



December
17, 2019

Economy News

PKR forward maturities to be settled on SOD basis

Economy | Neutral

Pak Rupees (PKR) forward maturities would be settled on Start-of-Day (SOD) basis with effect from Dec 23, 2019, a circular issued by the State Bank of Pakistan (SBP) said. As per existing practice, the PKR maturities in respect of forward leg of FX interbank contracts (PKR forward maturities) are settled on End-of-Day (EOD) basis. Apart from not being in line with international best practice, the EOD basis also carries associated risk of unjustified intraday float. Therefore, now the State Bank has decided that PKR forward maturities would be settled on Start-of-Day (SOD) basis effective December 23, 2019 and onwards. (BR) | [Click for more info.](#)

Debt instruments; Rising foreign investment shows investor confidence: SBP

Economy | Positive

The State Bank of Pakistan (SBP) Monday said that increasing foreign investment in government's debt instruments is a manifestation of growing confidence of international investors on the positive outlook of Pakistan's economy. The SBP, in a statement, said that it is vigilant and monitoring the developments in the financial sector carefully and stands ready to take action against any risk. (OK) | [Click for more info.](#)

Economy to grow by 3.5pc, says Baqir

Economy | Neutral

State Bank of Pakistan (SBP) Governor Dr Reza Baqir expects the economy to grow 3.5 per cent in spite of an unprecedented slowdown that has seen the manufacturing output decline sharply and private investment dry up at the cost of substantial job losses. The government is targeting economic output to increase by 2.4pc, the slowest in many years whereas multilateral lenders anticipate the GDP to grow at 2.8pc. (Dawn) | [Click for more info.](#)

First 4 months of FY20; Development spending surges

Economy | Positive

Ministry of Finance has claimed that development spending during the first four months witnessed a growth of 27 percent as compared to the same period of the last financial year, reflecting an impressive 18 percent increase in one month. (BR) | [Click for more info.](#)

\$5.5bn loans; Govt seeking extension for repayment period: Azhar

Economy | Neutral

Federal Minister for Economic Affairs Division Muhammad Hammad Azhar has said that Pakistan Tehreek-e-Insaf (PTI) government is negotiating with the Kingdom of Saudi Arabia, the United Arab Emirates (UAE) and Qatar to extend the periods of repayment of \$ 5.5 billion loans for another two years. (BR) | [Click for more info.](#)

Weekly inflation falls 0.53 percent

Economy | Neutral

The Sensitive Price Indicator (SPI)-based weekly inflation ended December 12 for the combined consumption group decreased 0.53 percent, compared with the previous week. | [Click for more info.](#)

	Open	Close	Chg.	%
KSE All	29,320.2	29,871.9	551.8	1.9%
KSE100	40,916.6	41,644.9	728.3	1.8%
KSE30	18,619.3	18,969.0	349.7	1.9%
KMI30	65,149.9	66,811.6	1661.7	2.6%

	Open	Close	Chg.	%
NESTLE	8,100.0	8,480.0	380.0	4.7%
RMPL	7,200.0	7,300.0	100.0	1.4%
PAKT	2,625.0	2,680.0	55.0	2.1%
MTL	676.1	709.9	33.8	5.0%
BATA	2,058.8	2,090.4	31.6	1.5%

	Open	Close	Chg.	Vol.
HASCOLR1	12.7	13.7	1.0	53.28
UNITY	15.4	15.8	0.5	31.39
SSGC	23.2	24.4	1.1	16.07
FFL	15.9	15.9	0.1	15.58
PIBTL	11.8	12.1	0.2	14.97

FIPI	Buy	Sell	Net
F-Individuals	0.02	-0.01	0.01
F-Corporates	6.99	-9.55	-2.56
O/S Pakistanies	3.60	-3.18	0.42
Net	10.61	-12.74	-2.13
LIPI			
Individuals	66.38	-69.36	-2.98
Companies	13.66	-8.06	5.60
Comm. Banks	10.89	-18.28	-7.39
NBFC	1.81	-1.82	-0.01
Mutual Funds	6.42	-4.33	2.08
Other	0.56	-1.46	-0.89
Brokers Proprietary	24.49	-21.65	2.84
Insurance	6.13	-3.26	2.87
Net	130.34	-128.22	2.13

	Unit	Close	% chg.
Crude oil	USD/bbl.	60.21	0.2%
Brent oil	USD/bbl.	65.34	0.2%
Gold	USD/t oz.	1476.18	0.0%
Silver	USD/t oz.	17.04	0.6%
Coal	USD/ton	81.70	0.1%
Steel Scrap (LME)	USD/ton	297.00	0.0%
Steel Rebar (LME)	USD/ton	446.00	-2.2%
USD/PKR	Interbank	155.15	0.0%

News Source: Local / Int'l Newspapers and websites

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MORNING BRIEFING



Oil & Gas

OGRA approves up to 191pc increase in gas prices

SSGC, SNGP | Positive

In order to meet the revenue shortfall of the Sui Northern Gas Pipelines Limited (SNGPL) and Sui Southern Gas Company Limited (SSGCL), the Oil and Gas Regulatory Authority (OGRA) has approved 17pc to 191pc increase in the gas prices for the period starting from January 2020 till June 2020. According to details, the gas price for domestic gas consumers has been increased by 191pc, while that for the fertilizer sector has been hiked by 135pc hike. (PT) | [Click for more info.](#)

ZIC Lubricants issued notice over anti-competitive practices

HTL | Negative

The Competition Commission of Pakistan has issued a show-cause notice to Hi-Tech Blending (Pvt) Ltd, the importer of ZIC Lubricants (Korea), for making unsubstantiated claims about its products and prima facie violating Section 10 of the Competition Act, 2010 (PT) | [Click for more info.](#)

OGDCL starts shale gas drilling

OGDC | Positive

Oil and Gas Development Company Limited (OGDCL) has commenced drilling operations for first shale gas well, KUC-01 in Hyderabad district of Sindh from 14th December, 2019, a statement said on Monday. (The News) | [Click for more info.](#)

Power

Nepra law; Thus far, no amendments introduced

Power | Neutral

According to the agreed benchmarks the government has to submit to Parliament amendments to the Nepra Act by end of December 2019 to ensure full automaticity of the quarterly tariff adjustments and eliminate the gap between regular annual tariff determination and notification by the government. However, Power Division has fulfilled two benchmarks – notified the FY2020 electricity tariff schedule as determined by the regulator and prepared a comprehensive circular debt reduction plan in collaboration with the international partners. (BR) | [Click for more info.](#)

Autos

Proton to enter Pakistani market as PM Imran receives X70 from Malaysian PM

Autos | Neutral

The Malaysian car manufacturer PROTON has delivered the promised Proton X70 to the government of Pakistan. The ceremony was also attended by ALHAJ Automotive Chairman Al-Haj Shah Jee Gul Afridi, the official distributor for Proton vehicles in Pakistan. Work is underway at a Greenfield site in Karachi to build a new CKD assembly plant that will be owned and operated by ALHAJ Automotive. Production activities are currently scheduled to begin in 2021 with plans being formulated for the assembly of several models in the country. (PT) | [Click for more info.](#)

Fertilizer

Govt concerned about rising DAP, urea prices

Fertilizer | Neutral

While reviewing fertiliser situation for rabi season, the Ministry of National Food Security and Research on Monday expressed its concerns over the gradual increase in DAP prices despite declining trend on the international market. The National Assembly Special Committee on Agricultural Products has assigned a task of evaluation of profit margin of various fertiliser products, especially urea and DAP. (Dawn) | [Click for more info.](#)

	Last	Chg.	Chg. %
PAK (KSE-100)	41,644.9	728.29	1.78%
US - Dow 30	28,235.9	100.51	0.36%
KSA - Tadawul	8,139.0	89.49	1.11%
US - S&P 500	3,191.5	22.65	0.71%
CHINA - Shanghai	2,984.4	16.71	0.56%
INDONESIA - IDX	6,211.6	14.27	0.23%
Taiwan - TWII	11,939.8	12.04	0.10%
INDIA - SENSEX	40,938.7	-70.99	-0.17%
PHILIP - PSEI	7,701.6	-176.03	-2.23%
HK - Hang Seng	27,508.1	-179.67	-0.65%

Scrip	Day	Agenda	Time
HABSM	TUESDAY	Annual A/C - 30SEP19	12:00 PM
DNCC	WEDNESDAY	1Q A/C - 30SEP19	3:30 PM
NONS	MONDAY	Annual A/C - 30SEP19	11:30 AM
SHSML	MONDAY	Annual A/C - 30SEP19	11:30 AM
DWSM	MONDAY	Annual A/C - 30SEP19	3:30 PM



Miscellaneous

Govt releases over Rs80m for textile sector development projects

Textile | **Neutral**

The Ministry of Planning, Development and Reforms has so far authorised the release of Rs81.132 million of the total allocation of Rs 202.828 million for various textile industry development projects under its Public Sector Development Program (PSDP) for financial year 2019-20. (The News) | [Click for more info.](#)

FBR to renew valuation of imported goods for tax purpose

Economy | **Neutral**

The Federal Board of Revenue (FBR) has decided to issue new valuation tables of imported consumer goods to determine sales tax and check mispricing. (The News) | [Click for more info.](#)

Duty-free import of cotton

Textile | **Positive**

Ministry of Commerce (MoC) is to send a summary to the Economic Coordination Committee (ECC) of the Cabinet for duty free import of cotton aimed at bridging gap between demand and supply, sources close to Commerce Advisor told Business Recorder. | [Click for more info.](#)

Securities insurance to cut investor risks demanded

Capital Market | **Neutral**

A group of stock brokers on Monday urged the Securities Exchange of Commission of Pakistan (SECP) to introduce insurance of securities or portfolios held with the stock broker as per international practices especially in lines with USA. They said the investors, when invest in stock market, have to deposit cheque/securities with stockbrokers to execute transactions. When transactions are executed, payments/receipts in the form of cross cheques and transfer of their inventories in their central depository company (CDC) investor account should be done by end of settlement day. (The News) | [Click for more info.](#)

Political News

Extension orders 'meaningless' if not per law: Parliament to decide or appoint new army chief

The Supreme Court (SC) Monday released its detailed judgment in the Army Chief's extension case stating that it was now up to parliament to carry out legislation that will provide "certainty and predictability" to the post of Chief of Army Staff (COAS) for all times to come. (The News) | [Click for more info.](#)

Modi amended citizenship bill put whole India on fire

Students in multiple cities across India have come out in support of their counterparts at Delhi's Jamia Millia Islamia and Aligarh Muslim University after Indian police used brute force during protests against the controversial citizenship law. (BR) | [Click for more info.](#)

International News

Asian Stocks Edge Higher, Treasuries Steady: Markets Wrap

Asian stocks saw modest gains Tuesday after new highs on Wall Street, amid investor optimism over easing U.S.-China trade tensions. Treasury yields were little changed after rising Monday. (Bloomberg) | [Click for more info.](#)

Oil hovers near three-month high on trade optimism, supply cuts

Oil prices trickled a fraction lower on Tuesday but remained near a three-month high as investors kept the faith with hopes that a fully fledged U.S.-China trade deal is in the pipeline and set to stoke oil demand in the world's biggest economies. (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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