL | Positive

Pakistan International Bulk Terminal (PIBT) handled a record 1.04 million tonnes of coal cargo in December 2020, which is 32 percent more than 0.791 million tonnes of cargo handled in December 2019. (BR) | [Click for more info.](#)

Five export-oriented sectors; Govt hints at restoring zero-rating regime

Textile | Neutral

The government has hinted at possible restoration of zero-rating regime for the five leading export sectors in the next budget (2021-22). (BR) | [Click for more info.](#)

Rs 213 million approves for DLTl payments: Razak Dawood

Economy | Neutral

Adviser to Prime Minister for Commerce and Investment, Abdul Razak Dawood on Wednesday informed that Rs. 213 million for Drawback of Local Taxes and Levies (DLTL) payments of non-textile sector have been approved. (BR) | [Click for more info.](#)

ROW policy for telecom sector approved

Communication | Neutral

The Right of Way (ROW) Policy for the telecom sector — recently approved by the federal cabinet — clears a large number of hurdles faced by telcos and internet service providers in the installation and maintenance of their telecommunication equipment and expansion of systems across the country. (Dawn) | [Click for more info.](#)

Covid-19 vaccines will be made available free of charge: SAPM

Pharmaceutical | Neutral

Special Assistant to the Prime Minister (SAPM) on National Health Dr Faisal Sultan has said that the government of Pakistan will provide Covid-19 vaccines free of cost to the masses. (BR) | [Click for more info.](#)

International News

Asian stocks set for strong start after day of gains on Wall Street

Asian markets were set to rise on Thursday after U.S. stocks closed at record highs on hopes that newly inaugurated U.S. President Joe Biden would put in place further economic stimulus to offset damage wreaked by the COVID-19 pandemic. (Reuters) | [Click for more info.](#)

Oil rises on U.S. stimulus hopes, tighter market under Biden

Oil edged higher on Wednesday on expectations that U.S. President Joe Biden's administration will deliver hefty pandemic-related economic stimulus that will lift fuel demand and enact policies that will tighten crude supply. (Reuters) | [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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