



November  
6, 2019

## Economy News

### Govt-IMF talks to focus on 3 key areas

#### Economy | Neutral

The policy level discussion, which began on Tuesday between Pakistan and the visiting International Monetary Fund (IMF) Mission, would focus on revenue collection, circular debt and privatization process. (BR) | [Click for more info.](#)

### Despite paying back huge foreign loan worth \$10.6 billion in a year, Pakistan's economy starts to recover back: Report

#### Economy | Neutral

Despite paying back huge foreign loan worth \$10.6 billion in a year, Pakistan's economy starts to recover back, media report has revealed. Economic Affairs Minister Hammad Azhar has said the current account deficit declined by 64pc during the first quarter of the ongoing fiscal year (FY20), adding that the primary budget balance witnessed a surplus of Rs285 billion during the same period. (Times of Islamabad) | [Click for more info.](#)

### Doing business in Pakistan; Taxation causes general discontent

#### Economy | Negative

Due to the current regulatory environment, it is not easy for entrepreneurs to do business in Pakistan, but there is general discontent when it comes to taxation. This has been stated in a joint report of World Bank (WB) and invest2Innovate "Pakistan Startup Ecosystem Report 2019. (BR) | [Click for more info.](#)

### Pakistan decides to solve \$117m trade dispute with Russia

#### Economy | Positive

After restoring strategic relations with Russia, Pakistan is all set to solve its long-pending trade dispute worth \$117 million with Moscow, as it allowed Pakistani Ambassador to Russia to ink an inter-governmental agreement with Russia. (PT) | [Click for more info.](#)

### Jul-Sept period; Govt procures \$514.55m from foreign banks: EAD

#### Economy | Neutral

The government procured \$514.55 million from foreign commercial banks (around 25 percent) of total external loans of \$2.075 billion in the first three months (July-September) of 2019-20 and 50 percent more than the comparable period of last year (\$1.042 billion). (BR) | [Click for more info.](#)

### Current account deficit falls 64pc, FDI surges 137pc in first quarter

#### Economy | Positive

Economic Affairs Minister Hammad Azhar has said the current account deficit declined by 64pc during the first quarter of the ongoing fiscal year (FY20), adding that the primary budget balance witnessed a surplus of Rs285 billion during the same period. He said that the total foreign investment in Pakistan increased by a whopping 137pc during 1QFY20. "Pakistan has witnessed a positive foreign portfolio investment of \$350 million in this quarter, which is the first positive inflow after a gap of three years," he added. (PT) | [Click for more info.](#)

### Government reduces profit rates on National Saving Schemes

#### Economy | Neutral

According to a directive issued by the Central Directorate of National Savings (CDNS), profit rate on Defense Saving Certificate have been cut by 2.33% to 10.68%, rate on Pension Behood cut by 2.28% to 12.48%, Rate on Regular certificate cut by 2.04% to 10.92%, rate on Special saving certificate cut by 1.70% to 11% and rate on saving accounts cut by 2.05% to 8.20%. | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	25,191.8	25,282.0	90.2	0.4%
KSE100	35,277.5	35,358.3	80.8	0.2%
KSE30	16,532.1	16,526.6	-5.5	0.0%
KMI30	57,560.1	57,812.7	252.6	0.4%

### Top Five Gainers

	Open	Close	Chg.	%
COLG	1,927.8	1,998.0	70.3	3.6%
INDU	964.5	1,012.8	48.2	5.0%
SIEM	735.0	763.3	28.3	3.8%
SRVI	779.0	797.7	18.7	2.4%
ARPL	548.0	565.0	17.0	3.1%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	1.2	1.5	0.3	81.71
MLCF	18.2	19.1	0.9	15.28
LOTCEM	16.6	16.8	0.2	12.72
TRG	16.8	17.5	0.7	12.29
EPCL	29.6	30.4	0.9	8.42

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.01	-0.06	-0.05
F-Corporates	2.73	-4.01	-1.28
O/S Pakistanies	2.11	-2.30	-0.19
<b>Net</b>	4.86	-6.37	-1.51
<b>LIPI</b>			
Individuals	48.66	-46.84	1.82
Companies	2.87	-1.43	1.44
Comm. Banks	1.89	-3.06	-1.17
NBFC	0.05	-0.06	-0.01
Mutual Funds	5.56	-2.96	2.60
Other	0.77	-0.87	-0.10
Brokers Proprietary	14.59	-15.32	-0.74
Insurance	1.28	-3.61	-2.33
<b>Net</b>	75.66	-74.15	1.51

Source: NCCPL

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	56.96	-0.5%
Brent oil	USD/bbl.	62.63	-0.5%
Gold	USD/t oz.	1486.83	0.2%
Silver	USD/t oz.	17.58	0.0%
Coal	USD/ton	69.05	1.0%
Steel Scrap (LME)	USD/ton	265.00	0.6%
Steel Rebar (LME)	USD/ton	419.50	1.0%
USD/PKR	Interbank	155.82	0.0%

Source: Bloomberg/SBP

News Source: Local / Int'l Newspapers and websites

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## FBR chief softens stance on new revenue authority

**Economy | Positive**

Federal Board of Revenue (FBR) Chairman Shabbar Zaidi agreed on Tuesday to set up the Pakistan Revenue Authority only after taking input from all stakeholders after all top taxmen of the country cautioned him about adverse implications of putting the cart before the horse. | [Click for more info.](#)

## Power

### Construction of Diamer-Bhasha dam to begin shortly

**Power, Cement, Steel | Positive**

Evaluation of proposal for consultancy services and bids for award of civil works concerning the Diamer-Bhasha Dam are at an advanced stage. Following the award of consultancy services and civil works, construction of Diamer-Bhasha Dam is likely to begin within three to four months. | [Click for more info.](#)

### Nepra hikes power tariff by Rs1.8 per unit

**Power | Negative**

The National Electric Power Regulatory Authority (Nepra) on Tuesday allowed power distribution companies to hike power tariff by Rs1.826 per unit on account of monthly fuel adjustment. The decision came in the wake of companies using expensive furnace oil for power generation for the month of September. Following increase in electricity rates, the power distribution companies would recover Rs24 billion from the power consumers in the monthly bills of December. (ET) | [Click for more info.](#)

### Captive power plants: Sindh energy dept asked to resolve subsidy issue

**Power | Neutral**

Sindh High Court (SHC) on Tuesday ordered Sindh energy department to resolve the issue of subsidy to captive power plants in private sector in accordance with the law. The petitioner submitted in the court that provincial government passed the law to give subsidy to the captive power plants in 2017 and stated that it is their right to seek the subsidy for production of electricity at its power plant in the light of this law. Sindh Government submitted its reply in the court against the petition and told the court that it can't extend the subsidy to the cement company for its captive power plant. (BR) | [Click for more info.](#)

## Fertilizer

### GIDC, levy, collection & recovery rules, 2019 await cabinet's nod

**Fertilizer | Neutral**

The federal government has framed Gas Infrastructure Development Cess (GIDC), levy, collection and recovery rules, 2019, to be implemented, after the approval from the federal cabinet. Natural gas has dominant role in the country's primary energy mix having a contribution of about 48 per cent. The shortfall/gap is widening mainly due to depletion of existing resources and increase in demand through adding new consumers. (BR) | [Click for more info.](#)

## Autos

### Cabinet approves Electric Motor Vehicle Policy

**Autos | Neutral**

The federal cabinet on Tuesday approved the Electric Motor Vehicle Policy, as Prime Minister Imran Khan directed his economic team to formulate strategies that could ensure job creation and youth empowerment. (PT) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
PHILP - PSEI	8,216.7	157.03	1.95%
HK - Hang Seng	27,683.4	136.10	0.49%
KSA - Tadawul	7,782.3	129.07	1.69%
Taiwan - TWII	11,644.0	87.18	0.75%
INDONESIA - IDX	6,264.2	83.81	1.36%
PAK (KSE-100)	35,358.3	80.85	0.23%
US - Dow 30	27,492.6	30.52	0.11%
CHINA - Shanghai	2,991.6	16.07	0.54%
US - S&P 500	3,074.6	-3.65	-0.12%
INDIA - SENSEX	40,248.2	-53.73	-0.13%

Source: Bloomberg

### Board Meetings

Scrip	Day	Agenda	Time
NCML	WEDNESDAY	ANNUAL A/C - 30JUN19	3:30 PM
DBCI	WEDNESDAY	ANNUAL A/C - 30JUN19	3:30 PM
DBSL	WEDNESDAY	ANNUAL A/C - 30JUN19	4:00 PM
DSIL	WEDNESDAY	ANNUAL A/C - 30JUN19	10:00 AM
MSCL	THURSDAY	1Q A/C - 30SEP19	11:00 AM
TSML	THURSDAY	1Q A/C - 31DEC19	11:30 AM

Source: PSX Announcement



## Production plant of KIA completed with Rs20bn investment: COO

LUCK | **Positive**

Chief Operating Officer (COO) of KIA Lucky Motors, Muhammad Faisal has said that production plant of KIA was completed with an investment of 20 billion rupees in record duration of one and a half years. (BR) | [Click for more info.](#)

## Miscellaneous

### Export Finance Scheme; Rice exporters fear funds unavailability to badly affect exports

MATCO | **Neutral**

Rice exporters fear that unavailability of financing under Export Finance Scheme (EFS) and higher interest rates on loans from the commercial banks may lead to rendering them uncompetitive in the international market thus making a big dent on the exports which have shown growth in the first quarter of the current fiscal. (BR) | [Click for more info.](#)

### Rs100bn added to stuck-up sales tax refunds in 4 months

Textile | **Positive**

Stuck sales tax refunds have piled up to Rs100 billion since the government withdrew zero-rated tax regime four months back, creating adverse financial crisis for textile exporters, a trade body chief said on Tuesday. (The News) | [Click for more info.](#)

### Brokers seek law for restoring concept of 'security'

Capital Market | **Neutral**

PSX Stock Brokers Association has approached the Tax Reforms Implementation Committee and the Federal Board of Revenue (FBR) seeking introduction of a special legislation to restore the concept of the term "security" at the stock exchange, as the FBR's field formations' interpretation of a court judgment has serious implications on the corporate sector. (BR) | [Click for more info.](#)

## Political News

### PM Imran ready to accept all 'valid' demands sans resignation

Prime Minister Imran Khan said on Tuesday that he was prepared to accept all 'valid' demands put forth by opposition parties except the Jamaat-e-Ulema-Islami Fazl's (JUI-F) demand for the premier's resignation, said sources. (ET) | [Click for more info.](#)

## International News

### Oil slips on huge U.S. crude build; hopes for U.S.-China trade talks check losses

Oil prices dropped on Wednesday after industry data showed a larger-than-expected build-up in U.S. crude stockpiles, but expectations for an easing of trade tensions between the United State and China capped losses. (Reuters) | [Click for more info.](#)

### Asian markets tread water as investors await clues on trade

Asian shares were little changed on Wednesday as investors awaited new developments toward scaling back a bruising trade war between the United States and China. (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%

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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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