

May 31,
2021

Economy

Policy rate stays unchanged to support growth

Economy | Positive

The Monetary Policy Committee (MPC) of the State Bank of Pakistan has decided to maintain the policy rate at 7 percent as current economic growth indicates that strength of the broad-based economic rebound under way since the start of the fiscal year supported by targeted fiscal measures and aggressive monetary stimulus. (BR) | [Click for more info.](#)

Fitch forecasts Pakistan's growth at 4pc in FY2022

Economy | Positive

Credit rating agency Fitch Ratings expects Pakistan's growth to stabilize at 4 percent in the next fiscal year, supported by a continued strengthening of domestic consumption and resilient manufacturing and construction activity. (The News) | [Click for more info.](#)

Economic growth target set at 4.8%

Economy | Neutral

The federal government on Friday approved an economic growth target of 4.8% and estimated inflation to remain at 8% for its fourth year in power amid a vast variation in current account deficit projections given by the finance ministry and the planning commission for the next fiscal year. (ET) | [Click for more info.](#)

Pakistan likely to receive \$29 billion in remittances: FPCCI

Economy, Banks | Neutral

The Federation of Pakistan Chambers of Commerce and Industry's Businessmen Panel Chairman Mian Anjum Nisar has expressed the hope that Pakistan would receive record remittance inflows of up to \$29 billion this year, as the government and central bank initiatives to facilitate overseas workers have started giving positive results amidst worldwide corona epidemic challenges. (The Nation) | [Click for more info.](#)

In a first, Rs4.143tr revenue collected in 11 months

Economy | Positive

Pakistan's top tax machinery on Saturday claimed to have crossed Rs4.143 trillion in 11 months of the current fiscal year against Rs3.536tr collected over the corresponding months of last year indicating a revival of economic activities in the country. More revenue ranging between Rs15bn and Rs20bn will come into the government kitty in the last two days (May 30-31) of the current month, which will further improve the overall revenue collection in the July-May period of the current fiscal year. (Dawn) | [Click for more info.](#)

Revenue collection to cross Rs5tn in FY22: Tarin

Economy | Neutral

Finance Minister Shaukat Tarin has said that the Rs4.8 trillion revenue collection this year would be the highest in the country's history whereas the government is hopeful to collect around Rs5.8 trillion during the next fiscal year 2021-2022 (FY22). (PT) | [Click for more info.](#)

PIBs attract \$10m in May

Economy | Positive

The long-term Pakistan Investment Bonds (PIBs) continue to attract foreign investors who invested \$10 million during the month of May. However, investments in PIBs have dropped in May compared to March when the country received over \$100m as investment which pushed up the total to \$240.7m. This was termed as a 'turning point' by the financial sector since their expectations were high. (Dawn) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	31,463.4	31,703.8	240.4	0.8%
KSE100	46,790.8	47,126.3	335.5	0.7%
KSE30	19,137.5	19,299.5	162.0	0.8%
KMI30	76,587.2	77,172.6	585.4	0.8%

Top Five Gainers

	Open	Close	Chg.	%
UPFL	15,616.0	15,990.0	374.0	2.4%
ILTM	2,231.0	2,398.3	167.3	7.5%
WYETH	1,981.8	2,130.5	148.6	7.5%
INDU	1,161.7	1,197.4	35.6	3.1%
PECO	381.0	409.6	28.6	7.5%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	3.2	3.0	-0.2	381.39
SILK	1.5	1.6	0.1	56.31
BYCO	10.5	10.8	0.3	38.75
HUMNL	8.2	7.9	-0.3	35.23
NRSL	20.3	21.8	1.5	21.93

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.05	-0.02	0.03
F-Corporates	7.85	-4.07	3.77
O/S Pakistanies	8.90	-9.37	-0.47
Net	16.80	-13.46	3.34
LIPI			
Individuals	148.54	-146.76	1.79
Companies	6.26	-7.29	-1.04
Comm. Banks	5.69	-4.96	0.74
NBFC	0.09	-0.09	0.01
Mutual Funds	17.39	-21.59	-4.20
Other	3.45	-2.21	1.24
Brokers Proprietary	30.57	-30.74	-0.17
Insurance	5.03	-6.73	-1.70
Net	217.03	-220.37	-3.34

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	66.32	-0.8%
Brent oil	USD/bbl.	68.72	-0.7%
Gold	USD/t oz.	1903.77	0.4%
Silver	USD/t oz.	27.94	0.3%
Coal	USD/ton	104.90	-0.2%
Steel Scrap (LME)	USD/ton	499.82	-1.0%
Steel Rebar (LME)	USD/ton	744.21	0.0%
USD/PKR	Interbank	154.80	-0.4%

News Source: Local / Int'l Newspapers and websites

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REP-055

Repatriation of profits jumps 14pc in 10 months

Economy | Positive

The outflow of profits and dividends on foreign direct investment (FDI) during the first 10 months of the current fiscal increased by 14 per cent reflecting the improved performance of the companies having foreign interest. The State Bank's latest data issued on Friday showed that the outflow of profits and dividends during July-April FY21 was \$1.214 billion compared to \$1.064bn in the same period of FY20. (Dawn) | [Click for more info.](#)

Govt to allocate Rs55b for CPEC

Economy | Neutral

The government has proposed an allocation of Rs55 billion for the China-Pakistan Economic Corridor (CPEC) projects in the next budget, which does not match with the needs to finance a portfolio of Rs1.6 trillion. Slightly over Rs305 billion have already been spent on these schemes over the years and except the Rs1.1 trillion Mainline-I project, which will take about eight years to complete, rest of the schemes have to be completed by now. (ET) | [Click for more info.](#)

Public debt rose by Rs12.5trn, Tarin tells Senate

Economy | Negative

Pakistan's total public debt increased by Rs.12.5 trillion from July 2018 to December 2020, Finance Minister Shaukat Tarin informed the Senate in a written reply Friday. (BR) | [Click for more info.](#)

Oil & Gas

Ogra recommends increase in POL products' prices

Oil | Neutral

The oil and gas regulator recommended up to 4 percent increase in the ex-depot prices of petroleum products based on the last notified rate of general sale tax (GST) and Petroleum levy (PL). The regulator has worked out an increase of Rs 4.36 per litre in the ex-depot price of high speed diesel (HSD). It has further suggested an increase of 50 paise per litre in the prices of kerosene oil (SKO) and light diesel oil (LDO), however, recommended to sustain the price of petrol at current level with effect from June 1. (BR) | [Click for more info.](#)

OMCs reluctant to uplift furnace oil

Refineries | Negative

Once again an oil crisis is looming in the country due to low uplift of furnace oil by oil marketing companies (OMCs), which has forced refineries to cut production. This can also impact the local production of gas and crude oil in the country. (ET) | [Click for more info.](#)

PPL declares exemption of Sui mining lease area

Gas, PPL | Positive

Pakistan Petroleum Limited (PPL) has announced that the Sui mining lease area has been exempted by the Government of Pakistan from the application of Rule 34 of the Pakistan Petroleum (Production) Rules, 1949, to the extent that the Company has been allowed to continue production from the Sui mining lease for a further period of one year with effect from June 01, 2021. (BR) | [Click for more info.](#)

Pakistan, Russia sign IGA protocol

Gas, CSAP | Positive

Pakistan's Ambassador to the Russian Federation, Shafqat Ali Khan signed the Protocol to the Intergovernmental Agreement (IGA) on Friday along with Russian Minister for Energy Nikolai Shulginov, in Moscow. Pakistan Stream Gas Pipeline (SPV) is to be set up within 60 days of this signing to implement the project. It has been renamed as Pakistan Stream Gas Pipeline Project. (The News) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
PAK (KSE-100)	47,126.3	335.54	0.72%
INDIA - SENSEX	51,422.9	307.66	0.60%
Taiwan - TWII	16,870.9	269.25	1.62%
US - Dow 30	34,529.5	64.81	0.19%
KSA - Tadawul	10,519.5	47.97	0.46%
HK - Hang Seng	29,124.4	11.21	0.04%
PHILP - PSEi	6,674.5	9.37	0.14%
INDONESIA - IDX	5,848.6	6.79	0.12%
US - S&P 500	4,204.1	3.23	0.08%
CHINA - Shanghai	3,600.8	-8.07	-0.22%

Board Meetings

Scrip	Day	Agenda	Time
SML	Monday	HY A/c 31-Mar-21	11:00 AM
TSML	Monday	HY A/c 31-Mar-21	2:00 PM
MFFL	Thursday	HY A/c 31-Mar-21	3:00 PM
DATM	Friday	3Q A/c 31-Mar-21	10:00 AM

Source: PSX



Power

No increase in electricity tariffs in future, says Tarin

Power | Neutral

Federal Minister for Finance Shukat Tarin said on Sunday that power tariffs won't be increased in the future, saying those paying taxes won't be burdened with more taxes. (ET) | [Click for more info.](#)

KE, NTDC have shown improved performance: Nepra

KEL | Positive

Nepra, in its Performance Evaluation Report (PER) of KE 2019-20, said that system duration of interruption was witnessed on average around 0.12 hours (7 minutes) which shows a decrease of 80% as compared to preceding year's average of 0.61 hours (37 minutes). Regarding system frequency of interruption, it was observed that average number of outages per circuit for KE remained 0.09, showing a decrease of 77% over the previous year i.e. 0.39. (BR) | [Click for more info.](#)

Govt mulls over proposal to unbundle K-Electric

KEL | Positive

The government is considering unbundling K-Electric into separate generation, transmission and distribution companies instead of transferring it as a single entity to some other large foreign firm. (Dawn) | [Click for more info.](#)

Ministry may pay first instalment to 35 IPPs by weekend

IPPs | Neutral

Ministry of Finance is likely to pay the first instalment of Rs90 billion to 35 Independent Power Producers (IPPs) including Hubco and Kapco, at the end of the current week, well informed sources told. (BR) | [Click for more info.](#)

Targeted subsidy for electricity consumers: Govt will have to seek IMF waiver on structural benchmark

Power | Neutral

The government will have to seek a waiver from the IMF on structural benchmark if Islamabad fails to place targeted subsidy for electricity consumers in the budget 2021-22. Although the government plans to allocate Rs 500 billion for the subsidy of all kinds for the upcoming budget including power sector, cheap gas and electricity supply to export-oriented sectors, there will be subsidy on wheat, sugar, PASSCO, Utility Stores Corporation (USC), fertilizer and many other sectors. (The News) | [Click for more info.](#)

Banks

Minister seeks proposals for increasing youth soft loans

Banks | Neutral

Finance Minister Shaukat Tarin on Friday asked banks to advise on expanding soft loans program designed for youth to start businesses. Tarin sought their views on expansion of the Kamyab Jawan program under which soft loans are given to startups for businesses. The government has so far subsidized Rs8 billion under the concessionary loan program in the range of Rs100,000 and Rs25 million. (The News) | [Click for more info.](#)

28pc growth in lending through credit cards

Banks | Positive

Banks advances via credit cards swelled by 28 per cent to Rs53 billion in April from Rs42bn in the same month a year ago, latest data released by the State Bank of Pakistan (SBP) showed on Saturday. (Dawn) | [Click for more info.](#)



Miscellaneous

Country witnesses record production of wheat: minister

Food | **Positive**

Federal Minister for National Food Security and Research, Fakhar Imam, Saturday said the country has witnessed record production of wheat, rice, maize, onion, and pulses this year. (BR) | [Click for more info.](#)

Subsidy on rice announced for 15 districts

MATCO | **Positive**

Agriculture Department announced subsidy on rice crops in 15 districts of Punjab including Faisalabad, Jhang, Chiniot, Gujranwala, Sheikhpura, Okara, Sialkot, Nankana Sahib, Bahawal Nagar, Narowal, Kasur, Gujrat, Lahore, Hafizabad and Mandi Bahaudin. He said that subsidy of Rs.1200 will be provided on every bag of basmati varieties, while Rs.800 will be doled out on non-basmati varieties of the rice. (The Nation) | [Click for more info.](#)

79.9pc increase in sales tax collection from sugar

Sugar | **Positive**

Sales tax (domestic/local stage) collection from sugar increased from Rs16.490 billion during first six months (July-December) 2019-20 to Rs30 billion in the same period of 2020-21, reflecting an increase of 79.9 percent. (BR) | [Click for more info.](#)

Razak says export base 'much too narrow'

Economy | **Neutral**

Abdul Razak Dawood said on Friday that Finance Ministry will communicate the final figure of funds for Duty Drawback on Local Taxes and Levies (DLTL) for FY 2021-22 with Commerce Ministry, "after its own envelope size is finalized." Finance Division has conveyed that it is ready to allocate Rs 20 billion for DLTL scheme for 2021-22 but it will not be sufficient to accommodate the demands of duty drawback schemes for textile and non-textile sectors. Commerce Ministry wants Rs 40-50 billion for this purpose. (BR) | [Click for more info.](#)

International News

Asian Stocks Dip, U.S. Futures Steady; Yuan Slips: Markets Wrap

Most Asian stocks retreated Monday and U.S. equity futures were steady as investors continue to weigh inflation risks and the strength of the economic recovery. (Bloomberg) | [Click for more info.](#)

Oil Edges Higher With Market Set to Focus on OPEC+ Policy Meet

Oil edged higher in early Asian trading with the market focused on an OPEC+ supply policy meeting early this week and any commentary around the prospect for returning Iranian 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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