

Ogra split on flare gas consumption mechanism (Dawn)

The Oil and Gas Regulatory Authority (Ogra) is divided over the specifications, standards and process for commercial consumption of flare gas in the transport sector (through CNG stations). The regulator has adopted different positions at different times on the use of flare gas produced in the oil and gas fields that cannot be transported through pipelines due to quality or economic issues. The flaring of such gas quantities are discouraged globally because of environmental concerns. Under international commitments, the government has introduced flare gas utilisation guidelines and it is being sold as compressed natural gas selectively at limited CNG stations. The standard petroleum concession agreement with exploration and production companies calls for its commercial utilisation and disallows its burning. However, the policy allows flaring in exceptional cases until commercial arrangements are made available by the government or its designated company. It is thus separated at the wellhead from the crude oil or natural gas and burnt or shifted to bowzers for commercial consumption.

Cement sales up, exports down in February (The News)

Cement sales increased 6.1 percent year-on-year to 3.9 million tons in February, but exports dropped 18.2 percent to 616,030 tons, according to the industry's data. Overall, cement sales and exports stood at 4.5 million tons in February 2021 as against 4.4 million tons in the same month a year earlier, depicting around two percent growth. Exports continued to decline during the last three months, according to All Pakistan Cement Manufacturers Association (APCMA). The industry's spokesperson said there has been a downtrend in exports in the last three months as the cement manufacturers are losing competitiveness due to high fuel and energy costs. The spokesperson said rising cost of electricity and coal led to increase cost of cement production, which is creating difficulties for the industry.

APCMA spokesperson said cement uptake has reached historic high in the domestic market, but the increase in its main inputs is the major challenge for the industry.

Sugar, wheat cotton behind import bill hike (BR)

Prime Minister's Adviser on Commerce and Investment, Abdul Razak Dawood has said that the main reason for increase in import bill is import of sugar and wheat. "Import bill this year also increased because we had to import wheat and sugar to stabilise the market prices," he said in a tweet. He added that cotton was also imported to help the export-orientated industry so that exports are not hampered. According to provisional data, imports during July-Feb 2020-21 increased by \$ 2.085 billion from \$ 31.515 billion to \$ 33.600 billion, posting a growth of 6 percent. The Commerce Ministry has conducted a preliminary analysis of increase in imports which shows that 'Make in Pakistan' policy of the MoC in delivering dividends and industrial activity in the country is increasing. During July-Feb 2021, the import of wheat amounted to \$909 million, sugar \$ 126 million and cotton \$913 million (total \$ 1.948 billion).

High sugarcane prices blamed for pricey sugar (The News)

Pakistan Sugar Mills Association (PSMA) on Tuesday blamed high sugarcane prices for rising cost of sugar production and price increase for consumers. A spokesman of PSMA said present ex-mill prices of sugar are in the range of Rs88 and Rs89 per kilogram instead of Rs100/kg. Middlemen were fleecing millers and farmers of sugarcane. They purchased the standing crop in certain areas and made cash payment to certain farmers, causing artificial rise in sugarcane prices, he said. "Sugar millers are bound by the government to make payment through the banking channel and are forbidden to make cash payments," said the spokesman. "This middlemen mafia in sugarcane was created after the elimination of zoning system in the 1980s." During the ongoing crushing season, average sugarcane price remained around Rs300 per 40kg. Sugar millers have been warning of sugar price increase due to the failure of the government to ensure smooth supply of sugarcane on the support price of Rs200 per 40 kilograms.

PSM Lol to be published at the end of month (BR)

The federal government is to publish a Letter of Intent (Lol) of Pakistan Steel Mills (PSM) at the end of current month as proposal to settle National Bank of Pakistan (NBP) loans and Sui Southern Gas Company Limited (SSGCL) bills will be settled by the Cabinet Committee on Privatisation (CCoP) next week, well-informed sources told Business Recorder. The government has already approved the setting up of a subsidiary company of PSM to transfer its liabilities, aimed at its privatisation. PSM has been dysfunctional since June 2015 due to disconnection of gas. Its liabilities and losses are around Rs 600 billion (Rs 290 billion liabilities and Rs 300 billion losses). SSGCL has refused to waive the Late Payment Surcharge (LPS) on its books to make it ready for privatisation. The sources said Privatisation Commission will submit a Scheme of Arrangements (SoAs) to the Securities and Exchange Commission of Pakistan (SECP). Prior to submission of SoAs to the SECP, all the corporate actions like evaluation of assets, establishment of subsidiary and registration with SECP, approval of audited accounts PSM till June 30, 2020 and December 31, 2020 from the Board of Directors (BoD), No Objection Certificate (NOC) from National Bank of Pakistan and SSGCL regarding clearance of liabilities and payment plan approved by the ECC have been met.

Sales tax collection on imported goods rises 12 percent in Jul-Feb (The News)

The collection of sales tax on imported goods posted a growth of 12 percent during the first eight months (July-February) 2020/2021 owing to surge in consignment clearance for consumption of imported goods in the domestic market, official data revealed on Tuesday. According to the statistics of Large Taxpayers Office (LTO) Karachi, which has jurisdiction over reporting the collection of sales tax at import stage, its collection increased to Rs610 billion during July-February FY21, as compared with Rs546 billion in the corresponding months of last fiscal.

Equities

PSX Data					International Stock Markets (returns are USD based)						
2-Mar-21	Index	Change	CYTD	FYTD	2-Mar-21	Index	Change	CYTD	DY (%)	P/E(x)	P/B(x)
All Shares Index	31,534.49	265.24	2.5%	27.88%	KSE100	45,964	0.9%	6.4%	6.7	7.1	1.1
KSE100 Index	45,964.27	370.84	5.0%	33.53%	BSE-30	50,297	1.1%	4.9%	1.1	29.5	3.6
KSE30 Index	19,235.79	179.90	5.8%	29.43%	SHANGHAI	3,678	-1.3%	1.9%	2.2	12.9	1.5
KMI30 Index	76,406.01	403.42	7.4%	38.93%	Vietnam	1,187	0.0%	7.8%	1.3	15.1	2.4
KSEAll Market Cap	PKR bn	CYTD	USD bn	CYTD	Hang Seng	29,096	-1.2%	6.8%	2.8	12.9	1.2
Market Cap	8,233	2.5%	52.16	3.7%	Nikkei 225	29,408	-0.8%	3.7%	1.4	22.7	2.2
FIPI (USD Million)	Buy Value	Sell Value	Net Value		Straits Times	2,974	-0.1%	4.0%	3.8	15.5	1.0
Foreign Individuals	0.04	0.02	0.02		Tadaw ul	9,248	1.2%	6.5%	2.8	19.9	2.0
Foreign Corporates	3.52	6.23	(2.71)		FTSE-100	6,614	0.6%	4.5%	3.8	14.6	1.6
Overseas Pakistani	6.78	7.63	(0.85)		Dow Jones	31,392	-0.5%	2.6%	3.8	20.6	4.5
Total	10.34	13.88	(3.53)		NASDAQ	13,359	-1.7%	3.7%	1.1	32.9	0.1
					S&P 500	3,870	-0.8%	3.0%	1.5	22.5	3.9

Fixed Income/Forex

10-Year Govt Bond Yields				Tbills/PIBs		Secondary Market Yields			Cut-off Yields	
Country	2-Mar-21	1-Mar-21	Change (bps)			2-Mar-21	1-Mar-21	Change (bps)	Current	Change (bps)
Pakistan	10.25%	10.25%	-	03-Month T.Bill		7.20%	7.20%	-	7.25%	7
Australia	1.69%	1.64%	5.0	06-Month T.Bill		7.50%	7.51%	(1.00)	7.55%	6
UK	0.68%	0.76%	(8.0)	12-Month T.Bill		7.79%	7.80%	(1.00)	7.80%	-
US	1.41%	1.40%	1.0	03-Year PIB		9.26%	9.28%	(2.00)	8.99%	49
Germany	-0.35%	-0.34%	(1.0)	05-Year PIB		9.86%	9.86%	-	9.59%	6
Japan	0.12%	0.12%	-	10-Year PIB		10.25%	10.25%	-	10.05%	6
Description	2-Mar-21	1-Mar-21	Change (bps)	PKR/US Dollar			KIBOR Rates			
				2-Mar-21	Open Mkt	Interbank	Tenor	Rate		
Pak. Euro Bond (Yield)	7.10%	7.07%	3.1	Buy	158.60	160.35	03-Month	7.39%		
Pak. Euro Bond (Price)	107.07	107.37	(0.3)	Sell	158.10	157.85	06-Month	7.65%		

Commodities

Up Coming Board Meetings

Commodity	Current	Previous	Change	Company	Period	Date	Time	Place
Local (PKR)				Dawood Lawrencepur Ltd.	CY20	3-Mar	2:30 PM	Karachi
Cement (bag)**	608.1	608.4	-0.05%	Systems Ltd.	CY20	3-Mar	6:00 PM	Lahore
Urea (bag)**	1,741	1,741	0.00%	Rafhan Maize Products Company Ltd.	CY20	3-Mar	6:00 PM	Faisalabad
Gold (10grms)	94,564	94,564	0.00%	SME Leasing Ltd.	CY20	4-Mar	12:15 PM	Islamabad
Cotton (Maund)	11,900	11,900	0.00%	GlaxoSmithKline Consumer Healthcare	CY20	5-Mar	2:45 PM	Karachi
International (US Dollar)				Gammon Pakistan Ltd.	1HFY21	8-Mar	11:00 AM	Rawalpindi
WTI (bbl)	59.94	60.64	-1.15%	GlaxoSmithKline Pakistan Ltd.	CY20	9-Mar	2:00 PM	Karachi
Brent (bbl)	62.98	62.70	0.45%					
Arablight (bbl)	62.73	65.07	-3.60%					
Silver (oz)	26.76	26.57	0.72%					
Coal Future (ton)	87.70	85.50	2.57%					
Gold (oz)	1,738.36	1,725.04	0.77%					
Steel (ton)	751.55	752.71	-0.15%					

** Price updated on weekly basis

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