



June 7,  
2021

## Economy

### FATF APG clears Pakistan on 22 more points

#### Capital Market, Economy | Positive

In its mutual evaluation, the Financial Action Task Force's (FATF) Asia/Pacific Group (APG) has accepted Pakistan's stance on almost all contested issues, underscoring that the country has finally been able to plug many deficiencies in its anti-money laundering and combating terror financing regimes. (ET) | [Click for more info.](#)

### Economic activity rebounds strongly: IMF

#### Economy | Positive

Economic activity in Pakistan worsened notably in fiscal year 2020 due to the Covid-19, recording a negative growth of -0.5 percent; however, activity rebounded strongly in fiscal year 2021 with growth preliminary estimated at 3.9 percent, says the International Monetary Fund (IMF). (BR) | [Click for more info.](#)

### Pakistan succeeded in reviving economy despite Covid pandemic: Forbes

#### Economy | Positive

Leading American business magazine Forbes has lauded the government's efforts to tackle pandemic and to stabilise and grow Pakistan's economy, saying that the government has been successful in reviving its economy through prudent policies which is expected to grow at 4%. (ET) | [Click for more info.](#)

### Pakistan, IMF to discuss taxes next week

#### Economy | Neutral

Pakistan and the International Monetary Fund (IMF) are working to bridge their differences over quantum of new taxation measures amid the government's willingness to increase sales tax rate on fertiliser to 10% and slap 17% tax on import of crude oil to generate Rs115 billion. There is also a proposal to tax interest income under normal tax regime, instead of charging a maximum rate of 15% that is at the lower end. (ET) | [Click for more info.](#)

### Budget outlay likely to be Rs 8trn

#### Economy | Neutral

The government is likely to set GDP growth target of 4.8 percent in the upcoming federal budget for FY22 with a likely budget outlay of Rs 8.0 trillion, up 12 percent from last year's budget, experts said. (BR) | [Click for more info.](#)

### RDA inflows increase to \$1.25bn

#### Economy | Positive

Pakistan has received \$1.25 billion in Roshan Digital Accounts (RDA) since its beginning in September 2020 while the inflow has been increasing faster than the initial first quarter. The State Bank of Pakistan (SBP) confirmed on Friday that the total inflows in RDA has reached \$1.250bn and said the inflow has increased after achieving the \$1bn mark. The inflow during the first seven months (September-April) was \$1bn while May received \$250m reflecting the increasing inflow. (Dawn) | [Click for more info.](#)

### ECNEC approves 13 schemes worth Rs327b

#### Economy | Positive

The Executive Committee of National Economic Council (Ecneec) on Friday approved 13 mega projects at a cost of Rs326.7 billion. A majority of the schemes were related to infrastructure and power. Chairing the meeting, Federal Minister for Finance and Revenue Shaukat Tarin approved the Dualisation of Lilla Interchange (M-2) project at a cost of Rs12.76 billion. (ET) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	32,486.5	32,588.9	102.4	0.3%
KSE100	48,093.5	48,211.7	118.2	0.2%
KSE30	19,635.6	19,654.7	19.0	0.1%
KMI30	79,005.5	79,246.2	240.8	0.3%

### Top Five Gainers

	Open	Close	Chg.	%
SAPL	924.0	965.7	41.8	4.5%
SIEM	546.1	587.1	40.9	7.5%
MEHT	430.0	462.0	32.0	7.5%
FEROZ	356.3	383.0	26.7	7.5%
NESTLE	5,688.8	5,715.3	26.5	0.5%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	3.6	3.5	-0.1	89.04
HASCOL	11.1	11.9	0.9	78.89
BYCO	11.2	11.4	0.3	54.69
FCSC	2.6	3.1	0.5	45.32
PTC	11.2	11.9	0.6	35.95

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.03	-0.02	0.01
F-Corporates	1.20	-1.93	-0.73
O/S Pakistanies	12.14	-10.44	1.69
<b>Net</b>	<b>13.37</b>	<b>-12.40</b>	<b>0.97</b>
<b>LIPI</b>			
Individuals	160.61	-151.66	8.95
Companies	7.40	-5.89	1.51
Comm. Banks	4.16	-12.14	-7.97
NBFC	0.15	-0.11	0.04
Mutual Funds	9.11	-9.14	-0.03
Other	0.91	-1.52	-0.62
Brokers Proprietary	31.42	-31.35	0.08
Insurance	3.44	-6.35	-2.92
<b>Net</b>	<b>217.20</b>	<b>-218.18</b>	<b>-0.97</b>

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	69.62	1.2%
Brent oil	USD/bbl.	71.89	0.8%
Gold	USD/t oz.	1891.59	1.1%
Silver	USD/t oz.	27.79	1.3%
Coal	USD/ton	112.75	0.0%
Steel Scrap (LME)	USD/ton	507.00	0.0%
Steel Rebar (LME)	USD/ton	755.00	0.0%
USD/PKR	Interbank	154.80	-0.1%

News Source: Local / Int'l Newspapers and websites

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REP-055



## Various sectors; EAC likely to finalise incentives

### Economy | Neutral

A meeting of the Economic Advisory Council (EAC) is expected to finalise on Monday the incentive package for various sectors and budgetary allocations based on the proposals by as many as 12 sub-groups constituted by the finance minister Shaukat Tarin on different sectors of the economy. In the budget for next fiscal year major incentives would be provided to the agriculture, auto and IT sector, the sources quoted the finance minister as saying. (BR) | [Click for more info.](#)

## Oil & Gas

### Berthing of oil ships; Byco seeks to connect its SPM with white oil pipeline

#### BYCO | Positive

Byco Petroleum has come up with a proposal to connect its Single Point Mooring (SPM) with the white oil pipeline via Asia Petroleum Limited (APL) pipeline for berthing of oil ships. (BR) | [Click for more info.](#)

### SBP advises increasing wellhead price

#### Gas | Neutral

Pakistan's central bank has flagged the risk of encountering circular debt in the imported gas sector and advised the government to withdraw cross subsidy in LNG pricing to avoid the situation. Besides, it has advised the government to increase wellhead price to make exploiting shale oil and gas feasible and invite new local and foreign investment in the sector. (ET) | [Click for more info.](#)

## Power

### Govt pays Rs89bn to 20 IPPs as first instalment

#### IPPs, Power | Positive

The government on Friday completed Rs89.2 billion transactions as the first instalment of payments to 20 independent power producers (IPPs) from the Rs403bn committed under a settlement agreement with 46 IPPs signed in February. Details showed Hubco was paid Rs23.2bn including Rs7.7bn each in cash, PIB and Sukuk. Likewise, Rs39.6bn was paid to Kot Addu Power Company at the rate of Rs13.2bn each as cash, PIB and Sukuk. The major chunk of Rs62bn went to these companies, which had been set up before the 1994 power policy. Another Rs22.8bn was paid to six IPPs of 1994 policy including Rousch, Fauji, Pakgen, Lalpir, KEL and Saba power. (Dawn) | [Click for more info.](#)

### Government to buy back Hub Power for PKR69 billion

#### HUBCO | Positive

Special Assistant to Prime Minister on Power and Petroleum said that foreseeing ample capacity government has decided to retire older plants based on Residual Furnace Oil (RFO). This will help to save PKR200 in capacity payments. Government will buy private Independent Power Producers on Net Present Value basis which comes out to be half of the price that government has to pay during the remaining tenor of their Power Purchase Agreement. (Augaf) | [Click for more info.](#)

### Govt plans to introduce more slabs for electricity consumers

#### Power | Neutral

The government is making its mind to introduce more slabs for electricity consumers to ensure the implementation of targeted subsidies in the next budgetary year 2021-22. (The News) | [Click for more info.](#)

## World Indices

	Last	Chg.	Chg. %
US - Dow 30	34,756.4	179.35	0.52%
PAK (KSE-100)	48,211.7	118.17	0.25%
US - S&P 500	4,229.9	37.04	0.88%
CHINA - Shanghai	3,591.9	7.64	0.21%
PHILP - PSEi	6,796.3	4.47	0.07%
KSA - Tadawul	10,685.5	-12.85	-0.12%
INDONESIA - IDX	6,065.2	-26.34	-0.43%
HK - Hang Seng	28,918.1	-47.93	-0.17%
Taiwan - TWII	17,147.4	-98.75	-0.57%
INDIA - SENSEX	52,100.1	-132.38	-0.25%

## Board Meetings

Scrip	Day	Agenda	Time
HSPI	Wednesday	ANN A/c 31-Mar-21	3:00 PM

Source: PSX



## NEPRA revises tariff for K-Electric during Jul-Dec 2020

**KEL | Neutral**

The National Electric Power Regulatory Authority (Nepra) has revised the seven-month tariff for K-Electric on account of fuel adjustment. It allowed the power utility to increase the rates for July, August, September and December 2020, and decrease the tariff for June, October and November 2020. NEPRA allowed Rs0.7256 per unit increase for July 2020, Rs0.3078 per unit for August, Rs0.710 per unit for September and Rs0.49 per unit for December 2020. (ET) | [Click for more info.](#)

## Autos

### Hyundai Nishat Stops Bookings for Tucson

**NML | Neutral**

The company has released an official statement, informing its customers that the delivery of the Hyundai Tucson is going to be delayed due to the "scarcity of a particular semiconductor microchip" which is an essential part of several modern cars. According to the statement, the bookings for the Hyundai Tucson have been temporarily closed, and those who have already booked it will be prioritized for the deliveries. (Propakistani) | [Click for more info.](#)

## Cement

### Cement sector shows excellent growth rate of 49.86pc in May

**Cement | Positive**

Cement sector showed excellent growth of 49.86 percent during May 2021 when total cement dispatches were recorded at 3.947 million tons against 2.634 million tons dispatched during the same month of last fiscal. (BR) | [Click for more info.](#)

## Miscellaneous

### Government mulls removing age limit for entrepreneurs' soft loans

**Banks | Positive**

The government is considering to remove age limit for entrepreneurs to qualify for concessionary loans to promote entrepreneurship, officials said on Friday. A meeting discussed removing the age limit for loan eligibility so that all segments of the society could benefit from the Kamyab Jawan programme. (The News) | [Click for more info.](#)

### Pakistan borrowing needs from banks likely to soar in FY22

**Banks, Economy | Positive**

The government's borrowing requirements from the banking system are likely to increase in the next fiscal year due to an expected surge in the budget deficit amid higher spending to achieve growth of around 5 percent. The government may target 4.8 percent GDP (gross domestic product) and 5.5-6 percent budget deficit for FY2022. (The News) | [Click for more info.](#)

### Despite hurdles, FBR issues refunds of Rs250b

**Tech. & Communication | Positive**

Despite some minor system-related discrepancies, the Federal Board of Revenue (FBR) has paid unprecedented refund claims worth Rs250 billion during this year, claimed FBR Inland Revenue (Operations) Member Dr Muhammad Ashfaq Ahmad. (ET) | [Click for more info.](#)

### Govt contemplating to cut down customs duties on raw materials in budget

**Economy | Neutral**

The PTI led government is seriously contemplating to cut down the Custom Duties on raw materials in the upcoming budget to reduce the cost of doing business and increase the economic growth of the country. (The Nation) | [Click for more info.](#)



## 13 sectors' exports post double-digit growth

**Economy, Textile | Positive**

Pakistan's exports of 13 sectors including value-added textiles posted double-digit growth in the 11 months of current fiscal year (11MFY21) compared to the same period a year ago, data compiled by the Ministry of Commerce showed on Friday. (Dawn) | [Click for more info.](#)

## Sindh makes vaccinations mandatory for traders, extends business hours till 8pm

**Economy | Positive**

The Sindh government announced extending business hours till 8pm from Monday (June 7), saying all shops will have to maintain a vaccination certificate of the staff. (ET) | [Click for more info.](#)

## Govt decides to postpone NGMS spectrum auction

**Telecom | Neutral**

The government has decided in principle to postpone the auction of next generation mobile services (NGMS) spectrum in Pakistan, Azad Jammu and Kashmir (AJ&K), and Gilgit-Baltistan (GB) till the next fiscal year, it learnt. (BR) | [Click for more info.](#)

## Political News

**Sindh, Centre clash over funds**

While the water row between the federal government and Sindh is still on, the latter Sunday picked a fight with the former accusing that it was ignored in allocation of funds to the federating units for launching development schemes. (The News) | [Click for more info.](#)

## International News

**Stocks Steady, U.S. Futures Dip; Oil Holds Gain: Markets Wrap**

Asian stocks were steady Monday after their U.S. peers climbed toward a record, aided by a jobs report that eased fears about the economy running too hot and stoking troublesome inflation. Oil held an advance. (Bloomberg) | [Click for more info.](#)

**Oil hits new multi-year highs; investors eye Iran nuclear talks this week**

Oil extended gains to hit fresh multi-year highs on Monday, underpinned by a brighter economic and fuel-demand outlook, while investors eyed the outcome of talks between Iran and world powers over a nuclear deal that is set to boost crude supplies. (Reuters) | [Click for more info.](#)



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**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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