

## Economy News

### Talks on to bring programme review to positive end: IMF

#### Economy | Positive

The International Monetary Fund (IMF) Thursday said that Pakistani authorities and the Fund team remain closely engaged in bringing the programme review to positive conclusion. An official of Finance Ministry on condition of anonymity said that power sector and revenue have been the major issues. The government is in touch with the IMF on a daily basis to discuss 'development and economic situation in the economy' however he expressed ignorance as to when the second review staff level agreement is likely which is a prerequisite of the IMF board approval for disbursement of the next tranche. (BR) | [Click for more info.](#)

### Eols of three PSEs to be issued by mid-Feb

#### Economy | Positive

The Privatization Commission (PC) Board has reviewed the planned privatization of DISCOs, RLNG power plants, and decided to issue expressions of interest (Eols) of three public-sector entities (PSEs) by mid-February 2021. Moreover, the Power Division has indicated that objectives for privatization of the DISCOs will also be furnished to the PC shortly. The board was given a presentation regarding the update in the transaction of the PSEs, which are to be privatized during this year. Moreover, the board was briefed about the status of the SME bank, Services International Hotel (SIH), Jinnah Convention Center (JCC), and Heavy Electrical Complex (HEC). The privatization of these entities will be completed during the current financial year. (BR) | [Click for more info.](#)

### Rates of profit on National Savings certificates enhanced

#### Economy | Positive

The government on Thursday raised the rates of profits on National Savings Certificates after noticing a decline in the investment. The notification said that the rate of return on Defence Savings Certificates has been enhanced from 8.49 percent to 9.42 percent while the rate of return on Regular Income Certificates has been increased from 8.04pc to 9pc. (BR) | [Click for more info.](#)

### Foreign exchange: SBP reserves fall \$386m to \$13.01b

#### Economy | Negative

The foreign exchange reserves held by the central bank fell 2.88% on a weekly basis, according to data released by the State Bank of Pakistan (SBP) on Thursday. On January 15, the foreign currency reserves held by the SBP were recorded at \$13,013.8 million, down \$386 million compared with \$13,400 million in the previous week. (ET) | [Click for more info.](#)

## Oil & Gas

### OGRA lifts years long new license ban on CNG stations

#### Gas | Neutral

The Oil and Gas Regulatory Authority (OGRA) has lifted a 12 year long ban on the issuance of new licenses for the new compressed natural gas (CNG) filling stations in the country. According to the OGRA, new licenses would be awarded to run CNG stations on Regasified Liquefied Natural Gas (RLNG). (PT) | [Click for more info.](#)

### GIDC arrears amounted to 'Rs81.81b'

#### SSGC, KEL | Neutral

A subcommittee of the Parliamentary Public Accounts Committee (PAC) on Thursday summoned K-Electric officials over the issue of unauthorized supply of gas to it and non-payment of arrears to the Sui Southern Gas Company (SSGC). The committee was informed by audit officials about the non-recovery of Rs 81.81 billion under Gas Infrastructure Development Cess (GIDC). (ET) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	31,722.4	31,913.9	191.5	0.6%
KSE100	45,676.9	45,984.5	307.5	0.7%
KSE30	19,025.6	19,148.2	122.6	0.6%
KMI30	72,735.8	73,271.4	535.5	0.7%

### Top Five Gainers

	Open	Close	Chg.	%
RMPL	9,900.0	10,479.0	579.0	5.8%
ICI	802.2	842.1	39.9	5.0%
SALT	300.5	318.9	18.4	6.1%
KHTC	525.0	542.8	17.8	3.4%
PKGS	532.3	548.7	16.4	3.1%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
KEL	4.1	4.3	0.2	143.82
HUMNL	7.5	7.2	-0.3	43.38
PIBTL	12.7	12.8	0.2	31.43
FFL	18.6	19.1	0.5	23.04
UNITY	34.2	33.5	-0.7	21.21

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.02	0.00	0.01
F-Corporates	2.16	-2.28	-0.12
O/S Pakistanies	5.84	-5.93	-0.09
<b>Net</b>	8.01	-8.21	-0.20
<b>LIPI</b>			
Individuals	101.60	-101.00	0.60
Companies	8.95	-8.97	-0.03
Comm. Banks	9.00	-11.95	-2.95
NBFC	0.06	-0.05	0.01
Mutual Funds	6.01	-3.80	2.21
Other	0.39	-0.34	0.05
Brokers Proprietary	24.48	-23.35	1.13
Insurance	2.33	-3.16	-0.83
<b>Net</b>	152.82	-152.62	0.20

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	53.13	-0.3%
Brent oil	USD/bbl.	56.10	0.0%
Gold	USD/t oz.	1870.02	-0.1%
Silver	USD/t oz.	25.94	0.4%
Coal	USD/ton	91.00	0.0%
Steel Scrap (LME)	USD/ton	456.50	-0.1%
Steel Rebar (LME)	USD/ton	634.00	0.4%
USD/PKR	Interbank	160.83	0.2%

News Source: Local / Int'l Newspapers and websites

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## Power

### Petitions against KE privatization rejected by SHC

**KEL | Positive**

The Sindh High Court (SHC) on Thursday dismissed the petitions against the privatization of the Karachi Electric Supply Company (KESC), renamed as Karachi Electric (KE), and declared that the privatization of the power utility was completed in accordance with relevant provisions of the privatization law. (BR) | [Click for more info.](#)

### Power tariff: Six more IPPs agree to sign MoU with govt

**Power, IPPs | Positive**

As many as 19 Independent Power Producers IPPs -- out of 47 -- have agreed to the legally binding contracts with the government after six more IPPs initialed the Amended Power Purchase Agreements on Thursday. However, 13 IPPs led by Mansha Group is seeking resolution of excess profits of Rs55 billion through experts' panel. Three leading IPPs: Orient Power, Sapphire and Halmore installed under the 2002 power policy led by SAPM on Petroleum Nadeem Babar, who has majority shares in Orient Power and Oursun, had first initialed the amended PPAs. They prefer NEPRA to settle the contentious issue. (The News) | [Click for more info.](#)

### Fallout of PML-N govt. power policies': Power tariff up by Rs1.99 a unit

**Power, KEL | Positive**

The government on Thursday increased the power tariff by Rs1.95 a unit to overcome the deficit inherited from the former PML-N government due to its flawed policies and to keep the industrial wheel in motion. Two major achievements of the PTI government in the power sector are retirement of 50 percent of old, inefficient state-owned power plants and agreements with the IPPs, which will reduce burden on the power sector by over Rs800 billion over the next two decades. (The News)

[Click for more info.](#)

### Gas supply for captive power generation: CCoE approves Petroleum Division's proposal

**Power | Negative**

The Cabinet Committee on Energy (CCoE) has approved the proposal of Petroleum Division for moratorium/discontinuation of natural gas supply for captive power generation. The committee also approved the applicability of the policy from first February for the general industry and from first of March for the export-oriented industry. (BR) | [Click for more info.](#)

### Govt. releases Rs.35.35bn for power projects so far

**Power | Neutral**

The government has released a sum of Rs.35.35 billion for various power sector projects so far under Annual Public Sector Development Programme (PSDP) for the year 2020-21. According to data, the government has allocated Rs. 74.49 billion for the power sector projects in the fiscal year 2020-21. (BR) |

[Click for more info.](#)

## Cement

### Amnesty scheme dates; New IT Ord issued to facilitate construction sector

**Cement, Steel | Positive**

The government has promulgated the Income Tax Amendment Ordinance 2021 to change the dates for extension in the tax amnesty scheme for the construction sector from January 1, 2021. Under the Income Tax Amendment Ordinance 2021, the income computed and tax payable shall be on project-to-project basis which shall be computed and paid at the specified rates. The estimated project life for tax purposes shall not exceed three and a half years. (BR) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
Taiwan - TWII	16,153.8	347.59	2.20%
PAK (KSE-100)	45,984.5	307.52	0.67%
CHINA - Shanghai	3,621.3	38.17	1.07%
US - S&P 500	3,853.1	1.22	0.03%
KSA - Tadawul	8,876.5	-1.81	-0.02%
PHILP - PSEi	7,140.3	-3.01	-0.04%
US - Dow 30	31,176.0	-12.37	-0.04%
INDONESIA - IDX	6,413.9	-15.87	-0.25%
HK - Hang Seng	29,927.8	-34.71	-0.12%
INDIA - SENSEX	49,624.8	-167.36	-0.34%

### 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
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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



**Construction projects worth Rs. 660 billion to start during current year, PM told**

**Cement | Positive**

Prime Minister Imran Khan was told on Thursday that the construction projects worth Rs. 660 billion would start in the country during the current year. (BR) | [Click for more info.](#)

## Miscellaneous

**Listed companies asked for reasons behind 'unusual' price moves**

**Capital Market | Negative**

Pakistan Stock Exchange (PSX) has asked various companies to explain the reasons behind what it says unusual movement in prices and turnover of their shares during the ongoing week. (The News) | [Click for more info.](#)

**IT, ITes export remittances surge to \$958m in 1H**

**Tech. & Comm. | Positive**

The Information Telecommunication (IT) and IT-enabled Services (ITes) export remittances comprising computer, and call centre services surged to \$958 million at a growth rate of 40 percent during the first half (July-December) of fiscal year 2020-21 compared to \$684 million during the same period of 2019-20, the Pakistan Software Export Board (PSEB) data revealed. (BR) | [Click for more info.](#)

**ECNEC approves second phase of Pak-China optic fiber project at Rs37.9bn**

**Economy | Positive**

The Executive Committee of the National Economic Council (ECNEC) has approved the Pak-China Optical Fiber Cable (OFC) Project-Phase II at a cost of Rs37.9 billion. (PT) | [Click for more info.](#)

**Ecneec clears nine Rs251bn projects**

**Economy | Neutral**

The Executive Committee of the National Economic Council (Ecneec) on Thursday approved nine development projects with a total estimated cost of Rs251.31 billion including a major water supply project for Karachi. (Dawn) | [Click for more info.](#)

**China to gift Pakistan 500,000 corona vaccine doses**

**Economy | Positive**

China has assured Pakistan of provision of 500,000 COVID-19 vaccine doses by January 31, while 1.1 million doses will be made available by the end of February. Foreign Minister Shah Mehmood Qureshi announced this after making a phone call to his Chinese counterpart Wang Yi at the residence of Prime Minister Imran Khan. (The News) | [Click for more info.](#)

## International News

**Asian markets set for messy open after U.S. stocks peak following Biden inauguration**

Asian investors were expecting a mixed day of trading after Wall Street peaked on Thursday, pushed upward by continued optimism about economic stimulus to counteract the COVID-19 pandemic promised by newly inaugurated U.S. President Joe Biden. (Reuters) | [Click for more info.](#)

**Oil drops as new COVID cases in China trigger clampdowns**

Oil prices fell in early trade on Friday, retreating further from 11-month highs hit last week, on worries new pandemic restrictions in China will curb fuel demand in the world's biggest oil importer. (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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