

October 9,  
2019

## Economy News

**APG report dissatisfied with steps on money laundering and terror financing**

**Economy | Negative**

In the last five years, five law enforcement agencies investigated 2,420 cases related to money laundering and only one accused under investigation of National Accountability Bureau (NAB) was convicted — Nawaz Sharif. Statistics tabulated by the Financial Action Task Force (FATF)-affiliated Asia-Pacific Group (APG) on Money Laundering in its report drafted on the basis of its visit to Pakistan in October 2018 offers a rare glimpse into the poor performance of the country's agencies assigned to deal with the money laundering and terror financing. (The News) | [Click for more info.](#)

**Pakistan yet to receive foreign aid worth \$21.6b**

**Economy | Positive**

A staggering \$21.6 billion worth of foreign economic assistance has remained undisbursed due to the long completion period of projects and also because of systemic inefficiencies that have put an extra burden on Pakistan in the shape of commitment charges on idle money. | [Click for more info.](#)

**Pakistan, China explore ways to boost trade**

**Economy | Positive**

Pakistan and China on Tuesday agreed that the implementation of the second phase of China-Pakistan Free Trade Agreement (FTA) would lead to more trade, economic and investment opportunities between the two countries. (ET) | [Click for more info.](#)

**SBP to sell government debt worth Rs4.25trln in three months**

**Economy | Neutral**

The State Bank of Pakistan is set to raise Rs4.25 trillion through Market Treasury Bills (MTBs) and Pakistan Investment Bonds (PIBs) in October-December 2019 to finance a gaping budget deficit, the central bank's auction calendar showed on Tuesday. The central bank would sell Rs3.80 trillion of three-, six- and 12-months debts through treasury bills. The SBP also plans to offer Rs300 billion worth of three-, five-, 10-, and 20-year fixed rate PIBs. (The news) | [Click for more info.](#)

**Govt accumulates record debt of Rs7.5tr in one year**

**Economy | Negative**

The Pakistan Tehreek-e-Insaaf (PTI) government, in its first year, has accumulated a record public debt of Rs7,509 billion. Sources said that the foreign debt incurred from August 2018 to August 2019 stood at Rs2.8 trillion, while the internally accumulated figure stood at Rs4.7 trillion. "Pakistan's total public debt increased by 1.43pc to Rs32.240 trillion in the first two months of the current fiscal year," they added. (PT) | [Click for more info.](#)

## Oil & Gas

**Azerbaijan keen on long-term LNG supply accord with Pakistan**

**Gas | Neutral**

Azerbaijan on Tuesday showed interest to sign a long-term LNG supply agreement with Pakistan to serve the market that sees double digit growth annually in the fuel import. (The News) | [Click for more info.](#)

## Power

**Saudi Arabia agrees to finance Jagran Hydropower Project**

**Power, Economy | Positive**

Pakistan has succeeded in convincing Saudi Arabia to provide a loan of 131.125 million Saudi riyal for the construction of Jagran-IV Hydropower Project. (ET) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	24,248.2	24,150.7	-97.5	-0.4%
KSE100	33,636.8	33,476.6	-160.2	-0.5%
KSE30	15,815.7	15,735.7	-80.0	-0.5%
KMI30	53,860.0	53,469.6	-390.3	-0.7%

### Top Five Gainers

	Open	Close	Chg.	%
COLG	1,727.0	1,813.4	86.3	5.0%
BATA	1,470.0	1,543.5	73.5	5.0%
WYETH	650.4	682.7	32.3	5.0%
INDU	1,000.2	1,025.8	25.7	2.6%
MARI	992.0	1,012.5	20.5	2.1%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
UNITY	10.2	10.5	0.3	21.57
TRG	15.7	15.3	-0.4	15.63
PAEL	18.8	19.1	0.3	13.31
BOP	9.8	9.6	-0.3	9.04
PIBTL	8.9	8.8	-0.2	8.71

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.02	0.00	0.02
F-Corporates	5.97	-4.59	1.37
O/S Pakistanies	2.26	-1.81	0.45
<b>Net</b>	8.25	-6.41	1.84
<b>LIPI</b>			
Individuals	54.92	-53.81	1.11
Companies	2.93	-2.84	0.09
Comm. Banks	2.29	-1.48	0.81
NBFC	0.01	-0.37	-0.36
Mutual Funds	2.63	-4.12	-1.50
Other	0.59	-0.94	-0.35
Brokers Proprietary	17.92	-18.72	-0.80
Insurance	0.49	-1.34	-0.85
<b>Net</b>	81.77	-83.62	-1.84

Source: NCCPL

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	52.45	-0.3%
Brent oil	USD/bbl.	58.07	-0.3%
Gold	USD/t oz.	1505.36	0.0%
Silver	USD/t oz.	17.75	0.1%
Coal	USD/ton	66.70	1.7%
Steel Scrap (LME)	USD/ton	235.00	-1.3%
Steel Rebar (LME)	USD/ton	407.00	-1.0%
USD/PKR	Interbank	156.59	0.0%

Source: Bloomberg/SBP

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

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## Govt to launch new low-cost electricity scheme in Nov

**Power | Positive**

The government is working on a scheme aimed at providing electricity to power consumers in winter at flat rates that will reduce their electricity bills to a large extent. This scheme would be finalised this month and would be launched in November. (The News) | [Click for more info.](#)

## Chinese Gezhouba Group interested in huge investment in Pakistan energy sector

**Power | Neutral**

Chairman China Gezhouba Group Lyu Zexiang called on Prime Minister in Beijing today and discussed cooperation in the energy sector. The Chinese Group showed keen interest in exploring new business avenues in Pakistan especially in the energy sector. (Daily Times) | [Click for more info.](#)

## Power sector's active circular debt hits Rs860b

**Power, Economy | Negative**

The Senate Standing Committee on Power was informed on Tuesday that the energy sector's active circular debt had surged to Rs860 billion and efforts were being made to curtail it. (ET) | [Click for more info.](#)

## Autos

### Hyundai Motor opens digital store

**Autos, NML | Positive**

Hyundai Nishat Motor (Private) Limited (HNMPL) opens digital showroom in Karachi as the first footprints on this largest metropolitan city before expanding them in the city and nationwide, a statement said on Tuesday. (The News) | [Click for more info.](#)

## Miscellaneous

### Nestle inaugurates \$22m plant

**NESTLE | Positive**

Nestle Pakistan has inaugurated the Nestle Fruita Vitals Plant at its Sheikhpura Factory with an investment of \$22 million, a statement said on Tuesday. (The News) | [Click for more info.](#)

### APTMA rejects bonds meant to clear outstanding claims of industry

**Textile | Neutral**

All Pakistan Textile Mills Association (APTMA) has rejected the prevalent form of bonds meant to clear outstanding claims of industry as no local bank is ready to discount these bonds. (BR) | [Click for more info.](#)

### Cotton import expected to hit record high of 5 million bales

**Textile | Positive**

Cotton import in Pakistan is expected to reach the record high of five million bales this year as local production of the industrial crop is estimated to decline 15 percent on high input prices and inclement weather, businessmen said on Tuesday. (The News) | [Click for more info.](#)

### FBR takes major step towards Benami bank accounts

**Economy | Positive**

To deal with Benami bank accounts, the Federal Board of Revenue (FBR) Tuesday asked the banks that there should be a positive statement in all KYC/CDD prescription about beneficial owner of bank account and amendment should be made part of the KYC/CDD requirements. (BR) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
PAK (KSE-100)	33,636.8	603.50	1.83%
Taiwan - TWII	10,928.2	33.70	0.31%
US - S&P 500	2,938.8	-13.22	-0.45%
PHILP - PSEI	7,683.2	-21.38	-0.28%
CHINA - Shanghai	2,905.2	-26.98	-0.92%
INDONESIA - IDX	6,000.6	-60.67	-1.00%
KSA - Tadawul	7,878.2	-84.54	-1.06%
US - Dow 30	26,478.0	-95.70	-0.36%
INDIA - SENSEX	37,532.0	-141.33	-0.38%
HK - Hang Seng	25,821.0	-289.28	-1.11%

Source: Bloomberg

### Board Meetings

Scrip	Day	Agenda	Time
GLOT	WEDNESDAY	JAL A/C - 30Jun19	11:00 AM
EPCL	TUESDAY	λA/C - 30SEP19	10:00 AM
HBL	TUESDAY	λA/C - 30SEP19	10:00 AM
ISL	TUESDAY	λA/C - 30SEP19	10:30 AM
NRL	TUESDAY	λA/C - 30SEP19	11:00 AM
ACPL	TUESDAY	λA/C - 30SEP19	12:00 PM
ATRL	TUESDAY	λA/C - 30SEP19	1:00 PM
POL	TUESDAY	λA/C - 30SEP19	3:00 PM
APL	TUESDAY	λA/C - 30SEP19	4:00 PM

Source: PSX Announcement



## Political News

### Opposition agrees on seeking resignation of PM

The leaders of the opposition parties attending the Rahbar Committee meeting Tuesday agreed on seeking resignation from Prime Minister Imran Khan. (The News) | [Click for more info.](#)

### Treason trial against Musharraf to be heard on daily basis from October 24

A special court in Islamabad has decided to hear a high treason case against former dictator retired Gen Pervez Musharraf on a daily basis with effect from October 24. (Dawn) | [Click for more info.](#)

### No peace efforts with India at cost of nation's dignity: COAS

Chief of the Army Staff General Qamar Javed Bajwa on Tuesday apprised the Chinese military leadership about the peace efforts made by Pakistan with India, and said that efforts would not be made at the cost of any compromise on principles or honour and dignity of the nation. (The News) | [Click for more info.](#)

## International News

### Stocks Drop as Trade Tensions Ramp Up Before Talks: Markets Wrap

Asian stocks dropped Wednesday after a slump on Wall Street spurred by escalating U.S.-China trade tensions, though declines were more modest than in the U.S. (Bloomberg) | [Click for more info.](#)

### Oil prices extend slide to third straight day, U.S.-China trade doubts grow

Oil prices slipped for a third consecutive session on Wednesday as the prospect of the United States and China striking a trade deal in talks this week dimmed, raising uncertainties for global economic growth and oil demand. (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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