



November
4, 2019

Economy News

US sees gaps in Pakistan's fight against terror funding

Economy | Neutral

Pakistan implements international standards to combat money laundering and terror financing and has also criminalised such acts, "but implementation remains uneven", claims the US State Department's report on terrorism. (Dawn) | [Click for more info.](#)

External debt sustainability; Indicators show Deterioration

Economy | Negative

Pakistan's external debt sustainability indicators are showing deterioration in debt bearing capacity due to higher external debt and liabilities to GDP ratio. According to State Bank of Pakistan (SBP), the most common measure used to assess debt-bearing capacity is the external debt and liabilities to GDP ratio, which is gradually increasing. (BR) | [Click for more info.](#)

Fitch lauds improvements in business climate

Economy | Positive

Pakistan is one of the 10 economies where the business climate has improved the most over the past year, said Fitch Ratings in a report issued on Friday. The rating agency also acknowledged the policy measures taken by government to narrow the current account deficit and lowering the trajectory of gross external financing needs. (Dawn) | [Click for more info.](#)

IMF hails Pakistan for primary budget surplus

Economy | Positive

Pakistani authorities managed to keep budget deficit at 0.9 percent of GDP, or around Rs400 billion, during the first quarter of the current fiscal – an achievement that was hailed by the IMF, but the country was advised to ensure full use of the budget to achieve the development goals, sources said on Friday. (The News) | [Click for more info.](#)

IMF for uniform tax rates, single administration

Economy | Neutral

The International Monetary Fund (IMF) has asked the federal government and provinces for uniform tax rates and a single tax administration, instead of two or three tax authorities in every province, under harmonization of tax system between the center and provinces. (BR) | [Click for more info.](#)

Pak exports up by 6pc, imports down by 17pc in October 2019

Economy | Positive

Pakistan's exports during October 2019 increased by six percent while imports down by 17 percent over same month of last year, which is signaling further improvement in the country's Current Account Deficit (CAD) position. (The News) | [Click for more info.](#)

Core inflation outpaces CPI

Economy | Neutral

According to the latest report uploaded by the International Monetary Fund titled "Regional Economic Outlook: Middle East, North Africa, Afghanistan and Pakistan," core inflation in Pakistan was lower than Consumer Price Index for the period 2000-15 by 1.6 percentage points (6.9 percent against 8.5 percent). The situation reversed during successive years when core inflation was higher than CPI. (BR) | [Click for more info.](#)

Pakistan receives \$2b in foreign loans in first quarter

Economy | Neutral

The Pakistan Tehreek-e-Insaf (PTI) government has secured nearly \$2 billion in foreign loans in first quarter of the current fiscal year, which is double the amount received in the previous year, but is still lower than estimates. (ET) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	24,698.8	24,729.7	30.9	0.1%
KSE100	34,203.7	34,377.6	173.9	0.5%
KSE30	15,937.7	16,044.7	107.0	0.7%
KMI30	55,842.2	56,081.1	239.0	0.4%

Top Five Gainers

	Open	Close	Chg.	%
NESTLE	6,400.0	6,449.0	49.0	0.8%
MARI	1,088.9	1,127.2	38.3	3.5%
COLG	1,887.6	1,925.5	37.9	2.0%
LUCK	351.6	362.7	11.1	3.1%
KHTC	208.9	219.3	10.4	5.0%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
FCCL	15.5	15.7	0.2	12.86
MLCF	16.2	17.2	0.9	10.79
STPL	11.5	11.7	0.2	9.05
BOP	10.0	10.1	0.1	7.77
KEL	3.7	3.8	0.1	6.48

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	-0.01	0.00
F-Corporates	2.24	-2.18	0.06
O/S Pakistanies	1.49	-1.74	-0.25
Net	3.73	-3.93	-0.19
LIPI			
Individuals	36.19	-37.71	-1.51
Companies	2.89	-1.38	1.52
Comm. Banks	1.55	-1.38	0.17
NBFC	0.08	-0.02	0.06
Mutual Funds	5.14	-2.01	3.14
Other	0.48	-0.66	-0.17
Brokers Proprietary	10.24	-11.17	-0.93
Insurance	1.19	-3.26	-2.07
Net	57.77	-57.57	0.19

Source: NCCPL

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	55.98	-0.4%
Brent oil	USD/bbl.	61.38	-0.5%
Gold	USD/t oz.	1512.84	-0.1%
Silver	USD/t oz.	18.12	-1.0%
Coal	USD/ton	66.85	0.0%
Steel Scrap (LME)	USD/ton	263.00	9.9%
Steel Rebar (LME)	USD/ton	416.00	2.7%
USD/PKR	Interbank	155.88	0.0%

Source: Bloomberg/SBP

News Source: Local / Int'l Newspapers and websites

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Oil & Gas

End to gas deal for RLNG power plants: PSO scuttles Power Division's move PSO, Gas | Neutral

Pakistan State Oil (PSO) has scuttled the move of Power Division seeking end to utilisation by RLNG power plants minimum 66 percent supply of imported gas on annual basis guaranteed in the deal saying it is simply not acceptable as it will lead to huge financial losses to the national exchequer and public sector companies involved in LNG supply chain. (The News) | [Click for more info.](#)

Russia to revise implementation structure of \$2 billion NSGP project Gas | Neutral

The Russian government with Pakistan's consent will revise the implementation structure of the North-South Gas Pipeline (NSGP) project, as OAO TMK and its ultimate beneficiary owner (UBO) Dmitry Pumpyansky was on the US sanction watch list. (The News) | [Click for more info.](#)

Power

New commercial connections; Discos endorse FBR decision to disallow unregistered applicants IPPs | Neutral

Power distribution companies have endorsed the decision of the Federal Board of Revenue (FBR) that any application for commercial and industrial connection of electricity shall not be entertained unless the applicant is registered under Section 181 of the Income Tax Ordinance 2001. (BR) | [Click for more info.](#)

Islamabad to propose new projects for inclusion in CPEC

Power | Positive

Pakistan decided on Friday to pitch billions of dollars worth of new projects for inclusion in the China-Pakistan Economic Corridor (CPEC) but no major financing and framework agreements were expected to be signed next week. (ET) | [Click for more info.](#)

Cement

Cement sales hit historic high in Oct

Cement | Positive

The cement sector posted a year-on-year increase of 9.19% in sales in October 2019 as dispatches stood at 4.98 million tons, a historic high for a month, compared to 4.56 million tons in October 2018. The sector had registered an increase in cement sales in September 2019 as well following negative growth in the first two months (July-August) of the current fiscal year 2019-20. (ET) | [Click for more info.](#)

Banks

SBP unveils strategy for digital payments

Banks, Economy | Neutral

State Bank of Pakistan Governor Reza Baqir launched the National Payment Systems Strategy (NPSS) on Friday. The event was attended by key stakeholders including regulators, government entities, banks, telcos, Electronic Money Institutions, Payment System Operators/Providers (PSO/PSPs) and other fintechs. Baqir announced the issuing of the rules for digital onboarding of merchant, which will help increasing the touch points for digital payments in Pakistan. He also shared that SBP is developing a faster payment system that will simplify the requesting, receiving and sending of payments in the country. (Dawn) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
US - Dow 30	27,347.4	301.13	1.11%
HK - Hang Seng	27,100.8	194.04	0.72%
PAK (KSE-100)	34,377.6	173.93	0.51%
Taiwan - TWII	11,399.5	40.82	0.36%
INDIA - SENSEX	40,165.0	35.98	0.09%
US - S&P 500	3,066.9	29.35	0.97%
CHINA - Shanghai	2,958.2	29.14	1.00%
INDONESIA - IDX	6,207.2	-21.13	-0.34%
PHILP - PSEi	7,977.1	-42.94	-0.54%
KSA - Tadawul	7,744.1	-48.68	-0.62%

Source: Bloomberg

Board Meetings

Scrip	Day	Agenda	Time
FRCL	MONDAY	ANNUAL A/C - 30JUN19	9:15 AM
RUBY	MONDAY	ANNUAL A/C - 30JUN19	3:00 PM
DNCC	TUESDAY	ANNUAL A/C - 30JUN19	3:30 PM
YOUW	TUESDAY	ANNUAL A/C - 30JUN19	3:30 PM
KOSM	TUESDAY	ANNUAL A/C - 30JUN19	4:00 PM
NCML	WEDNESDAY	ANNUAL A/C - 30JUN19	10:00 AM
DBCI	WEDNESDAY	ANNUAL A/C - 30JUN19	11:00 AM
DBSL	WEDNESDAY	ANNUAL A/C - 30JUN19	11:30 AM
DSIL	WEDNESDAY	ANNUAL A/C - 30JUN19	2:00 PM
TSML	THURSDAY	1QA/C - 30Sep19	3:00 PM

Source: PSX Announcement



Miscellaneous

Pakarab Fertilizer allowed to build gas pipeline

FATIMA | Positive

Oil and Gas Regulatory Authority (OGRA) has granted Licence to Pakarab Fertilizer Limited for laying gas pipeline for the transmission of gas from Mari gas field to the fertilizer plant. Restart of operation at Pakarab Fertilizer Limited will add approximately half a million MT of Urea equivalent fertilizers. (The Nation) | [Click for more info.](#)

Ghee/cooking oil prices; Consumers likely to get 'relief'

Vanaspati | Positive

The government and ghee manufacturers are near a deal for extending "relief" of up to Rs 30 per kg on premium brands of ghee/cooking oil to the inflation-hit consumers across Pakistan. The negotiations have divided ghee in three tiers i.e. normal brands, popular brands and premium brands. New notified retail price of economy brands will be fixed at Rs 165 per kg, popular brands at Rs 175 per cent and premium brands like Dalda, Habib and Soya Supreme etc at Rs 185 per kg. (BR) | [Click for more info.](#)

Steel producers offer discount as demand falls

Steel | Negative

Owing to declining demand coupled with a slowdown in the international market, steel producers in Pakistan are offering a discount of Rs5,000 per ton on the sale of flat steel. (ET) | [Click for more info.](#)

Avanceon awarded multimillionaire dollar contract for port operations in GCC

AVN | Positive

Avanceon has been awarded a multimillionaire dollar contract for the "provision of state-of-the-art of Command and Control Centre for one of the largest government authorities in Port Site Works in Gulf Cooperation Council (GCC). (PT) | [Click for more info.](#)

Participation in tender; Rice exporters urge govt to take up matter with Qataris

MATCO | Positive

Rice exporters have urged the federal government to negotiate with Qatari authorities to ensure Pakistan's participation in the international rice tender, issued for import of 48,000 tons of rice. The federal government should take up rice origin issue with Qatari authorities so that Pakistan could participate in the international rice tender and earn foreign exchange for the country, they added. (BR) | [Click for more info.](#)

Footwear exports surge 26pc in 1QFY20

BATA, SRVI | Positive

Footwear exports from the country witnessed an increase of 26.3pc during the first quarter of the current financial year (1QFY20), as compared to the corresponding period of last year. (PT) | [Click for more info.](#)

FBR pursues bank accountholders holding government securities

Economy | Neutral

The Federal Board of Revenue (FBR) has directed banks to provide details of their account holders with 'huge' investments in government securities in a bid to net tax evaders. (The News) | [Click for more info.](#)

Political News

Joint opposition to decide future course of action

JUI-F chief Fazlur Rehman on Sunday said they would decide their future action plan in consultation with the opposition parties and made it clear that the march would not be called off unless there was progress on their demands. (The News) | [Click for more info.](#)



International News

Stocks Rise With Aussie Yields on Trade Optimism: Markets Wrap

Stocks edged higher in Asia and American equity futures advanced amid optimism China and the U.S. are moving closer to an interim trade deal. Australian bond yields climbed. (Bloomberg) | [Click for more info.](#)

Oil edges down; eyes on data amid trade deal hopes

Oil prices eased on Monday as traders remained cautious ahead of fresh European and U.S. economic data, despite hopes for some resolution to the U.S.-China trade row that has hurt global economic growth and crimped energy demand. (Reuters) | [Click for more info.](#)

Saudi Aramco kick-starts what could be world's biggest IPO, offers scant details

Saudi Arabia's giant state oil company finally kick-started its initial public offering (IPO) on Sunday, announcing its intention to float on the domestic bourse in what could be the world's biggest listing as the kingdom seeks to diversify its economy away from oil. (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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