



REP-300

A look back at CY20

A Pendulum Swing

31-Dec-2020

AHL Research

D: +92 21 32462742

UAN: +92 21 111 245 111, Ext: 322

F: +92 21 32420742

E: ahl-research@arifhabibltd.com



ASIAMONEY

Best Corporate & Investment
Bank: 2020



Best Domestic Equity House

Top 25 Companies



**CFA Society
Pakistan**

Corporate Finance House of
the Year: 2020



**CFA Society
Pakistan**

Best Equity Research
Analyst: 2020

PSX Performance

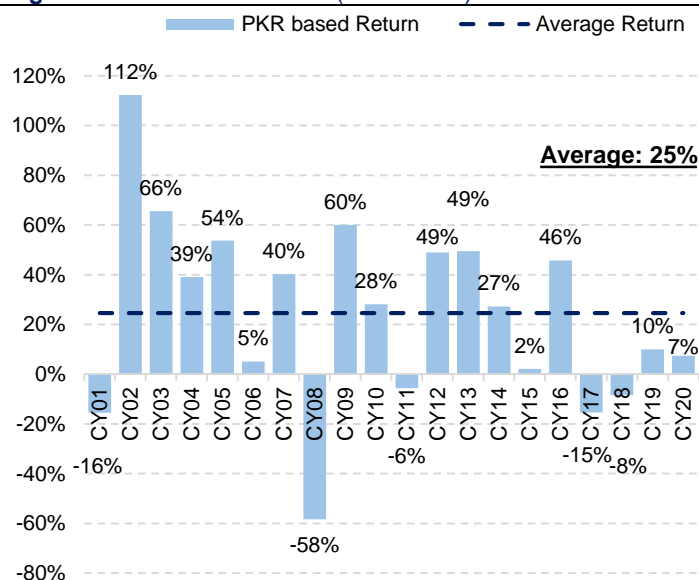
Against all odds

- The KSE-100 index closed CY20 with a positive return for two consecutive years, posting a PKR-based increase of 7.4% (USD-based 4.1%). The benchmark index closed at 43,755 points. The index closing is a 4-Yr high (Dec'16: 47,807).
- Performance of the index during the outgoing year was initially marred by the novel coronavirus, before posting a sharp V-Shaped recovery.

Key highlights of the outgoing year include:

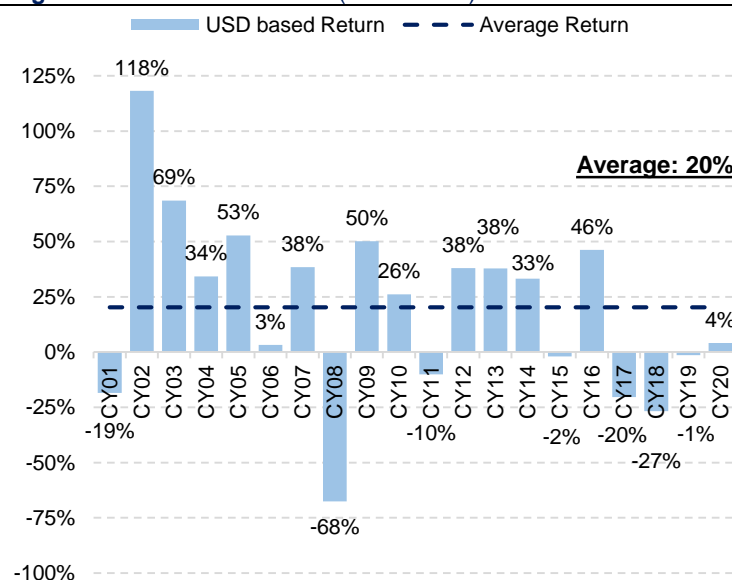
- While COVID-19 jolted investment climate, supportive actions by the SBP/GoP helped to allay concerns of investors and translated into a sharp rebound.
- Measures for credit and fiscal stimuli were crucial in preventing a liquidity crunch and helpful in stimulating business confidence. The SBP introduced a TERF (Temporary Economic Refinance Facility) to promote investments and economic activity which provided a fixed mark-up facility (initially at 7% and now reduced further to 5%) for 10 years. Moreover, a "SBP Rozgar Scheme" was introduced to prevent workers' layoff through financing wages for 6 months. To avert a suppression of cash cycles, the SBP introduced a principal deferment facility and loan restructuring schemes as well. The government announced a fiscal stimulus amounting PKR 1.2tn to support households.
- Profitability of the KSE-100 index increased by 3.9% YoY during 9MCY20 led by Commercial Banks (+48% YoY) attributable to NIMs expansion following rate cuts leading to immediate downwards re-pricing of liabilities, Fertilizers (+24% YoY) on account of higher Urea/DAP offtake coupled with improvement in margins, and Power Generation & Distribution (+63% YoY) on account of coal power plant addition (HUBC).
- Foreign outflow from equities during the year settled at USD 571mn.

Fig: KSE100 historical returns (PKR based)



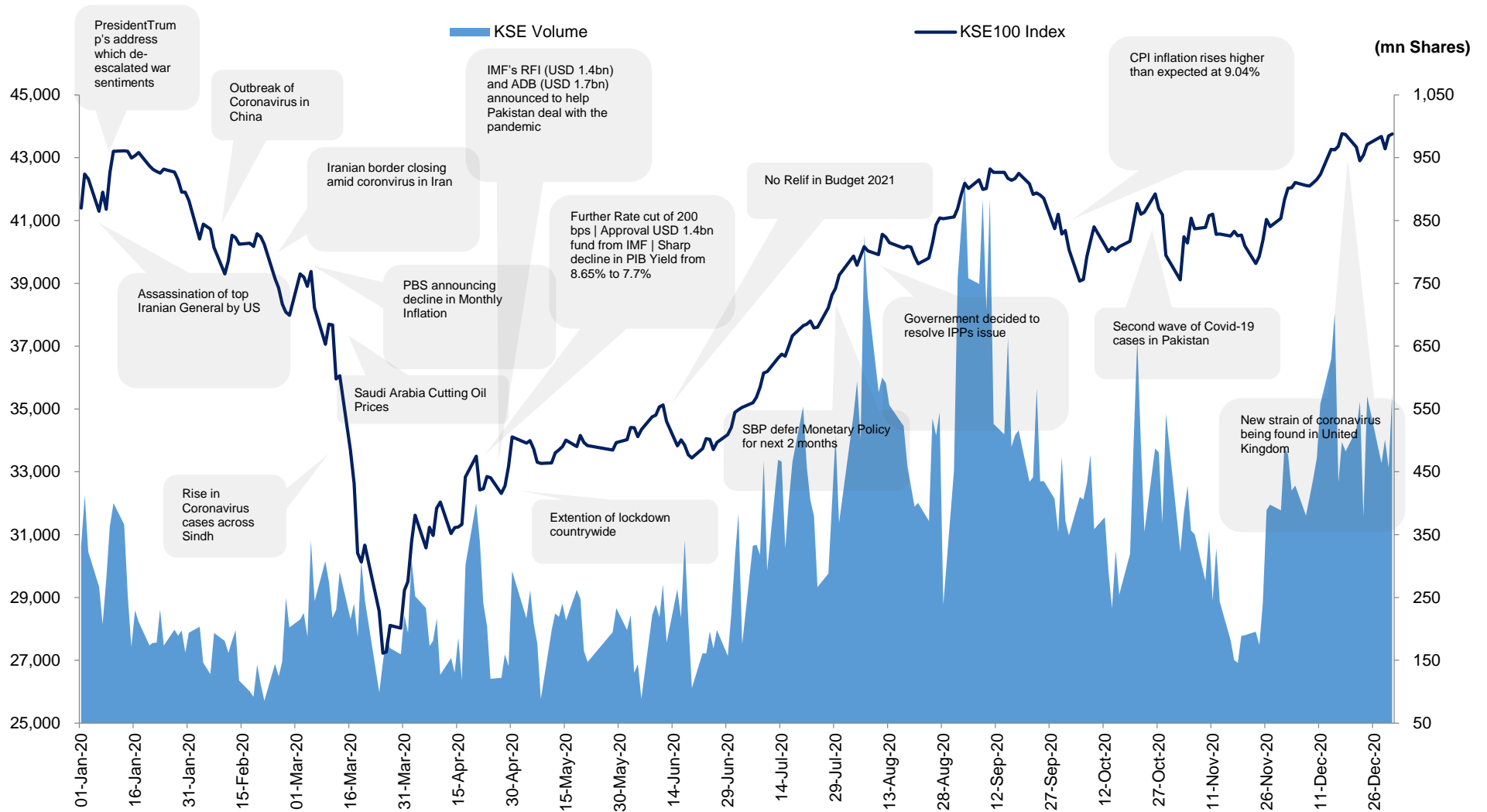
Source (s): PSX, AHL Research

Fig: KSE100 historical returns (USD based)



Source (s): PSX, Bloomberg, AHL Research

KSE100 Event Graph (2020)



Key Events to watch out for 2021

Table: Key Events to watch out for 2021

13th OPEC and non-OPEC Ministerial Meeting	Jan
Monetary Policy	Jan
Inauguration of Joe Biden as US President	Jan
Lucky Motors (KIA) to launch new models	Jan
INDU to launch Corolla Cross and Corolla X	Jan
Textile Policy 2020-2025	Jan
FATF Review	Feb
Senate Election	Mar
EPCL 100K tons PVC expansion	Mar
Monetary Policy	Mar
COVID-19 Vaccine to Arrive in Pakistan	Mar
SAZEW to launch new car model	Mar
Matiari-Lahore HVDC 660 kV transmission line completion CoD	Mar
Hyundai Nishat to launch new models	Apr
Interloop Denim Phase 2	May
Monetary Policy	May
MSCI Review	May
KAPCO PPA Decision	Before June
Construction to start on North South Gas Pipeline	Jun
Budget FY22	Jun
DGKC 30MW Coal and 10MW WHR plant CoD	Jun
Agha Steel Mi.Da plant COD	Jun
LUCK coal power plant 660MW	Jun
Punjab Thermal Power Private Limited 1,263 MW RLNG based power plant CoD	Jun
Automotive Development Policy 2022-2026	Jun
Monetary Policy	Jul
First Truck and Bus Radial Tyre plant COD by Service Group	Jul
MLCF upgradation in WHR plant to 25MW	Sep
Monetary Policy	Sep
MSCI Review	Nov
Monetary Policy	Nov
Karot Hydropower Project of 720MW CoD	Dec
KOHC Optimization of Pyro Process at line 4	Dec

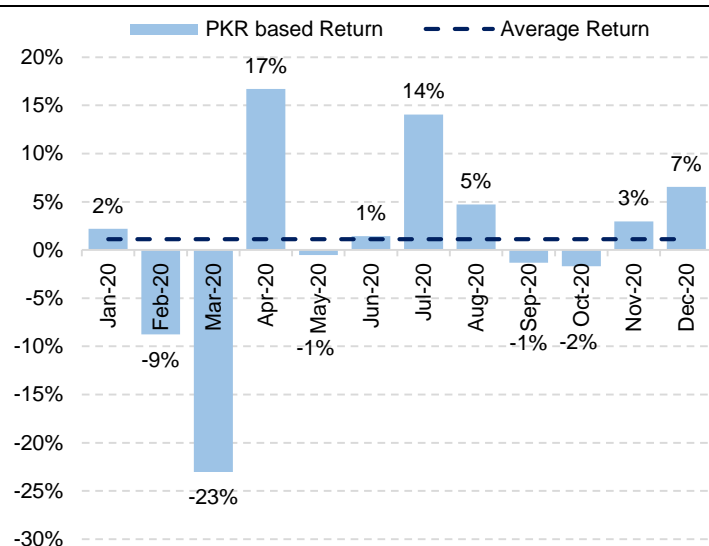
Source (s): AHL Research

PSX Performance

Monthly Returns - Apr'20 was the Best Month

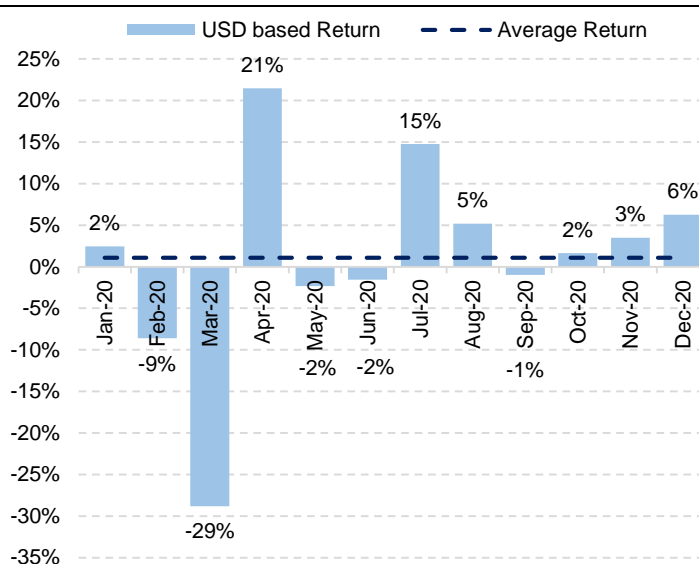
- The highest PKR-based return during CY20 was witnessed in Apr'20 when the index increased by 16.7% MoM, while USD-based return was also the highest during April (21.5%). The major reason was fiscal stimulus amounting PKR 1.2tn by the government and 200bps reduction in the interest rates by the SBP post COVID-19 distortion to support economy.
- The lowest PKR-based returns and USD-based returns were recorded during Mar'20 (-23.0% MoM and -28.8% respectively) which was attributable to the outbreak of the pandemic in the country followed by a country-wide lockdown.

Fig: KSE100 historical returns (PKR based)



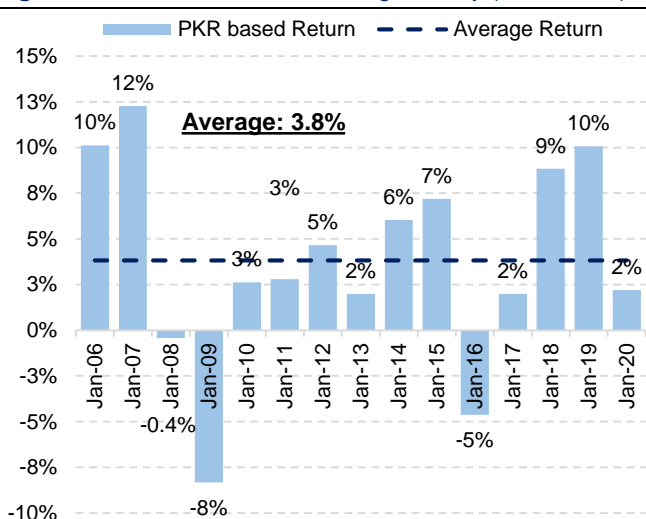
Source (s): PSX, AHL Research

Fig: KSE100 historical returns (USD based)



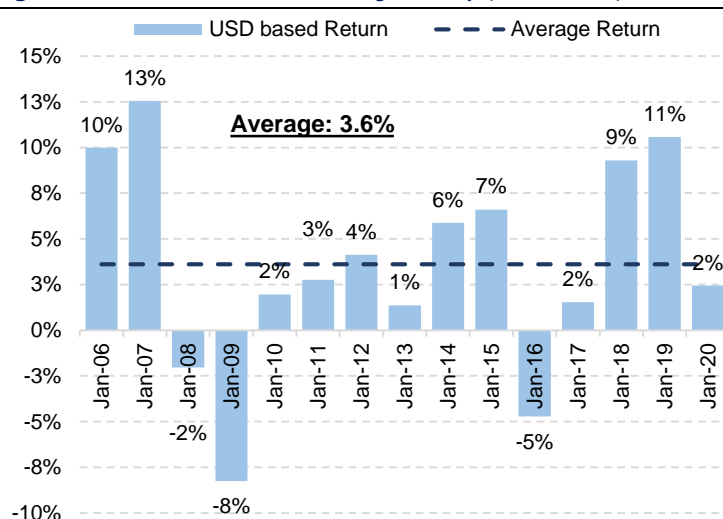
Source (s): PSX, Bloomberg, AHL Research

Fig: KSE100 historical returns during January (PKR based)



Source (s): PSX, AHL Research

Fig: KSE100 historical returns during January (USD based)



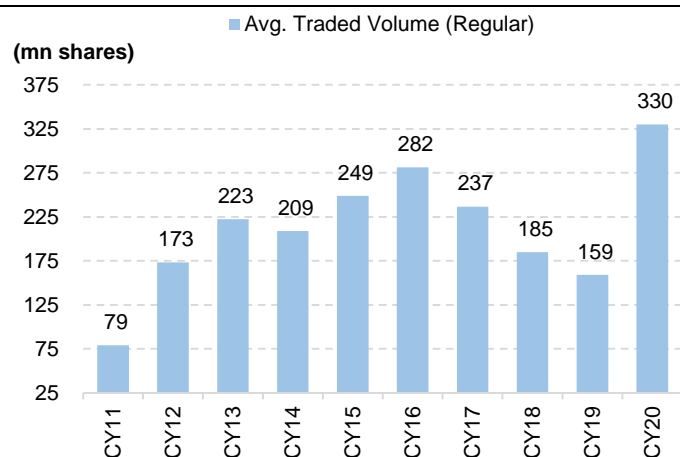
Source (s): PSX, Bloomberg, AHL Research

PSX Performance

Drastic improvement in volumes – 15 Years High

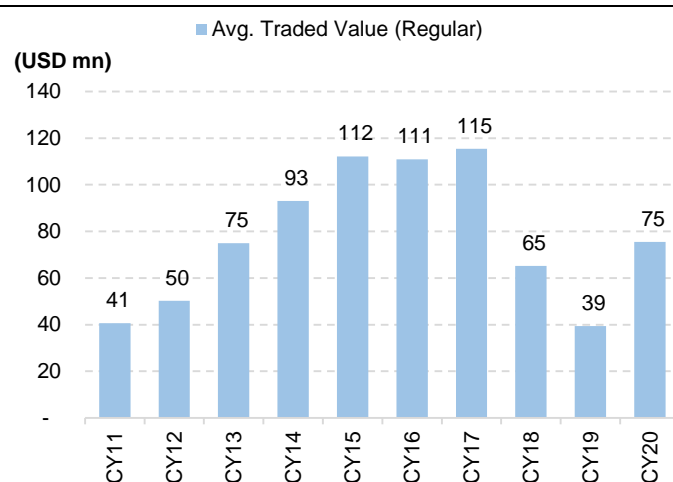
- Average Traded Volumes during CY20 clocked-in at 330mn shares, up by 107% YoY, it is the highest average traded volume since CY05 (364mn shares). Last 10-Yr average settled at 212mn shares.
- Average Traded Value also up by 91% YoY to clocked-in at USD 75mn during CY20. However, lower than the last 10-Yr average of USD 78mn.
- **Strong comeback in 2H:** As they say, numbers speak volumes! During 2HCY20, volumes so far have skyrocketed as average volume has increased by 2.2x to 448mn shares compared to 207mn shares in 1HCY20 amid easing lockdown situation and drastically increased corporate sector earnings which revived investors' confidence.

Fig: Average traded volume up by 107% YoY during CY20



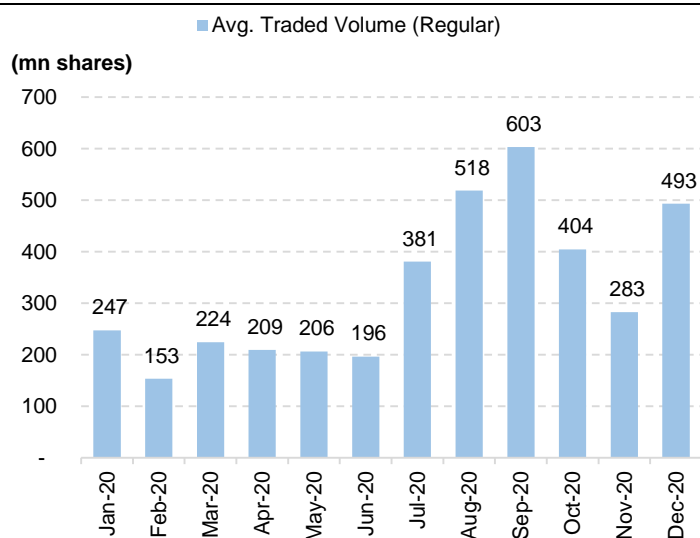
Source (s): PSX, AHL Research

Fig: Average traded value up by 91% YoY during CY20



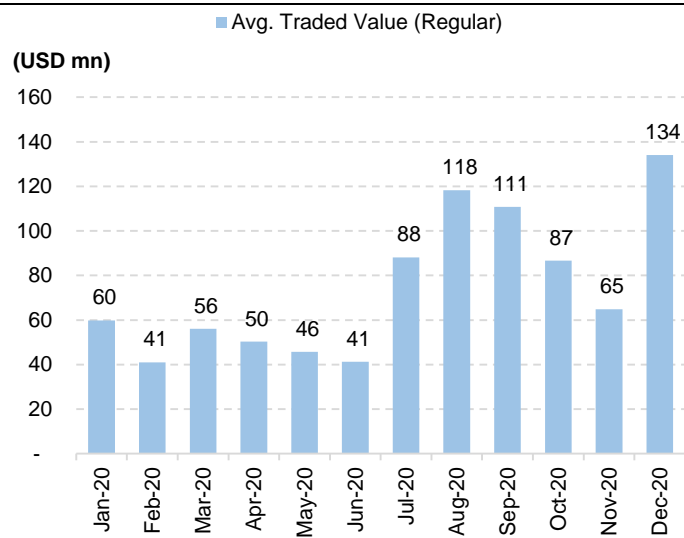
Source (s): PSX, AHL Research

Fig: Highest ever Avg. traded volume during Dec (since 2000)



Source (s): PSX, AHL Research

Fig: Avg. traded value up by 107% to USD 134mn during Dec



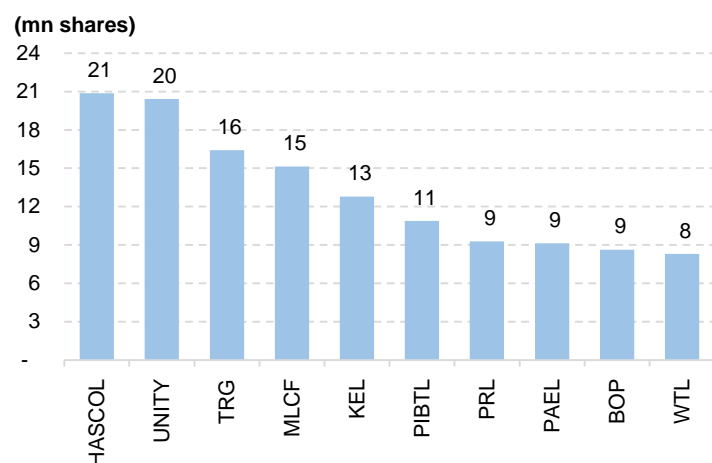
Source (s): PSX, AHL Research

PSX Performance

Drastic improvement in volumes

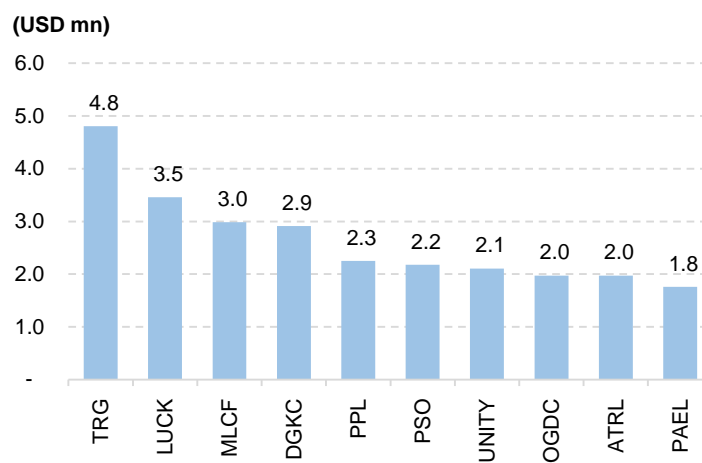
- During CY20, scrip-wise volumes were led by HASCOL (21mn shares), UNITY (20mn shares) and TRG (16mn shares).
- Scrip-wise value was led by TRG (USD 4.8mn), LUCK (USD 3.5mn) and MLCF (USD 3.0mn).
- On sector-wise basis, volumes were led by Cement (46mn shares), Telecom (41mn shares) and Banks (28mn shares).
- Sector-wise value was led by Cements (USD 13.3mn), Telecom (USD 8.1mn) and OGMCs (USD 6.3mn).

Fig: Scrip wise volume leaders



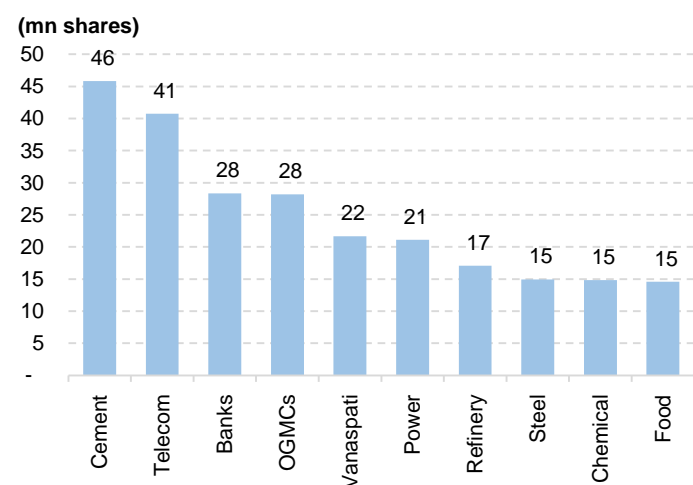
Source (s): PSX, AHL Research

Fig: Scrip wise value leaders



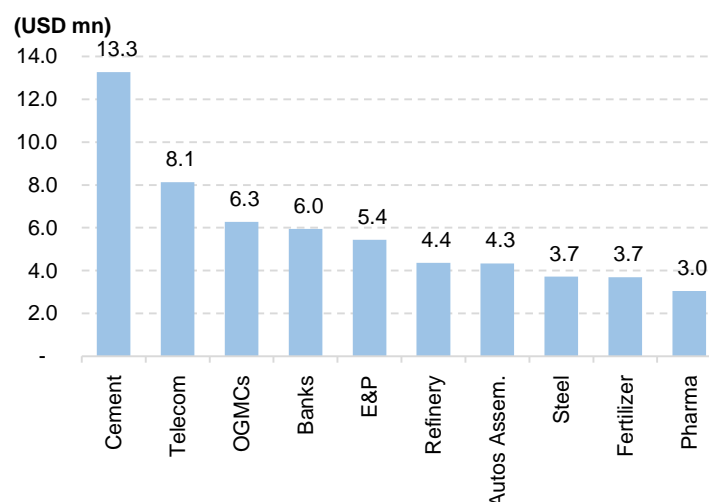
Source (s): PSX, AHL Research

Fig: Sector wise volume leaders



Source (s): PSX, AHL Research

Fig: Sector wise value leaders



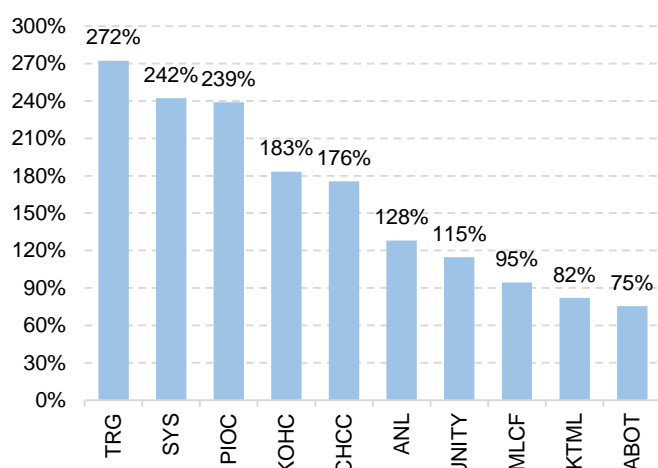
Source (s): PSX, AHL Research

PSX Performance

Major Gainers and Losers (CY20)

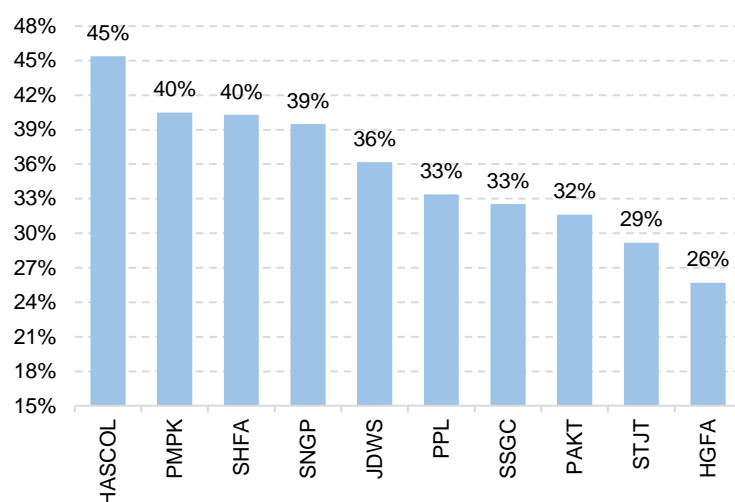
- Scrip-wise performance chart during the year was led by TRG, SYS and PIOC, each posting phenomenal returns of 272%, 242%, and 239% respectively. On the flip-side, HASCOL, PMPK, and SHFA posted the most negative returns (45%, 40% and 40% respectively).
- In terms of sectors, Technology sector was leaps ahead of the rest, closing the year at +207%, followed by Vanaspati (+115%) and Cement (+79%). Negative returns were led by Sugar (36%), Tobacco (33%) and Textile (29%).

Fig: Scrip wise major gainers (KSE100)



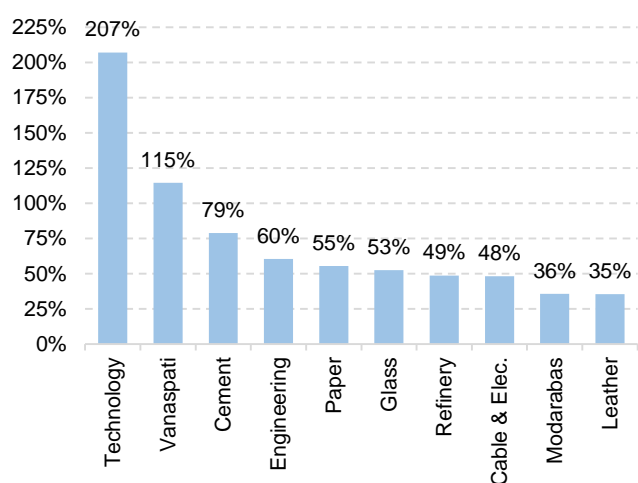
Source (s): PSX, AHL Research

Fig: Scrip wise major losers (KSE100)



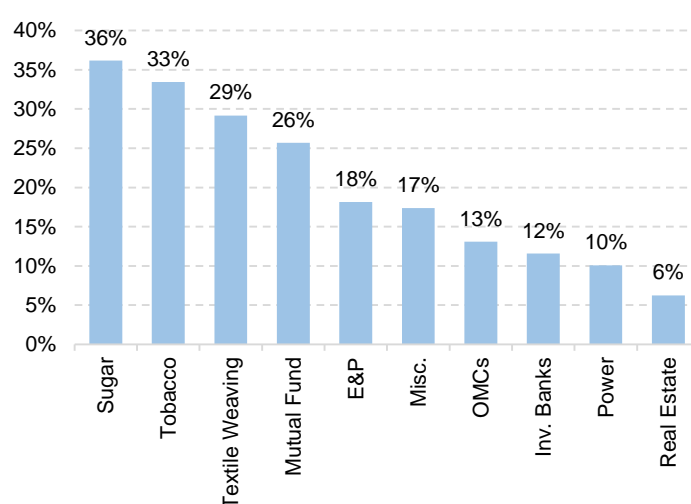
Source (s): PSX, AHL Research

Fig: Sector wise major gainers (KSE100)



Source (s): PSX, AHL Research

Fig: Sector wise major losers (KSE100)



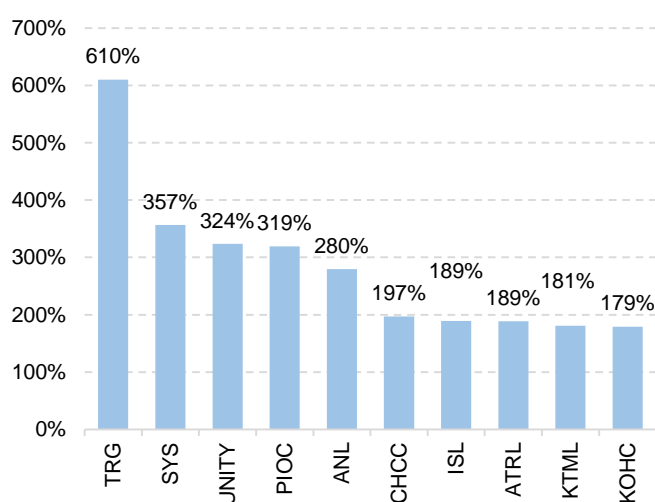
Source (s): PSX, AHL Research

PSX Performance

Major Gainers and Losers (since 25-Mar-20)

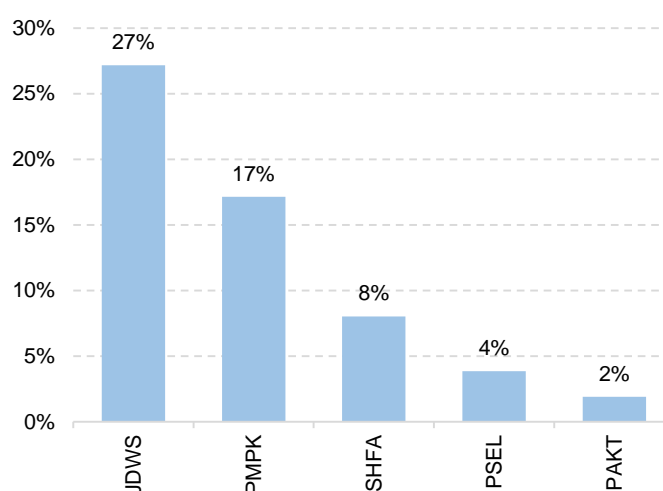
- Scrip-wise performance chart since market low (25-Mar-20) was led by TRG, SYS and UNITY, each posting phenomenal returns of 610%, 357%, and 324% respectively. On the flip-side, JDWS, PMPK, and SHFA posted the most negative returns (27%, 17% and 8% respectively).
- In terms of sectors, Technology sector was leaps ahead of the rest, at +372%, followed by Vanaspati (+324%) and Paper (+177%). Negative returns were led by Sugar (27%), Tobacco (5%) and Miscellaneous (5%).

Fig: Scrip wise major gainers (KSE100)



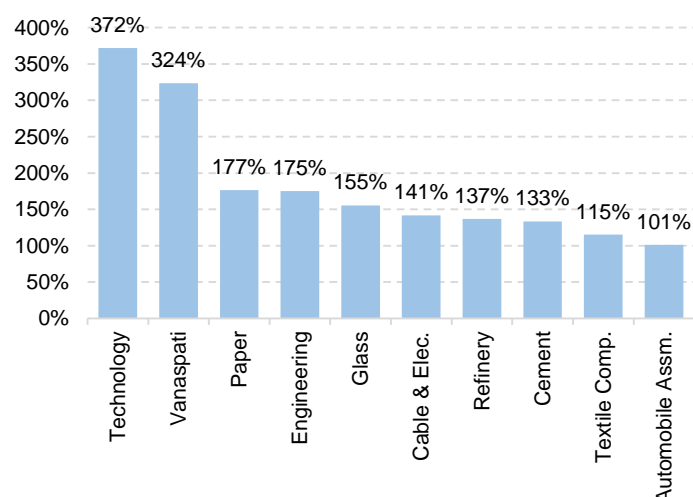
Source (s): PSX, AHL Research

Fig: Scrip wise major losers (KSE100)



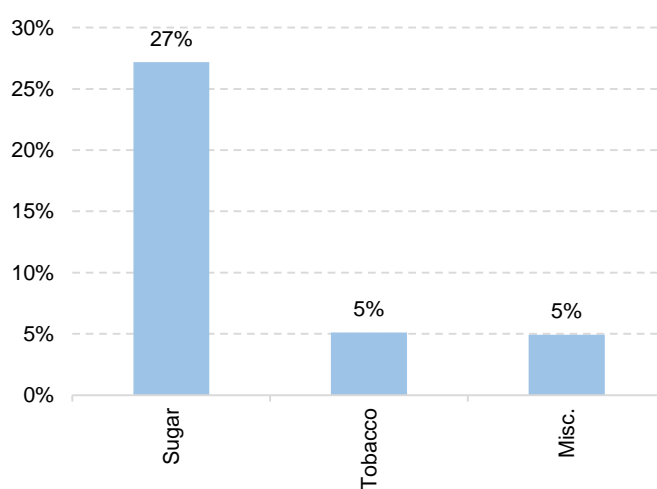
Source (s): PSX, AHL Research

Fig: Sector wise major gainers (KSE100)



Source (s): PSX, AHL Research

Fig: Sector wise major losers (KSE100)



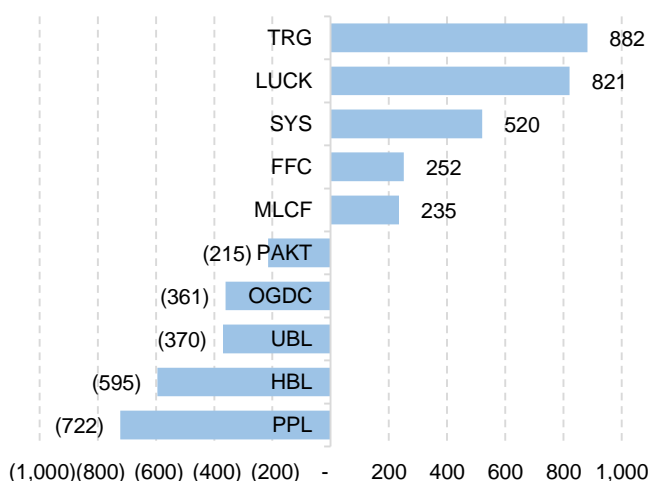
Source (s): PSX, AHL Research

PSX Performance

Index Contribution

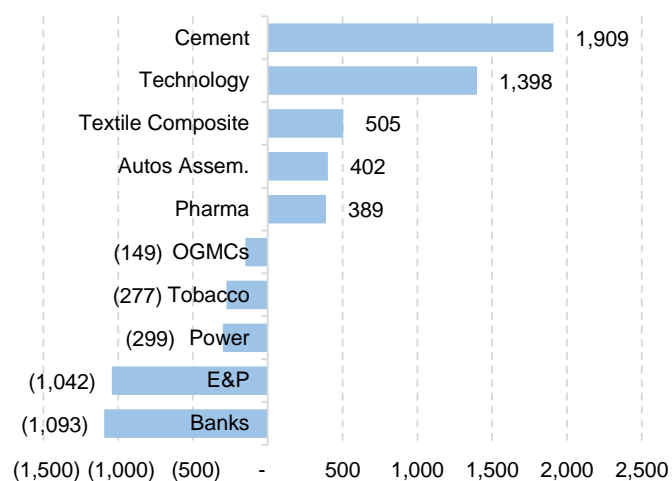
- Gainers dominating the index contributions included Cements (1,909pts) followed by Technology & Communication (1,398pts), Textile Composite (505pts), Automobile Assemblers (402pts), and Pharma (389pts).
- Whereas, negative index contribution came from Commercial Banks (1,093pts), Oil and Gas Exploration (1,042pts) and Power Generation and Distribution (299pts).
- Meanwhile, scrip-wise top contributions to the upside were led by TRG (882pts, 63% of total Tech sector contribution) on the back of outstanding quarterly results, LUCK (821pts, 43% of total cement sector contribution) mainly due to revival in cement dispatches and better retention prices, and SYS (520pts) owing to re-rating of tech scrips.
- Scrip-wise negative contributors were i) PPL (-722pts) due to lower oil prices on a YoY basis, and circular debt accumulation, ii) HBL (-595pts) and iii) UBL (-370pts) on account of hammering faced by the banking sector following 625 bps rate cuts.

Fig: Company wise top index contributors (CY20)



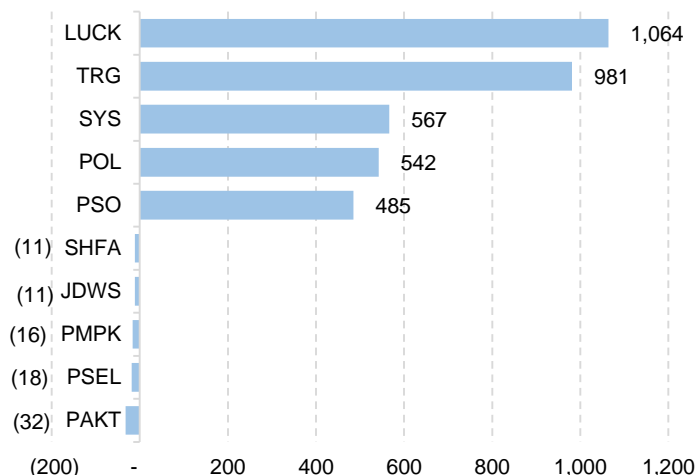
Source (s): PSX, AHL Research

Fig: Sector wise top index contributors (CY20)



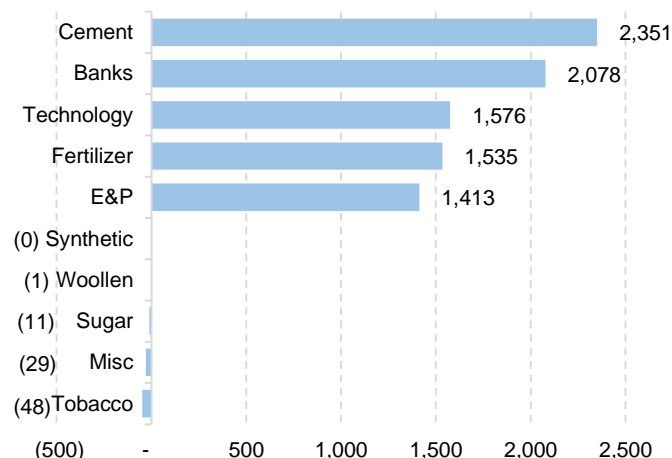
Source (s): PSX, AHL Research

Fig: Company wise top index contributors (25-Mar to 31-Dec)



Source (s): PSX, AHL Research

Fig: Sector wise top index contributors (25-Mar to 31-Dec)



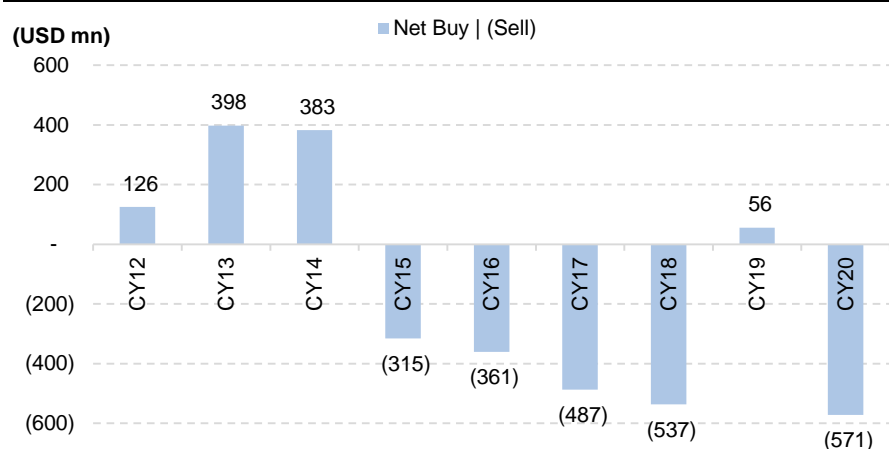
Source (s): PSX, AHL Research

Foreign Investors' Portfolio Investment

Sentiments plunge amid Coronavirus

- As healthcare systems world over collapsed amid rapid spread of the novel Coronavirus and economies came to a standstill, global equities witnessed a rout in the outgoing year. Pertinently, offloading was particularly sharp in the Emerging Markets and Pakistan was no exception; net outflows at the local bourse during CY20 arrived at USD 571mn compared to net inflows of USD 56mn last year, when turnaround in the economy had just started appearing palpable. Optimism, however, was cut short as despite imposition of lockdown and travel restrictions worldwide, COVID-19 became a global pandemic. Although brief spells of buying were witnessed as the local economy opened up and earnings revival stunned investors during 3QCY20, second-wave concerns kept the annual tally negative.

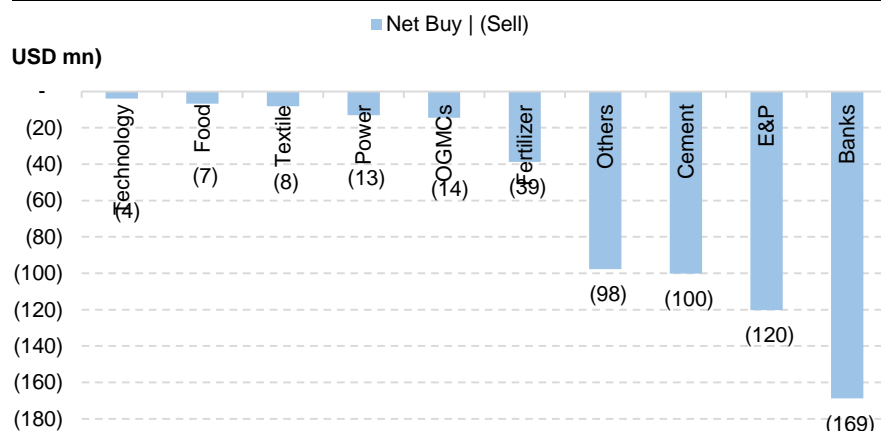
Fig: Foreign investors portfolio investment - Trend



Source (s): NCCPL, AHL Research

- Sector-wise offloading:** Major selling was witnessed in i) Commercial Banks (USD 169mn) given sharp cut in interest rates and its potential impact on NIMs as well as augmented provisioning to account for any fallout from COVID-19, ii) Oil and Gas Exploration companies (USD 120mn) as oil prices tanked amid rift between Saudi and Russia and global demand crash in the wake of corona, and iii) Cements (USD 100mn) with the sector bearing losses during 1HCY20 as plants were shut down during lockdown.

Fig: Sector wise foreign investors portfolio investment

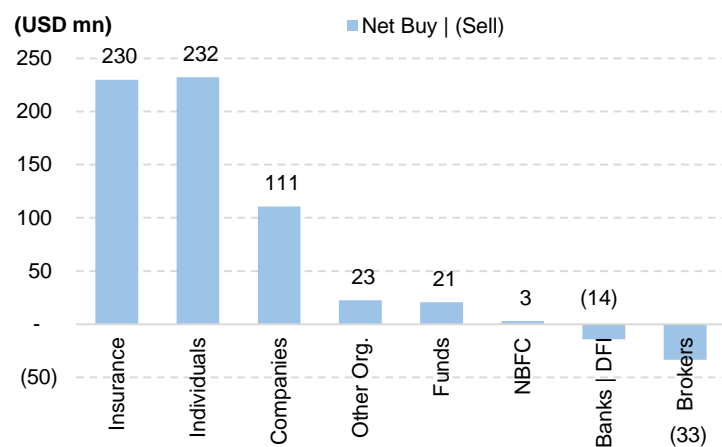


Source (s): NCCPL, AHL Research

Local Investors' Portfolio Investment

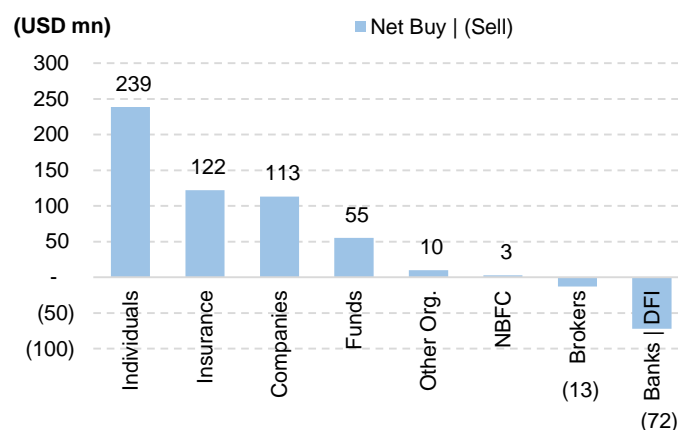
- **Locals absorb foreign selling:** On the domestic front, foreign offloading was absorbed by Insurance companies (USD 230mn) and Individuals (USD 232mn) in CY20. Following this, Companies and Other Organizations were the largest accumulators with net buying set at USD 111mn and USD 23mn, respectively. We also highlight that since the market touched its low in Mar'20, individuals have been the largest buyers at USD 239mn.

Fig: Local investors portfolio investment



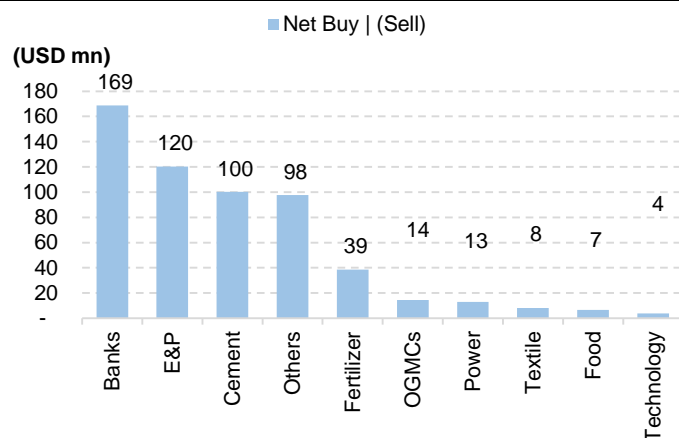
Source (s): NCCPL, AHL Research

Fig: Local investors portfolio investment (25-Mar to 31-Dec)



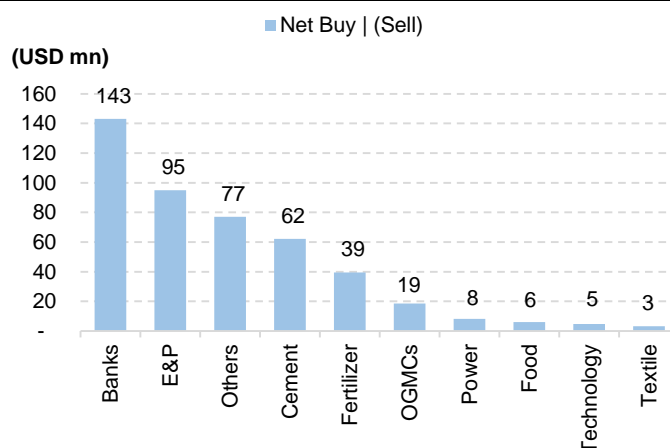
Source (s): NCCPL, AHL Research

Fig: Sector wise LIPI



Source (s): NCCPL, AHL Research

Fig: Sector wise LIPI (25-Mar to 31-Dec)

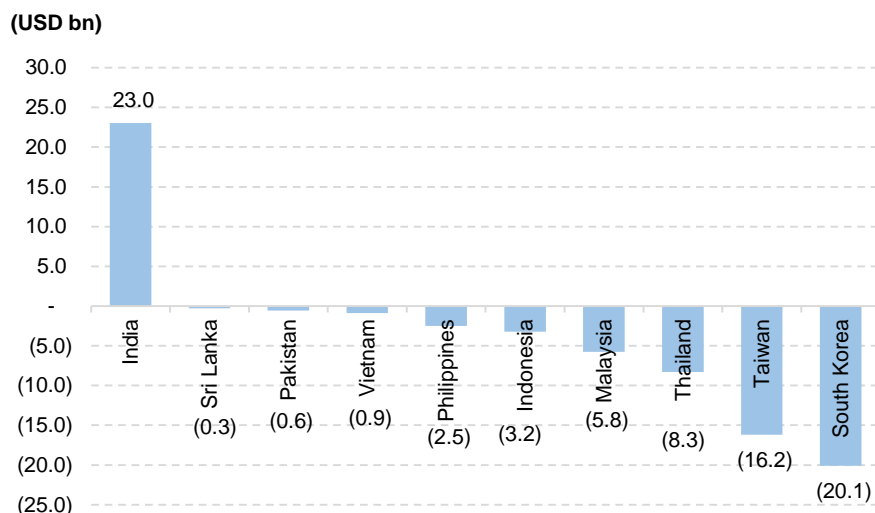


Source (s): NCCPL, AHL Research

Regional Portfolio Investment

- **Region sees massive outflows, India being the only exception:** The Asia-Pac region saw hefty off-loading from equities amid despondency in global investment climate. However, India was the only exception, attracting inflows of USD 23.0bn CYTD. FDI policy reforms and other investment promotion policies helped stimulate the inflows in India. Hefty outflows of USD 20.1bn and USD 16.2bn were witnessed in South Korea and Taiwan respectively, while Thailand, Malaysia, and Indonesia each saw outflows of USD 8.3bn, USD 5.8bn and USD 3.2bn respectively.

Fig: Regional foreign investors portfolio investment (CY20TD)

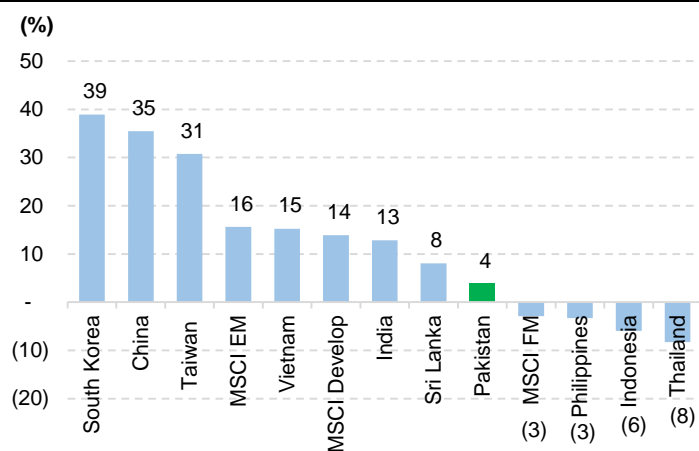


Source (s): Bloomberg, NCCPL, AHL Research

Regional and MSCI Performance

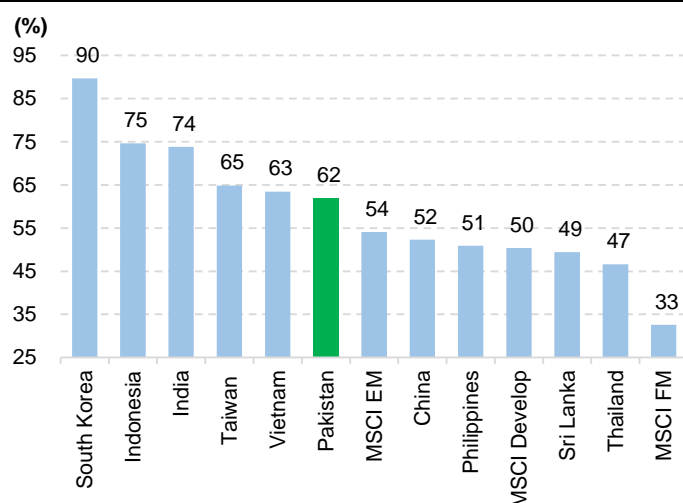
- While the COVID-19 pandemic sent markets on a steep downhill trajectory, the rebound across global equities has been startling. Governments and Central Banks intervened with vast stimulus measures to support the dwindling economies which stimulated sentiments.
- The current COVID-19 toll stands at 1.8 million deaths while total cases across the world have soared to 83.1 million.
- Stock markets have closed the year with healthy returns, with the MSCI Developed generating a return of 14% and MSCI Emerging Markets (MSCI EM) closing at +16%. MSCI Frontier Markets (MSCI FM) has however closed the year with a negative return of 3% during the outgoing year. Regional markets' returns have been led by South Korea (39%), China (35%), Taiwan (31%), and Vietnam (15%).
- Since 25th March (when the KSE-100 index touched its low and so did most markets around this time), the rebound in markets following a period of severe hammering was phenomenal. MSCI EM rebounded 54%, followed by MSCI Developed (50%) and MSCI FM (33%). South Korea once again led the regional markets chart with a remarkable return of 90% since 25th March, followed by Indonesia (75%), India (74%), and Taiwan (65%).

Fig: Regional and MSCI* indices performance (CY20)



Source (s): Bloomberg, PSX, AHL Research, *till 30-Dec-20

Fig: Regional and MSCI* indices performance (since market low)



Source (s): Bloomberg, PSX, AHL Research, *till 30-Dec-20

Capital Raising during 2020

- A total of 4 IPOs (initial public offering) were made in 2020, a total capital of PKR 8,442mn.
- Agha Steel Industries Ltd. (AGHA) topped the highest capital generation list, raising PKR 3.8bn, so as to finance procurement of the company's latest Mi.Da. technology – a state of the art electric arc plant, taking the post expansion re-rolling and melting capacity to 600,000 tons p.a.
- Following this, Engro Polymer (EPCL) generated PKR 3bn through a preference issue (other than right), in order to expand its PVC capacity to 295k tons p.a. and undertake debottlenecking of its VCM plant.
- TPL Trakker Ltd (TPL) raised PKR 802mn to repay outstanding loans and partake expansion in the Middle East.
- Finally, The Organic Meat Company Ltd (TOMC), first IPO of 2020, raised PKR 800mn to setup an offal processing facility in Korangi and cushion its working capital requirements.
- Alongside this, 22 right issues were made during the year, generating equity worth PKR 45bn. Pertinently, Shell Pakistan Ltd (SHEL) raised a mammoth PKR 11.6bn, followed by Fauji Fertilizer Bin Qasim Ltd. (FFBL) at PKR 5.0bn.

Table: 2020 IPOs

Company	Amount (PKR mn)
Agha Steel Industries Ltd.	3,840
Engro Polymer & Chemicals Ltd. Preference	3,000
TPL Trakker Ltd.	802
The Organic Meat Company Ltd.	800
Total	8,442

Source (s): PSX, AHL Research

Table: 2020 Right Issues

Company	Right (%)	Issue Price	Issue Share (mn)	Amount Raised (PKR mn)
Azgard Nine Ltd.	8.0%	10.00	36.06	360.60
Azgard Nine Non-Voting Ordinary Shares	8.0%	10.00	0.44	4.43
Ismail Industries Ltd.	4.0%	360.00	2.55	918.79
Sazgar Engineering Works Ltd.	65.8%	50.00	14.20	710.00
Pakistan Refinery Ltd.	100.0%	10.00	315.00	3,150.00
Power Cement Ltd.	23% PR*	10.00	244.59	2,445.85
Unity Foods Ltd.	82.7%	10.00	450.00	4,500.00
Askari Life Assurance Company Ltd.	36.3%	10.00	40.00	400.00
Hinopak Motors Ltd.	100.0%	233.50	12.40	2,895.53
Synthetic Products Enterprises Ltd.	4.5%	32.00	3.98	127.42
B.R.R. Guardian Modaraba	10.0%	10.00	8.64	86.36
Fauji Fertilizer Bin Qasim Ltd.	38.2%	14.00	357.14	5,000.00
Mitchell's Fruit Farms Ltd.	190.5%	50.00	15.00	750.00
Ghani Global Holdings Ltd.	66.0%	10.00	101.18	1,011.82
Drekkar Kingsway Ltd.	150.0%	10.00	15.00	150.00
The Searle Company Ltd.	13.0%	170.00	27.62	4,694.60
Al Shaheer Corporation Ltd.	50.0%	10.00	99.98	999.80
Shell Pakistan Ltd.	100.0%	108.00	107.01	11,557.33
Gillette Pakistan Ltd.	66.0%	10.00	12.67	126.72
Ghani Global Glass Ltd.	140.0%	10.00	140.00	1,400.00
Ghani Glass Ltd.	55.0%	10.00	297.85	2,978.48
Loads Ltd.	66.1%	10.00	100.00	1,000.00
Total				45,267.74

Source (s): PSX, AHL Research, * Preference Right

Outlook for IPOs in 2021

Below we have highlighted potential IPOs that are expected in 2021, with brief information about the respective companies.

Panther Tyres Ltd.

Panther Tyres Ltd. ("Panther" or the "Company"), one of the leading tyres and tubes manufacturer of Pakistan intends to raise PKR 1.4bn through issuance of 30mn ordinary shares at floor price of PKR 47 per share. Apart from this, Sponsor of the Company is also divesting 10 million shares at floor price (total issue size of PKR 1.8bn). The proceeds raised through IPO will be utilized to partially fund Company's expansion plan to enhance its tyres and tubes production facilities and bringing in latest tyre manufacturing technology.

Service Global Footwear Ltd.

Service Global Footwear Ltd. ("SGFL" or the "Company"), a wholly owned subsidiary of Service Industries Ltd., is involved in the business of manufacturing, sale, marketing, and export of footwear. SGFL intends to raise c. PKR 1.5bn through Initial Public Offering ("IPO") via book building method for the purpose of investing the amount raised as an equity investment in a Joint Venture Company.

Master Tiles & Ceramic Industries Ltd.

Master Tiles & Ceramic Industries Ltd. ("MTCIL" or the "Company") manufactures ceramic and porcelain tiles, with a successful operational record of more than 25 years and possesses strong brand equity in the local market. MTCIL intends to raise approximately PKR 3.0bn through Initial Public Offering ("IPO") via book building method to finance the ongoing expansion of its "Unit IV", which is expected to be operational in FY 2022, having a manufacturing capacity of c. 21.6mn sq. meters per year.

Pakistan Aluminium Beverage Cans Ltd.

Pakistan Aluminium Beverage Cans Ltd. ("PABC" or the "Company") (A joint venture between Ashmore Group UK and Liberty Mills Pakistan Ltd.) is a sole manufacturer of aluminium cans in Pakistan. PABC is planning to do an Initial Public Offering ("IPO") by offering up to 30% of the existing paid up capital of the Company during the ongoing fiscal year.

Sadaqat Ltd.

Sadaqat Ltd. is engaged in the business of textile manufacturing and of circular knitting, bleaching, dyeing, printing, stitching and dealing in and export of all kinds of value added fabrics, home textile products and woven and knitted garments. Sadaqat Ltd. intends to raise approximately PKR 1.5 to 2.0bn through Initial Public Offering ("IPO") via book building method for the purpose of financing its expansion.

World Indices Performance

Table: World's Major Stock Market Performance (USD based return, CY20)

Sr#	Country	Index Description	Index	Return (%)	Sr#	Country	Index Description	Index	Return (%)
1	USA	Nasdaq 100 Stock Indx	12,845	47	39	Tunisia	Tunis Se Tunindex	6,879	2
2	Denmark	Omx Copenhagen 20 Index	1,465	42	40	France	Cac 40 Index	5,551	1
3	South Korea	Kospi Index	2,873	39	41	Norway	Obx Price Index	469	1
4	Nigeria	Nigeria Stck Exc All Shr	40,271	37	42	Belgium	Bel 20 Index	3,621	0
5	China	Csi 300 Index	5,211	35	43	UAE	Adx General Index	5,045	(1)
6	Taiwan	Taiwan Taiex Index	14,733	31	44	Qatar	Qe Index	10,436	(1)
7	Lithuania	Omx Vilnius Omxv	817	26	45	Morocco	Madex Free Float Index	9,121	(1)
8	Japan	Nikkei 225	27,444	22	46	South Africa	Ftse/Jse Africa All Shr	59,409	(1)
9	Bangladesh	Dse Broad Index	5,402	22	47	Czech Republic	Prague Stock Exch Index	1,027	(2)
10	Finland	Omx Helsinki Index	10,872	21	48	Mexico	S&P/Bmv Ipc	44,694	(3)
11	Sweden	Omx Stockholm 30 Index	1,875	20	49	Hong Kong	Hang Seng Index	27,231	(3)
12	Latvia	Omx Riga Omxr	1,136	20	50	Greece	Athex Composite Share Pr	813	(3)
13	New Zealand	S&P Nzx All Index	2,155	20	51	Philippines	Psei - Philippine Se Idx	7,140	(3)
14	Iceland	Omx Iceland All-Share Pr	1,886	19	52	Austria	Austrian Traded Atx Indx	2,780	(4)
15	USA	S&P 500 Index	3,732	16	53	Chile	S&P/Clx Ipsa (Clp) Tr	4,177	(5)
16	Vietnam	Ho Chi Minh Stock Index	1,104	15	54	Indonesia	Jakarta Composite Index	5,979	(6)
17	Estonia	Omx Tallinn Omxt	1,344	15	55	Poland	Wig 20	1,984	(6)
18	Germany	Dax Index	13,719	14	56	Croatia	Croatia Zagreb Crobex	1,739	(7)
19	Netherland	Aex-Index	625	13	57	Spain	Ibex 35 Index	8,096	(7)
20	India	S&P Bse Sensex Index	47,751	13	58	Bahrain	Bb All Share Index	1,490	(7)
21	Ireland	Iseqall-Share	7,376	12	59	Oman	Msm30 Index	3,659	(8)
22	Switzerland	Swiss Market Index	10,704	11	60	Thailand	Stock Exch Of Thai Index	1,449	(8)
23	Australia	S&P/Asx 200 Index	6,587	8	61	Jordan	Amman Se General Index	1,657	(9)
24	Sri Lanka	Sri Lanka Colombo All Sh	6,774	8	62	Hungary	Budapest Stock Exch Indx	42,108	(9)
25	Luxembourg	Luxembourg Luxx Index	1,348	7	63	Dubai	Dfm General Index	2,492	(10)
26	Slovenia	Slovenian Blue Chip Idx	900	7	64	Singapore	Straits Times Index Sti	2,844	(10)
27	USA	Dow Jones Indus. Avg	30,410	7	65	Russia	Rts Index	1,387	(10)
28	Romania	Bucharest Bet Index	9,806	6	66	UK	Ftse 100 Index	6,461	(12)
29	Canada	S&P/Tsx Composite Index	17,546	5	67	Argentina	S&P Merval Tr Ars	51,226	(13)
30	Malaysia	Ftse Bursa Malaysia KlcI	1,627	4	68	Bulgaria	Sofix Index	448	(14)
31	Pakistan	Kse-100 Index	43,755	4	69	Kenya	Nairobi All Share	151	(16)
32	Italy	Ftse Mib Index	22,233	4	70	Ghana	Gse Composite Index	1,953	(16)
33	Europe	Euro Stoxx 50 Pr	3,553	4	71	Lebanon	Blom Stock Index	658	(16)
34	Saudi Arabia	Tadawul All Share Index	8,690	4	72	Ukraine	Pfts Index	500	(18)
35	Turkey	Bist 100 Index	1,472	3	73	Brazil	Brazil Ibovespa Index	119,017	(20)
36	Kazakhstan	Kazakhstan Kase Stock Ex	2,676	3	74	Egypt	Egx 30 Index	10,845	(21)
37	Portugal	Psi 20 Index	4,898	3	75	Mauritius	Mauritius Stock Exchange	1,649	(30)
38	Serbia	Belex15 Index	751	2					

Source (s): Bloomberg, AHL Research

World Indices Performance

Table: World's Major Stock Market Performance (USD based return, 25-Mar-20 till Date)

Sr#	Country	Index Description	Index	Return (%)	Sr#	Country	Index Description	Index	Return (%)
1	South Korea	Kospi Index	2,873	90	39	Romania	Bucharest Bet Index	9,806	45
2	Nigeria	Nigeria Stck Exc All Shr	40,271	77	40	Latvia	Omx Riga Omxr	1,136	44
3	New Zealand	S&P Nzx All Index	2,155	75	41	USA	Dow Jones Indus. Avg	30,410	43
4	Indonesia	Jakarta Composite Index	5,979	75	42	Europe	Euro Stoxx 50 Pr	3,553	43
5	India	S&P Bse Sensex Index	47,751	74	43	Turkey	Bist 100 Index	1,472	43
6	USA	Nasdaq 100 Stock Indx	12,845	72	44	France	Cac 40 Index	5,551	42
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12	Denmark	Omx Copenhagen 20 Index	1,465	68	50	Portugal	Psi 20 Index	4,898	40
13	Norway	Obx Price Index	469	66	51	Croatia	Croatia Zagreb Crobex	1,739	39
14	Taiwan	Taiwan TaieX Index	14,733	65	52	Dubai	Dfm General Index	2,492	37
15	Vietnam	Ho Chi Minh Stock Index	1,104	63	53	Serbia	Belex15 Index	751	35
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18	South Africa	Ftse/Jse Africa All Shr	59,409	61	56	Malaysia	Ftse Bursa Malaysia KLCI	1,627	34
19	Sweden	Omx Stockholm 30 Index	1,875	60	57	Switzerland	Swiss Market Index	10,704	32
20	Chile	S&P/Clx Ipsa (Clp) Tr	4,177	58	58	Spain	Ibex 35 Index	8,096	32
21	Germany	Dax Index	13,719	57	59	UK	Ftse 100 Index	6,461	31
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23	Poland	Wig 20	1,984	55	61	Morocco	Madex Free Float Index	9,121	26
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26	Mexico	S&P/Bmv Ipc	44,694	53	64	Bulgaria	Sofix Index	448	19
27	China	Csi 300 Index	5,211	52	65	Kenya	Nairobi All Share	151	18
28	Japan	Nikkei 225	27,444	51	66	Tunisia	Tunis Se Tunindex	6,879	17
29	Philippines	Psei - Philippine Se Idx	7,140	51	67	Hong Kong	Hang Seng Index	27,231	16
30	USA	S&P 500 Index	3,732	51	68	Lebanon	Blom Stock Index	658	10
31	Czech Republic	Prague Stock Exch Index	1,027	51	69	Egypt	Egx 30 Index	10,845	10
32	Sri Lanka	Sri Lanka Colombo All Sh	6,774	49	70	Bahrain	Bb All Share Index	1,490	8
33	Canada	S&P/Tsx Composite Index	17,546	49	71	Mauritius	Mauritius Stock Exchange	1,649	4
34	Netherland	Aex-Index	625	48	72	Oman	Msm30 Index	3,659	3
35	Argentina	S&P Merval Tr Ars	51,226	48	73	Jordan	Amman Se General Index	1,657	(1)
36	Estonia	Omx Tallinn Omxt	1,344	48	74	Ukraine	Pfts Index	500	(4)
37	Thailand	Stock Exch Of Thai Index	1,449	47	75	Ghana	Gse Composite Index	1,953	(12)
38	Italy	Ftse Mib Index	22,233	46					

Source (s): Bloomberg, AHL Research

Pakistan Macros

Table: Pakistan Macros

Period		CY12	CY13	CY14	CY15	CY16	CY17	CY18	CY19	CY20
Currency and Inflation										
PKR/USD	Average	93.5	101.7	101.1	102.8	104.8	105.4	121.9	149.9	161.8
	PKR Dep.	-7.6%	-8.0%	0.6%	-1.7%	-1.9%	-0.6%	-13.5%	-18.7%	-7.4%
	Closing	97.1	105.4	100.6	104.8	104.4	111.0	138.9	154.8	159.8
	PKR Dep.	-7.4%	-7.8%	4.8%	-4.0%	0.4%	-5.9%	-20.1%	-10.3%	-3.1%
CPI Inflation	Average*	9.7%	7.7%	7.2%	2.5%	3.8%	4.6%	5.3%	9.4%	9.7%
	▲bps	(273)	(205)	(45)	(468)	121	83	74	403	31
Policy Rate	Average	11.2%	9.5%	9.9%	7.0%	5.8%	5.8%	7.4%	12.1%	8.63%
	▲bps	(213)	(175)	46	(292)	(117)	(8)	167	473	(352)
	Closing	9.5%	10.0%	9.5%	6.0%	5.8%	5.8%	10.0%	13.3%	7.0%
	▲bps	(250)	50	(50)	(350)	(25)	-	425	325	(625)
External Sector										
Balance of Payments										
Exports of Goods*	USD bn	24.8	25.1	24.8	22.7	21.8	23.2	24.8	24.8	19.7
<i>Exports of Goods</i>	▲YoY	-5.8%	1.3%	-1.3%	-8.4%	-3.9%	6.2%	7.2%	-0.2%	-13.3%
Imports of Goods*	USD bn	40.4	41.2	42.7	39.8	42.2	52.8	56.8	46.5	38.4
<i>Imports of Goods</i>	▲YoY	3.6%	2.1%	3.5%	-6.7%	6.0%	25.0%	7.6%	-18.1%	-10.0%
Trade Balance of Goods*	USD bn	(15.6)	(16.1)	(17.9)	(17.1)	(20.4)	(29.6)	(31.9)	(21.7)	(18.8)
<i>Trade Balance of Goods</i>	▲YoY	23.1%	3.2%	11.2%	-4.4%	19.1%	45.2%	7.8%	-31.9%	-6.3%
Remittances*	USD bn	14.0	14.6	17.2	19.2	19.7	19.7	21.0	22.1	23.5
<i>Remittances</i>	▲YoY	14.2%	4.4%	17.9%	11.8%	2.5%	-0.1%	6.7%	5.2%	17.5%
Current Account Balance*	USD bn	(2.3)	(4.4)	(3.7)	(2.8)	(7.2)	(16.2)	(18.9)	(6.6)	0.7
<i>Current Account Balance</i>	% of GDP	-1.0%	-1.9%	-1.3%	-1.0%	-2.4%	-5.2%	-6.9%	-2.5%	0.3%
Foreign Exchange Reserves	USD bn	13.9	8.3	15.3	20.8	23.2	20.2	13.8	17.9	20.3
<i>Foreign Exchange Reserves</i>	▲YoY	-18.6%	-40.0%	83.7%	36.3%	11.5%	-13.0%	-31.8%	30.3%	13.3%
With SBP	USD bn	9.0	3.5	10.5	15.9	18.3	14.1	7.2	11.3	13.2
With Banks	USD bn	4.9	4.8	4.8	4.9	4.9	6.1	6.6	6.6	7.1
Foreign Investment										
Foreign Direct Investment*	USD bn	0.9	1.3	1.9	1.7	2.6	2.5	1.7	2.2	1.9
<i>Foreign Direct Investment</i>	▲YoY	-35.3%	55.3%	41.6%	-11.4%	54.1%	-3.1%	-30.4%	27.8%	11.3%
Debt Profile										
External Debt**	PKR bn	4,608	4,758	4,731	5,073	5,461	6,693	9,101	10,993	11,570
<i>External Debt</i>	% of GDP	20.6%	18.9%	17.2%	17.4%	17.1%	19.3%	24.0%	26.3%	25.4%
Domestic Debt**	PKR bn	8,328	10,227	11,509	12,880	14,193	15,437	17,536	21,676	23,935
<i>External Debt</i>	% of GDP	37.2%	40.6%	41.9%	44.3%	44.5%	44.6%	46.2%	51.9%	52.5%
Total Debt**	PKR bn	12,936	14,985	16,240	17,953	19,653	22,130	26,637	32,669	35,504
<i>Total Debt</i>	% of GDP	57.8%	59.5%	59.2%	61.7%	61.6%	63.9%	70.1%	78.3%	77.9%
Fiscal										
Total Revenue^	PKR bn	2,893	3,186	3,721	4,187	4,433	5,331	5,170	5,806	4,519
Total Expenditure^	PKR bn	4,355	4,935	5,221	5,507	6,066	7,192	7,664	9,215	7,385
Budget Deficit^	PKR bn	1,462	1,749	1,500	1,320	1,633	1,861	2,494	3,410	2,866
<i>Budget Deficit</i>	% of GDP	6.7%	7.3%	5.6%	4.6%	5.2%	5.5%	7.1%	8.5%	6.7%
Credit Ratings										
Standard & Poor's (S&P)	Rating	B-	B-	B-	B-	B	B	B	B-	B-
	Outlook	Stable	Stable	Stable	Positive	Stable	Stable	Stable	Stable	Stable
Moody's	Rating	Caa2	Caa2	Caa2	B3	B3	B3	B3	B3	B3
	Outlook	Negative	Negative	Stable	Stable	Stable	Stable	Negative	Stable	Stable

Source (s): PSX, SBP, PBS, MoF, AHL Research, *11MCY20, **Oct'20, ^9MCY20

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Arif Habib Ltd. (AHL) uses three rating categories, depending upon return form current market price, with Target period as Dec'21 for Target Price. In addition, return excludes all type of taxes. For more details, kindly refer the following table;

Rating	Description
BUY	Upside of subject security(ies) is more than +10% from last closing of market price(s)
HOLD	Upside of subject security(ies) is between -10% and +10% from last closing of market price(s)
SELL	Upside of subject security(ies) is less than -10% from last closing of market price(s)

Equity Valuation Methodology

AHL Research uses the following valuation technique(s) to arrive at the period end target prices;

- **Discounted Cash Flow (DCF)**
- **Dividend Discounted Model (DDM)**
- **Sum of the Parts (SoTP)**
- **Justified Price to Book (JPTB)**
- **Reserved Base Valuation (RBV)**

Risks

The following risks may potentially impact our valuations of subject security (ies);

- **Market risk**
- **Interest Rate Risk**
- **Exchange Rate (Currency) Risk**

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