



November
5, 2019

Economy News

Policy talks begin with IMF

Economy | Neutral

Pakistan and the visiting staff mission of the International Monetary Fund (IMF) on Monday started policy level talks for disbursement of second tranche of about \$453 million early next month under the \$6 billion Extended Fund Facility (EFF) finalised in May this year. (Dawn) | [Click for more info.](#)

Pakistan, IMF agree on cutting FBR's tax collection target by Rs233 bn

Economy | Positive

Pakistan and the visiting IMF review mission have agreed on downward revision of FBR's tax collection target by slashing it by Rs233 billion to bring it at Rs5,270 billion against earlier envisaged target of Rs5,503 billion for 2019-20. (The News) | [Click for more info.](#)

FY20 Rs5.5trn target: revenue shortfall to grow to Rs600bn

Economy | Neutral

The growth in revenue collection of the Federal Board of Revenue (FBR) is unlikely to go beyond 26 percent given the current trend against 44 percent required to achieve Rs 5.5 trillion tax target for the current fiscal year. (BR) | [Click for more info.](#)

Oil & Gas

POL sales fall 7pc to 5.97mtn tns in July-Oct

Oil | Neutral

Sales of petroleum, oil and lubricant (POL) products fell seven percent to 5.97 million tons in the first four months of the current fiscal year of 2019/20 as double-digit decline in diesel and furnace oil consumption dented the oil offtake across the board. High-speed diesel (HSD) and furnace oil (FO) sales dropped 15 percent and 17 percent, respectively, while motor spirit (MS) sales increased four percent in 4MFY20 (July-October 2020), Oil Companies Advisory Committee's data showed. In 4MFY19, overall POL sales were recorded at 6.41 million tons. (The News) | [Click for more info.](#)

SSGC's Rs427mtn irregular meter procurement goes unnoticed

SSGC | Negative

Anomaly in procurement of gas meters by Sui Southern Gas Company (SSGC) from a French firm involving half a billion rupees has been kept on the hush-hush for over a year with the utility now looking for a new supplier after sticking to a single supplying source from France for almost three decades. (The News) | [Click for more info.](#)

Govt plans up-gradation of Pakistan Refinery with \$1 billion

PRL | Positive

The government is planning to upgrade Pakistan Refinery Limited (PRL) with an estimated cost of \$1 billion aims at achieving self-sufficiency in the refining sector and bringing down the oil import bill. (The Nation) | [Click for more info.](#)

Ministry to initiate bidding process for 35 new O&G exploration blocks

Oil E&P | Positive

Petroleum Division of the Energy Ministry is finalising arrangements to initiate a three-round bidding process for award of around 35 new oil and gas exploration blocks in December, which would be completed during next 12 months. (The Nation) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	24,729.7	25,191.8	462.1	1.9%
KSE100	34,377.6	35,277.5	899.8	2.6%
KSE30	16,044.7	16,532.1	487.4	3.0%
KMI30	56,081.1	57,560.1	1479.0	2.6%

Top Five Gainers

	Open	Close	Chg.	%
MARI	1,127.2	1,166.6	39.4	3.5%
SIEM	700.0	735.0	35.0	5.0%
INDU	935.3	964.5	29.2	3.1%
ICI	520.0	539.8	19.8	3.8%
LUCK	362.7	379.8	17.1	4.7%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
FCCL	15.7	16.0	0.3	11.18
HASCOL	32.7	33.1	0.4	9.40
BOP	10.1	10.3	0.2	8.78
UNITY	10.4	10.7	0.3	8.71
KEL	3.8	3.9	0.1	8.08

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.14	-0.25	-0.11
F-Corporates	5.12	-8.14	-3.01
O/S Pakistanies	1.83	-1.98	-0.15
Net	7.09	-10.36	-3.27
LIPI			
Individuals	43.30	-41.85	1.45
Companies	4.35	-1.72	2.62
Comm. Banks	2.17	-4.12	-1.94
NBFC	0.38	-0.01	0.37
Mutual Funds	5.70	-4.36	1.34
Other	1.47	-0.94	0.53
Brokers Proprietary	13.36	-13.25	0.12
Insurance	0.96	-2.18	-1.21
Net	71.71	-68.43	3.27

Source: NCCPL

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	56.38	-0.3%
Brent oil	USD/bbl.	61.99	-0.2%
Gold	USD/t oz.	1507.01	-0.2%
Silver	USD/t oz.	18.02	-0.2%
Coal	USD/ton	68.40	1.0%
Steel Scrap (LME)	USD/ton	263.50	0.2%
Steel Rebar (LME)	USD/ton	415.50	-0.1%
USD/PKR	Interbank	155.87	0.0%

Source: Bloomberg/SBP

News Source: Local / Int'l Newspapers and websites

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Power

KE's receivables balloon to Rs214bln

KEL | Negative

State-run entities owe Rs214 billion to K-Electric – the amount which is almost double what the privately-held power utility owes to others, the company said on Monday. KE management, during an annual general meeting, said circular debt remains a key concern and a severe drain on cash flows of the company. (The News) | [Click for more info.](#)

New energy projects under CPEC: Chinese currency to be used instead of dollar

Power | Positive

Pakistan has agreed with China for allowing utilisation of Chinese currency RMB for execution of all new projects of energy sector under multi-billion dollars China Pakistan Economic Corridor (CPEC). Instead of US dollar, use of RMB will be a major development if this agreement turns into reality. (The News) | [Click for more info.](#)

\$1.2b penalty in Karkey dispute waived, says PM Imran

Power, Economy | Positive

Imran Khan on Monday said his Pakistan Tehreek-e-Insaf (PTI) government has saved the country \$1.2 billion that Pakistan had to pay to Turkey's Karkey rental power plant as penalty. (ET) | [Click for more info.](#)

Fertilizer

NA body recommends rationalization of fertilizer prices

Fertilizer | Neutral

Recommending for immediate rationalization of fertilizer prices, Speaker National Assembly Asad Qaisar-led special committee on Monday observed that fertilizer manufacturers collect Rs 400 per bag of urea from the farmers on account of Gas Infrastructure Development Cess (GIDC) while the same amount is not passed on to the government. (BR) | [Click for more info.](#)

Banks

UBL concludes sale of its subsidiary in Tanzania

UBL | Neutral

United Bank Limited (UBL) Pakistan has concluded the sale of Assets and Liabilities of UBL Tanzania (UBLT) to Exim Bank Tanzania Limited. UBLT is a wholly owned subsidiary of UBL Pakistan. The notice further said that the banking license awarded by the Central Bank of Tanzania has been surrendered and orderly liquidation of UBLT is in process. (PT) | [Click for more info.](#)

Miscellaneous

ARY Communications, ARY Digital to acquire stake in World Call Telecom

WTL | Positive

ARY Communications and ARY Digital have announced their intention to acquire a 51 per cent stake and management control in World Call Telecom Limited (WTL), one of the leading telecom and multimedia service providers in Pakistan. (khaleejtimes) | [Click for more info.](#)

Textile exports increases 2.95pc, reached to \$470.584 million in 1QFY20

Textile | Positive

Textile exports from the country during first quarter of current financial year grew by 2.95% as compared the exports of the corresponding period of last year. During the period from July-September 2019, textile worth \$3,371,974 million was exported as compared to the exports of \$3,275,303 million of same period of last year. (BR) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
PAK (KSE-100)	35,277.5	899.85	2.62%
HK - Hang Seng	27,547.3	446.54	1.65%
Taiwan - TWII	11,556.9	157.32	1.38%
INDIA - SENSEX	40,302.0	136.93	0.34%
US - Dow 30	27,462.1	114.75	0.42%
PHILP - PSEI	8,059.7	82.53	1.03%
KSA - Tadawul	7,653.2	62.88	0.83%
CHINA - Shanghai	2,975.5	17.29	0.58%
US - S&P 500	3,078.3	11.36	0.37%
INDONESIA - IDX	6,180.3	-26.85	-0.43%

Source: Bloomberg

Board Meetings

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

Source: PSX Announcement



Steel sector profitability plummets 67%, but the outlook may still be optimistic

Steel | Neutral

Profits are down in Pakistan's steel sector by a sharp 67%, though that decline in productivity – caused in large part due to the costs the sector built up as a result of a massive expansion drive over the past five years – may be the precursor to a rebound in the sector as economic activity picks up in the country over the coming year. (PT) | [Click for more info.](#)

WTO's meeting; Razak seeks additional quota for rice, sugar with China

MATCO, Sugar | Neutral

Prime Minister's Advisor on Commerce, Textile, Industries and Production, Abdul Razak Dawood is in China to seek further cooperation in trade and investment including more quotas for rice and sugar. Previously, China granted special quota of \$1 billion for import of cotton yarn, rice and sugar. (BR) | [Click for more info.](#)

Major overhaul planned at FBR

Economy | Neutral

In a major shakeup, the government has decided to restructure the entire tax machinery and introduce centralised collection of general sales tax (GST) on services and goods. (Dawn) | [Click for more info.](#)

SECP amends 'Central Depositories (Licensing and Operations) Regulations 2016'

Capital Markets | Neutral

Securities and Exchange Commission of Pakistan (SECP) has allowed the central depository to have an arrangement with the securities exchange for outsourcing its compliance function relating to Trading Rights Entitlement (TRE) certificate holders. (BR) | [Click for more info.](#)

Political News

Govt, Rahbar Committee to hold another round of talks today

The government and the Rahbar Committee have decided to hold another round of talks on Tuesday (today) on Azadi March. (BR) | [Click for more info.](#)

Shehbaz Sharif calls important PML-N meeting today

PML-N President Shehbaz Sharif has called an important meeting of the party today in which the ongoing political situation of the country would be discussed and the post-Azadi March scenario will also be reviewed. (The News) | [Click for more info.](#)

International News

Asian Stocks Mixed, Bonds Slip With Trade in Focus: Markets Wrap

Asian stocks were mixed on Tuesday despite further records on Wall Street overnight, spurred by signs the U.S. and China are inching toward a trade deal. Treasuries extended declines. (Bloomberg) | [Click for more info.](#)

Oil edges lower amid doubts over OPEC cuts

Oil prices slipped on Tuesday amid doubts over whether OPEC and other countries will continue to restrain output, edging lower after two days of gains on U.S. economic data and hopes for a Washington-Beijing trade deal. (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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