



February  
4, 2019

## Economy News

### China comes to Pakistan's rescue with \$2.5b loan

**Economy | Positive**

China has agreed to provide \$2.5 billion in loans to Pakistan to boost official foreign exchange reserves that are not sufficient to provide cover to even two months of imports despite receiving \$4 billion loans from two Middle Eastern countries. | [Click for more info.](#)

### Govt. seeks \$400m loan from World Bank

**Economy | Positive**

The Pakistan Tehreek-e-Insaf (PTI) government is seeking \$400 million or Rs56 billion loan from the World Bank (WB) for a risky venture of fixing the country's ailing tax system amid apprehensions that foreign-funded reforms package in the past had not yielded desired results. | [Click for more info.](#)

### Government plans more bonds, borrowing

**Economy | Neutral**

Expecting rollover of billions of dollars from the friendly countries, including Saudi Arabia, China and the UAE, after maturity period of one to three years, the government has firmed up plans to launch Sukuk and Eurobonds in the international market as well as further expanding reliance on commercial borrowings in dollars to bridge the financing gap on the external front. | [Click for more info.](#)

### Pakistan recorded non-resident equity flows of +\$14 million in January: IIF

**Economy | Positive**

Preliminary data available from the International Institute of Finance (IIF) reveals Pakistan had positive non-resident equity flows of around \$14 million for January as per their daily tracker. | [Click for more info.](#)

### Inflation hits highest in four and a half years

**Economy | Negative**

The inflation reading spiked 7.2% in January, hitting the highest level in nearly four and a half years in the wake of increase in prices of utilities, medicines and an expansionary fiscal policy, reported the Pakistan Bureau of Statistics (PBS) on Friday. | [Click for more info.](#)

### Filers who availed amnesty scheme: FBR suspends notices about source of investment

**Economy | Neutral**

The Federal Board of Revenue (FBR) has suspended all notices issued to inquire source of investment from filers who availed amnesty scheme; it is learnt. According to sources, field formations across the country have started issuing notices to filers, asking the source of investment declared in the amnesty scheme. | [Click for more info.](#)

### Sharp decline in investor confidence

**Economy | Neutral**

Overseas investors' confidence has seen a sharp decline in July-Dec 2018 due to change in economic landscape with pressures on the balance of payments front, depreciating rupee, rising interest rates and subsequent inflationary pressures dampening investor sentiment. | [Click for more info.](#)

### SECP policy board seeks ways to protect stock investors

**Economy | Neutral**

The Securities and Exchange Policy Board of the Securities and Exchange Commission of Pakistan (SECP), following recommendations of its regulation committee, has referred proposed amendments to different laws to the Ministry of Finance for approval. | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	29,663.4	29,826.0	162.6	0.5%
KSE100	40,799.5	41,112.7	313.2	0.8%
KSE30	19,578.0	19,737.8	159.8	0.8%
KMI30	68,267.2	68,600.1	332.9	0.5%

### Top Five Gainers

	Open	Close	Chg.	%
PSMC	298.7	313.6	14.9	5.0%
MUREB	801.5	815.4	13.9	1.7%
MFFL	250.1	262.6	12.5	5.0%
MTL	885.2	897.7	12.4	1.4%
SCL	258.0	270.3	12.3	4.8%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
BOP	13.3	13.6	0.3	33.38
DSL	6.2	6.8	0.5	17.39
PAEL	27.7	27.8	0.1	12.49
PASL	1.1	1.4	0.3	8.92
PIBTL	12.6	12.6	-0.1	8.70

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Ind.	0.01	0.00	0.01
F-Corp.	6.52	-3.15	3.37
O/S Pak	2.20	-2.10	0.10
Net	8.73	-5.25	3.47
<b>LIPI</b>			
Indv.	51.91	-49.94	1.97
Cos.	2.67	-4.80	-2.13
Banks	0.82	-1.79	-0.98
NBFC	0.32	-0.01	0.31
M-Funds	2.39	-4.51	-2.12
Other	0.57	-0.70	-0.12
Broker	14.77	-13.21	1.56
Insur.	0.95	-2.91	-1.96
<b>Net</b>	<b>74.40</b>	<b>-77.88</b>	<b>-3.47</b>

Source: NCCPL

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	55.37	0.2%
Brent oil	USD/bbl.	62.88	0.2%
Gold	USD/t oz.	1315.64	-0.2%
Silver	USD/t oz.	15.88	-0.2%
Coal	USD/ton	87.75	-2.0%
Steel Scrap (LME)	USD/ton	330.00	14.1%
Steel Rebar (LME)	USD/ton	480.00	7.7%
USD/PKR	Interbank	138.40	0.0%

Source: Bloomberg/SBP

**News Source:** Local / Int'l Newspapers and websites

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MORNING BRIEFING

## Govt. likely to miss fiscal deficit target, says minister

**Economy | Negative**

State Minister for Revenue Hammad Azhar on Saturday admitted that the government was facing serious fiscal challenges in spite of several corrective measures taken in the last six months, saying he could not say if the revised fiscal deficit target of 5.1 per cent of GDP would be met. | [Click for more info.](#)

## External debt, liabilities rise to \$96.17 billion by September-end

**Economy | Negative**

Pakistan's total external debt and liabilities increased to US \$ 96.1735 billion by the end of September 2018 with \$65 billion long-term and over \$31 billion short-term debt. | [Click for more info.](#)

## Oil & Gas

**Oil sales plunge 30pc**

**OMCs | Negative**

The country's overall oil sales plunged by 30 per cent in 7MFY19 owing to 62pc fall in furnace oil (FO), 22pc in high speed diesel (HSD) and 2pc in petrol. First month of the New Year also began on a negative note with overall sales fall of 16pc versus January 2018. | [Click for more info.](#)

## Up to December 2018 figures: GIDC dues against eight sectors stand at Rs.269 billion

**Gas | Negative**

Gas Infrastructure Development Cess (GIDC) pending outstanding against the eight sectors stood at Rs.147 billion up to 2015 as total accrual against them was Rs.287.6 billion while the total amount collected and deposited was Rs.140.3 billion. | [Click for more info.](#)

## PM Khan orders inquiry into increase in gas prices for domestic consumers

**SSGC SNGP | Negative**

Prime Minister Imran Khan on Sunday took notice of increased gas prices for domestic consumers and ordered the minister for petroleum to conduct an inquiry into the matter. "Putting an additional burden on consumers in the form of increased gas bills is unacceptable as it is directly hitting the consumers," the prime minister said, passing the order. (Dawn) | [Click for more info.](#)

## Rs48bn annual gas theft perturbs premier

**Gas | Negative**

The increasing gas theft amounting to Rs48 billion per annum has virtually not only perturbed Prime Minister Imran Khan but also compelled him to ask both gas utilities--Sui Northern and Sui Southern to come up with the plan to curtail the UFG (unaccounted for gas) in the system. | [Click for more info.](#)

## Power

**Neelum-Jhelum Project starts power generation: WAPDA**

**Power | Positive**

A detailed inspection of Neelum-Jhelum power project has been concluded and the powerhouse has started generation of electricity as per schedule, a spokesman of the Water and Power Development Authority (WAPDA) said on Saturday. | [Click for more info.](#)

**New IPP policy being drafted to invite competition, says PM aide**

**IPPs | Neutral**

While criticising the independent power producers (IPP) policy of 1994, Adviser to Prime Minister on Institutional Reforms and Austerity Dr Ishrat Husain has revealed that a new IPP policy is in the pipeline. | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
PAK (KSE-100)	41,112.7	313.19	0.8%
INDIA - SENSEX	36,469.4	212.74	0.6%
HK - Hang Seng	27,930.7	-11.73	0.0%
CHINA - Shanghai	2,618.2	33.66	1.3%
Taiwan - TWII	9,932.3	12.12	0.3%
INDONESIA - IDX	6,538.6	5.67	0.1%
PHILP - PSEI	8,144.2	136.68	1.7%
KSA - Tadawul	8,555.8	-4.12	-0.1%
US - Dow 30	25,063.9	64.22	0.3%
US - S&P 500	2,706.5	2.43	0.1%

Source: Investing.com

### Board Meetings

Scrip	Day	Agenda	Time
MFFL	MONDAY	Ann. A/c - Sep. 30 - MY'18	10:30 AM
THCCL	MONDAY	HY A/c - Dec. 31, FY'19	3:30 PM
JGICL	TUESDAY	Ann A/c - Dec-31 - CY'18	10:00 AM
GADT	WEDNESDAY	HY A/c - Dec. 31, FY'19	12:00 PM
AWWAL	THURSDAY	HY A/c - Dec. 31, FY'19	10:30 AM
MWMP	THURSDAY	Ann A/c - Jun-30 - FY'18	10:30 AM
EFOODS	THURSDAY	Ann A/c - Dec-31 - CY'18	03:00 PM
DWAE	THURSDAY	A/c's From 2013 to 2017	3:30 PM
HTL	THURSDAY	HY A/c - Dec. 31, FY'19	4:00 PM
EFERT	FRIDAY	Ann A/c - Dec-31 - CY'18	9:30 AM
JLICL	FRIDAY	Ann A/c - Dec-31 - CY'18	10:00 AM
EFUL	FRIDAY	Ann A/c - Dec-31 - CY'18	11:00 AM
EFUG	SATURDAY	Ann A/c - Dec-31 - CY'18	10:30 AM

Source: PSX Announcement



## CPPCL to review tariff for 300MW Gwadar coal plant

Power | **Neutral**

CIHC Pak Power Company Limited (CPPCL), developer of 300MW coal-fired power plant in Gwadar, has rejected the engineering, procurement, construction (EPC) stage tariff of Rs6.69/kWh determined by the regulator and urged for review to reconsider the tariff, a document said. | [Click for more info.](#)

## Fertilizer

Price of Urea bag likely to be reduced by Rs200

Fertilizer | **Negative**

As the federal cabinet has reduced 50pc Gas Infrastructure Development Cess (GIDC) for eight sectors, including the fertilizer industry, the prices of Urea, diammonium phosphate (DAP), nitrogen-phosphoric (NP) and calcium ammonium nitrate (CAN) would be decreased to Rs1,540, Rs3,508, Rs2,856 and Rs1,549 in the market against their current prices. | [Click for more info.](#)

## Tech. & Communication

Number of 3G, 4G users reaches 61.61 million mark

Telecom | **Positive**

The number of 3G and 4G users in Pakistan reached 61.61 million by end-December 2018, said Pakistan Telecommunication Authority (PTA). The number of mobile phone users in Pakistan reached 153.98 million by end-December compared to 152.74 million by end-November 2018, which registered an increase of 1.24 million during a month. | [Click for more info.](#)

## Banks

Private sector loans rise to Rs530.40 billion in July-January

Banks | **Positive**

Bank lending to the private sector surged to Rs530.40 billion in seven months of 2018/19 fiscal year compared to a year earlier, the central bank's data showed on Saturday, as companies borrowed to meet working capital needs amid higher input prices and currency depreciation. | [Click for more info.](#)

## Miscellaneous

Three ports: government plans to increase cargo handling by 47 percent

Economy | **Positive**

Setting the ambitious targets for the 12th Five-Year Plan (2018-23), the government is projecting to increase total cargo handling of three ports by 47 percent, railways share in passenger and freight transport from 3.32 percent to 6 percent and shifting of transportation of oil from roads to pipelines. (BR) <https://fp.brecorder.com/2019/02/20190204444588/>

Textile industry gets Rs29b relief in duties, taxes

Textile | **Positive**

The Pakistan Tehreek-e-Insaf (PTI) government has given another bailout package worth Rs29 billion to the textile tycoons by waiving taxes and duties on the import of cotton – a vital input in textile manufacturing. | [Click for more info.](#)

General Tyre plans to invest \$200 million in new plan

GTJR | **Positive**

General Tyre and Rubber Company of Pakistan Limited (GTR) has planned to invest around \$200 million to set up new plant in the face of challenges including smuggling, especially via Afghan Transit Trade (ATT), and mis-declaration of tyres' sizes by importers, an official said on Saturday. | [Click for more info.](#)



## PIA losing millions as half a dozen aircraft grounded

PIAA | **Negative**

Pakistan International Airlines (PIA) is losing millions of rupees as about half a dozen of its aircraft have been grounded. The national carrier's Boeing 777 AP-BHV has been grounded for the last one year as its engine needs repair. Initially, the airline could not afford the refurbishment of the aircraft, but later it was forgotten. | [Click for more info.](#)

## Construction major recipient of FDI

Cement | **Positive**

The country's construction sector emerged as the leading recipient of the foreign direct investment (FDI) during the first six months of current fiscal year with inflows concentrated in the China-Pakistan Economic Corridor (CPEC) related projects. | [Click for more info.](#)

## Government decides to formulate policy: Samsung, Huawei, Nokia want to start Manufacturing

Economy | **Positive**

The government has decided to formulate mobile phones manufacturing policy as three international cellular companies - M/s Samsung, M/s Huawei and M/s Nokia - want to start manufacturing in Pakistan due to lower wages compared to China. | [Click for more info.](#)

## Proposals to get powers back from provinces to collect GST, tax agri income

Economy | **Neutral**

The government has decided to establish a high-powered Tax Commission to get back powers from the provinces to collect the GST on services, tax the agri income and place a unified valuation rates for the real estate. (The News) | [Click for more info.](#)

## US-China trade war: Pakistan gets chance to boost exports of food products

Food | **Positive**

Pakistan, which is struggling to achieve a dramatic turnaround by reining in excessive imports and boosting sluggish exports to fix the faltering economy, is likely to partially achieve the goal in the wake of opportunities emerging due to the US-China trade war. | [Click for more info.](#)

## Political News

### Nawaz will fly out of country this month: PPP

Pakistan People's Party (PPP) leader Chaudhry Manzoor has claimed that former prime minister Nawaz Sharif has been given an NRO (National Reconciliation Ordinance) in the cases he is facing, a private TV channel reported on Saturday. | [Click for more info.](#)

## International News

### Stocks Edge Higher in Asia; Treasuries Pare Gains: Markets Wrap

Asian stocks pushed higher Friday, extending the rally in risk assets into February, though gains were modest following last month's stellar run. Treasuries gave back some of their recent advance. (Bloomberg) | [Click for more info.](#)

### Oil prices climb on OPEC cuts, hopes of U.S.-China trade deal

Oil prices rose on Friday, lifted by OPEC's supply cuts and hopes the United States and China could soon settle their trade disputes. (Reuters) | [Click for more info.](#)



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**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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