

ECC all set to consider Power Division's proposals (BR)

The Economic Coordination Committee (ECC) of the Cabinet is all set to consider a proposal of Power Division that payment to IPPs established under the Power Generation Policy 2002 should be withheld till final clearance from National Accountability Bureau (NAB). Sharing details, sources said, Cabinet Committee on Energy (CCE) and ECC considered the report by the Implementation Committee, mandated to convert MoUs into binding agreements, and approved the payment mechanism and agreements with IPPs in meetings held on February 8, 2021. Interestingly, an official of NAB also attended the ECC meeting in which agreements with IPPs were approved. The decisions were ratified by the Cabinet on February 9, 2021. Pursuant to the Cabinet's approval, agreements with 30 IPPs have been signed on 11, 12 and 16 February 2021. Minister for Energy Omar Ayub and SAPM on Power Tabish Gauhar gave a detailed perspective on the deals signed with the IPPs and its financial impact on tariff in years to come. As per the payment mechanism included in the agreements, the first installment of outstanding payables of IPPs would be paid within 30 days of signing of the agreement for IPPs under pre-Neptra regime and after tariff determination for IPPs under Neptra regime. Tariff adjustment application for the IPPs under Neptra regime would be filed within five days of signing the agreements.

New LNG deal with Qatar: Pakistan to get 450 cargoes in 10 years at 10.13pc of Brent (The News)

Pakistan will import 450 cargoes in 10 years from Qatar under G-to-G (govt to govt) new LNG deal with effective rate of 10.13 percent from January 1, 2022 though the deal is done at 10.20 percent of the Brent. The port charges per LNG cargo at Qasim Port stands at \$620,000-750,000, but Qatargas would pay the port charges of \$320,000 on its one cargo while the remaining is paid by PSO. However, now under new LNG deal the Qatargas will now pay \$400,000 and the remaining will be paid by the PSO and this is how the state owned entity will have a relief of \$80,000 per cargo, which will help reduce the tariff of LNG with effective rate of 10.13 percent of the Brent. And just under the head of port charges relief from Qatar, Pakistan will be able to enjoy relief of \$38 million in 10 years. Special Assistant to PM on Petroleum, Nadeem Babar, stated this in an exclusive talk with 'The News', here on Monday. He said the deal with Qatar was the best one, which was publically disclosed. However, he said in 5-6 months ago, the same deal was finalized with China at 10.2 percent of the Brent but for one cargo in a month. However, Pakistan will import primarily 1-2 cargoes per month than will increase up to 4 cargoes per month from 2024 onward. He dispelled the impression that LNG deal with Bangladesh is also finalised at 10.20 percent of the Brent saying it is above 11 percent of the Brent.

SBP rules out any extension in Covid reliefs (The News)

The State Bank of Pakistan (SBP) has ruled out any extension in concessionary financing schemes announced last year to support businesses and individuals amid the Covid-sparked lockdown. The SBP said it has no plans to extend the period of pandemic-related reliefs once they expire. "SBP measures that were introduced during Covid have achieved their desired objectives of providing appropriate support to the economy during the Covid crisis," the SBP's spokesperson said in an email. The SBP's measures to support the economy injected an estimated 4.8 percent of gross domestic product in business and household cash flows during the last year. This clearly implies that temporary economic refinancing facility (TERF) to provide an incentive to businessmen not to delay investment decisions would also come to an end this month. Refinance facility for combating Covid - 19 will end on 30 June, 2021.

PD seeks Rs114.5bn TSG from power subsidy (BR)

The Power Division has sought technical supplementary grant (TSG) of Rs 114.5 billion from current financial year's power subsidy in accordance with the Finance Division's disbursement guidelines, well-informed sources told Business Recorder. The Power Division, in its proposal has stated that an amount of Rs140 billion was budgeted for CFY 2020-21 as power sector subsidy, which was subsequently enhanced to Rs. 147 billion under the head "Lump sum Provision for Power Sector Subsidy (IB-2219)." The Power Division further stated that Rs32.50 billion have already been disbursed pursuant to the ECC on October 26, 2020, whereas the remaining allocation is available for utilization by the Power Division over the remaining period of the CFY. The Finance Division used to release the subsidies under different heads after verification by Ministry of Energy (Power Division). The Finance Division has now advised to approach the ECC of the Cabinet along with the suggested allocations to transfer the remaining amount in Power Division's demand through TSG which may be utilized against the subsidy claims for the CFY2020-21 exclusively in accordance with Finance Division's disbursement guidelines.

ADB says Pakistan holds potential for rapid economic growth (The News)

Pakistan has the potential for rapid economic growth and development with a youthful, growing population and strategic location, Asian Development Bank's (ADB) official said. "Under vision 2025, the country aims to achieve upper middle-income status and provide quality jobs to its growing labor force. But Pakistan has struggled with boom-and-bust cycles in previous years due to low export capacity, weak domestic revenue, and other systemic challenges," ADB Country Director for Pakistan Xiaohong Yang said. "This has been exacerbated by the coronavirus disease (COVID-19) pandemic, which caused a sharp downturn in 2020 and is likely to push more people into poverty," she said in an interview. "Pakistan has the potential to become a regional hub for trade and economic activity, but greater cooperation is impeded by weak connectivity and trade links." In response to the pandemic, ADB is taking major steps in providing critical finance for the government to implement its pro-poor fiscal and monetary policy, introducing best practice, building capacity, and sharing knowledge through close partnerships with all stakeholders. Manila-based lender financed and co-financed \$2 billion loans to help Pakistan overcome the pandemic challenges. The ADB already endorsed a new country partnership strategy for 2021–2025, designed to help restore economic stability and growth.

Equities

PSX Data					International Stock Markets (returns are USD based)						
4-Mar-21	Index	Change	CYTD	FYTD	4-Mar-21	Index	Change	CYTD	DY (%)	P/E(x)	P/B(x)
All Shares Index	31,133.89	(531.19)	1.2%	26.25%	KSE100	45,279	-1.9%	5.2%	6.8	7.0	1.1
KSE100 Index	45,278.53	(882.25)	3.5%	31.54%	BSE-30	50,846	-1.3%	6.8%	1.1	29.8	3.6
KSE30 Index	18,898.29	(400.74)	4.0%	27.16%	SHANGHAI	3,672	-2.1%	1.8%	2.3	12.8	1.5
KMI30 Index	75,339.18	(1,685.61)	5.9%	36.99%	Vietnam	1,169	-1.5%	6.2%	1.4	14.9	2.4
					Hang Seng	29,237	-2.2%	7.3%	2.8	13.0	1.2
KSEAll Market Cap	PKR bn	CYTD	USD bn	CYTD	Nikkei 225	28,930	-3.0%	0.8%	1.5	22.2	2.1
Market Cap	8,122	1.1%	51.68	2.8%	Straits Times	3,015	0.1%	4.8%	3.7	15.7	1.0
FIPI (USD Million)	Buy Value	Sell Value	Net Value		Tadawul	9,242	-0.7%	6.4%	2.8	19.8	2.0
Foreign Individuals	0.02	0.09	(0.06)		FTSE-100	6,651	-0.8%	4.6%	3.8	14.7	1.7
Foreign Corporates	3.53	5.59	(2.05)		Dow Jones	30,924	-1.1%	1.0%	3.8	20.3	4.4
Overseas Pakistani	8.83	7.60	1.23		NASDAQ	12,723	-2.1%	-1.3%	1.7	31.4	0.0
Total	12.39	13.28	(0.89)		S&P 500	3,768	-1.3%	0.3%	1.6	21.9	3.8

Fixed Income/Forex

10-Year Govt Bond Yields				Tbills/PIBs	Secondary Market Yields			Cut-off Yields	
Country	4-Mar-21	3-Mar-21	Change (bps)		4-Mar-21	3-Mar-21	Change (bps)	Current	Change (bps)
Pakistan	10.25%	10.25%	-	03-Month T.Bill	7.20%	7.19%	1.00	7.25%	7
Australia	1.82%	1.78%	4.0	06-Month T.Bill	7.50%	7.50%	-	7.55%	6
UK	0.73%	0.78%	(5.0)	12-Month T.Bill	7.80%	7.79%	1.00	7.80%	-
US	1.57%	1.48%	9.0	03-Year PIB	9.31%	9.23%	8.00	9.41%	42
Germany	-0.31%	-0.29%	(2.0)	05-Year PIB	9.85%	9.85%	-	9.90%	31
Japan	0.14%	0.12%	2.0	10-Year PIB	10.25%	10.25%	-	10.29%	24
Description	4-Mar-21	3-Mar-21	Change (bps)	PKR/US Dollar			KIBOR Rates		
				4-Mar-21	Open Mkt	Interbank	Tenor	Rate	
Pak. Euro Bond (Yield)	7.17%	7.11%	6.8	Buy	157.25	160.35	03-Month	7.40%	
Pak. Euro Bond (Price)	106.38	107.04	(0.7)	Sell	157.75	157.16	06-Month	7.65%	

Commodities

Commodity	Current	Previous	Change	Up Coming Board Meetings				
				Company	Period	Date	Time	Place
Local (PKR)				GlaxoSmithKline Consumer Healthcare	CY20	5-Mar	2:45 PM	Karachi
Cement (bag)**	608.1	608.4	-0.05%	Gammon Pakistan Ltd.	1HFY21	8-Mar	11:00 AM	Rawalpindi
Urea (bag)**	1,741	1,741	0.00%	Apna Microfinance Bank Ltd.	CY20	8-Mar	2:00 PM	Lahore
Gold (10grms)	94,564	94,564	0.00%	GlaxoSmithKline Pakistan Ltd.	CY20	9-Mar	2:00 PM	Karachi
Cotton (Mauud)	12,200	12,200	0.00%	Hascol Petroleum Ltd.	1HCY20	10-Mar	12:00 PM	Karachi
International (US Dollar)				Jahangir Siddiqui & Co. Ltd.	CY20	11-Mar	12:15 PM	Karachi
WTI (bbl)	64.42	61.28	5.12%	IGI Life Insurance Ltd.	CY20	12-Mar	2:30 PM	Lahore
Brent (bbl)	67.38	66.74	0.96%					
Arabligh (bbl)	63.05	62.24	1.30%					
Silver (oz)	25.35	26.10	-2.84%					
Coal Future (ton)	87.55	88.60	-1.19%					
Gold (oz)	1,697.52	1,711.23	-0.80%					
Steel (ton)	769.25	771.81	-0.33%					

** Price updated on weekly basis

Disclaimer: This document has been prepared by Research analysts at Arif Habib Limited (AHL). This document does not constitute an offer or solicitation for the purchase or sale of any security. This publication is intended only for distribution to the clients of the Company who are assumed to be reasonably sophisticated investors that understand the risks involved in investing in equity securities. The information contained herein is based upon publicly available data and sources believed to be reliable. While every care was taken to ensure accuracy and objectivity, AHL does not represent that it is accurate or complete and it should not be relied on as such. In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. AHL reserves the right to make modifications and alterations to this statement as may be required from time to time. However, AHL is under no obligation to update or keep the information current. AHL is committed to providing independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Past performance is not necessarily a guide to future performance. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for any investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his or her own advisors to determine the merits and risks of such investment. AHL or any of its affiliates shall not be in any way responsible for any loss or damage that may be arise to any person from any inadvertent error in the information contained in this report