

January 2,  
2020

## Economy News

### Pakistan likely to be granted further extension by FATF

#### Economy | Neutral

Pakistan failed to impress the Financial Action task Force with the measures it took to combat money laundering and terror financing, resulting in its status being maintained under the grey list until the next meeting slated to take place in February, 2020. (Mettis) | [Click for more info.](#)

### FATF-related bills presented in Senate

#### Economy | Neutral

The federal government on Wednesday presented two key bills, the Anti-Money Laundering (Amendment) Bill, 2019 and the Foreign Exchange Regulation (Amendment) Bill, 2019, in the Upper House of the Parliament, which finally met on Wednesday after an unprecedented gap of almost four months. Both the bills were passed by the National Assembly more than three months ago and they were tabled in the Senate in line with the federal government's commitments with the Financial Action Task Force (FATF). (BR) | [Click for more info.](#)

### CPFTA-II goes into operation

#### Economy | Neutral

The Federal Board of Revenue (FBR) on Wednesday issued SRO 1640(I)/2019 to operationalise the second phase of China-Pakistan Free Trade Agreement (FTA). (Dawn) | [Click for more info.](#)

### GDP projected to remain subdued!

#### Economy | Negative

Contrary to the target of 3.5% set by the government, the GDP is likely to settle at 2.6% this year, considering the lackluster performance of LSMI in the first quarter of FY2020 as well as lack of agricultural output. Nonetheless, some progress in the overall economic activity is expected in the second half of 2020, as a result of stability in exchange rate, lower interest rates and improvement in Business Confidence. (Mettis) | [Click for more info.](#)

### SBP expected to implement expansionary monetary policy in May

#### Economy | Neutral

The state Bank of Pakistan is likely to implement monetary easing this year, most probably in March, with policy rate being brought down by as much as 200 basis points as a result of lower inflation figures. A report compiled by Topline Securities states that the easing will most likely take place in March, but may get delayed till May lest there are any unexpected volatilities in the inflation numbers. (Mettis) | [Click for more info.](#)

### Profit outflow rises to \$600m

#### Economy | Positive

Repatriation of profits and dividends on foreign direct investment (FDI) in Pakistan increased to \$600 million during the first five months of FY20, reflecting enhanced profits of companies having foreign investment. (Dawn) | [Click for more info.](#)

### CPI edges down in December

#### Economy | Neutral

Consumer inflation inched down to 12.6 percent year-on-year in December compared to 12.7 percent in the previous month, official data showed on Wednesday. Pakistan Bureau of Statistics (PBS) data showed that consumer price index (CPI) inflation fell 0.3 percent month-on-month in December compared to a rise of 1.3 percent in the previous month and a decrease of 0.3 percent in December 2018. (The News) | [Click for more info.](#)

	Open	Close	Chg.	%
KSE All	29,011.7	29,280.0	268.2	0.9%
KSE100	40,735.1	41,400.0	664.9	1.6%
KSE30	18,656.5	18,997.9	341.4	1.8%
KMI30	66,031.5	67,068.9	1037.4	1.6%

	Open	Close	Chg.	%
COLG	2,350.0	2,400.0	50.0	2.1%
SAPT	1,004.0	1,045.0	41.0	4.1%
SFL	795.5	835.0	39.5	5.0%
IDYM	560.0	587.0	27.0	4.8%
INDU	1,161.7	1,186.0	24.3	2.1%

	Open	Close	Chg.	Vol.
KEL	4.4	4.8	0.4	119.39
UNITY	16.1	16.8	0.7	26.57
FFL	14.5	15.5	1.0	17.48
AVN	37.6	39.3	1.7	9.92
TRG	24.6	25.8	1.2	9.68

FIPI	Buy	Sell	Net
F-Individuals	0.01	-0.01	0.00
F-Corporates	0.85	-2.09	-1.24
O/S Pakistanies	2.00	-2.64	-0.64
<b>Net</b>	2.85	-4.73	-1.88
<b>LIPI</b>			
Individuals	43.72	-47.81	-4.09
Companies	1.22	-1.59	-0.37
Comm. Banks	5.41	-0.71	4.70
NBFC	0.33	-0.03	0.30
Mutual Funds	2.87	-1.80	1.07
Other	1.27	-0.60	0.67
Brokers Proprietary	12.88	-15.04	-2.16
Insurance	2.17	-0.40	1.77
<b>Net</b>	69.86	-67.99	1.88

	Unit	Close	% chg.
Crude oil	USD/bbl.	61.06	-1.0%
Brent oil	USD/bbl.	66.00	-1.0%
Gold	USD/t oz.	1517.29	0.0%
Silver	USD/t oz.	17.85	-0.4%
Coal	USD/ton	79.75	0.1%
Steel Scrap (LME)	USD/ton	294.78	-0.1%
Steel Rebar (LME)	USD/ton	441.93	0.0%
USD/PKR	Interbank	155.05	0.0%

News Source: Local / Int'l Newspapers and websites

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## Power

**Bidding of Punjab power projects; Kapco disallowed to participate**

**KAPCO | Neutral**

Privatisation Commission has reportedly refused to allow M/s Kot Adu Power Company (Kapco) to participate in bidding of power projects in Punjab, saying that permission does not fall in its domain. (BR) | [Click for more info.](#)

**Nepra notifies tariff hike**

**KEL | Positive, Power | Neutral**

The National Electric Power Regulatory Authority (Nepra) on Wednesday notified the increase of Rs1.56 per unit in power tariff on account of fuel adjustment cost of electricity consumed in October 2019 putting an additional burden of around Rs14.50 billion on consumers across the country except K-Electric. (Dawn) | [Click for more info.](#)

**Financial close achieved for 1,980MW Sindh power plants**

**Power | Neutral**

The financial close of the 1,320 megawatts (MW) power plant in Block-I, expansion of Block-II for installation of another 660MW power plant are milestones in development of Thar coal towards achieving energy self-sufficiency for the country. (Dawn) | [Click for more info.](#)

## Autos

**Govt finally allows used car importers to pay partial duties in rupees**

**Autos | Negative**

The federal government has permitted importers of used cars to pay partial duties in Pakistani currency to release their vehicles stuck at Karachi port, after fulfilling certain specific conditions. (PT) | [Click for more info.](#)

## Fertilizer

**Record urea sales in December**

**Fertilizer | Positive**

Record urea off-take at 1.22 million tonnes was witnessed in December 2019 compared to 0.38m tonnes in the previous month. Analysts say that higher fertiliser sales were due to delay in wheat sowing across the country and rumours of gas prices going up in January. (Dawn) | [Click for more info.](#)

## Miscellaneous

**LOADS approves the increase in authorized share capital**

**LOADS | Positive**

The Board of Directors of Loads Limited (LOADS) in their meeting held yesterday, has approved the increase in authorized share capital of the company from Rs 2 billion to Rs 4 billion. (Mettis) | [Click for more info.](#)

**HBL becomes first Pakistani bank to open branch in Beijing**

**HBL | Positive**

As a major milestone in Pak-China economic relations, Habib Bank Limited (HBL) has successfully achieved branch opening license in Beijing, to provide financial services to its clients. | [Click for more info.](#)

**Imposition of heavy fines: Transporters' wheel-jam across country today**

**Economy | Neutral**

All Pakistan Transport Owners Federation (APTOF) will go on wheel-jam strike across the country today (Thursday) after imposition of heavy fines by the government. | [Click for more info.](#)

	Last	Chg.	Chg. %
PAK (KSE-100)	41,400.0	664.92	1.63%
US - Dow 30	28,538.4	76.30	0.27%
INDIA - SENSEX	41,306.0	52.28	0.13%
CHINA - Shanghai	3,050.1	10.10	0.33%
US - S&P 500	3,230.8	9.49	0.29%
INDONESIA - IDX	6,307.1	7.51	0.12%
PHILP - PSEI	7,815.3	-27.02	-0.34%
KSA - Tadawul	8,358.9	-30.38	-0.36%
Taiwan - TWII	11,997.1	-56.23	-0.47%
HK - Hang Seng	28,189.8	-129.64	-0.46%

Scrip	Day	Agenda	Time
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
IMSL	MONDAY	ANNUAL A/C - 30SEP'19	12:00 PM
ICCT	MONDAY	ANNUAL A/C - 30JUN'19	3:00 PM
SKRS	MONDAY	ANNUAL A/C - 30SEP'19	3:00 PM



## Amid delays, Diامر-Bhasha's PC-1 cost surges 68pc

**Cement | Neutral**

WAPDA has sought Rs170.756 billion, through another revised PC-I, for the acquisition of land/resettlement of Diامر-Basha Dam project. The cost of 2nd revised PC-I of the project, which has been submitted by WAPDA to Ministry of Planning and Development, is 68pc higher than the 1st revised PC-I of the Acquisition of Land & Resettlement (AL&R), as the total cost of the project was estimated at Rs101.3 billion in 2015. (PT) | [Click for more info.](#)

## Without abolishing CNIC conditions...: FBR comes up with alternative plan

**Economy | Neutral**

Without abolishing Computerized National Identity Cards (CNICs) condition, the FBR has come up with an alternative plan through Presidential Ordinance that it would not allow input adjustments to those manufacturers who would sell 10 million goods on monthly basis to unregistered buyer. | [Click for more info.](#)

## ST collection shows 'remarkable' growth: FBR

**Economy | Neutral**

Federal Board of Revenue (FBR) Member IR Policy Hamid Ateeq Sarwar on Wednesday said that the sales tax collection during (July-December) 2019-20 has shown remarkable growth of 25 percent as compared to same period of the last fiscal year. | [Click for more info.](#)

## PM Imran Khan, his financial teams tell APTMA: No zero rating status for export sectors

**Textile | Negative**

Prime Minister Imran Khan and his financial team headed by PM's Adviser on Finance and Revenue Dr Hafeez Sheikh refused to restore zero rating status for the export sector, here in meeting held on Wednesday with the All Pakistan Textile Mills Association (APTMA) delegation. | [Click for more info.](#)

## Political News

### Amendments in Army Act, Services Rules

Federal Minister for Defense Pervez Khattak has said that the cabinet has approved amendments in Section 172 of the Army Act and Article 155 of the Services Rules. While talking to media persons on Wednesday in a corridor of Parliament House, the minister said the government is yet to share details regarding the amendments. He said the amendment bill also includes a suggestion to extend the tenure of all the three services chiefs. (BR) | [Click for more info.](#)

### IHC seeks reply from NAB over fresh amendments to ordinance

The Islamabad High Court (IHC) on Wednesday sought a reply from the National Accountability Bureau (NAB) about protection to bureaucrats through the fresh amendments to NAB Ordinance and extended the interim bail of former federal minister and JUI-F leader Akram Khan Durrani. (The News) | [Click for more info.](#)

## International News

### Stocks Mixed, U.S. Futures Rise as Traders Return: Markets Wrap

Stocks in Asia were mixed and U.S. equity futures nudged higher as investors assessed the latest policy move by China's central bank. (Bloomberg) | [Click for more info.](#)

### Oil climbs on U.S.-China trade optimism, Middle East tensions

Oil prices rose on the first trading day of 2020 as warming trade relations between the United States and China eased demand concerns, and rising tensions in the Middle East raised worries about supply. (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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