



February
26, 2021

Economy

Pakistan not out of the FATF woods yet

Capital Market, Economy | Neutral

The Financial Action Task Force (FATF) on Thursday decided to keep Pakistan on its 'grey list', giving it four more months – June 20, 2021 – to complete its full action plan. (BR) | [Click for more info.](#)

FATF grey-listing caused '\$38b losses'

Economy - Neutral

Pakistan has sustained a staggering \$38 billion economic losses due to the Financial Action Task Force's (FATF) decision to thrice placed the country on its grey list since 2008, says a new research paper published by an independent think-tank, Tabadlab. The findings of 'Bearing the cost of global politics -- the impact of FATF grey-listing on Pakistan's economy' by Dr Naafey Sardar come amid low chances of Pakistan exiting the grey list Thursday (today). (ET) | [Click for more info.](#)

RESERVES FALL

Economy | Negative

Despite increase in the foreign exchange reserves of the State Bank, the country's reserves fell by \$17 million to \$20.041bn during the week ended on Feb 19, 2021. The SBP's reserves increased by \$19m to \$12.908bn. (Dawn) | [Click for more info.](#)

Oil & Gas

Govt reviews Ogra recommendations on gas price hike

Gas | Positive

The federal government is reviewing the recommendations of the Oil and Gas Regulatory Authority (Ogra) for an increase in the consumer gas prices for the current financial year 2020-21. The regulator recommended the government to raise the gas prices for all categories of consumers of the Sui Northern Gas Pipeline Limited (SNGPL) average Rs35 per unit and Rs14 per unit for the Sui Southern Gas Company (SSGC). The recommendations have been sent to the federal government for consideration. (BR) | [Click for more info.](#)

Power

Energy projects won't add to debt: China

Power | Positive

A Chinese Foreign Ministry's Spokesperson said on Wednesday that power projects under China-Pakistan Economic Corridor (CPEC) did not incur debt burden on the Pakistani side because they were investment projects. (BR) | [Click for more info.](#)

Rate of return on four LNG-based power plants cut to 12pc

IPPs | Negative

The National Electric Power Regulatory Authority (Nepra) on Thursday reduced the rate of return on equity (ROE) from 16 to 12 per cent for four public sector LNG-based power projects in Punjab with total generation capacity of about 4,900MW. (Dawn) | [Click for more info.](#)

Power arbitration deal likely to be submitted to PM today

KEL, SSGC | Neutral

Ministry of Privatisation is likely to submit the proposed Arbitration Agreement between Karachi Electric (KE), SSGCL, CPPA-G and other organizations to Prime Minister Imran Khan on Friday (today). (BR) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	31,327.3	31,647.9	320.6	1.0%
KSE100	45,362.6	45,965.6	603.0	1.3%
KSE30	18,884.3	19,199.2	314.9	1.7%
KMI30	75,275.6	76,391.7	1116.1	1.5%

Top Five Gainers

	Open	Close	Chg.	%
RMPL	9,712.0	10,200.0	488.0	5.0%
NESTLE	6,150.0	6,204.6	54.6	0.9%
NRL	594.0	627.9	33.8	5.7%
GATI	532.5	565.0	32.5	6.1%
LUCK	836.7	865.6	29.0	3.5%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
TELE	6.9	7.9	1.0	36.20
BYCO	10.0	10.4	0.4	34.60
UNITY	32.0	33.0	0.9	33.17
KEL	4.0	4.2	0.1	32.18
TRG	137.3	146.2	8.9	30.14

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.09	-0.10	-0.01
F-Corporates	4.67	-6.71	-2.04
O/S Pakistanies	10.08	-11.57	-1.50
Net	14.84	-18.39	-3.55
LIPI			
Individuals	172.82	-169.59	3.23
Companies	12.17	-12.61	-0.44
Comm. Banks	2.73	-3.33	-0.60
NBFC	0.01	-0.01	0.00
Mutual Funds	13.00	-11.38	1.63
Other	1.32	-1.51	-0.20
Brokers Proprietary	44.87	-45.62	-0.75
Insurance	3.66	-2.98	0.68
Net	250.57	-247.02	3.55

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	63.53	0.5%
Brent oil	USD/bbl.	66.88	-0.2%
Gold	USD/t oz.	1770.56	-1.9%
Silver	USD/t oz.	27.43	-1.9%
Coal	USD/ton	87.85	0.0%
Steel Scrap (LME)	USD/ton	418.00	0.0%
Steel Rebar (LME)	USD/ton	607.50	-0.2%
USD/PKR	Interbank	158.65	-0.2%

News Source: Local / Int'l Newspapers and websites

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NEPRA proposes Rs0.89 per unit increase in power tariff

Power | Neutral

The National Electric Power Regulatory Authority (NEPRA) proposed on Thursday an Rs0.89 per unit increase in the electricity tariff in the context of January's fuel price adjustment. NEPRA Vice-Chairperson Saifullah Chatha presided a hearing of a plea filed by the Central Power Purchasing Agency (CPPA) on February 19 requesting an increase of Rs0.92 in the electricity tariff. During the hearing, NEPRA officials said that running power plants outside the merit order had imposed an additional burden of Rs3.90 billion on consumers. (ET) | [Click for more info.](#)

Banks

Moody's notes strong bank profits in 2020

HBL, MCB, ABL | Neutral

Moody's Investor Services on Thursday said that despite lower interest margins, higher provisioning for non-performing loans amid the pandemic, leading Pakistani banks post strong profit growth in 2020. In a statement, the Moody's said the financial results announced by three leading banks – MCB, Allied and Habib Bank – as of Feb 22 were credit positive and reflect containment of the pandemic's adverse effects. "However, we expect pressure on 2021 profitability amid narrower net interest margins and ongoing asset quality deterioration," it said. As of Feb 22, three large banks reported their 2020 results, with MCB Bank Ltd (B3 stable, b31), Allied Bank Ltd (B3 stable, b3) and Habib Bank Ltd (B3 stable, caa1) each reporting higher profitability and capital buffers than in 2019, and robust liquidity. (Dawn) | [Click for more info.](#)

Miscellaneous

Naya Pakistan Housing Project; Construction work to start in April

Cement, Steel | Positive

The construction work under Naya Pakistan Housing Project will be started in April, the Public Accounts Committee (PAC) was informed. The secretary housing informed the committee that the federal government had budgeted Rs650 billion in the current financial year for the housing projects in the public sector. Private investors had also shown investment of Rs830 billion. Construction of low-cost housing units would be started in the current year, the secretary added. (BR) | [Click for more info.](#)

PC LEGACY hotel in Hunza soon

PSEL | Positive

Hashoo Group is opening the second hotel of PC LEGACY in the scenic valley of Nasirabad, Hunza soon, a statement said on Thursday. It will be the second hotel by Hashoo Group in their recently introduced brand of hotels by the name of PC LEGACY; following Naran, it added. In this connection, an agreement was signed between Pakistan Services Limited and Linked International Pvt Ltd at the Islamabad Marriott Hotel. (The news) | [Click for more info.](#)

Govt Increases Custom Values on Import of Iron and Steel Scrap

Steel | Negative

The Directorate General of Customs Valuation, Karachi, has upward revised customs values on the import of iron and steel scrap. According to the ruling, in the exercise of the powers conferred under Section 2S-A of the Customs Act, 1969, the Customs values of Iron and Steel Scrap (remeltable/HMS scrap/shredded scrap/re-rollable scrap and compressor scrap) are determined. (Propakistani) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
PAK (KSE-100)	45,965.6	603.04	1.33%
HK - HangSeng	30,074.2	355.93	1.20%
INDIA - SENSEX	51,039.3	257.62	0.51%
Taiwan - TWII	16,452.2	239.65	1.48%
KSA - Tadawul	9,194.9	79.16	0.87%
INDONESIA - IDX	6,289.7	38.59	0.62%
CHINA - Shanghai	3,585.1	20.97	0.59%
US - S&P 500	3,829.3	-96.09	-2.45%
PHILP - PSEi	6,756.0	-116.07	-1.68%
US - Dow 30	31,402.0	-559.85	-1.75%

Board Meetings

Scrip	Day	Agenda	Time
LEUL	Friday	HY A/c 31-Dec-20	9:30 AM
LPGL	Friday	HY A/c 31-Dec-20	9:30 AM
BILF	Friday	HY A/c 31-Dec-20	10:00 AM
CFL	Friday	HY A/c 31-Dec-20	10:00 AM
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GGL	Friday	HY A/c 31-Dec-20	10:30 AM
ICIBL	Friday	HY A/c 31-Dec-20	10:30 AM
AGP	Friday	ANN A/c 31-Dec-20	10:45 AM
ABOT	Friday	ANN A/c 31-Dec-20	11:00 AM
ATIL	Friday	ANN A/c 31-Dec-20	11:00 AM
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BNL	Friday	HY A/c 31-Dec-20	12:00 PM
FCSC	Friday	HY A/c 31-Dec-20	12:00 PM
KOSM	Friday	HY A/c 31-Dec-20	2:00 PM
ASC	Friday	HY A/c 31-Dec-20	2:30 PM
PSX	Friday	HY A/c 31-Dec-20	2:30 PM
BATA	Friday	ANN A/c 31-Dec-20	3:00 PM
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AGHA	Friday	HY A/c 31-Dec-20	3:30 PM
BWCL	Friday	HY A/c 31-Dec-20	3:30 PM

Source: PSX



MoU on introducing electric buses, other vehicles in Pakistan signed Autos | Neutral

A Memorandum of Understanding (MoU) was signed on Thursday among Daewoo Express Pakistan, Skywell from China and Hitachi ABB Power Grids from Sweden for introducing electric buses in Pakistan. Under this MoU, Skywell Automobiles China and Daewoo Express Pakistan will collaborate to introduce electric buses and other electric vehicles in Pakistan. (The News) | [Click for more info.](#)

IT exports surge 38pc to \$1.1bln in July-January Tech. & Communication | Positive

Pakistan's IT exports surged 38 percent to \$1.1 billion in the first seven months of the current fiscal year of 2020/21, commerce adviser said on Thursday, as stay-at-home orders amid the pandemic accelerated transition to digital economy. (The News) | [Click for more info.](#)

Beverages, petroleum sectors; FBR decides to extend track and trace system Economy | Neutral

The Federal Board of Revenue (FBR) has decided to extend the track and trace system to beverages and petroleum sectors along with other sectors after issuance of letter to the successful company of the project. Track and trace project would now simultaneously be extended to tobacco sector, cement, sugar, fertiliser, beverages, and petroleum sectors. (BR) | [Click for more info.](#)

Political News

India, Pakistan in Rare Move Jointly Agree to Ease Border Strife

India and Pakistan have agreed to observe a cease-fire along their contested border in the Himalayan region of Kashmir, according to a rare joint statement by senior army officials on both sides. The countries have exchanged fire over the frontier several times over the last year. (Bloomberg) | [Click for more info.](#)

International News

Oil Set for Monthly Surge with Market Watching Next OPEC+ Move

Oil is heading for a fourth monthly gain with the global market tightening as investors await the OPEC+ meeting next week, watching for any changes to production strategy following booming prices. (Bloomberg) | [Click for more info.](#)

Asia stocks skid as global inflation fears, tech woes hit Wall Street

Asian stocks opened sharply lower on Friday after Wall Street's main indexes tumbled, with technology-related stocks under pressure following a steep rise in benchmark U.S. Treasury yields. (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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