



# THE WEEK IN REVIEW

For the period  
June 7, 2021 – June 11, 2021

# Market review for the week

The KSE 100 index is on a steady path to break past the daunting 50K points threshold, standing at the highest level since May'17. Investor sentiment on surprising economic survey report, growth focused FY22 Budget and relaxed lockdown recommendations led the market to rally and close at 48,305 ppts (↑ 93 WoW). The index hit high and low of 48,305 points and 47,778 points during the week respectively. Moreover, the average trading volume decreased by 3.8% WoW to settle at 1,079Mn shares, while the traded value declined by 15.2% WoW to average at USD 162Mn.

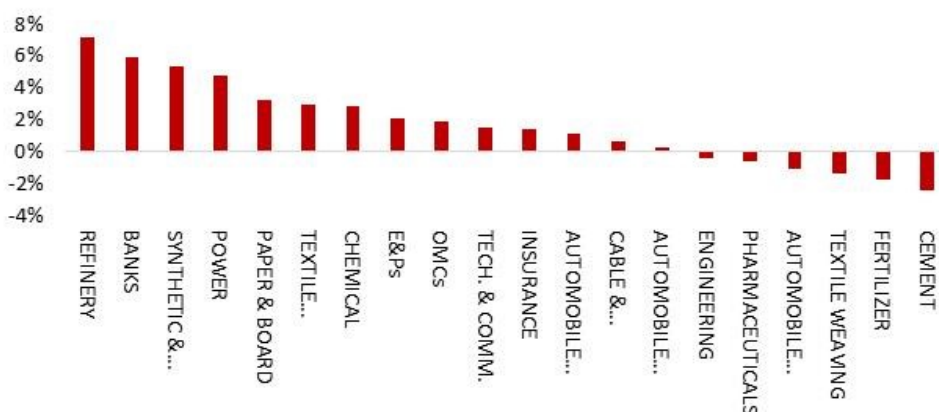
**Declining positivity rate, NCOC meeting and FATF upgrade supported the market sentiment:** Active corona cases were recorded below 50,000 for the first time in the last two months. As a result, in the recent NCOC meeting held this week, the government has allowed to lift lockdown restriction from 15th June onwards but at the same time focused on increased vaccination drives. The declining Covid infection positivity rate of 3.1% further eased investors' concerns about the equity market. Moreover, in the recent Financial Action Task Force (FATF) mutual evaluation meeting, Pakistan has been marked largely complaint on 31 out of the total 40 recommendations, which is a major improvement and should bode well not just for the local but foreign investors as well.

**Annual budget expectation and strong economic survey data kept investors engaged:** Expectation regarding changes in the upcoming budget are largely expected to support business activity and boost economic output in the next financial year. In addition to this, the economic survey report released during the week, highlighted Pakistan's impressive growth recovery from -0.47% to 3.94% in 9MFY21. Sector wise growth in services, industries and agriculture were reported at 4.4%, 3.6% and 2.8% respectively. These growth figures are commendable when compared to developed economies which fared much worse during the pandemic.

**Data releases through the week which kept the market flowing included:** 1) Weekly SBP reserves, which rose by 1.8% WoW to USD 16.4Bn; 2) Headline inflation for the first 10 months of FY21, which clocked in at 8.6% compared to 11.2% in the SPLY; 3) Remittances for the month of May, which increased by 33.5% YoY to USD 2.5Bn pulling total inflow in 11MFY21 to USD 26.7Bn (up 29% YoY); 4) Roshan Digital Accounts inflows till May'21, which increased by USD 250Mn to USD 1.25Bn; 5) Cement despatches for the month of May, which rose 41% YoY to 3.95Mn tons; and 6) Trade deficit for 11MFY21, which widened by 30.6% YoY to USD 27.5Bn. PIB auction was also held during the week, with total participation of PKR 376Bn against target of PKR 120Bn. The government accepted a total of PKR 161Bn, with PKR 153.8Bn, PKR 7.0Bn and PKR 0.1Bn accepted for the 3, 5, and 10 years PIBs, respectively.

**Outlook:** The budget announcement today should create further momentum in the local bourse, with incentives and duties focused on boosting exports and supporting local businesses. The budget may provide enough catalyst to push the KSE-100 index above the 50K mark, in our view. Furthermore, government's announcement to ease Covid lockdown from 15th Jun onwards will enhance the country's output. We recommend investors to view any dip as an opportunity to accumulate scrips in the Fertilizers, Autos, Steel and Cement sector.

Chart 1: KSE-All share sector-wise performance during the week



Source: PSX, BMA Research

Table 1: PSX weekly snapshot

Index	11-June Pts	4-June Pts	WoW Pts	WoW %
KSE-100	48,305	48,212	93	0.2%
KSE-All sh.	32,716	32,589	127	0.4%
KSE-30	19,479	19,655	-176	-0.9%
KMI-30	78,799	79,246	-447	-0.6%
KMI-All Sh.	23,671	23,671	0	0.0%
Oil & Gas	12,542	12,936	-394	-3.0%
Banking	13,020	12,946	75	0.6%

Source: PSX

Table 2: PSX weekly trading activity

Index	11-June	4-June	WoW
<b>KSE-100</b>			
Avg. Vol. (Mn)	310	360	-13.6%
Avg. Val. (PKR Mn)	13,503	19,570	-31.0%
Value (USD Mn)	87	127	-31.4%
M.Cap (PKR Bn)	6,508	6,540	-0.5%
M.Cap (USD Bn)	42	42	-0.9%
<b>KSE-All sh.</b>			
Avg. Vol. (Mn)	1,079	1,122	-3.8%
Avg. Val. (PKR Mn)	25,202	29,710	-15.2%
Value (USD Mn)	162	192	-15.6%
M.Cap (PKR Bn)	8,358	8,357	0.0%
M.Cap (USD Bn)	54	54	-0.4%

Source: PSX

Table 3: PSX other activity

Desc.	11-June	4-June	WoW
<b>Futures Activity</b>			
Avg. Vol (Mn)	131	148	-11.3%
Avg. Val (PKR Mn)	7,648	8,676	-11.9%
<b>NDM Transactions</b>			
Volume (Mn)	94	67	41.3%
Value (PKR Mn)	6,348	7,264	63.5%
Value (USD Mn)	41	25	63.5%

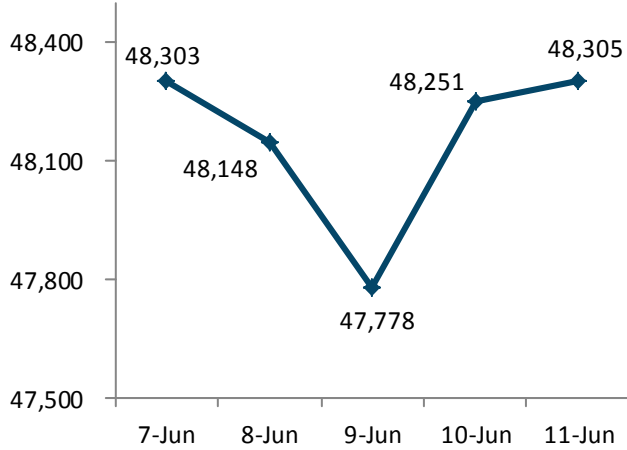
Source: PSX

BMA Research (REP-005)

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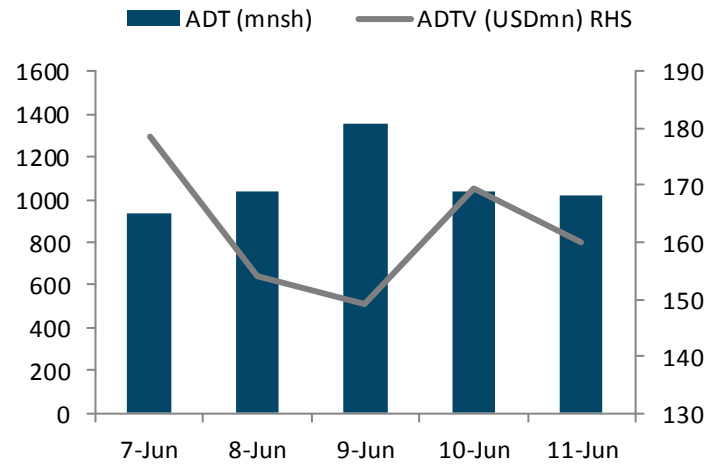
# Key market charts for the week

Chart 2: KSE-100 weekly trend (closing index)



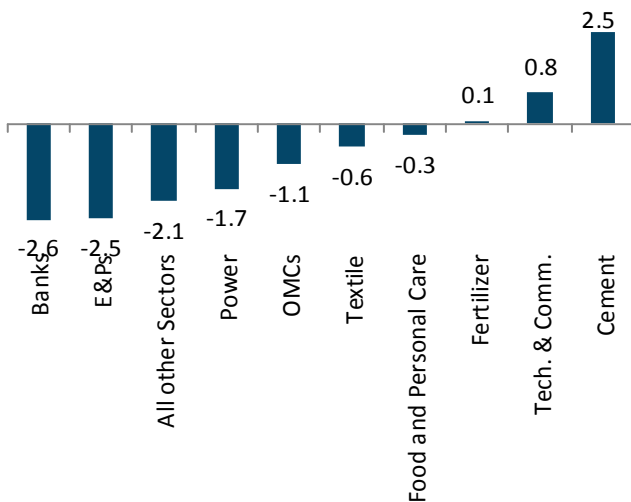
Source: PSX, BMA Research

Chart 3: KSE-All sh. market participation



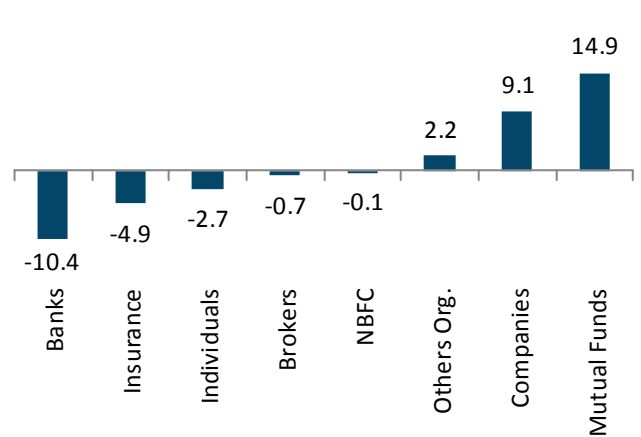
Source: PSX, BMA Research

Chart 4: FIPI Sector-wise flows (USD Mn)



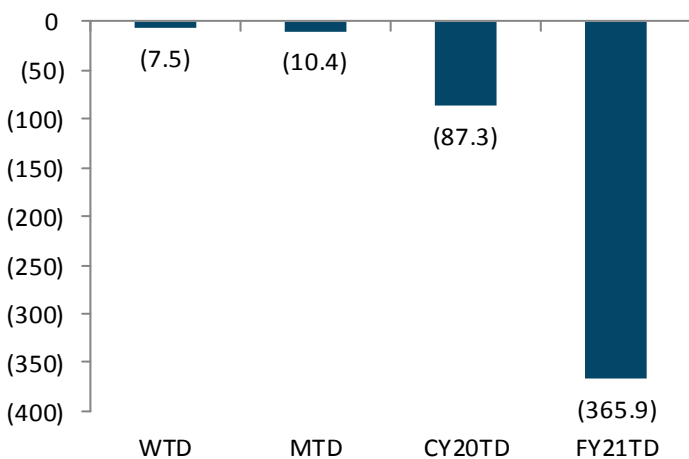
Source: PSX, BMA Research

Chart 5: LIPI net flows (USD Mn)



Source: PSX, BMA Research

Chart 6: Net FIPI position (USD Mn)



Source: PSX, BMA Research

Table 4: KSE-100 top 5 gainers & losers

Gainers	
PTC	16.7%
UNITY	7.8%
PSX	6.7%
CEPB	6.3%
INDU	6.3%
Losers	
INIL	-6.6%
AGP	-4.2%
PSO	-4.2%
PPL	-4.0%
HCAR	-3.8%

Source: PSX, BMA Research

# Key market news for the week

## [FATF APG clears Pakistan on 22 more points](#)

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...[read more](#)

## [Govt pays Rs89bn to 20 IPPs as first installment](#)

The government on Friday completed Rs89.2 billion transactions as the first instalment of payments to 20 independent power producers (IPPs) ...[read more](#)

## [RDA inflows increase to \\$1.25bn](#)

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...[read more](#)

## [Coronavirus positivity ratio drops to 3.02pc](#)

The national coronavirus positivity ratio has dropped to 3.02 percent in Pakistan as the country conducted 49,285 tests of which 1,490 returned positive, the National Command and Operation Centre (NCOC) said...[read more](#)

## [Trade deficit widens by 30.56pc in July-May](#)

Pakistan's trade deficit widened by 30.56 percent to \$27.488 billion in July-May 2020-21 compared to \$21.054 billion in July-May 2019-20, says the Pakistan Bureau of Statistics (PBS)...[read more](#)

## [National development budget 36.4% higher for FY2021-22, says Asad Umar](#)

Federal Minister for Planning, Development, and Special Initiatives Asad Umar on Tuesday said that the government has decided to increase the national development budget by 36.4% in the upcoming budget...[read more](#)

## [Private sector borrowing jumps by 70pc in 11MFY21](#)

Borrowing from banks jumped by 70 per cent in the first 11 months of the current fiscal year, reflecting higher participation by the private sector to accelerate economic growth rate...[read more](#)

## [OGDCL makes 5 oil, gas discoveries](#)

Oil and Gas Development Company (OGDCL) has made five discoveries during the first three quarters of the current fiscal year, with per day estimated production of around 18 Million Cubic Feet (MMCF) of gas and 849 barrels of oil...[read more](#)

## [Covid restrictions to ease post June 15](#)

The National Command and Operations Centre (NCOC) decided on Wednesday to slightly relax restrictions, put in place to curb the spread of Covid-19 during the third wave of the virus in the country, from June 15 onwards...[read more](#)

## [Saudi Arabia loans Rs37bn for Mohmand hydropower project](#)

Saudi Arabia has approved 901 million Saudi Riyal (Rs37.4 billion) loan for construction of 800 megawatts Mohmand hydropower project in Pakistan, a foreign envoy said on Wednesday...[read more](#)

## [Economic Survey: PSX shows remarkable performance](#)

Pakistan stock market's performance has been remarkable this year and during July 2020 to April 2021 period, the KSE-100 Index increased by 9,372.94 points from 34,889.41 points to 44262.35 points...[read more](#)

## [Pakistan beats growth target as industries, services guide V-shaped recovery](#)

Finance Minister Shaukat Tarin unveiled the Pakistan Economic Survey 2020-21 at a press conference in Islamabad on Thursday, revealing that the industrial and services sectors had helped the economy rebound and post GDP growth of 3.94 per cent...[read more](#)

## [JP Morgan asks investors to reap benefit of Pakistan's improved economy'](#)

JP Morgan — the leading financial company — has asked investors to invest in Pakistan to reap benefits of its improved economic situation, Minister of State for Information and Broadcasting Farrukh Habib said...[read more](#)

## [Russia gives go-ahead to rice import from Pakistan](#)

Russia has lifted a ban on import of rice from Pakistan. Based on the guidelines, Russia has allowed import of rice from four Pakistani enterprises from Friday (today)...[read more](#)

## Our research notes this week

### **FATIMA - 1QCY21 Analyst Briefing Key Takeaways - Higher fertilizer offtake supported earnings growth in 1Q**

Fatima Fertilizer (FATIMA) held its analyst briefing session today to discuss company's financial performance and future business outlook. To recall, the company posted earnings of PKR 13.3Bn (EPS: PKR 6.3) in CY20, up 10% YoY. On the other hand, profitability during 1QCY21 clocked-in at PKR 3.8Bn (EPS: PKR 1.8), up 53/1% YoY/QoQ...[read more](#)



## BMA Universe

	O/S Share		M. Cap		Weight	TP	Upside	ETR %	Stance	EPS (PKR)		DPS (PKR)		P/E (x)		D/Y (%)		P/B (%)		ROE (%)	
	Price	Mn.	PKR Mn	USD Mn						%	Dec'21	%	2021	2021E	2022E	2021E	2022E	2021E	2022E	2021E	2022E
<b>Commercial Banks</b>																					
MCB	165	1,185	195,487	1,278	4.1%	195	18.2%	30.3%	Buy	23.0	25.1	20.0	20.0	7.2	6.6	12.1%	12.1%	1.1	1.0	15.5%	16.1%
HBL	135	1,467	198,171	1,295	5.2%	160	18.4%	24.4%	Buy	19.6	22.9	8.0	8.0	6.9	5.9	5.9%	5.9%	0.8	0.8	12.4%	13.4%
UBL	131	1,224	160,893	1,052	3.3%	150	14.1%	23.3%	Buy	18.3	21.6	12.0	12.0	7.2	6.1	9.1%	9.1%	0.9	0.8	12.3%	14.3%
MEBL	113	1,415	159,750	1,044	1.9%	120	6.3%	12.5%	Hold	14.7	18.4	7.0	9.0	7.7	6.1	6.2%	8.0%	2.0	1.7	27.6%	29.5%
ABL	71	1,145	81,300	531	0.8%	108	51.8%	64.5%	Buy	14.9	18.0	9.0	11.5	4.8	3.9	12.7%	16.2%	0.6	0.6	12.7%	14.9%
NBP	37	2,128	79,207	518	1.2%	50	34.3%	34.3%	Buy	13.0	15.0	0.0	0.0	2.9	2.5	0.0%	0.0%	0.3	0.2	9.6%	10.1%
BAHL	73	1,111	81,023	530	2.8%	112	53.2%	58.7%	Buy	14.1	16.4	4.0	6.5	5.2	4.5	5.5%	8.9%	0.9	0.8	18.4%	18.5%
BAFL	32	1,777	57,669	377	1.3%	40	23.3%	35.6%	Buy	5.9	6.8	4.0	4.5	5.5	4.8	12.3%	13.9%	0.6	0.6	11.5%	12.8%
HMB	42	1,048	43,653	285	1.0%	45	8.0%	14.8%	Hold	6.9	7.2	2.8	2.8	6.0	5.8	6.8%	6.8%	0.7	0.7	12.5%	12.1%
BOP	8	2,644	21,652	142	0.6%	12	46.5%	55.6%	Buy	2.9	2.9	0.7	0.7	2.8	2.8	9.1%	9.1%	0.4	0.4	15.7%	14.0%
BIPL	11	1,109	12,218	80	0.0%	15	31.6%	31.6%	Buy	2.0	2.3	0.0	0.0	5.6	4.9	0.0%	0.0%	0.6	0.5	10.6%	11.5%
<b>Oil &amp; Gas Exploration</b>																					
OGDC	93	4,301	398,781	2,606	3.6%	162	74.7%	83.3%	Buy	20.1	19.7	8.0	8.0	4.6	4.7	8.6%	8.6%	0.5	0.5	12.0%	10.9%
PPL	90	2,721	245,077	1,602	3.2%	131	45.4%	49.1%	Buy	19.0	19.0	3.3	3.5	4.7	4.7	3.6%	3.9%	0.6	0.6	14.2%	12.7%
MARI	1,550	133	206,777	1,351	1.9%	1,857	19.8%	20.2%	Buy	213.3	216.2	6.0	6.0	7.3	7.2	0.4%	0.4%	1.7	1.4	26.6%	21.4%
POL	380	284	107,846	705	2.8%	499	31.3%	43.2%	Buy	52.3	52.0	45.0	40.0	7.3	7.3	11.8%	10.5%	3.2	2.9	40.1%	41.6%
<b>Fertilizer</b>																					
ENGRO	306	576	176,184	1,152	5.2%	393	28.5%	39.3%	Buy	47.8	50.0	33.0	34.5	6.4	6.1	10.8%	11.3%	0.7	0.6	11.6%	10.7%
FFC	107	1,272	135,900	888	4.1%	131	22.9%	33.9%	Buy	15.6	14.8	11.8	11.0	6.9	7.2	11.0%	10.3%	2.9	2.7	44.3%	38.6%
EFERT	72	1,335	96,181	629	2.0%	75	4.7%	22.7%	Buy	13.5	10.6	13.0	10.3	5.3	6.8	18.0%	14.2%	2.0	1.9	37.8%	28.1%
FATIMA	29	2,100	61,236	400	0.5%	40	37.2%	43.2%	Buy	5.1	5.3	1.8	1.8	5.7	5.5	6.0%	6.0%	0.7	0.6	11.9%	11.5%
FFBL	28	1,291	36,006	235	0.4%	32	14.7%	18.3%	Buy	4.8	2.1	1.0	1.0	5.8	13.1	3.6%	3.6%	1.9	1.8	38.2%	14.1%
<b>Cement</b>																					
LUCK	912	323	294,784	1,927	4.7%	1,200	31.6%	33.2%	Buy	52.9	89.3	14.0	17.0	17.2	10.2	1.5%	1.9%	2.7	2.5	16.3%	25.0%
DGKC	126	438	55,241	361	1.3%	165	30.9%	32.0%	Buy	5.9	14.3	1.5	4.3	21.3	8.8	1.2%	3.4%	0.8	0.7	3.7%	8.3%
MLCF	47	1,098	51,435	336	1.1%	86	82.8%	84.9%	Buy	2.8	5.6	1.0	2.2	16.5	8.4	2.1%	4.8%	1.6	1.4	9.7%	17.6%
KOHC	210	201	42,243	276	0.7%	235	11.7%	13.6%	Hold	13.2	21.5	3.8	6.9	15.9	9.8	1.8%	3.3%	1.9	1.7	13.1%	18.4%
FCCL	24	1,380	33,157	217	0.9%	36	49.4%	55.6%	Buy	2.6	3.7	1.5	2.3	9.2	6.5	6.2%	9.4%	1.4	1.3	16.7%	21.0%
CHCC	187	194	36,280	237	0.8%	180	-3.6%	-2.3%	Sell	6.2	13.9	2.5	5.5	30.3	13.4	1.3%	2.9%	3.4	2.9	11.5%	23.3%
PIOC	132	227	30,014	196	0.6%	125	-5.4%	-4.8%	Sell	2.1	9.7	0.8	4.0	62.8	13.6	0.6%	3.0%	2.6	2.4	4.4%	18.3%
ACPL	177	137	24,347	159	0.0%	175	-1.2%	1.0%	Hold	13.8	17.0	4.0	5.3	12.8	10.4	2.3%	3.0%	1.3	1.2	10.8%	12.1%
<b>Food &amp; Personal Care Products</b>																					
FCEPL	86	767	65,689	429	0.3%	73	-14.8%	-14.8%	Sell	1.5	2.0	0.0	0.0	58.3	43.1	0.0%	0.0%	7.2	6.7	12.8%	16.1%
NATF	223	186	41,660	272	0.6%	283	26.7%	28.9%	Buy	10.6	12.9	5.0	6.0	21.1	17.3	2.2%	2.7%	5.7	4.9	29.6%	30.4%
<b>Chemicals</b>																					
EPCL	48	909	43,365	283	0.8%	67	40.4%	45.8%	Buy	12.8	9.3	2.6	1.9	3.7	5.1	5.4%	3.9%	1.2	1.0	37.1%	21.0%
LOTCEM	16	1,514	24,878	163	0.3%	19	13.9%	23.0%	Buy	2.9	2.2	1.5	1.3	5.7	7.5	9.1%	7.6%	1.3	1.2	23.1%	16.3%
DOL	29	175	5,016	33	0.0%	36	26.3%	29.8%	Buy	1.5	2.5	1.0	1.0	19.2	11.6	3.5%	3.5%	2.5	2.2	13.3%	20.4%
SPL	28	55	1,551	10	0.0%	31	11.0%	11.0%	Hold	2.6	3.2	0.0	0.0	10.8	8.7	0.0%	0.0%	0.7	0.7	6.8%	7.9%
<b>Automobile Assemblers</b>																					
INDU	1,318	79	103,574	677	0.9%	1,587	20.4%	26.0%	Buy	145.4	191.1	73.0	124.2	9.1	6.9	5.5%	9.4%	2.2	2.1	26.1%	31.2%
MTL	1,123	56	62,980	412	1.3%	1,183	5.3%	11.2%	Hold	91.9	102.9	66.1	90.0	12.2	10.9	5.9%	8.0%	10.3	8.8	101.1%	87.0%
HCAR	377	143	53,881	352	0.5%	388	2.8%	3.1%	Hold	13.4	31.8	1.0	4.0	28.1	11.9	0.3%	1.1%	2.9	2.5	11.0%	22.6%
PSMC	333	82	27,363	179	0.3%	350	5.3%	9.6%	Hold	48.0	61.3	14.5	18.5	6.9	5.4	4.4%	5.6%	1.0	0.9	15.0%	16.7%
<b>Pharmaceuticals</b>																					
HINOON	614	35	21,251	139	0.4%	850	38.4%	41.8%	Buy	40.7	44.8	20.7	20.7	15.1	13.7	3.4%	3.4%	4.5	3.8	32.3%	30.3%
<b>Textiles</b>																					
NML	101	352	35,542	232	0.8%	130	28.6%	32.3%	Buy	12.6	17.8	3.8	5.3	8.0	5.7	3.7%	5.3%	0.5	0.5	6.1%	8.2%
<b>Power Generation &amp; Distribution</b>																					
HUBC	78	1,297	101,774	665	4.0%	110	40.2%	48.2%	Buy	23.3	22.9	6.3	7.5	3.4	3.4	8.0%	9.6%	1.0	0.8	31.8%	25.6%
NPL	20	354	7,160	47	0.0%	42	107.7%	132.4%	Buy	7.9	6.9	5.0	6.0	2.6	2.9	24.7%	29.7%	0.3	0.3	11.6%	9.8%
PKGPK	29	372	10,965	72	0.0%	35	18.8%	23.9%	Buy	11.5	11.8	1.5	1.5	2.6	2.5	5.1%	5.1%	0.5	0.4	20.7%	17.8%
NCPL	16	367	5,933	39	0.0%	28	73.4%	99.7%	Buy	5.9	4.7	4.2	5.5	2.7	3.4	26.3%	34.1%	0.3	0.3	11.3%	8.9%
LPL	19	380	7,103	46	0.0%	31	65.8%	71.1%	Buy	8.9	9.4	1.0	1.2	2.1	2.0	5.3%	6.7%	0.4	0.3	21.0%	18.5%
<b>Oil &amp; Gas Marketing</b>																					
PSO	233	469	109,288	714	2.4%	282	20.9%	24.9%	Buy	30.7	32.1	9.2	10.0	7.6	7.2	4.0%	4.3%	0.9	0.8	12.2%	11.7%
APL	329	100	32,707	214	0.5%	374	13.8%	17.1%	Buy	42.2	44.7	10.8	18.0	7.8	7.4	3.3%	5.5%	1.5	1.3	21.0%	19.4%
<b>Technology &amp; Communication</b>																					
SYS	506	137	69,381	453	1.6%	611	20.7%	21.6%	Buy	22.5	30.5	4.5	6.1	22.5	16.6	0.9%	1.2%	6.6	5.0	33.5%	34.5%
<b>Engineering</b>																					
ISL	91	435	39,798	260	0.7%	116	26.8%	33.1%	Buy	13.3	8.8	5.8	3.8	6.9	10.4	6.3%	4.1%	2.5	2.2	42.2%	22.7%
MUGHAL	115	292	33,660	220	0.0%	125	8.4%	11.6%	Hold	10.9	12.5	3.8	4.3	10.6	9.3	3.3%	3.7%	2.3	2.0	28.4%	23.3%
ASTL	46	297	13,639	89	0.0%	48	4.5%	5.8%	Hold	3.0	5.7	0.6	1.7	15.4	8.0	1.3%	3.7%	1.2	1.0	7.7%	13.7%
ASL	26	766	20,126	132	0.0%	23	-12.5%	-11.6%	Sell	1.8	2.4	0.2	0.5	14.9	10.8	0.9%	1.9%	2.1	1.8	15.4%	18.3%
<b>Transport</b>																					
PBTL	11	1,786	19,736	129	0.6%	15	31.2%	31.2%	Buy	0.8	0.9	0.0	0.0	13.0	12.2	0.0%	0.0%	1.3	1.2	10.3%	9.9%

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Buy	>15% expected total return
Hold	10%-15% expected total return
Underperform	<10% expected total return
*Total stock return = capital gain + dividend yield	

### Old rating system

Overweight	Total sector return > expected market return
Marketweight	Expected market return
Underweight	Total stock return < expected market return

## Valuation Methodology

To arrive at our period end target prices, BMA Capital uses different valuation methodologies including

- Discounted cash flow (DCF, DDM)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)