



December
3, 2019

Economy News

Negative to stable: Moody's upgrades Pakistan's economic outlook

Economy | Positive

Ratings agency Moody's on Monday upgraded Pakistan's credit outlook to stable from negative after more than one year as the IMF-backed reforms helped it improve its balance of payments position and stabilise currency. (The News) | [Click for more info.](#)

Country manages to pay back \$1bn against Sukuk

Economy | Neutral

Pakistan Monday paid back some \$1 billion on maturity of five-year international Sukuk. Pakistan launched \$-denominated Islamic bond worth \$1 billion of five-year tenor in the international bond market in November 2014, during the tenure of PML-N government. The sovereign bonds were issued at 6.75 percent. (BR) | [Click for more info.](#)

Breakthrough development reported in Pakistan Russia ties leading to \$3 billion Russian investment in Pakistan

Economy | Positive

Russia and Pakistan signed an agreement to settle mutual financial claims and obligations on operations of the former Soviet Union, according to which Pakistan will repay the debt to Russia in the amount of \$93.5 million, a Sputnik correspondent reported from the signing ceremony. (Times of Islamabad) | [Click for more info.](#)

Federal government released huge funds under PSDP for multiple infrastructure mega

Economy | Positive

Out of the total of Rs154.9 billion allocated for National Highway Authority (NHA) road infrastructure projects under Public Sector Development Programme (PSDP) in the current fiscal year, the government released Rs 46.3 billion till November 29. (Times of Islamabad) | [Click for more info.](#)

Australia to end bilateral aid to Pakistan

Economy | Neutral

The Morrison government will cease all bilateral aid to Pakistan, which includes support for successful programmes helping poor women and girls, as funds for development assistance are diverted to the Pacific. | [Click for more info.](#)

Pak-China FTA-2 to be effective from Jan 1, 2020

Economy | Neutral

The trade under second Pakistan-China Free Trade Agreement did not start from December 1, 2019 as earlier claimed by Adviser to Prime Minister on Commerce, Industries and Production, Textile and Investment Abdul Razak Dawood in various interactions with media persons, rather it is now likely to start from January 1, 2020 (The News) | [Click for more info.](#)

Oil & Gas

SSGC's 2pc commercial consumers file tax returns

Economy | Neutral

Less than two percent of commercial consumers of Sui Southern Gas Company Limited (SSGC) are registered with the tax authorities, indicating an adverse noncompliance culture in the country with a low number of return filers. (The News) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	27,838.5	28,271.5	432.9	1.6%
KSE100	39,287.7	40,124.2	836.6	2.1%
KSE30	18,010.3	18,387.9	377.6	2.1%
KMI30	62,714.0	63,227.3	513.3	0.8%

Top Five Gainers

	Open	Close	Chg.	%
BATA	1,858.1	1,951.0	92.9	5.0%
NESTLE	6,398.0	6,490.0	92.1	1.4%
SAPT	845.0	887.3	42.3	5.0%
SRVI	869.5	911.0	41.5	4.8%
SAPL	770.0	808.5	38.5	5.0%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
BOP	11.6	12.4	0.8	74.93
KEL	4.2	4.6	0.4	40.85
UNITY	13.1	13.2	0.1	37.70
FFL	14.1	15.0	0.9	18.27
PAEL	27.1	28.3	1.2	16.54

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.06	-0.04	0.03
F-Corporates	5.27	-4.02	1.24
O/S Pakistanies	5.17	-4.80	0.36
Net	10.49	-8.86	1.64
LIPI			
Individuals	84.68	-79.45	5.23
Companies	6.16	-5.89	0.27
Comm. Banks	3.75	-8.38	-4.63
NBFC	0.86	-0.03	0.83
Mutual Funds	6.70	-9.73	-3.03
Other	1.08	-2.61	-1.54
Brokers Proprietary	26.31	-24.25	2.07
Insurance	2.67	-3.51	-0.84
Net	132.19	-133.83	-1.64

Source: NCCPL

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	56.18	0.4%
Brent oil	USD/bbl.	61.13	0.3%
Gold	USD/t oz.	1462.58	0.0%
Silver	USD/t oz.	16.92	0.0%
Coal	USD/ton	82.80	2.4%
Steel Scrap (LME)	USD/ton	279.00	6.6%
Steel Rebar (LME)	USD/ton	431.00	3.3%
USD/PKR	Interbank	155.47	0.0%

Source: Bloomberg/SBP

News Source: Local / Int'l Newspapers and websites

Research Team

research@abaalihabib.com

Aba Ali Habib Securities (Pvt) Limited

(021) 32429665, Ext. 106



20 new oil & gas exploration blocks

Oil & Ga | **Positive**

The Petroleum Division of Energy Ministry is planning to hold open bidding for 20 more new oil and gas exploration blocks by the year-end, aimed at making the country self-sufficient in energy. (BR) | [Click for more info.](#)

Power

Pace of circular debt accumulation reduces: Omar

Power | **Positive**

The government is working hard on ending the power sector circular debt which is currently standing at Rs850 billion and the pace of its accumulation has sizably reduced to only Rs10 to 11 billion a month from previous Rs39 billion/month. By December 2020, the country would have zero circular debt. (The News) | [Click for more info.](#)

Tariff sought for hydropower project

Power | **Neutral**

Sapphire Hydro Limited has approached National Electric Power Regulatory Authority (NEPRA) seeking feasibility stage for its 150MW hydropower plant, Sharmai hydropower project, being setup in Khyber Pakhtunkhwa at an estimated cost of \$400.7 million. NEPRA would conduct a hearing in this regard on December 18, 2019. The company has sought a 50-year levelised tariff of US cents 8.1015/kWh. (The News) | [Click for more info.](#)

Autos

S. Korean firm optimistic about auto sector

LUCK | **Neutral**

Officials of a South Korean car maker expect the present gloom in the automotive market to lift by start of the next financial year. Speaking on the sidelines of the launch of its first 2.6cc light commercial vehicle on Monday, Hyundai-Nishat Motors General Manager (sales and marketing) Ibad Jamal said the car sales had dropped by 24 per cent in the first 10 months of 2019. (Dawn) | [Click for more info.](#)

Auto giant to introduce locally manufactured 4th generation hybrid vehicle in Pakistan

PSMC | **Positive**

The 4th generation of the Suzuki Swift was introduced in December 2016 meaning that it will mark the 3rd year of production this month. According to reports, the company is looking to unveil a facelift for the Swift in a bid to liven up the current generation which will see a few more years in production before being discontinued in favor of a new generation. It is believed that the company will showcase the new facelift early next year and will be rolled out for the Swift Sport followed by the other variants. (Times of Islamabad) | [Click for more info.](#)

Miscellaneous

Agritech Limited shuts down the production of Urea plant due to shortage of gas

AGL | **Negative**

Agritech Limited (AGL) via notification to PSX, has informed that the production of Urea plant of the company has been temporarily closed due to gas curtailment. (Mettis) | [Click for more info.](#)

Simplify tax refund system, directs PM

Textile | **Neutral**

Prime Minister Imran Khan on Monday directed the Federal Board of Revenue (FBR) to simplify its system for payment of refunds so that exporters, especially small and medium-sized ones, do not face any difficulty in recovering dues. (Dawn) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
PAK (KSE-100)	40,124.2	836.57	2.13%
PHILP - PSEi	7,877.2	138.23	1.79%
INDONESIA - IDX	6,130.1	118.23	1.97%
HK - Hang Seng	26,444.7	98.23	0.37%
Taiwan - TWII	11,502.8	13.26	0.12%
INDIA - SENSEX	40,802.2	8.36	0.02%
CHINA - Shanghai	2,875.8	3.83	0.13%
US - S&P 500	3,113.9	-27.11	-0.86%
KSA - Tadawul	7,833.4	-68.55	-0.87%
US - Dow 30	27,783.0	-268.37	-0.96%

Source: Bloomberg

Board Meetings

Scrip	Day	Agenda	Time
GAMON	Wednesday	Annual A/C - 30JUN19	11:00 AM
SASML	Thursday	Annual A/C - 30SEP19	3:00 PM
CWSM	Thursday	Annual A/C - 30JUN19	4:00 PM

Source: PSX Announcement



Egyptian tycoon eyes big investment in Pakistan

Economy | Positive

Egyptian businessman and billionaire Naguib Sawiris addressed a press conference on Monday after a long meeting with the prime minister about making investments in Pakistan. (PT) | [Click for more info.](#)

Dawlance partners with Meezan Bank

Electronics | Neutral

Dawlance has now entered a partnership with Meezan Bank for providing an innovative Cash-Management solution to secure Dawlance's sales transactions. Meezan Bank will deploy an end-to-end, tailor-made Collections Solution to facilitate the largest Dealer network of Dawlance. (Nation) | [Click for more info.](#)

Political News

MPs' body on appointment of ECP members meets today

The constitutional and legal experts have proposed the formula to end the deadlock between the government and opposition to save the Election Commission of Pakistan from becoming dysfunctional. (The News) | [Click for more info.](#)

International News

Stocks Drop, Yen Holds Gain as Tariff Man Returns: Markets Wrap

Asian stocks slumped Tuesday after a sell-off on Wall Street triggered by fresh tariffs announced by President Donald Trump, renewing concerns about global trade tensions. (Bloomberg) | [Click for more info.](#)

Oil rises for a second day as Saudi Arabia pushes supply cut

Oil prices rose for a second day on Tuesday as Saudi Arabia, the de facto OPEC leader and the world's biggest oil exporter, is pushing producers to deepen a supply cut agreement when suppliers meet this week, potentially lowering supply in 2020. (Reuters) | [Click for more info.](#)

⋮



Disclaimer

This report has been prepared by Aba Ali Habib Securities and is provided for information purposes only. Under no circumstances this is to be used or considered as an offer to sell or solicitation of any offer to buy. While reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time, Aba Ali Habib Securities and/or any of its officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. This report is provided only for the information of professional advisers who are expected to make their own investment decisions without undue reliance on this report. Investments in capital markets are subject to market risk and Aba Ali Habib Securities accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents.

In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors, who should seek further professional advice or rely upon their own judgment and acumen before making any investment. The views expressed in this report are those of Aba Ali Habib Securities' Research Department and do not necessarily reflect those of the company or its directors. Aba Ali Habib as a firm may have business relationships, including investment- banking relationships, with the companies referred to in this report. Aba Ali Habib Securities or any of its officers, directors, principals, employees, associates, close relatives may act as a market maker in the securities of the subject company, may have a financial interest in the securities of the subject company to an amount exceeding 1% of the value of the securities of the subject company, may serve or may have served in the past as a director or officer of the subject company, may have received compensation from the subject company for corporate advisory services, brokerage services or underwriting services or may expect to receive or intend to seek compensation from the subject company for the aforesaid services, may have managed or co-managed a public offering, take-over, buyback, delisting offer of securities or various other functions for the subject company.

All rights reserved by Aba Ali Habib Securities. This report or any portion hereof may not be reproduced, distributed or published by any person for any purpose whatsoever. Nor can it be sent to a third party without prior consent of Aba Ali Habib Securities. Action could be taken for unauthorized reproduction, distribution or publication.

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.

Analyst Certification ^{AC}

The research Analyst(s) hereby certify that the views about the company/companies and the security/securities discussed in this report accurately reflect his or her or their personal views and that s/he has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendation or views in this report. The analyst(s) is/are principally responsible for preparation of this research report and that s/he or his/her close relative/family member doesn't own 1% or more of a class of common equity securities of the following company/companies covered in this report.

THE TEAM

CEO

Zahid Ali Habib
Zahid@abaalihabib.com
(021) 32425022

RESEARCH TEAM

Contact: (021) 32429665, Ext. 106

Mohammad Zubair - Research Analyst
zubair@abaalihabib.com

Ayesha Abid – Research Analyst
ayesha.abid@abaalihabib.com

SALES TEAM

Zaheer Ahmed - Head of Equity Sales & Business Dev.
Zaheer.ahmed@abaalihabib.com
(021) 32418693-94

Syed Khalid Ahmed - Equity Trader
Syedkhalid@abaalihabib.com
(021) 32429664

Muhammad Faisal - Equity Trader
faisal@abaalihabib.com
(021) 32464835

Office (PSX Building)

Room # 419, 419 A & 421, 4th Floor, Pakistan Stock Exchange, I.I. Chundrigarh Road, Karachi
Contact: 021-32429665
Cell: [+92 3312766771](tel:+923312766771)



https://twitter.com/Aba_Ali_Habib



<https://www.facebook.com/aah162>



<https://www.linkedin.com/company/aba-ali-habib-securities/>