

December  
30, 2019

## Economy News

### IMF acknowledges improvement in business climate

#### Economy | Neutral

The International Monetary Fund (IMF) has acknowledged that Pakistan's reforms programme is on track and already producing results. The report confirmed that inflation has started to stabilise and the State Bank of Pakistan's stance that there is no need for a further interest rate hike is appropriate. Currently, the interest rate stands at 13.5 per cent. (ET) | [Click for more info.](#)

### Govt confident of beating IMF's inflation projection

#### Economy | Neutral

The finance ministry has announced that decisive policy implementation has started to address deep-seated problems of economy and reverse its large imbalances, preserving financial stability. Having been satisfied with the economic performance, the IMF recently released \$452 million as the second tranche, bringing total disbursements to about \$1.45 billion. (Dawn) | [Click for more info.](#)

### Inflation to be brought down to 5pc

#### Economy | Positive

On the completion of the first review of Pakistan's economic performance, the IMF has acknowledged that Pakistan's reform programme is on track and already producing results. (The News) | [Click for more info.](#)

### IMF allows Pakistan to raise sovereign guarantee ceiling

#### Economy | Positive

The International Monetary Fund (IMF) has allowed Pakistan to enhance sovereign guarantee ceiling up to Rs366 billion till September 2020 to finance a number of China-Pakistan Economic Corridor (CPEC) energy projects as well as mounting circular debt, official documents showed. The IMF staff report revealed the limit of government guarantees increased to Rs1,922 billion till September 2020 from Rs1,556 billion for September 2019. (The News) | [Click for more info.](#)

### Govt clips NAB powers to shield businessmen

#### Economy | Positive

In a move to assuage the frequently stated reservations of businessmen vis-à-vis the National Accountability Bureau (NAB), Prime Minister Imran Khan on Friday said the government has promulgated an ordinance to curtail certain powers of the national graft-buster. (ET) | [Click for more info.](#)

### Investment in T-bills jumps to \$1.41bn

#### Economy | Positive

Foreign investment in government debt papers continued with the addition of over \$400 million within a month. The latest data issued by the State Bank of Pakistan (SBP) on Friday shows that the treasury bills attracted \$413m during a month, which pushed the total foreign investment in government papers to \$1.413 billion. (Dawn) | [Click for more info.](#)

### Gwadar's contribution to surge to over \$200b by 2050

#### Economy | Neutral

The contribution of Gwadar's smart port city in Pakistan's Gross Domestic Product (GDP) will raise up to US\$200 billion to \$300 billion by 2050. According to a forecast by ministry of planning and development, the contribution of Gwadar in Pakistan's economy would rise to \$6 billion in short term by 2025 and \$24 billion in 2035. (ET) | [Click for more info.](#)

	Open	Close	Chg.	%
KSE All	29,207.2	29,017.6	-189.6	-0.6%
KSE100	41,127.8	40,848.5	-279.3	-0.7%
KSE30	18,863.2	18,777.0	-86.2	-0.5%
KMI30	66,537.8	65,952.8	-584.9	-0.9%

	Open	Close	Chg.	%
PMPK	2,378.0	2,449.5	71.5	3.0%
SAPT	957.5	1,004.0	46.5	4.9%
SFL	766.2	804.0	37.8	4.9%
IDYM	495.0	514.0	19.0	3.8%
ICI	664.5	678.1	13.6	2.0%

	Open	Close	Chg.	Vol.
WTL	1.3	1.4	0.1	31.83
HASCOLR1	9.5	10.2	0.6	22.72
UNITY	16.0	15.7	-0.3	22.68
MLCF	23.0	23.3	0.3	15.71
FFL	14.7	14.1	-0.6	11.23

FIPI	Buy	Sell	Net
F-Individuals	0.03	-0.06	-0.03
F-Corporates	2.57	-3.57	-0.99
O/S Pakistanies	3.98	-3.53	0.45
<b>Net</b>	6.59	-7.16	-0.57
<b>LIPI</b>			
Individuals	62.86	-64.54	-1.69
Companies	4.45	-4.29	0.15
Comm. Banks	1.98	-4.31	-2.33
NBFC	0.37	-0.01	0.36
Mutual Funds	7.31	-6.66	0.65
Other	0.98	-0.83	0.15
Brokers Proprietary	22.38	-23.69	-1.31
Insurance	5.62	-1.05	4.57
<b>Net</b>	105.95	-105.38	0.57

	Unit	Close	% chg.
Crude oil	USD/bbl.	61.72	0.1%
Brent oil	USD/bbl.	68.16	0.4%
Gold	USD/t oz.	1510.56	-0.1%
Silver	USD/t oz.	17.77	-0.7%
Coal	USD/ton	78.35	1.6%
Steel Scrap (LME)	USD/ton	295.00	0.0%
Steel Rebar (LME)	USD/ton	442.00	-0.1%
USD/PKR	Interbank	155.50	0.3%

News Source: Local / Int'l Newspapers and websites

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## Imran's govt may seek IMF nod for fixed tax regime

### Economy | Neutral

The Pakistan Tehreek-e-Insaf (PTI) government is considering seeking International Monetary Fund's (IMF) consent for introducing a fixed-tax regime for builders and developers to boost the construction sector and allow construction of taller buildings in the city of ports. (ET) | [Click for more info.](#)

## Pakistan's debt falls to 84.7pc of GDP: IMF

### Economy | Neutral

Pakistan's general government debt (including guarantees and the International Monetary Fund borrowing) declined to 84.7 per cent of GDP, from 88pc. (Dawn) | [Click for more info.](#)

## Oil & Gas

### SNGPL to restore gas supply to industry from 31st

#### SNGP | Positive

The Sui Northern Gas Pipeline Ltd (SNGPL) has decided to restore the gas supply to the industrial sector from December 31. According to a spokesman for the gas utility, the decision was taken because of resumption in gas supplies from the MOL Gas Field as well as increased RLNG supplies. The connection of CNG stations will be restored following the resumption of supplies to the industrial consumers. (The News) | [Click for more info.](#)

### Govt planning to set up petroleum regulatory authority

#### Oil & Gas | Positive

The government is working on a plan to set up an independent Pakistan Petroleum (Exploration and Production) Regulatory Authority (PPEPRA) on the pattern of National Electric Power Regulatory Authority (Nepra) in a bid to define policy and regulatory functions for the upstream sector as well as attract investment and develop a resource base. (ET) | [Click for more info.](#)

### SSGC asked to take 'concrete' actions as gas shortfall hits 350mmcf

#### SSGC | Neutral

Petroleum Minister Umar Ayub directed Sui Southern Gas Company (SSGC) to take 'concrete' measures to check whopping gas shortfall that peaked 350 million metric cubic feet/day (mmcf) after energy crisis remerged to cripple industrial production and daily lives in the commercial hub. (The News) | [Click for more info.](#)

### Singapore company steps in to wriggle govt out of gas crisis

#### Gas | Neutral

Amid the heightened gas crisis in the country, world class Singapore based company Trafigura has wished to step in and wriggle the government out of this morass by supplying the LNG saying it is in deal with Universal Gas Distribution Company (UGDC) under third part access rules (TPA). (The News) | [Click for more info.](#)

## Power

### SECMC; CDB likely to issue CP clarification letter tomorrow

#### HUBC, Power | Positive

China Development Bank (CDB) is likely to issue Condition Precedent (CP) clarification letter in favour of Sindh Engro Coal Mining Company (SECMC) on Monday (tomorrow) meant to ensure its financial close by December 31, 2019 and enactment of its already approved tariff. The CEO of Thar Energy Limited (TEL) is in China and holding meetings and information indicates that the issue will be resolved before the end of current month.. (BR) | [Click for more info.](#)

	Last	Chg.	Chg. %
INDIA - SENSEX	41,575.1	411.38	1.00%
HK - Hang Seng	28,225.4	361.21	1.30%
Taiwan - TWII	12,091.6	90.58	0.75%
US - Dow 30	28,645.3	23.87	0.08%
INDONESIA - IDX	6,329.3	9.87	0.16%
US - S&P 500	3,240.0	0.11	0.00%
CHINA - Shanghai	3,005.0	-2.31	-0.08%
PHILP - PSEi	7,815.3	-27.02	-0.34%
KSA - Tadawul	8,353.1	-66.70	-0.79%
PAK (KSE-100)	40,848.5	-279.26	-0.68%

Scrip	Day	Agenda	Time
BAFS	MONDAY	ANNUAL A/C - 30SEP'19	11:30 AM
MRNS	MONDAY	ANNUAL A/C - 30SEP'19	12:30 AM
TICL	MONDAY	ANNUAL A/C - 30SEP'19	1:00 PM
SHJS	TUESDAY	ANNUAL A/C - 30SEP'19	11:30 AM
FRSM	WEDNESDAY	ANNUAL A/C - 30SEP'19	12:00 PM
CHAS	THURSDAY	ANNUAL A/C - 30SEP'19	11:00 AM
JDWS	THURSDAY	ANNUAL A/C - 30SEP'19	11:00 AM
PMRS	THURSDAY	ANNUAL A/C - 30SEP'19	11:30 AM



## K-Electric consumers to face high power bills in next nine months

KEL | **Positive**

The National Electric Power Regulatory Authority (Nepra) has notified adjustments in the approved tariff on account of variation in fuel charges from July 2016 to June 2019 in respect of K-Electric, allowing it to collect it from consumers. The regulator has allowed the K-Electric to collect these adjustments in next nine months from the power consumers. (The News) | [Click for more info.](#)

## Highest-ever production: Hydel power stations generate 34.7b units in 2019

Power | **Positive**

The year 2019 turned out to be a historic one for the development of water and hydroelectric power resources in Pakistan. The hydel power stations owned and operated by Wapda provided 34.678 billion units of electricity – the highest-ever contribution of clean energy – to the system in 2019. It was higher by 6.321 billion units compared to last year when 28.357 billion units were supplied. (ET) | [Click for more info.](#)

## Fertilizer

Fertilizer industry; Gas price parity with int'l rates under study

Fertilizer | **Neutral**

The government is working on a new proposal aimed at bringing gas prices for fertilizer industry at par with international gas prices and paying subsidy directly to farmers, sources close to the Prime Minister Advisor on Commerce, Industries and Production and Investment. (BR) | [Click for more info.](#)

## Pakistan's fertilizer sector builds inventory of 1m tons

Fertilizer | **Neutral**

Pakistan's fertilizer sector has built up urea inventory of one million tons, which is going to weaken the pricing power of the companies if the government does not allow them to export. As per the latest data released by the National Fertilizer Development Corporation (NFDC), the sale of urea surged 2.2 times to 381,000 tons in November as compared to 119,000 tons in the previous month. (ET) | [Click for more info.](#)

## Textile

PTI govt approves merger of Textile, Commerce Divisions

Textile | **Neutral**

The Pakistan Tehreek-e-Insaf (PTI) government has approved the merger of Textile Division and Postal Division with the Commerce Division and Ministry of Communication, respectively, along with the transfer and merger of several other entities. (ET) | [Click for more info.](#)

## Miscellaneous

Farmers in a fix as millers stop sugarcane crushing in Punjab

Sugar | **Negative**

The sugar-mill owners on Sunday stopped crushing sugarcane across Punjab, as they are no more buying the crop from farmers. The delay in crushing will mean huge loss to farmers as weight of sugarcane is reduced if it is not processed by the mills after harvesting, said Ibrahim Mughal, chairman Agri-Forum Pakistan. (The News) | [Click for more info.](#)

Agri growth likely to register decline

Sugar, Economy | **Negative**

The country is likely to miss agriculture growth target of 3.5 percent set for the current fiscal year 2019-20, after missing sowing targets of major crops including cotton, sugarcane and wheat. (BR) | [Click for more info.](#)



## **NA body asks DRAP to take action against drugs' overpricing - Neutral Pharmaceutical | Neutral**

In a briefing, DRAP officials informed the committee members about prices of medicines and registration process of new pharmaceutical companies and medicines. They said that a notification regarding drug prices has been issued for 889 medicines out of which prices of 464 have been increased while prices of 395 medicines have been reduced. They said that later the government has further reduced prices of 78 more medicines. (BR) | [Click for more info.](#)

## **Another ordinance in the works for tax concessions to traders**

### **Economy | Neutral**

The government has decided to implement concessions in taxes for traders through a presidential ordinance next week. The tax rate concessions were offered in a deal reached between the Federal Board of Revenue and representatives of traders on October 30. The pact has two parts — concession in tax rates and facilitation measures. Under that, traders will pay 0.5 per cent of an annual turnover of Rs100 million instead of 1.5pc and the same traders would not become withholding agents. He said the electricity limit for registration in sales tax will be increased to Rs1.2 million from the existing Rs600,000. However, he said the CNIC condition for Rs50,000 purchases will be effective from Feb 1, 2020. (Dawn) | [Click for more info.](#)

## **PC board approves lease terms for Roosevelt Hotel**

### **PSL | Neutral**

The Privatization Commission (PC) board on Friday approved terms of leasing Roosevelt Hotel, New York, but did not make a decision on appointing financial advisers for the privatization of Pakistan Steel Mills (PSM). The board approved the hiring of financial advisers for the privatization of 525-megawatt Nandipur power plant, House Building Finance Company (HBFC), divestment of 20% shares in Pakistan Reinsurance Corporation Limited and sale of Heavy Electrical Complex (HEC) and First Women Bank Limited. (ET) | [Click for more info.](#)

## **Mid-year budgetary review; Ministries, Divisions told to submit revenue/expenditure data**

### **Economy | Neutral**

The Finance Division has sought revenue/expenditure data from all ministries/divisions for the mid-year budgetary review report to be submitted to National Assembly by end February 2019. (BR) | [Click for more info.](#)

## **Political News**

### **Govt defends amended NAB law**

The special assistant to the prime minister on accountability Shahzad Akbar on Sunday said that newly approved National Accountability Bureau (NAB) Amendment Ordinance 2019 does not change the laws pertaining to bail and remand. (BR) | [Click for more info.](#)

## **International News**

### **Asia Stocks Slip From 18-Month High in Thin Trade: Markets Wrap**

Asian stocks drifted lower on Monday from the highest level in a year and a half, with few financial-market catalysts going into the year-end. (Bloomberg) | [Click for more info.](#)

### **Oil steady on trade pact optimism, stock draw; eyes on MidEast**

Oil prices hovered around three-month highs on Monday following a higher-than-expected crude inventory drawdown and optimism over an expected U.S-China trade deal, while traders kept a close eye on Middle East unrest. (Reuters) | [Click for more info.](#)



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## Rating Criteria

**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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