

Economy News

FATF response to Pakistan progress report received

Economy | Neutral

Responding to the Pakistan progress report, a regional affiliate of the Financial Action Task Force (FATF) has forwarded 150 comments and clarifications in all sectors, but mostly related to the action taken by the country against banned groups and proscribed persons. Pakistan had submitted the initial progress report to the Asia Pacific Group (APG) of the FATF on Dec 3 regarding implementation of the action plan, which related to shortcomings pointed out at the previous review. (Dawn) | [Click for more info.](#)

Economic reforms on track: IMF

Economy | Positive

Pakistan's economic reform is on track but faster progress is needed to improve the anti-money laundering and combating financing of terrorism (AML/CFT) framework, said IMF's David Lipton in a statement released by the International Monetary Fund (IMF) on Friday. The completion of the review on Friday will allow government to draw second tranche of \$452.4 million bringing the total disbursements under the EFF to \$1.44bn. (Dawn) | [Click for more info.](#)

AML/CFT; Supervisory board to be constituted

Economy | Positive

The Finance Division would constitute National Savings Anti Money Laundering/ Combating Financing Terrorism (AML/CFT) Supervisory Board to provide independent oversight of implementation of rules and take necessary enforcement actions against violations. (BR) | [Click for more info.](#)

Foreign banks; \$1.049bn procured in 5 months

Economy | Neutral

The government procured \$1.049 billion from foreign commercial banks (around 35 percent) out of total external loans of \$2.961 billion in the first five months (July-Nov) of 2019-20 and around 56 percent more than the comparable period of last year (\$1.860 billion). This was revealed by the Economic Affairs Division (EAD) data released here on Friday. The government budgeted foreign assistance of \$12.957 billion for the current fiscal year including \$2 billion foreign commercial loans. The country received \$1.149 billion from multilaterals (excluding the first tranche release from the IMF) and \$489.29 million bilaterally during July-November 2019-20. (BR) | [Click for more info.](#)

Govt to launch Rs5tr PSDP-Plus for next three years

Economy | Positive

On the directives of Prime Minister Imran Khan for making the Public Private Partnership Authority (PPPA) fully functional through placement of its rules, the PTI-led government wants to launch PSDP-Plus with portfolio of over Rs5 trillion for next three years. (The News) | [Click for more info.](#)

Oil & Gas

Threat to energy security: Oil companies fear disruption in imports

OMCs | Negative

Imports of petroleum products into Pakistan may be disrupted as the terminals operated by Karachi Port Trust (KPT) has stopped working, threatening energy security in the country. The Oil Companies Advisory Council (OCAC) has warned the government about the grave situation that may spark an oil crisis in the coming days and has called for taking immediate measures to resolve the issues hampering operations at two oil piers at Karachi Port. (ET) | [Click for more info.](#)

	Open	Close	Chg.	%
KSE All	28,866.7	29,118.2	251.5	0.9%
KSE100	40,655.4	40,833.0	177.6	0.4%
KSE30	18,587.1	18,656.5	69.3	0.4%
KMI30	65,409.3	65,875.1	465.8	0.7%

	Open	Close	Chg.	%
NESTLE	7,475.0	7,800.0	325.0	4.3%
PAKT	2,500.0	2,569.0	69.0	2.8%
BATA	1,955.1	1,995.8	40.7	2.1%
MARI	1,316.0	1,338.3	22.4	1.7%
ATLH	368.0	385.0	17.0	4.6%

	Open	Close	Chg.	Vol.
HASCOLR1	11.2	10.5	-0.6	18.58
FFL	15.3	14.8	-0.5	14.16
UNITY	14.7	14.8	0.1	8.74
KEL	4.1	4.1	0.0	7.37
PAEL	26.3	26.2	-0.1	5.64

FIPI	Buy	Sell	Net
F-Individuals	0.04	-0.01	0.03
F-Corporates	5.34	-5.78	-0.44
O/S Pakistanies	1.93	-2.19	-0.26
Net	7.31	-7.98	-0.67
LIPI			
Individuals	40.69	-38.23	2.46
Companies	1.47	-2.17	-0.70
Comm. Banks	3.11	-2.37	0.74
NBFC	0.20	-0.01	0.20
Mutual Funds	5.07	-7.95	-2.88
Other	0.57	-0.51	0.07
Brokers Proprietary	14.99	-14.95	0.03
Insurance	3.44	-2.70	0.75
Net	69.55	-68.88	0.67

	Unit	Close	% chg.
Crude oil	USD/bbl.	60.44	-1.2%
Brent oil	USD/bbl.	66.14	-0.6%
Gold	USD/t oz.	1481.64	0.2%
Silver	USD/t oz.	17.20	0.8%
Coal	USD/ton	82.30	0.1%
Steel Scrap (LME)	USD/ton	294.00	-0.3%
Steel Rebar (LME)	USD/ton	444.00	0.0%
USD/PKR	Interbank	155.05	0.0%

News Source: Local / Int'l Newspapers and websites

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Finance Division supports proposal of injecting Rs12 bn into SSGC

SSGC | **Positive**

In a major development to strengthen the struggling Sui Southern Gas Company Limited (SSGCL), the Finance Division has supported a proposal of injecting Rs12 billion into the company, the amount which the company has claimed on account of higher unaccounted for gas (UFG) it faced following transporting the imported RLNG to the consumers. (The News) | [Click for more info.](#)

Power

Reining in the circular debt

Power | **Neutral**

The International Monetary Fund (IMF) has completed the first review of its 39-month loan programme to enable the immediate disbursement of \$452 million. This takes the total disbursement under the \$6 billion programme to \$1.44bn. The power sector remains one of the key areas in which Pakistan has to undertake structural reforms with a lasting impact. The sector stands out as one of the major problem areas. (Dawn) | [Click for more info.](#)

Power plants, Discos; PD opposes 'immediate' sell-off

IPPs, Power | **Neutral**

Power Division has opposed "immediate" privatization of two power plants and power Distribution Companies (Discos) prior to their restructuring and re-organization. (BR) | [Click for more info.](#)

Crucial CCI session today

Power | **Neutral**

Prime Minister Imran Khan will chair meeting of Council of Common Interests (CCI) today (Monday)—an expected stormy session in which Sindh and Khyber Pakhtunkhwa are likely to raise issues on Renewable Energy policy and Net Hydel Profit. (BR) | [Click for more info.](#)

Sale of LNG-based power plants faces delay

Power | **Negative**

Pakistan's plan to raise around \$1.5 billion from the privatisation of two power plants is facing delay as only one foreign investor has submitted documents amid uncertainty caused by Prime Minister Imran Khan's decision to skip the Kuala Lumpur Summit 2019. About 19 firms procured documents from the Privatisation Commission including around 14 foreign firms after the government invited Expressions of Interest (EOI) in early November and set the deadline of December 23. (ET) | [Click for more info.](#)

Nepra seeks annual financials of power firms to revisit tariffs

Power | **Neutral**

National Electric Power Regulatory Authority (Nepra) has advised power generation and distribution companies to furnish their financial and regulatory reports as the authority wants to revisit their tariff structure for want of fairness review, sources said on Saturday. The source said rules aim to help Nepra determine prudence of costing claimed by the generation companies while seeking tariff. (The News) | [Click for more info.](#)

Korean EXIM Bank approves \$80m to reform Pakistan's energy sector

Power | **Neutral, Economy** | **Positive**

The EXIM Bank of Korea has signed an \$80 million loan with Pakistan to support wide-ranging energy sector reforms in the country, a statement said on Friday. (The News) | [Click for more info.](#)

	Last	Chg.	Chg. %
PAK (KSE-100)	40,833.0	177.62	0.44%
PHILP - PSEI	7,773.1	119.18	1.56%
US - Dow 30	28,455.1	78.13	0.28%
HK - Hang Seng	27,871.4	70.86	0.25%
INDONESIA - IDX	6,284.4	34.44	0.55%
US - S&P 500	3,221.2	15.85	0.49%
KSA - Tadawul	8,300.7	9.34	0.11%
INDIA - SENSEX	41,681.5	7.62	0.02%
CHINA - Shanghai	3,004.9	-12.13	-0.40%
Taiwan - TWII	11,959.1	-59.82	-0.50%

Scrip	Day	Agenda	Time
NONS	MONDAY	ANNUAL A/C - 30SEP'19	11:30 AM
SHSML	MONDAY	ANNUAL A/C - 30SEP'19	11:30 AM
DWSM	MONDAY	ANNUAL A/C - 30SEP'19	3:30 PM
MFFL	THURSDAY	ANNUAL A/C - 30SEP'19	11:00 AM
ALNRS	THURSDAY	ANNUAL A/C - 30SEP'19	11:30 AM
JSML	THURSDAY	ANNUAL A/C - 30SEP'19	11:30 AM
KPUS	THURSDAY	ANNUAL A/C - 30SEP'19	2:30 PM
SML	FRIDAY	ANNUAL A/C - 30SEP'19	10:45 AM
DBCI	FRIDAY	ANNUAL A/C - 30JUN'19	11:00 AM
BAFS	SATURDAY	ANNUAL A/C - 30SEP'19	11:30 AM
AABS	SATURDAY	ANNUAL A/C - 30SEP'19	12:00 PM
SANSM	SATURDAY	ANNUAL A/C - 30SEP'19	12:30 PM
TICL	SATURDAY	ANNUAL A/C - 30SEP'19	1:00 PM



Fertilizer

Cost audit of fertilizer industry to be conducted

Fertilizer | Neutral

The government has reportedly decided to conduct cost audit of fertilizer industry prior to proposing reduction in urea prices, well-informed sources told. "No strategy has so far been framed by the committee as some homework has yet to be done to finalize recommendations," the sources added. The committee is evaluating whether the current increase in urea price was the result of increase in gas prices or re-imposition on Gas Infrastructure Development Cess (GIDC). "We will conduct cost audit of fertilizer industry after which recommendations to be finalized," the sources maintained. (BR) | [Click for more info.](#)

Refineries

Outdated refineries seek protection to keep running

Refineries | Negative

The outdated petroleum refineries, which may face shut down due to the closure of oil-fired power plants and fast crashing furnace oil prices, have sought protection from the government to remain functional. "Refineries may issue an SOS (save our soul) call anytime," a person familiar with the development told The Express Tribune. "Refineries may face shutdown in the next 8-10 days if the supply of furnace oil (to power plants and ships) remains suspended," a high official at a refinery said. (ET) | [Click for more info.](#)

Autos

Tax collection from new cars' registration drops 48pc

Autos | Negative

Tax collection from registration of new cars sharply dropped 48 percent year-on-year to Rs681 million in the first five months of the current fiscal year of 2019/20 as auto sales continued to slide on downbeat demand and price hike, sources said on Saturday. (The News) | [Click for more info.](#)

Miscellaneous

PIA losses cut by half: CEO

PIAA | Positive

Pakistan International Airlines (PIA) Chief Executive Officer Air Marshal Arshad Malik announced on Saturday that the management was successful in "bringing down the losses of the national flag carrier to 50pc". He said this during PIA's annual employees and shareholders meeting, where the 2018 audit report and accounts of the airline came under discussion. (PT) | [Click for more info.](#)

Govt. borrowing eases by Rs.181 billion in a week

Banks | Neutral

The government of Pakistan has retired Rs.181.16 billion during the week ended December 13, 2019, which brings its total net borrowing for ongoing fiscal year 2020 to Rs.252.65 billion. As of prior week, the government had borrowed a net sum of Rs.433.82 billion. According to the State Bank of Pakistan's weekly estimates in this regard, this year's overall net borrowing as of this week has decreased by Rs.236.33 billion over the year as last year's net borrowing for the same period stood at Rs.488.98 billion. (Mettis) | [Click for more info.](#)

New shipping policy to be approved by cabinet anytime soon: minister

PNSC | Positive

Federal Minister for Maritime Affairs Syed Ali Hyder Zaidi has said that a new shipping policy would be soon approved by the cabinet and would exempt buying of new vessels from taxes and duties to promote shipping industry in the country. (BR) | [Click for more info.](#)



Non-textile exports show marginal growth

Textile | **Neutral**

Exports of non-textile products went up nearly five per cent year-on-year to \$3.781 billion during July-November in FY20 owing to cash support to various sectors and currency depreciation. (Dawn) | [Click for more info.](#)

Govt clears Rs17.6bn in DDT, DTL claims of exporters

Textile | **Positive**

Government has settled Rs17.6 billion worth of claims on account of duty drawback of taxes and drawback of local taxes and levies pending for over a decade to textile exporters, commerce secretary said on Friday. (The News) | [Click for more info.](#)

Hashoo, Hero Groups ink agreement to start PC Hotel in Hyderabad

PSEL | **Neutral**

To provide premium hospitality in a traditional environment, Hashoo Group has signed a management agreement between Pakistan Services Limited and Hero Group to open a Pearl-Continental (PC) Hotel in Hyderabad. (BR) | [Click for more info.](#)

Private Sector Borrowing increases by Rs.1.89 billion in a week

Banks | **Positive**

The non-government sector has borrowed another net sum of Rs.1.89 billion during the week ended December 13, 2019, which brings the cumulative net borrowing for ongoing fiscal year FY2020 to Rs.70.59 billion. The net borrowing as of prior week was recorded at Rs.68.7 billion. According to weekly data released by the State Bank of Pakistan, the sector's borrowing has dropped by Rs.457.88 billion over the year since the borrowing as of corresponding period of last year was recorded at Rs.528.47 billion. (Mettis) | [Click for more info.](#)

Political News

PM Office 'vetoed' FO advice on Malaysia summit

Pakistan faced embarrassment over its eleventh-hour decision to pull out of a recent summit of Islamic world leaders in Malaysia, triggering a debate on whether or not the foreign ministry had forewarned the government about the possible implications of attending the gathering in Kuala Lumpur. (ET) | [Click for more info.](#)

International News

Asian Stocks Trade Mixed Ahead of Holiday Break: Markets Wrap

Asian shares started the week mixed, with volumes subdued as investors count down to the holiday break. Ten-year Treasury yields held above 1.90%. (Bloomberg) | [Click for more info.](#)

Oil steady amid optimism U.S.-China close to signing trade deal

Oil prices were mostly steady on Monday after three weeks of gains amid optimism the United States and China were close to signing a trade deal to end a tariff war, with President Donald Trump saying an agreement would be signed "very shortly". (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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