

March 22,
2021

Economy

Pakistan's 'homework' to exit FATF grey list complete: Hammad Azhar

Economy | Positive

Federal Minister of Industries and Production Hammad Azhar has said that the government's 'homework' to help Pakistan leave the Financial Action Task Force's (FATF) grey list has been completed. (PT) | [Click for more info.](#)

SBP keeps interest rate at 7%

Economy | Neutral

The State Bank of Pakistan (SBP) on Friday kept the interest rate unchanged at 7%, attributing the recent spike in inflation to government's decision to increase electricity tariffs and uncontrolled wheat and sugar prices. The monetary policy announcement came hours before the federal government increased the minimum support price for wheat by 28.5% to Rs.1,800 per 40 kilogramme. (ET) | [Click for more info.](#)

FBR introduces new tax regime for NRPs having RDA

Economy | Positive

The Federal Board of Revenue (FBR) has introduced a new simple, convenient and the hassle-free tax regime for Non Resident Pakistanis (NRPs) having Roshan Digital Account (RDA). This regime includes all investments made by NRPs in government debt securities, both conventional and Shariah-compliant, stock market, mutual funds and real estate through RDAs. As per details, profit earned on RDA deposits is tax exempt. No withholding tax will be deducted against profit on RDA deposits. (BR) | [Click for more info.](#)

Govt moves swiftly to secure \$500m IMF tranche

Economy | Neutral

In a serious move to fulfill the IMF conditions for securing release of \$500 million tranche, the government has decided to implement the withdrawal of corporate tax exemptions and putting in place a mechanism for automatic electricity power tariff increases of about Rs5.36 per unit (34 per cent) over the next 27 months through presidential ordinances. The IMF executive board meeting is scheduled for March 24. (Dawn) | [Click for more info.](#)

Pakistan issues Sukuk of Rs3.1 b

Economy, BOP | Positive

Pakistan Mortgage Refinance Company (PMRC) has issued a first of its kind Sukuk of PKR 3.1 billion for the promotion of housing finance in Pakistan. 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 PKR 3.1 Billion. The Sukuk was jointly led by Pak Kuwait Investment Company (PKIC) and the Bank of Punjab (BOP). (Pakobserver) | [Click for more info.](#)

Feb C/A deficit narrows \$50m MoM

Economy | Neutral

The country's current account deficit narrowed to \$50 million in February 2021 compared to \$210 million in January 2021, the State Bank of Pakistan (SBP) reported on Sunday. (BR) | [Click for more info.](#)

NCOC to hold important meeting today

Economy | Neutral

The National Command and Operation Centre (NCOC) today (Monday) would hold an important meeting to take decisions regarding the closure of schools and the conduction of exams amid surging coronavirus cases in the country. According to the sources, the NCOC would decide on the future course of action due to third wave of COVID-19 in the country. They said that the NCOC meeting is expected to decide the implementation of smart lockdowns in more areas across the country. (BR) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	30,655.8	30,750.2	94.4	0.3%
KSE100	44,724.1	44,901.3	177.2	0.4%
KSE30	18,500.8	18,476.7	-24.2	-0.1%
KMI30	73,599.9	73,816.6	216.7	0.3%

Top Five Gainers

	Open	Close	Chg.	%
UPFL	13,880.0	14,200.0	320.0	2.3%
NRL	546.5	582.8	36.3	6.6%
ISIL	387.0	416.0	29.0	7.5%
WYETH	919.0	944.5	25.5	2.8%
HINOON	605.3	625.0	19.7	3.3%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
BYCO	10.0	11.0	1.0	101.38
KEL	4.1	4.3	0.1	38.24
TRG	138.6	141.0	2.4	30.60
PRL	23.6	25.3	1.8	27.89
UNITY	29.4	30.0	0.6	18.10

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.05	-0.05	-0.01
F-Corporates	13.42	-13.83	-0.41
O/S Pakistanies	8.78	-9.32	-0.54
Net	22.25	-23.21	-0.96
LIPI			
Individuals	159.14	-158.40	0.74
Companies	5.47	-6.81	-1.33
Comm. Banks	2.61	-3.40	-0.79
NBFC	0.03	-0.02	0.02
Mutual Funds	4.05	-4.61	-0.56
Other	0.38	-0.41	-0.03
Brokers Proprietary	40.82	-38.01	2.81
Insurance	2.58	-2.48	0.10
Net	215.09	-214.13	0.96

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	61.42	2.4%
Brent oil	USD/bbl.	64.53	2.0%
Gold	USD/t oz.	1745.23	0.5%
Silver	USD/t oz.	26.25	0.7%
Coal	USD/ton	93.60	0.0%
Steel Scrap (LME)	USD/ton	437.00	-0.6%
Steel Rebar (LME)	USD/ton	624.50	-0.6%
USD/PKR	Interbank	156.13	0.5%

News Source: Local / Int'l Newspapers and websites

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Jul-Feb period; \$7.21bn foreign debt incurred

Economy | **Negative**

Pakistan incurred foreign debt of \$7.208 billion from multiple financing sources during July-February of 2020-21 including \$3.110 billion from foreign commercial banks, ie, 59 percent of total budgeted external loans of \$12.233 billion for the entire fiscal year. (BR) | [Click for more info.](#)

Oil & Gas

\$15bn oil refining investment; It's waiting in the wings

Oil | **Positive**

Ministry of Energy (MoE) is reportedly preparing a new oil refining and marketing policy as \$15 billion new investment is said to be waiting in the wings. The issue of existing refineries is very serious as they faced financial losses of approximately Rs 50 billion during the last two years. (BR) | [Click for more info.](#)

SSGC, SNGPL seek raise in gas price

SSGC, SNGP | **Neutral**

The state owned gas utilities have submitted their petitions with Oil and Gas Regulatory Authority (Ogra), seeking increase in gas tariff by Rs109.78-857.40 per MMBTU from July 1, 2021. The Sui Southern Gas Company (SSGC) has asked for an increase in tariff by Rs109.78 per MMBTU and Sui Northern Gas Private Limited (SNGPL) Rs857.40 per MMBTU. (The News) | [Click for more info.](#)

Delayed payment of RLNG bills to SNGPL; Mol&P seeks Rs1.5bn LPS waiver Gas | **Neutral**

Ministries of Industries and Production (Mol&P) has sought waiver of Late Payment Surcharge (LPS) amounting to Rs1.5 billion for delayed payment of RLNG bills to SNGPL supplied to two urea fertiliser plants from September 2018 to November 2019. Sharing the details, sources said that in order to address the shortage of urea fertiliser in the country, ECC of the Cabinet allowed operations of Fatima Fertiliser (Shiekhupura plant) and Agritech from September, 2018 to November, 2019 on cost sharing basis. (BR) | [Click for more info.](#)

Power

Cabinet gives nod to Rs5.65 power tariff rise

Power | **Negative**

The federal cabinet on Friday approved the promulgation of an ordinance aimed at preparing a legal path to increase power tariff by a minimum Rs5.65 per unit from now till October to collect a whopping Rs884 billion from consumers. It was the second emergency summary that the federal cabinet had approved through circulation to save the International Monetary Fund Programme from collapsing again. (ET) | [Click for more info.](#)

201 to 300 electricity units; Subsidy likely to be withdrawn

Power | **Neutral**

The government is likely to withdraw subsidy available to electricity consumers using 201 to 300 units monthly gradually on the plea that provision of subsidy is not possible due to power sector's financial woes. (BR) | [Click for more info.](#)

Arbitration Agreement; Govt, KE narrow down differences over ToRs

KEL | **Neutral**

The government and Karachi Electric (KE) are said to have narrowed down differences on Terms of Reference (ToRs) on Arbitration Agreement (AA) but there is a bumpy road ahead as influential "spoilers" are making last ditch effort to create confusion at the top level. (BR) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	49,858.2	641.72	1.30%
PAK (KSE-100)	44,901.3	177.22	0.40%
PHILP - PSEI	6,436.1	64.02	0.97%
KSA - Tadawul	9,498.9	12.89	0.14%
INDONESIA - IDX	6,356.2	8.33	0.13%
US - S&P 500	3,913.1	-2.36	-0.06%
CHINA - Shanghai	3,404.7	-58.41	-1.69%
Taiwan - TWII	16,070.2	-217.60	-1.34%
US - Dow 30	32,628.0	-234.33	-0.71%
HK - Hang Seng	28,990.9	-414.78	-1.41%

Board Meetings

Scrip	Day	Agenda	Time
PSMC	Monday	ANN A/c 31-Dec-20	11:00 AM
AGIC	Wednesday	ANN A/c 31-Dec-20	10:30 AM
HINOON	Thursday	ANN A/c 31-Dec-20	10:00 AM
ALAC	Thursday	ANN A/c 31-Dec-20	12:00 PM
SPWL	Thursday	ANN A/c 31-Dec-20	12:30 PM
UNIC	Thursday	HY A/c 31-Dec-20	3:00 PM
FATIMA	Friday	ANN A/c 31-Dec-20	11:00 AM
PICT	Wednesday	ANN A/c 31-Dec-20	12:30 PM

Source: PSX



Cement

Bestway Int'l Holdings acquires 51.6% stake in UBL as part of Bestway Group's internal reorganization

BWCL | Positive

Bestway International Holdings Limited ("BIHL"), on 19 March 2021, has acquired 631,728,895 shares comprising 51.6% shares of United Bank Limited ("Company") as part of the Bestway Group's internal Re-Organization. Furthermore, the Re-Organization has, in no way impacted the ultimate beneficial ownership of UBL, which will remain intact through BIHL. (Mettis) | [Click for more info.](#)

FDI can spur construction sector

Cement | Positive

Although the government has placed the construction sector on the path of progress, it still requires foreign investment to gather pace in a bid to meet the mammoth housing demand of Pakistan. Investment in the construction industry has improved at the local level, however, foreign investors have remained shy of pouring money in the sector as the country braces to fulfil the piled up demand of 10 million housing units. (ET) | [Click for more info.](#)

Pharmaceutical

Govt caps prices of Russian, Chinese vaccines

Pharmaceutical | Neutral

The federal cabinet on Saturday decided to cap maximum retail price of the Russian and Chinese Covid vaccine injections, being imported by the private sector amid a sharp increase in coronavirus cases and in the absence of a wider government-funded vaccination programme. The government has fixed the maximum sale price of Sputnik V Russian vaccine at Rs8,449 for two doses and China's Convidecia at Rs4,225 per injection. (ET) | [Click for more info.](#)

Miscellaneous

HBL becomes first Pakistani bank to open branch in Beijing

HBL | Positive

HBL became the first Pakistani bank to open a branch and serve clients in Beijing, China's capital city. HBL Beijing offers a full range of products & services for the Bank's esteemed clients. (BR) | [Click for more info.](#)

Japan to provide ¥4.1bn for Faisalabad development projects

Economy | Positive

The government of Japan has extended its grant-in-aid of Japanese Yen 4.09 billion (Rs6 billion approximately) for "Improvement of Water Treatment Plant and Water Distribution System in Faisalabad" aiming to increase the production capacity of the water treatment plant, transmission and distribution systems in Faisalabad city. (BR) | [Click for more info.](#)

Waves Singer to increase paid-up share capital via issue of 93.8 million shares

WAVES | Positive

The Board of Directors of Waves Singer Pakistan Limited, in its meeting held today has decided to increase the paid-up share capital of the Company via issue of further 93,802,029 ordinary shares, having a face value of Rs 10 each as Right shares. (Mettis) | [Click for more info.](#)

Tax office collects Rs51bn on profit from bank deposits

Economy | Positive

Income tax collection on profit earned on bank deposits increased 15 percent in the eight months of this fiscal year because it remained a top low-risk investment option during the virus restrictions, officials said on Saturday. The Regional Tax Office (RTO) – I Karachi collected Rs51.28 billion during the (July–February) FY2020/2021. (The News) | [Click for more info.](#)



Political News

Ties between Nawaz, Zardari further strained

The working relations between top leaders of the Pakistan Muslim League (PML-N) and PPP have turned further strained as the PML-N Quaid former prime minister Nawaz Sharif declined to talk to Asif Ali Zardari in the wake of hard-hitting address of the latter in the PDM head of parties closed door meeting last week. (The News) | [Click for more info.](#)

Digital voting no feasible option: ex-ECP official

National Assembly Speaker Asad Qaiser tasked by Prime Minister Imran Khan to evolve a parliamentary consensus on electoral reforms, is unlikely to succeed due to financial, logistical and technical constraints in streamlining the voting methodology by the next general elections. (BR) | [Click for more info.](#)

International News

Asia Stocks Mostly Lower; Dollar Up in Haven Trade: Markets Wrap

Asian stocks started the week mostly lower with investors fretting over bond yields and inflation as economic activity picks up. Turkey's lira tumbled after the central-bank head was replaced. (Bloomberg) | [Click for more info.](#)

Oil Resumes Decline in Asia After Ending Ugly Week With a Bounce

Brent oil dropped in Asia as the dollar strengthened, giving up some of the gains posted at the end of the worst week since October. (Bloomberg) | [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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