



June 17,  
2019

## Economy News

### Rupee hits record low for fifth consecutive day

#### Economy | **Negative**

The rupee plumed record lows against the dollar on Friday, marking the fifth straight day of losses, and dealers said the central bank support is visibly missing to slowdown depletion in battered currency ahead of an approval of IMF bailout package due next month. The currency touched an intraday low of 157.50 in open market. At the end of the trade, it weakened by Rs2.80 to close at 157.10/dollar. The rupee has been the worst performing currency in Asia so far in 2019, falling 4.53 percent during the week. | [Click for more info.](#)

### Fitch keeps Pakistan's rating stable at 'B negative'

#### Economy | **Neutral**

Fitch Ratings has not improved Pakistan's credit rating despite a staff-level agreement between Islamabad and the International Monetary Fund (IMF) as it sees significant risks to implementation of the \$6-billion loan programme. | [Click for more info.](#)

### Pakistan can no longer be blacklisted by Fatf: Malaysia

#### Economy | **Positive**

Prime Minister Imran Khan telephoned Malaysian Prime Minister Datuk Seri Dr Mahathir Mohamad in London Saturday to thank Malaysia for its support of Pakistan's bid to avoid being blacklisted by the Financial Action Task Force (FATF). (The Nation) | [Click for more info.](#)

### IMF to consider Pakistan's request for utilizing \$2 bn for budgetary support

#### Economy | **Neutral**

The IMF's Executive Board will consider Pakistan's request for utilizing around \$2 billion for budgetary support in the next fiscal year out of total size of \$6 billion bailout package agreed by Islamabad and the Fund authorities last month. | [Click for more info.](#)

### Current account deficit falls to \$7 billion: Hafeez

#### Economy | **Positive**

Adviser to Prime Minister on Finance, Revenue and Economic Affairs Dr Abdul Hafeez Shaikh on Sunday said that due to effective measures taken by the government, current account deficit shrank to \$7 billion during past few months. Addressing a post budget conference, "Pakistan Back on Track" in Islamabad, Hafeez Shaikh said that the current government had inherited \$20bn current account deficit and it required 2000 billion rupees for debt servicing. (BR) | [Click for more info.](#)

### World Bank approves \$518m for tax projects

#### Economy | **Positive**

Within days after the federal budget targeting Rs5.55 trillion in tax revenues for next fiscal year, the World Bank on Friday approved a package of \$518 million for two projects in support of Pakistan's ambitious efforts to raise revenue and reduce compliance cost to help providing better services to the people. | [Click for more info.](#)

### Tax-to-GDP ratio to be increased from 11 to 12.6pc in a year

#### Economy | **Neutral**

The government has set an ambitious but achievable tax collection target of Rs5,555 billion for next fiscal year in a bid to boost FBR's tax-to-GDP ratio from 11 to 12.6 percent in 2019-20. | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	25,836.2	25,939.7	103.6	0.4%
KSE100	35,403.1	35,573.0	169.9	0.5%
KSE30	16,712.8	16,803.8	90.9	0.5%
KMI30	56,623.5	57,064.6	441.1	0.8%

### Top Five Gainers

	Open	Close	Chg.	%
NESTLE	6,947.0	7,087.0	140.0	2.0%
BATA	1,312.1	1,342.0	29.9	2.3%
LUCK	402.0	417.1	15.1	3.8%
SITC	294.7	309.4	14.7	5.0%
ATLH	310.0	321.3	11.3	3.6%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
MLCF	24.1	25.3	1.2	15.45
TRG	16.8	17.7	0.9	11.55
FCCL	15.9	16.9	1.0	10.97
OGDC	131.3	133.0	1.7	10.50
PAEL	22.4	22.3	-0.1	7.22

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	-0.06	-0.06
F-Corporates	3.65	-10.43	-6.77
O/S Pakistanies	2.02	-1.71	0.31
<b>Net</b>	5.68	-12.21	-6.53
<b>LIPI</b>			
Individuals	40.42	-40.76	-0.34
Companies	1.86	-1.09	0.77
Comm. Banks	2.90	-1.67	1.23
NBFC	0.04	-0.04	0.00
Mutual Funds	5.10	-2.30	2.80
Other	0.90	-0.50	0.41
Brokers Proprietary	12.27	-10.70	1.57
Insurance	3.18	-3.09	0.09
<b>Net</b>	66.67	-60.14	6.53

Source: NCCPL

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	52.70	0.4%
Brent oil	USD/bbl.	62.30	0.5%
Gold	USD/t oz.	1340.56	-0.1%
Silver	USD/t oz.	14.87	-0.1%
Coal	USD/ton	62.80	-0.7%
Steel Scrap (LME)	USD/ton	295.00	-1.3%
Steel Rebar (LME)	USD/ton	472.00	-0.1%
USD/PKR	Interbank	153.94	1.0%

Source: Bloomberg/SBP

**News Source:** Local / Int'l Newspapers and websites

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## ADB refutes Pakistan's claim, says \$3.4bn loan not finalized

**Economy | Neutral**

The Asian Development Bank (ADB) on Sunday said that it had not finalised the size of financial support to Pakistan, watering down the government's claim that the Manila-based lender would provide \$3.4 billion to the country in budgetary support. (Daily Times) | [Click for more info.](#)

## Overseas Pakistanis remit \$20.19 billion in 11 months

**Economy | Positive**

The overseas Pakistani workers remitted \$20.190 billion in the first eleven months (July to May) of FY19, showing a growth of 10.42 percent compared with \$18.285 billion received during the same period in the preceding year. During May 2019, the inflow of worker's remittances amounted to \$2.315 billion which is 30.17 percent higher than April 2019 and 28.36 percent higher than May 2018. | [Click for more info.](#)

## Power

### Govt expected to decide tariffs revision for IPPs next week

**Power, KEL | Positive, Economy | Negative**

The government is expected to take decision on tariff revision petitions of the two major independent power producers next week, The News learnt on Saturday. The National Electric Power Regulatory Authority (Nepra) would take up the petitions of Gul Ahmed Energy and Tapal Energy on June 18, 2019. The independent power producers (IPPs) have sought five-year extension in their power purchase agreements (PPAs) with K-Electric. (The News) | [Click for more info.](#)

## Autos

### Alto 660cc launched

**PSMC | Positive**

Pak Suzuki Motor Company on Saturday unveiled Alto 660cc, the replacement of Mehran. The new Alto 660cc will replace Mehran, which was known as the cheapest locally manufactured car in Pakistan for 30 years as the first model of Mehran was launched in 1989, incidentally that too was named 'Alto' by the company. The new Alto is the first-ever locally manufactured 660cc model and it comes in three models -- two manual and one fully loaded automatic. The price ranges from Rs999,000 to Rs1,295,000. (Dawn) | [Click for more info.](#)

## Cement

### Rs 100 FED in budget: Cement 50kg bag to get costlier by Rs 25 from July

**Cement | Neutral**

As the government has increased Federal Excise Duty on cement to Rs 100 per 50kg bag from Rs 75 in the budget 2019-20, the prices of cement bag are going to rise further from July in the range of Rs 25-35 per 50kg bag. (Daily Times) | [Click for more info.](#)

## Miscellaneous

### Finance adviser says zero-rated regime intact for exporters

**Textile | Positive**

Adviser to PM on Finance Abdul Hafeez Shaikh remains firm on his stance, saying that the zero-rated regime stays intact for the businesses if they export, while the 17% sales tax will be levied if they are making their sales domestically. (ET) | [Click for more info.](#)

## World Indices

	Last	Chg.	Chg. %
PAK (KSE-100)	35,573.0	169.88	0.48%
US - S&P 500	2,887.0	-4.66	-0.16%
US - Dow 30	26,089.6	-17.16	-0.07%
INDONESIA - IDX	6,250.3	-22.82	-0.36%
CHINA - Shanghai	2,882.0	-28.77	-0.99%
Taiwan - TWII	10,524.7	-36.34	-0.34%
PHILP - PSEi	7,990.2	-61.56	-0.76%
KSA - Tadawul	8,867.3	-74.26	-0.83%
HK - Hang Seng	27,118.4	-176.36	-0.65%
INDIA - SENSEX	39,452.1	-289.29	-0.73%

Source: Bloomberg

## Board Meetings

Scrip	Day	Agenda	Time
MUBT	THURSDAY	HY A/C - 31Dec19	10:00 AM
EXIDE	SATURDAY	ANN A/C - 31Mar19	12:00 NOON

Source: PSX Announcement



## No plan for loss-making public sector enterprises

**Economy | Negative**

Despite rising debt of public sector enterprises (PSEs) that has ballooned to Rs1,877 billion because of continuous losses in outgoing fiscal, the government has failed to come up with any viable plan to control uninterrupted cash bleeding of state-owned entities through the budget 2019-20. (The News) | [Click for more info.](#)

## Retailers need to show customers' identity for tax credits

**Economy | Neutral**

Retailers would need to furnish identity details of customers with the Federal Board of Revenue (FBR) to claim tax credits, sources said on Saturday. The sources said large retail outlets are required under the budget 2019/20 to obtain computerised national identity card number from each customer to claim output tax. (The News) | [Click for more info.](#)

## Tax levied on ride-hailing services, online shopping in Sindh

**Economy | Neutral**

The Sindh government has imposed sales tax on services provided by a number of new sectors, including online cab service like Uber and Careem, online shopping platforms and construction machinery, in order to collect an additional Rs25 billion in the next fiscal year 2019-20. (ET) | [Click for more info.](#)

## Political News

### Bilawal, Maryam plan joint strategy

Pakistan People's Party (PPP) Chairman Bilawal Bhutto Zardari and Pakistan Muslim League-Nawaz (PML-N) Vice President Maryam Nawaz have agreed on devising a joint strategy against the incumbent Pakistan Tehreek-e-Insaf government. (The News) | [Click for more info.](#)

### PM Imran approves appointment of Ali Jehangir Siddiqui as 'Ambassador-at-Large' for investment

**Economy | Neutral**

According to the notification, Ali Jehangir Siddiqui has been appointed as "Ambassador-at-Large" for foreign investment in an honorary capacity with effect from 13th June 2019. (The News) | [Click for more info.](#)

## International News

### Oil rises on tensions after Middle East tanker attacks

Oil prices rose on Monday after U.S. Secretary of State Mike Pompeo said Washington will take all actions necessary to guarantee safe navigation in the Middle East, as tensions mounted following attacks on tankers last week. (Reuters) | [Click for more info.](#)

### Asian Stocks Mixed as Focus Turns to Central Banks: Markets Wrap

Asian stocks were mixed at the start of a big week for central-bank policy. Treasuries edged lower. (Bloomberg) | [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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