



June 24,
2019

Economy News

Pakistan, Qatar sign three MoUs on investment, tourism, financial intelligence

Economy | Positive

Pakistan and Qatar on Saturday inked three significant agreements, including the one sharing financial intelligence and checking money laundering and terror financing. (The News) | [Click for more info.](#)

FATF gives Pakistan until October to curb terror financing

Economy | Positive

The Financial Action Task Force said it was concerned that Pakistan had failed to complete the action plan first by a January deadline and then again by a May deadline. "The FATF strongly urges Pakistan to swiftly complete its action plan by October 2019 when the last set of action plan items are set to expire," the FATF said in a statement. Otherwise, the FATF will decide the next step at that time for insufficient progress," it said after a meeting in Orlando, Florida. (ET) | [Click for more info.](#)

Letter of Intent signed to obtain IMF's \$6 bn package

Economy | Positive

Pakistan's Adviser to PM on Finance Dr Abdul Hafeez Shaikh and Governor State Bank of Pakistan (SBP) Reza Baqir signed Letter of Intent and Memorandum of Economic and Financial Policies (MEFP) for obtaining approval of \$6 billion package from the IMF's Executive Board. (The News) | [Click for more info.](#)

Doubts surround exchange rate stability

Economy | Negative

Exchange rate remained relatively steady during the week ending on Friday but analysts fear the stability may be short-lived as foreign exchange reserves continue to decline. Currency dealers in the banks said the dollar was traded at around Rs157 on Friday while some trades were conducted at Rs157.20. (Dawn) | [Click for more info.](#)

Chinese firms ready to relocate industrial units

Economy | Positive

Seven Chinese companies have expressed willingness to relocate their industrial units to Pakistan in the second phase of industrialisation under the China-Pakistan Economic Corridor (CPEC). (ET) | [Click for more info.](#)

Finance Bill 2019: withdrawal of several amendments to ST Act suggested

Economy | Neutral

A sales tax expert has suggested withdrawal of several amendments introduced to the Sales Tax Act 1990 through Finance Bill 2019, keeping in view their negative implications in the sales tax regime from July 1, 2019. (BR) | [Click for more info.](#)

Govt's foreign borrowing soars to \$9.5b in 11 months

Economy | Negative

The Pakistan **Tehreek-e-Insaf** (PTI) government has busted the annual target of foreign loans in 11 months and acquired \$9.5 billion from international creditors due to repayment of previous loans and failure to achieve the \$27-billion export target. (ET) | [Click for more info.](#)

Borrowing from SBP doubles to Rs2.7tr

Economy | Negative

The government has announced its decision to stop borrowing funds from the State Bank of Pakistan (SBP) in the next fiscal year after cumulative borrowing in the ongoing fiscal year doubled to Rs2.7 trillion as of June 14 compared to Rs1.43tr in the same period last year. (Dawn) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	25,520.8	25,622.7	101.9	0.4%
KSE100	34,995.9	35,125.3	129.3	0.4%
KSE30	16,545.7	16,631.8	86.0	0.5%
KMI30	56,223.5	56,706.2	482.7	0.9%

Top Five Gainers

	Open	Close	Chg.	%
UPFL	5,399.0	5,665.0	266.0	4.9%
NESTLE	6,700.0	6,848.0	148.0	2.2%
SAPT	1,280.0	1,343.9	63.9	5.0%
SFL	654.0	686.7	32.7	5.0%
INDU	1,155.0	1,176.8	21.8	1.9%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
SMBL	0.7	0.7	0.0	19.15
WTL	0.8	0.8	0.0	15.89
KEL	4.1	4.3	0.1	12.18
MLCF	26.1	25.4	-0.7	8.30
PAEL	22.4	22.4	0.1	6.11

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.08	-0.11	-0.02
F-Corporates	5.84	-5.69	0.16
O/S Pakistanies	0.73	-0.62	0.10
Net	6.65	-6.41	0.24
LIPI			
Individuals	19.83	-20.65	-0.82
Companies	1.68	-1.11	0.57
Comm. Banks	1.43	-1.08	0.35
NBFC	0.03	-0.02	0.01
Mutual Funds	1.17	-1.14	0.03
Other	0.09	-0.18	-0.10
Brokers Proprietary	4.70	-5.82	-1.12
Insurance	2.00	-1.17	0.83
Net	30.93	-31.17	-0.24

Source: NCCPL

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	57.80	0.6%
Brent oil	USD/bbl.	65.45	0.4%
Gold	USD/t oz.	1406.78	0.5%
Silver	USD/t oz.	15.40	0.3%
Coal	USD/ton	63.20	0.3%
Steel Scrap (LME)	USD/ton	289.00	-0.3%
Steel Rebar (LME)	USD/ton	469.00	-0.2%
USD/PKR	Interbank	157.07	0.0%

Source: Bloomberg/SBP

News Source: Local / Int'l Newspapers and websites

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MORNING BRIEFING



Tax-to-GDP ratio to be increased to 12.6 percent: government Economy | Positive

The Federal Minister for Planning, Development and Reform Khusro Bukhtiyar on Sunday said tax-to-GDP ratio is 11 percent, which will be enhanced to 12.6 percent as no economy can function without having sufficient revenue collection. (BR) | [Click for more info.](#)

Nominees on boards of PSXL, CDCL, NCCL: SECP asked to devise pragmatic criteria PSX | Neutral

The Securities and Exchange Policy Board has directed the Securities and Exchange Commission of Pakistan (SECP) to devise a pragmatic criteria and process for appointment of nominees on the boards of the Pakistan Stock Exchange Limited, Central Depository Company Limited and National Clearing Company Limited. (BR) | [Click for more info.](#)

Oil & Gas

Government contemplating merging Pakistan LNG Limited and Pakistan LNG Terminal Ltd into PSO

PSO | Positive

Sources privy to the development informed Pakistan Today that necessary preparations for the merger of PLL and PLTL into PSO are in full swing as a summary to end the sovereign system of PLL was forwarded to federal cabinet's ECC for securing its necessary approval. (PT) | [Click for more info.](#)

Power

Power Division finalizes gas tariff hike today

Power | Positive

The government has assured the IMF that it will not add more to the existing circular debt in the gas sector currently standing at Rs180 billion. In order to honour its word, the government will increase the gas and power tariff from July 1. The power tariff will be increased by Rs1.50 per unit from July 1, 2019 determined by the National Electric Power Regulatory Authority (Nepra). (The News) | [Click for more info.](#)

CPPA proposes 21 paisa per unit hike in power tariff

Power | Positive

The Central Power Purchasing Agency (CPPA) has recommended the National Electric Power Regulatory Authority (NEPRA) to increase electricity tariff by 21 paisa per unit for consumers, a private media house reported on Friday. NEPRA will make a final decision on the request of CPPA after the meeting on June 26, said sources. (PT) | [Click for more info.](#)

Autos

Honda raises car prices by up to Rs425,000

HCAR | Positive

Following the depreciation of the rupee, Honda Atlas Cars Pakistan Limited (HACPL) has once again hiked its vehicle prices in the range of Rs260,000 to Rs425,000 for different models. (ET) | [Click for more info.](#)

AI-Ghazi Tractors asks FBR to release Rs5 billion refunds

AGTL | Neutral

AI-Ghazi Tractors Limited (AGTL) on Saturday requested the Federal Board of Revenue (FBR) Anomaly Committee to issue the refunds of over Rs5 billion to the tractor manufacturers to resolve their liquidity crisis. (The News) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
CHINA - Shanghai	3,002.0	14.86	0.50%
PHILP - PSEi	8,055.5	33.05	0.41%
PAK (KSE-100)	35,125.3	129.34	0.37%
Taiwan - TWII	10,803.8	18.76	0.17%
US - S&P 500	2,950.5	-3.72	-0.13%
US - Dow 30	26,719.1	-34.04	-0.13%
HK - Hang Seng	28,473.7	-76.72	-0.27%
INDONESIA - IDX	6,315.4	-20.26	-0.32%
INDIA - SENSEX	39,194.5	-407.14	-1.03%
KSA - Tadawul	8,739.2	-130.54	-1.47%

Source: Bloomberg

Board Meetings

Scrip	Day	Agenda	Time
EXIDE	SATURDAY	ANN A/C - 31Mar19	12:00 NOON

Source: PSX Announcement



Cement

Cement industry joins the chorus for reduction in taxes

Cement | Neutral

The cement manufacturers on Sunday asked the government to reconsider the hike in Federal Excise Duty (FED) on cement in the federal budget 2019-20, which was increased by 25%. (PT) | [Click for more info.](#)

Engineering

Mughal Steel plans \$137 million coal-fired plant

MUGHAL | Positive

Mughal Energy Limited (MEL), a subsidiary of Mughal Steel, has planned to setup a 55MW coal-fired power plant with the proposed investment of \$137 million in Lahore, an official said on Saturday. (The News) | [Click for more info.](#)

Construction cost to go up

Steel | Positive

Steel bar prices have touched new peak of Rs109,000-110,000 per tonne from Rs96,000-97,000 tonnes following rupee devaluation against the dollar. Meanwhile, market players anticipate more price shocks from July 1 owing to increase in taxes and duties imposed on the steel sector in budget 2019-20. (Dawn) | [Click for more info.](#)

Miscellaneous

Cigarette manufacturer backs FED of Rs300 per kg

Tobacco | Positive

A cigarette manufacturing firm has welcomed the imposition of Rs300-per-kilogramme levy on tobacco processing at the factory level and has asked the government not to drop the tax under the influence of illegal cigarette manufacturers. (ET) | [Click for more info.](#)

Govt quietly offers tax amnesty to realty sector

Economy | Neutral

The Pakistan Tehreek-e-Insaf (PTI) government has quietly given another perpetual tax amnesty to the realty sector in the budget by allowing it to legalise tax-evaded money at just 4% of the property value. (ET) | [Click for more info.](#)

Political News

Fazl to hold APC on June 26

The Jamiat Ulema-e-Islam (Fazl) leader Maulana Fazl-ur-Rehman on Saturday announced that his party would host an All-Parties Conference on June 26. The conference will host the representatives of opposition parties at Islamabad to formulate a joint strategy for future course-of-action against the ruling Pakistan Tehreek-e-Insaf (PTI) government. (BR) | [Click for more info.](#)

International News

Stocks Trade Mixed; Oil Climbs on Iran Tensions: Markets Wrap

Stocks in Asia opened mixed, while U.S. futures edged higher, as investors monitor geopolitical risks and plans for the high-stakes meeting between Presidents Donald Trump and Xi Jinping. Oil climbed as the U.S. said it was planning sanctions on Iran. (Bloomberg) | [Click for more info.](#)

Oil prices rise as Middle East tensions simmer

Oil prices climbed on Monday as tensions remain high between Iran and the United States, with U.S. Secretary of State Mike Pompeo saying "significant" sanctions on Tehran would be announced. (Reuters) | [Click for more info.](#)

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Source: Bloomberg

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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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