

May 24,
2021

Economy

Govt plans to raise \$500mIn from first green bond sale next week

Economy | Positive

Pakistan plans to raise \$500 million next week with the sale of a debut green bond that may lead the way for similar deals from the nation to fund hydroelectric projects, Bloomberg reported on Friday. (The News) | [Click for more info.](#)

Credit profile reflects '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 (Moody's). (BR) | [Click for more info.](#)

4% GDP growth beats gloomy forecasts

Economy | Positive

The economy has sprung a surprise, growing nearly 4% in the outgoing fiscal year on the back of a healthy momentum in all main sectors. The unexpected economic activity beats expectations of the government and the international financial institutions by a wide margin. The provisional Gross Domestic Product (GDP) growth rate of 3.94% is almost double than the official target of 2.1%. (ET) | [Click for more info.](#)

Estimate reflects strong recovery under way: SBP

Economy | Positive

The State Bank of Pakistan (SBP) on Saturday night said the provisional estimate for FY21 growth of 3.94 percent released by the National Accounts Committee (NAC) on Friday reflects the strong economic recovery underway since the beginning of this fiscal year, which has been highlighted in recent monetary policy statements and quarterly reports of the SBP. (RB) | [Click for more info.](#)

External debt declines in Q3 by \$806m

Economy | Positive

Pakistan's external debt and liabilities declined in the third quarter of the current fiscal year (Q3FY21), data issued by the State Bank showed on Friday. According to the SBP data, total external debt servicing reached at \$10.633 billion at the end of nine months of this fiscal year (9MFY21). (Dawn) | [Click for more info.](#)

Investment-to-GDP ratio eased to 15.2 percent in FY2021

Economy | Negative

Pakistan's investment to GDP ratio declined to 15.2 percent from 15.5 percent of Gross Domestic Product (GDP) though savings to GDP ratio improved to 15 percent from 13.8 percent of GDP during the outgoing fiscal year of 2020-21. According to approved working paper of National Accounts Committee, the total Gross Fixed Capital Formation (GFCF) is projected at Rs6,492 billion but remained short to achieve the fixed target. (The News) | [Click for more info.](#)

Next budget on June 11

Economy | Neutral

The government has decided to present the next budget for 2021-22 on June 11, 2021, with the focus on launching special programs for rural Sindh, Karachi, Balochistan and Gilgit-Baltistan with the possible allocation of around Rs100 billion in the coming budget. (The News) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	30,784.2	31,068.6	284.4	0.9%
KSE100	45,574.1	45,915.0	340.9	0.7%
KSE30	18,574.9	18,719.2	144.2	0.8%
KMI30	74,384.4	75,105.7	721.2	1.0%

Top Five Gainers

	Open	Close	Chg.	%
NESTLE	5,550.3	5,798.0	247.7	4.5%
WYETH	1,484.0	1,595.3	111.3	7.5%
PMPK	862.5	900.0	37.5	4.3%
SAPT	842.0	872.0	30.0	3.6%
INDU	1,121.5	1,149.7	28.3	2.5%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	1.8	1.9	0.1	99.48
BYCO	10.3	10.1	-0.1	67.67
HASCOL	11.3	10.7	-0.6	48.50
KEL	4.2	4.2	0.1	39.83
SMBL	1.6	2.6	1.0	37.91

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.02	-0.38	-0.36
F-Corporates	5.01	-2.54	2.48
O/S Pakistanies	8.38	-10.50	-2.12
Net	13.41	-13.42	0.00
LIPI			
Individuals	124.98	-123.59	1.39
Companies	3.95	-6.43	-2.48
Comm. Banks	1.79	-1.02	0.76
NBFC	0.06	-0.03	0.02
Mutual Funds	6.00	-3.59	2.41
Other	0.69	-0.17	0.52
Brokers Proprietary	28.79	-31.84	-3.04
Insurance	1.44	-1.02	0.42
Net	167.70	-167.70	0.00

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	63.58	0.3%
Brent oil	USD/bbl.	66.44	2.0%
Gold	USD/t oz.	1881.25	0.2%
Silver	USD/t oz.	27.56	-0.7%
Coal	USD/ton	103.30	0.0%
Steel Scrap (LME)	USD/ton	506.00	-0.3%
Steel Rebar (LME)	USD/ton	742.00	-1.3%
USD/PKR	Interbank	153.58	0.0%

News Source: Local / Int'l Newspapers and websites

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Limiting stock of govt guarantees at 10pc of GDP proposed

Economy | Neutral

The federal government introduced "The Fiscal Responsibility and Debt Limitation (Amendment) Bill, 2021" in the National Assembly Friday which proposes raising the limit on the stock of government guarantees from the existing 2 to 10 percent of Gross Domestic Product (GDP). (BR) | [Click for more info.](#)

Rs86b withdrawn from saving schemes

Economy | Neutral

Institutional and individual investors have pulled out net Rs86 billion from national saving certificates, schemes and prize bonds during the first nine months (July-March) of the current fiscal year 2021 in the wake of change in government policies and compliance with the Financial Action Task Force's (FATF) action plan. (ET) | [Click for more info.](#)

Debt, liabilities increase 6.2pc to Rs45.470trln in March

Economy | Negative

Pakistan's total debt and liabilities rose to Rs45.470 trillion at the end of March 2021, showing an increase of Rs2.666 trillion or 6.2 percent a year earlier, State Bank of Pakistan's (SBP) data showed. The debt and liabilities stood at Rs42.804 trillion in the period ended March 2020. (The News) | [Click for more info.](#)

Jul-Apr FDI plunges 33pc YoY

Economy | Negative

The Foreign Direct Investment (FDI) fell sharply by 33 percent during the first 10 months of the current fiscal year (FY21) compared to the same period of last fiscal year (FY20), the State Bank of Pakistan (SBP) reported Friday. (BR) | [Click for more info.](#)

Oil & Gas

PPL, OGDCL; Divestment of shares deferred by CCoP

PPL, OGDCL | Neutral

A meeting of the Cabinet Committee on Privatization (CCoP) has deferred divestment of government shares in Pakistan Petroleum Limited (PPL) and the Oil and Gas Development Company Limited (OGDCL) owing to circular debt issue. (BR) | [Click for more info.](#)

Country's natural gas production in decline

Gas | Negative

Pakistan's natural gas production currently stands at 3,597mmcf against the all-time highest flow of 4,126mmcf recorded in February 2017. (Dawn) | [Click for more info.](#)

Power

ECC grants approval for settlement of KE's issues through arbitration

KEL | Positive

The Economic Coordination Committee (ECC) of the Cabinet on Friday has accorded approval for settlement of payables and recoverable issues of Karachi Electric through Arbitration. (The Nation) | [Click for more info.](#)

Government approves partial privatization of DISCOs

DISCOs | Positive

The Cabinet Committee on Privatization (CCoP) on Friday approved partial privatization of the state-owned power supply companies by offering management control but has shelved total disinvestment plans in loss-making DISCOs, officials said. Officials said concessions or management contracts are the most optimal options for the private sector participation in management of DISCOs. (The News) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	50,540.5	975.62	1.97%
PAK (KSE-100)	45,915.0	340.91	0.75%
Taiwan - TWII	16,302.1	259.70	1.62%
US - Dow 30	34,207.8	123.69	0.36%
HK - Hang Seng	28,458.4	8.15	0.03%
PHILP - PSEi	6,199.3	1.61	0.03%
US - S&P 500	4,155.9	-3.26	-0.08%
CHINA - Shanghai	3,486.6	-20.38	-0.58%
INDONESIA - IDX	5,773.1	-24.48	-0.42%
KSA - Tadawul	10,339.9	-32.69	-0.32%

Board Meetings

Script	Day	Agenda	Time
BPL	Monday	1Q A/c 30-Sep-20	12:00 PM
HCAR	Tuesday	ANN A/c 31-Mar-21	9:00 AM
AABS	Tuesday	HY A/c 31-Mar-21	11:00 AM
NONS	Tuesday	HY A/c 31-Mar-21	11:00 AM
JSML	Tuesday	HY A/c 31-Mar-21	11:30 AM
IML	Wednesday	3Q A/c 31-Mar-21	11:00 AM
SHSML	Wednesday	HY A/c 31-Mar-21	11:30 AM
KPUS	Wednesday	HY A/c 31-Mar-21	2:30 PM
HWQS	Wednesday	ANN A/c 30-Sep-21	4:00 PM
BAFS	Wednesday	HY A/c 31-Mar-21	5:00 PM
TICL	Wednesday	HY A/c 31-Mar-21	6:00 PM
CHAS	Thursday	HY A/c 31-Mar-21	11:00 AM
ALNRS	Thursday	HY A/c 31-Mar-21	11:30 AM
PMRS	Thursday	HY A/c 31-Mar-21	11:30 AM
SASML	Thursday	HY A/c 31-Mar-21	11:30 AM
SANSML	Thursday	HY A/c 31-Mar-21	12:30 PM
SIEM	Thursday	HY A/c 31-Mar-21	1:30 PM
JDWS	Friday	HY A/c 31-Mar-21	11:00 AM
FRSM	Friday	HY A/c 31-Mar-21	11:30 AM
SHJS	Friday	HY A/c 31-Mar-21	11:30 AM
HABSM	Friday	HY A/c 31-Mar-21	12:00 PM
HSM	Friday	HY A/c 31-Mar-21	2:30 PM
DWSM	Friday	HY A/c 31-Mar-21	4:30 PM
AGSML	Saturday	HY A/c 31-Mar-21	11:00 AM
MRNS	Saturday	HY A/c 31-Mar-21	11:00 AM
SML	Monday	HY A/c 31-Mar-21	11:00 AM

Source: PSX



ADB, Pakistan sign \$300m loan deal

Power | **Positive**

The Asian Development Bank (ADB) and the government of Pakistan on Friday signed a \$300 million loan to finance the construction of a 300-megawatt hydropower plant in Balakot, Khyber-Pakhtunkhwa province. ADB Acting Country Director Cleo Kawawaki and Economic Affairs Division Secretary Noor Ahmed signed the loan agreement for the project, which was approved by the ADB on March 30. (ET) | [Click for more info.](#)

There will be no power tariff, taxation hikes in FY22 budget: Tarin

Power | **Positive**

Finance Minister Shaukat Tarin on Sunday said that the budget FY21-22 will be presented in mid June. Through this budget, he added the govt will seek to increase revenue without taxing the already taxed and burdening the electricity consumers. (BR) | [Click for more info.](#)

Power infrastructure development; Chinese company ready to cooperate

Power | **Positive**

China Southern Power Grid Yunnan International is willing to cooperate in power grid and power infrastructure development in Pakistan in wake of investment opportunities offered under China-Pakistan Economic Corridor (CPEC) framework, said Chief Engineer, Zhang Yunhu. (BR) | [Click for more info.](#)

ToRs of Arbitration Agreement; ECC disapproves 'equity and fairness' clause

KEL | **Neutral**

The Economic Coordination Committee (ECC) of the Cabinet has reportedly disapproved the clause "equity and fairness" proposed by KE in the Terms of Reference (ToRs) of Arbitration Agreement on the written advice of Attorney General for Pakistan, well informed sources told. "There was a consensus in the ECC on disapproval of equity and fairness clause of ToRs and important opinion was of Attorney General who said in writing that equity and fairness may have consequences which can go against the government or public sector entities/ organizations," sources added. (BR) | [Click for more info.](#)

Govt all set to offer seasonal power tariff for next winter

Power | **Neutral**

The government is gearing up to introduce a seasonal electricity tariff regime next winter under which flat tariff will be enforced for domestic consumers encouraging them to use the electricity at the maximum. (The News) | [Click for more info.](#)

Power tariff hiked by Rs1.72 per unit

Power | **Negative**

The federal cabinet Friday decided to increase the power tariff in three quarterly adjustments. The cabinet approved an increase of 82 paisa per unit in the fourth quarter of the financial year 2020. In the first quarter of the financial year, the government approved an increase of 90 paisa per unit in terms of adjustments. (The News) | [Click for more info.](#)

Autos

Motorbike, three wheeler sales up 34pc in 10 months

ATLH, SAZEW | **Positive**

The sale of motorbikes and three wheelers witnessed an increase of 34 percent during the first ten months of financial year (2020-21) as compared to the corresponding period of last year. (BR) | [Click for more info.](#)



Miscellaneous

Pakistan successfully produces China's CanSino vaccine

Pharmaceutical | **Positive**

In a major milestone, Pakistan has successfully locally produced China's single-dose CanSino COVID-19 vaccine in a bid to speed up its immunization drive, local media reported. As per details, 124,000 doses of the vaccine have been prepared in the first phase with the help of Chinese experts. (BR) | [Click for more info.](#)

Sindh Human Capital Investment Project; Sindh govt, WB agree to finalize

Economy | **Positive**

Sindh Chief Minister Syed Murad Ali Shah in a virtual meeting with the World Bank team headed by its Country Director Najjy Benhassine discussed a five-component \$400 million Sindh Human Capital Investment Project. The Sindh government and the World Bank agreed to finalize the project by completing its remaining documents so that it could be started from next financial year. (BR) | [Click for more info.](#)

Pakistan added to Amazon's sellers list

Economy | **Positive**

M/s Amazon - one of the world's largest e-commerce platforms has officially added Pakistan to its sellers list, which may create more opportunities for Pakistani entrepreneurs. (BR) | [Click for more info.](#)

No tax increase for salaried class in budget, says Tarin

Economy | **Neutral**

Finance Minister Shaukat Tarin said on Sunday that income tax rates for the salaried class will not be increased in the upcoming budget and vowed to bring legislation to put tax evaders behind bars. (ET) | [Click for more info.](#)

PM orders new visa category for foreign investors

Economy | **Neutral**

Prime Minister Imran Khan on Sunday chaired a review meeting on the progress of the China-Pakistan Economic Corridor projects and promotion of investment in the country and said that the strategic partnership between the two friendly countries is "exemplary" for the world. (Pakobserver) | [Click for more info.](#)

International News

Stocks Mixed, Futures Up; China Jolts Commodities: Markets Wrap

Asian stocks were steady and U.S. equity futures rose Monday as traders weighed the volatile slump in cryptocurrencies and the inflation outlook. Metals fell as China stepped up its rhetoric on commodities. (Bloomberg) | [Click for more info.](#)

Oil Trades Near \$64 as Investors Track Virus Fight, Iran Talks

Oil traded near \$64 a barrel as investors assessed further signs the U.S. is recovering from the pandemic against progress in talks to revive an Iranian nuclear deal that may spur increased global crude supply. (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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