

June 11,  
2020

## Economy News

### Pakistan meets major FATF conditions: Shah

#### Economy | Neutral

Pakistan has met most of the conditions set by the Financial Action Task Force (FATF) – an intergovernmental organisation that aims at making policies to combat money laundering and terrorism financing, Minister for Interior Ijaz Shah told Prime Minister Imran Khan in a meeting on Wednesday. (ET) | [Click for more info.](#)

### Debt relief from Paris Club: \$1.8b payment suspended for 8 months

#### Economy | Positive

Pakistan, Ethiopia, Chad and DR Congo have become the latest countries to secure a moratorium on debt repayments from the Paris Club, the group of creditor nations said, in an effort to ease the economic impact of the coronavirus crisis. In mid-April, the G20 and the Paris Club agreed to waive most debt payments for the world's poorest countries in 2020, as sweeping virus lockdowns upturned the global economy. (The News) | [Click for more info.](#)

### ADB approves \$500m emergency loan for Pakistan

#### Economy | Positive

The Asian Development Bank (ADB) on Wednesday approved \$500 million emergency loan for Pakistan, as the government also upward revises its external loans estimates to \$14 billion for the outgoing fiscal year. (ET) | [Click for more info.](#)

### Rs1.32tr approved for national development programme

#### Economy | Positive

As the provinces drastically cut their development plans, the National Economic Council (NEC) on Wednesday approved Rs1.32 trillion worth of consolidated development programme for next year – about 12pc lower than current year's Rs1.5tr – to achieve an economic growth rate of 2.1 per cent. The meeting approved Rs650 billion federal Public Sector Development Programme (PSDP) for next year, down about 7.3pc when compared to current year's Rs701bn. This includes Rs70bn allocation for short-term Covid-19 response projects. (Dawn) | [Click for more info.](#)

### FY20: Economic Survey envisages -0.4pc growth

#### Economy | Negative

The country's Economic Survey 2019-20 envisages Pakistan's Gross Domestic Product (GDP) growth at historical low level of -0.4 per cent in 2019-20 - a projection 1.1 percent lower than made by International Monetary Fund's (IMF's) - and which is unlikely to be incorporated in the budget 2020-21 to be announced tomorrow. (BR) | [Click for more info.](#)

### CPEC can add an extra 14pc to Pakistan's GDP in ten years: World Bank

#### Economy | Positive

Mega projects like China's Belt & Road Initiative (BRI) and the China-Pakistan Economic Corridor (CPEC) can prove to be growth-pullers once the corona-led global recession is behind us, according to a report published by the World Bank (WB). (PT) | [Click for more info.](#)

## Oil & Gas

### FBR loses Rs30bln sales tax on POL products in four months

#### Oil, Economy | Neutral

Lockdown-led subdued consumption has been estimated to wipe away Rs30 billion worth of sales tax on petroleum products for the Federal Board of Revenue (FBR) in the past four months, sources said on Wednesday. The sources said the FBR estimated the losses mainly due to lower consumption and massive reduction in oil prices. (The News) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	24,852.3	24,997.6	145.3	0.6%
KSE100	34,803.6	35,065.1	261.5	0.8%
KSE30	15,188.4	15,311.8	123.4	0.8%
KMI30	55,791.1	55,714.7	-76.4	-0.1%

### Top Five Gainers

	Open	Close	Chg.	%
SFL	685.0	736.2	51.1	7.5%
SAPT	800.0	850.7	50.7	6.3%
EXIDE	275.2	295.8	20.6	7.5%
GSKCH	253.1	272.1	19.0	7.5%
PAKT	1,582.0	1,600.0	18.0	1.1%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
PRLR1	2.5	2.6	0.0	11.68
TRG	28.2	28.6	0.3	10.90
BOP	8.8	9.1	0.3	9.00
UNITY	13.0	12.8	-0.2	8.96
LOTCEM	10.5	10.3	-0.2	8.73

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	1.90	-2.52	-0.62
O/S Pakistanies	2.95	-2.83	0.12
<b>Net</b>	4.85	-5.35	-0.50
<b>LIPI</b>			
Individuals	41.84	-40.82	1.03
Companies	2.13	-2.64	-0.50
Comm. Banks	2.74	-1.30	1.44
NBFC	0.02	-0.01	0.00
Mutual Funds	2.44	-3.60	-1.17
Other	0.27	-0.38	-0.12
Brokers Proprietary	7.16	-7.49	-0.34
Insurance	1.12	-0.96	0.16
<b>Net</b>	57.71	-57.21	0.50

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	39.60	1.7%
Brent oil	USD/bbl.	41.18	0.0%
Gold	USD/t oz.	1738.70	1.4%
Silver	USD/t oz.	18.11	3.3%
Coal	USD/ton	56.75	-2.7%
Steel Scrap (LME)	USD/ton	265.00	0.0%
Steel Rebar (LME)	USD/ton	425.50	0.0%
USD/PKR	Interbank	164.61	0.3%

News Source: Local / Int'l Newspapers and websites

Research Team

[research@abaalihabib.com](mailto:research@abaalihabib.com)

Aba Ali Habib Securities (Pvt) Limited

(021) 32429665, Ext. 106

REP-055

## Power

**Govt seeks \$375m to upgrade Discos**

**Power | Positive**

The government has requested \$375 million loan from the World Bank to improve electricity supply and operational efficiency of distribution companies (Discos) in Hyderabad, Multan and Peshawar. The Electricity Distribution Efficiency Improvement project has identified the Hyderabad Electric Supply Company (Hesco), Multan Electric Power Company (Mepco) and Peshawar Electric Supply Company (Pesco) for technical upgradations based on their needs and readiness to implement the project. The three Discos account for highest power sector losses in the country and have failed to meet their investment requirements and provide reliable supply of electricity. (Dawn) | [Click for more info.](#)

**Substandard hardware sold to DISCOs behind extraordinary line losses: CCP**

**Power | Neutral**

The Competition Commission of Pakistan (CCP)'s inquiry committee has alleged "embezzlement of billions of rupees" in the supply of line hardware material to power distribution companies (DISCOs), recommending necessary proceedings against contractors and manufacturers. (PT) | [Click for more info.](#)

## Autos

**Car sales plunge by 75 percent in May amid lockdown**

**Autos | Negative**

Passenger car sales plunged by 75 percent in May 2020, as compared to the same period last year due to disruption in sales amid lockdown against coronavirus. May was a short month for car sales, as two major car manufactures Indus Motors and Honda Atlas Cars started their operations on May 19, which shows they had only 13 days of operation in the month. (The News) | [Click for more info.](#)

**ECC approves EV policy for motorcycles, rickshaws, heavy commercial vehicles**

**Autos | Neutral**

The Economic Coordination Committee (ECC) on Wednesday approved Electric Vehicle (EV) policy for 2-3 wheelers and heavy commercial vehicles. According to sources, the policy was proposed by the Ministry of Industries & Production after consultation with various stakeholders from the Engineering Development Board (EDB), Ministry of Science and Technology, Ministry of Climate Change and others. (PT) | [Click for more info.](#)

**Import of second-hand cars; Any change in govt policy will have adverse consequences: PAMA**

**Autos | Neutral**

Pakistan Automotive Manufacturers Association (PAMA) has expressed reservations over reports saying that the government is contemplating relaxing its import policy on second-hand cars. In a letter sent to the federal minister for industries Muhammad Hammad Azhar, PAMA said that change in second-hand cars policy would have adverse and far-reaching consequences. (BR) | [Click for more info.](#)

## Banks

**Tax-related issues of banking industry; SBP proposals under consideration**

**Banks | Neutral**

The budget proposals of the State Bank of Pakistan (SBP) for 2020-2021 are under consideration of the Federal Board of Revenue (FBR) for resolving tax-related issues of the banking industry and proposal to abolish withholding tax on cash withdrawals from banks due to increase in cash-based transactions in the country. (BR) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	34,247.1	290.36	0.86%
PAK (KSE-100)	35,065.1	261.48	0.75%
Taiwan - TWII	11,720.2	83.05	0.71%
KSA - Tadawul	7,328.1	-1.29	-0.02%
HK - Hang Seng	25,049.7	-7.49	-0.03%
CHINA - Shanghai	2,943.8	-12.36	-0.42%
US - S&P 500	3,190.1	-17.04	-0.53%
INDONESIA - IDX	4,920.7	-114.38	-2.27%
PHILP - PSEi	6,439.4	-144.47	-2.19%
US - Dow 30	26,990.0	-282.31	-1.04%

### Board Meetings

Scrip	Day	Agenda	Time
ASIC	THURSDAY	ANN A/C 31-DEC-19	2:30 PM
SHJS	THURSDAY	HY A/C 31-MAR-20	3:15 PM
HIRAT	SATURDAY	3Q A/C 31-MAR-20	11:30 AM
SSOM	TUESDAY	3Q A/C 31-MAR-20	11:00 AM

Source: PSX



## Miscellaneous

### **ECC approves Rs480m risk allowance for healthcare workers**

Pharmaceutical | **Positive**

The Economic Coordination Committee (ECC) on Wednesday approved Rs480.556 million to pay risk allowance to all healthcare workers performing duties related to Covid-19. (PT) | [Click for more info.](#)

### **State Bank assures uniform definition of SMEs under refinancing scheme**

Economy | **Neutral**

Banking sector follows a uniform definition of small and medium enterprise (SME) sector while disbursing concessionary loans under a COVID-19 support, the central bank's governor said on Wednesday. State Bank of Pakistan (SBP) Governor Reza Baqir said the issue related to definition of SMEs has been resolved. (The News) | [Click for more info.](#)

### **ECC allows duty-free import of wheat**

Economy | **Neutral**

The Economic Coordination Committee (ECC) of the Cabinet on Wednesday allowed tax and duty-free import of wheat. The committee placed a complete ban on wheat export as the commodity's price in local markets shot up. | [Click for more info.](#)

## Political News

### **PML-N, JUI-F decide to adopt joint strategy**

The Pakistan Muslim League-Nawaz (PML-N) and Jamiat Ulema-e-Islam chief Maulana Fazal Rehman on Wednesday decided to adopt a joint strategy in the budget session of the parliament. This was stated by the PML-N Punjab President Rana Sanaullah here, while talking to reporters after holding a meeting with the JUI-F chief. (BR) | [Click for more info.](#)

## International News

### **Oil edges higher, even as U.S. inventory rise revives glut worries**

Oil rebounded from earlier losses on Wednesday, even as U.S. data showed crude inventories rose to a record high, reviving worries of a persistent glut due to weak demand. (Reuters) | [Click for more info.](#)

### **Asia Stocks, U.S. Futures Drop After Sobering Fed: Markets Wrap**

Asian stocks and U.S. futures fell on Thursday after the Federal Reserve painted a long road ahead to repair the economic damage from Covid-19, a contrast with the V-shaped recovery optimism that's propelled global equities. (Bloomberg) | [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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## THE TEAM

### CEO

Zahid Ali Habib  
[Zahid@abaalihabib.com](mailto:Zahid@abaalihabib.com)  
(021) 32425022

### RESEARCH TEAM

**Contact:** (021) 32429665, Ext. 106

Mohammad Zubair - Research Analyst  
[zubair@abaalihabib.com](mailto:zubair@abaalihabib.com)

Radha Krishan Khatri – Research Analyst  
[rk.khatri@abaalihabib.com](mailto:rk.khatri@abaalihabib.com)

Ayesha Abid – Research Analyst  
[ayesha.abid@abaalihabib.com](mailto:ayesha.abid@abaalihabib.com)

### SALES TEAM

Zaheer Ahmed - Head of Institutional Sales  
[Zaheer.ahmed@abaalihabib.com](mailto:Zaheer.ahmed@abaalihabib.com)  
(021) 32418693-94

Salman Ahmed - Head of Retail Sales  
(021) 32412491

Syed Khalid Ahmed - Equity Trader  
[Syedkhalid@abaalihabib.com](mailto:Syedkhalid@abaalihabib.com)  
(021) 32429664

Muhammad Faisal - Equity Trader  
[faisal@abaalihabib.com](mailto:faisal@abaalihabib.com)  
(021) 32464835

### Office (PSX Building)

Room # 419, 419 A & 421, 4<sup>th</sup> Floor, Pakistan Stock Exchange, I.I. Chundrigarh Road, Karachi  
Contact: 021-32429665  
Cell: [+92 3312766771](tel:+923312766771)



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