



December
28, 2020

Economy

IMF allows govt. to delay sales, income tax measures

Economy | Positive

At a time when the economy is grappling with second wave of Covid-19, the International Monetary Fund (IMF) has accepted Pakistan's plea to delay implementation of some significant tax measures for a period of six months. (Dawn) | [Click for more info.](#)

MoU signed with 17 Paris Club states; Around \$900m debt relief estimated

Economy | Positive

The government Thursday signed a Memorandum Of Understanding (MoU) with Paris Club countries for 2nd round of Debt Service Suspension Initiative (DSSI). The cumulative relief for the debt suspension period, ie, 1st January to 30th June, 2021, is estimated to be around \$800 to \$900 million. (BR) | [Click for more info.](#)

Trapped in a maze of cross-subsidies

Economy | Neutral

The Economic Coordination Committee (ECC) of the cabinet decided in a recent meeting to begin the process for the rationalization of subsidies — a long-time demand of global lending agencies led by the International Monetary Fund (IMF). (Dawn) | [Click for more info.](#)

Inflows in RDAs cross \$200m

Economy | Positive

Inflows through Roshan Digital Accounts (RDAs) crossed \$200 million reported the State Bank on Thursday. "Funds remitted through Roshan Digital Accounts are accelerating and crossed \$200m since launched three months ago" said the State Bank said in a statement. (Dawn) | [Click for more info.](#)

Phasing-out of subsidies; Hafeez directs ministries to submit plans

Economy | Neutral

Finance Minister Dr Abdul Hafeez Shaikh has directed the concerned ministries to submit their subsidies phasing-out plans for implementation on a fast-track basis. On December 16, 2020, the Finance Division noted that Prime Minister Imran Khan while reviewing a presentation by the "Think Tank" on July 18, 2020, created a "Subsidies Cell" in the Finance Division with the direction to carefully examine all types of subsidies. (BR) | [Click for more info.](#)

ECC approves issuance of \$500m Eurobonds for dams

Economy | Positive

Economic Coordination Committee (ECC) of the cabinet on Thursday approved issuance of \$500 million Eurobonds to finance construction of Diamer Basha and Mohmand dams and Karachi transformation plan. (The News) | [Click for more info.](#)

Govt. to cut import duties on industrial inputs from January

Economy | Positive

Import duties on industrial inputs will be slashed by six percent from January 1 to spur industrial production and encourage export-oriented sector, commerce adviser said on Saturday. (The News) | [Click for more info.](#)

Planning Commission proposes cut in interest rate

Economy | Neutral

The Planning Commission on Thursday recommended to a high-powered board to cut interest rate to stimulate the economy and also did not favor any further rupee depreciation, saying previous fall in the currency's value did not help exports. (ET) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	30,248.7	30,444.5	195.8	0.6%
KSE100	43,087.7	43,416.8	329.1	0.8%
KSE30	17,939.2	18,097.7	158.5	0.9%
KMI30	70,123.2	70,749.3	626.0	0.9%

Top Five Gainers

	Open	Close	Chg.	%
UPFL	12,600.0	13,545.0	945.0	7.5%
RMPL	9,002.0	9,350.0	348.0	3.9%
PMRS	449.0	479.0	30.0	6.7%
LUCK	675.4	699.7	24.3	3.6%
GHNI	318.1	339.5	21.4	6.7%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
UNITY	26.8	28.5	1.8	46.89
TRG	73.0	78.4	5.5	37.30
MLCF	41.9	43.4	1.4	34.68
GGLR1	3.5	4.1	0.6	21.29
ANL	27.0	27.0	0.0	20.96

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	7.83	-0.04	0.94
F-Corporates	0.61	-0.99	-0.38
O/S Pakistanies	12.02	-24.81	-12.79
Net	12.67	-25.84	-13.17
LIPI			
Individuals	164.55	-175.52	-10.97
Companies	38.37	-13.59	24.78
Comm. Banks	2.73	-3.75	-1.03
NBFC	0.07	-0.05	0.02
Mutual Funds	24.78	-23.26	1.52
Other	0.99	-0.75	0.24
Brokers Proprietary	41.17	-41.42	-0.25
Insurance	4.05	-5.20	-1.15
Net	276.71	-263.54	13.17

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	48.23	0.2%
Brent oil	USD/bbl.	51.29	0.2%
Gold	USD/t oz.	1883.46	0.6%
Silver	USD/t oz.	25.83	1.1%
Coal	USD/ton	89.85	-0.2%
Steel Scrap (LME)	USD/ton	426.50	-0.1%
Steel Rebar (LME)	USD/ton	596.00	-0.7%
USD/PKR	Interbank	160.47	-0.2%

News Source: Local / Int'l Newspapers and websites

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ECC approves 51% stake sale in state company to UK

Economy | Positive

A cabinet body has approved to sell majority stake in a government-owned company to the United Kingdom through its controlled entity by converting a 12-year-old "grant" into equity in a legally questionable manner and despite strong opposition from the Ministry of Finance. The Economic Coordination Committee of the Cabinet on Thursday approved to sell 51% stakes in the Pakistan Credit Guarantee Company (PCGC) to Karandaz Pakistan. (ET) | [Click for more info.](#)

CCOP okays structure for PSM sale

Economy | Positive

The Cabinet Committee on Privatization (CCOP) on Thursday approved the transaction structure for sale of Pakistan Steel Mills (PSM) by setting up a subsidiary of the country's largest but closed industrial unit. The meeting was informed that the government would try to conclude the PSM privatization transaction by June next year. It was agreed that the majority of shares of the subsidiary would be sold. Financial advisers hired to finalize the transaction structure had estimated that for the revival and expansion of PSM, the investor may need to invest \$1.4 billion over a period of three years. (ET) | [Click for more info.](#)

Fiscal deficit rises by Rs189bn in July-Oct period

Economy | Negative

Putting country's fiscal deficit at 1.7 per cent of GDP (Rs753 billion) in first four months of current fiscal year, the government on Thursday said continued economic recovery in recent months could be affected by the resurgence of new Covid-19 cases. (Dawn) | [Click for more info.](#)

SBP reserves fall \$83m to \$13.2b

Economy | Neutral

The foreign exchange reserves held by the central bank declined 0.62% on a weekly basis, according to data released by the State Bank of Pakistan (SBP) on Thursday. On December 18, the foreign currency reserves held by the SBP were recorded at \$13,216.2 million, down \$83 million compared with \$13,298.8 million in the previous week. (ET) | [Click for more info.](#)

Foreign investment; PSX saw \$284.832m outflow in FY19: SECP

Capital Market | Neutral

Foreign investment in the stock market exhibited a net outflow of \$284.832 million during 2019-20 against \$356.04 million in 2018-19, reflecting a decrease of 20 percent. According to the SECP annual report for 2019-20, 530 companies with paid-up capital of Rs1,391.477 billion were listed on Pakistan Stock Exchange (PSX) as on June 30, 2020. (BR) | [Click for more info.](#)

Oil & Gas

PSO to import 180,000tns mogas cargoes for March

PSO | Neutral

State-owned Pakistan State Oil (PSO) will import four motor gasoline cargoes weighing 180,000 tons for coming March as it is anticipating revival in fuel demand following the lifting of lockdown, it was learnt on Friday. PSO invited bids for supply of four motor gasoline cargoes of 45,000 metric tons each in March. (The News) | [Click for more info.](#)

OGRA questions Shell over LNG petition

Gas | Neutral

The Oil and Gas Regulatory Authority (Ogra) has raised several questions over a petition of Shell Pakistan that is seeking license for sale and marketing of re-gasified liquefied natural gas (RLNG). Shell Pakistan is seeking the license for sale and marketing of RLNG by utilizing the additional capacity of Engro LNG terminal. (ET) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	46,973.5	529.36	1.14%
PAK (KSE-100)	43,416.8	329.07	0.76%
US - Dow 30	30,199.9	70.04	0.23%
Taiwan - TWII	14,331.4	51.14	0.36%
HK - Hang Seng	26,386.6	43.46	0.16%
CHINA - Shanghai	3,396.6	33.45	0.99%
US - S&P 500	3,703.1	13.05	0.35%
PHILP - PSEI	7,204.4	1.99	0.03%
INDONESIA - IDX	6,008.7	-14.58	-0.24%
KSA - Tadawul	8,702.7	-17.99	-0.21%

Board Meetings

Scrip	Day	Agenda	Time
PAKD	Saturday	1QTR ACCOUNT	4:30 PM
JSBL	Monday	ANN A/C 30-SEP-20	11:00 AM
JSML	Monday	ANN A/C 30-SEP-20	11:30 AM
DWSM	Monday	ANN A/C 30-SEP-20	5:30 PM
PIAA	Wednesday	MULTI. PERIOD	11:00 AM
MRNS	Wednesday	ANN A/C 30-SEP-20	11:30 AM
HSM	Thursday	ANN A/C 30-SEP-20	10:00 AM
NONS	Thursday	ANN A/C 30-SEP-20	11:00 AM
SHJS	Thursday	ANN A/C 30-SEP-20	12:00 PM
SASML	Thursday	ANN A/C 30-SEP-20	3:00 PM
KPUS	Friday	ANN A/C 30-SEP-20	2:30 PM
JDWS	Saturday	ANN A/C 30-SEP-20	11:00 AM
SANSM	Saturday	ANN A/C 30-SEP-20	12:30 PM

Source: PSX



Construction on North-South gas pipeline likely in July

Gas | **Positive**

The much-awaited construction work on 1,100-kilometer gas pipeline is likely to start in July next year aimed at transporting the commodity from Karachi to Lahore and meeting the country's ever-growing energy needs. The North-South Gas Pipeline Project (NSGPP) will be executed in collaboration with Russia, under which Pakistan would have a majority share of 51-74 percent, a senior official privy to petroleum sector developments told APP. (BR) | [Click for more info.](#)

E&P companies plan to inject 150mmcf of gas into system

E&P | **Neutral**

The oil and gas Exploration & Production (E&P) companies have planned to inject around 150 Million Cubic Feet per Day (MMCFD) additional gas in the transmission network in the coming days from their different fields to meet the increased demand of the commodity during current winter. (BR) | [Click for more info.](#)

Power

KE acquisition possible in 6 months

KEL | **Positive**

China's Shanghai Electric Power (SEP) has expressed a commitment to complete transaction of K-Electric within six months subject to resolution of issues. A meeting, chaired by the minister for privatization and minister for energy, was held in the second week of the ongoing month on the way forward on issues related to the transfer of K-Electric shares to SEP. Officials from SEP also joined the meeting through Zoom. (ET) | [Click for more info.](#)

Hike in power tariffs in the offing?

Power | **Neutral**

Minister for Energy Omar Ayub Khan reportedly expressed fear that actual cost-based relending policy might increase the cost of electricity as the cost of borrowing would also be included in the price of electricity. (BR) | [Click for more info.](#)

Captive power units; SSGC asks for 100pc cut in gas consumption

Power | **Neutral**

Sui Southern Gas Company Limited (SSGCL) Thursday asked all non-export general industries to reduce 100 percent gas consumption at captive power units. (BR) | [Click for more info.](#)

NPPMCL pays Rs5.69bn to PDFL as part payment of debt

Power | **Neutral**

National Power Parks Management Company (Pvt) Limited (NPPMCL), a public sector power generation company, paid Rs5.69 billion to Pakistan Development Fund Limited (PDFL) as part repayment of debt of Rs32.00 billion acquired for the establishment of 1,230MW Combined Cycle Power Plant Haveli Bahadur Shah, Jhang and 1,223MW Combined Cycle Power Plant Balloki, Kasur. (BR) | [Click for more info.](#)

Cement

Extension in construction sector package sought

Cement | **Positive**

The amnesty scheme for the construction sector has boosted the socio-economic status of daily wagers and supported the construction industry and its allied sectors, said Federation of Pakistan Chambers of Commerce and Industry (FPCCI) President Mian Anjum Nisar. In a statement on Saturday, he appreciated Prime Minister Imran Khan for introducing the scheme and emphasized that the decision turned out to be beneficial in mitigating the impact of Covid-19 all over Pakistan. (ET) | [Click for more info.](#)



Banks

Bank borrowings soar despite second Covid wave

Banks | **Positive**

The level of business confidence is gradually improving as many industries belonging to the manufacturing and services sectors have increased borrowing from banks on a promising outlook despite the country suffering from the second wave of Covid-19. Among the non-traditional sectors, education - particularly the higher education sector - was seen borrowing from banks during these testing times, according to the central bank. (ET) | [Click for more info.](#)

Microfinance sector recoveries stall

Inv. Banks, Cos., Sec. | **Negative**

The microfinance sector of Pakistan is currently undergoing a recovery from the dent endured during the Covid-19 lockdown. The sector, which had posted a steady growth over the past few years, recorded a decline in 2020. Industry experts claim that the sector is currently in hot water as a majority of borrowers have not been able to repay loans due to little or no functioning of their businesses. (ET) | [Click for more info.](#)

Transportation

EU ban won't be lifted before CAA audit, PIA told

PIAA | **Negative**

A day after Aviation Minister Ghulam Sarwar Khan expressed hopes that the ban imposed on Pakistan International Airlines (PIA) to operate flights in Europe would be lifted soon, the European Union Aviation Safety Agency (EASA) informed the national flag carrier that the ban had been extended by three months and that it would not be reviewed until a safety audit of the Civil Aviation Authority (CAA), it emerged on Saturday. (Dawn) | [Click for more info.](#)

Textile

Despite pandemic, textile sector bounces back

Textile | **Positive**

Textile sector is called the backbone of Pakistan's economy as it enjoys around 60% share in total exports. Its contribution to the national gross domestic product (GDP) is 8.5% and it employs around 15 million people, directly and indirectly. (ET) | [Click for more info.](#)

Exporters unable to finalize export orders due to unavailability of fabric

Textile | **Negative**

Pakistan Readymade Garments Manufacturers & Exporters Association (PRGMEA) has said that a huge number of export orders are being received by the value-added garment industry, however, exporters are unable to finalize them due to unavailability of fabric, especially the denim fabric in the country. (The Nation) | [Click for more info.](#)

Miscellaneous

Matco Foods to set up corn starch plant

MATCO | **Positive**

Matco Foods announced on Thursday that it would set up a corn starch manufacturing plant at an estimated cost of Rs1.38 billion at a Special Economic Zone (SEZ) in Punjab while availing a five-year tax holiday. The starch is not only used in making a number of food dishes but is also utilized in industrial manufacturing processes to produce pharmaceutical, textile goods, paper and board and adhesives. (ET) | [Click for more info.](#)



\$400m WB aid sought to help KP govt.

Economy | Neutral

The federal government is seeking financing of \$400 million from the World Bank to strengthen the capacity of Khyber Pakhtunkhwa to manage public resources, and improve resource availability and accountability for delivery of education and health services, it was learnt on Saturday. (Dawn) | [Click for more info.](#)

SAPT sets record

Economy | Positive

A vessel, Madrid Express, having a capacity of 13,371 TEUs and LOA (length overall) 366.1 meters berthed at South Asia Port Terminal (SAPT) in Karachi. "This is the deepest berthing of any container vessel in the history of the country's shipping operations," an official said on Saturday. (The News) | [Click for more info.](#)

Non-textile exports contract in five months

Economy | Negative

Pakistan's non-textile exports shrank 1.85 per cent year-on-year to \$3.7 billion in the first five months of this fiscal year due to delays of orders amid Covid-19-related closures in major export markets, latest data released by the Pakistan Bureau of Statistics (PBS) showed. (Dawn) | [Click for more info.](#)

FBR issues Rs144bn refunds in H1

Economy | Positive

The Federal Board of Revenue (FBR) has issued a press release wherein it has been stated that in the current financial year, i.e, July to December 2020, refunds to the tune of Rs144 billion against only Rs76 billion last year have been issued which shows an increase of 89 percent. (BR) | [Click for more info.](#)

Import of smuggling-prone items halves under Afghan transit trade

Economy | Positive

Imports of top five smuggling-prone items under the Afghan transit trade (ATT) have dropped by more than half in the current fiscal year, which increased tax collection besides protecting domestic industries from the injurious effects of illegal trade. Imports of black and green tea, tyres, textile and electronic goods under ATT fell by Rs86 billion or 51% during first five months of the current fiscal year. During July-November 2020, Afghanistan imported Rs82.5 billion worth of five types of goods as against Rs168 billion in the same period of last year. (ET) | [Click for more info.](#)

Debt Securities Trustees

Capital Market | Neutral

To promote debt market in the country, the Securities and Exchange Commission of Pakistan (SECP) has issued revised functions and duties of Debt Securities Trustees (DSTs) for providing a comprehensive regulatory framework for licensing and regulation of the DSTs. (BR) | [Click for more info.](#)

International News

Global shares edge up on news Trump signs aid bill

Global shares ticked up on Monday as a source said U.S. President Donald Trump signed into law a \$2.3 trillion pandemic aid and spending package he had until now refused to sign. (Reuters) | [Click for more info.](#)

Oil Steadies With Virus Pessimism Balanced by U.S. Stimulus

Oil steadied in Asian trading -- after posting its first weekly loss since October -- as pessimism over a new strain of Covid-19 was balanced by the passage of a U.S. stimulus bill into law. (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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