



February
10, 2020

Economy News

Govt-IMF talks today: Rs200 bn new taxes, hike in power, gas tariffs to be on table

Economy | Neutral

The dialogue between Pakistan and the visiting delegation of the International Monetary Fund will be held today (Monday) after the break of two days. (The News) | [Click for more info.](#)

IMF wants full utilization of federal, provincial development funds

Economy | Positive

With just 27 per cent actual expenditure in first seven months of this fiscal year, the International Monetary Fund (IMF) on Friday asked Pakistan to make full utilization of development budget at the federal and provincial levels to support struggling economic growth. (Dawn) | [Click for more info.](#)

Currency depreciation main risk for hot money investors: JP Morgan

Economy | Neutral

Pakistan's capital markets at the moment have all right ingredients to warrant the increasing foreign inflows; high interest rates, short-term macroeconomic stabilization, and exchange rate stability. Add to this the extremely low interest rates in the developed markets, Pakistan's instruments offer the most lucrative carry trade opportunities. (Dawn) | [Click for more info.](#)

Pakistan's Trade deficit improves by 28.4 percent during July-January of FY20

Economy | Positive

Pakistan's trade deficit for 7 months (July-January) FY20 was USD 13.75 billion compared to a deficit of USD 19.20 billion from the corresponding period from FY19. According to data released by the Pakistan Bureau of Statistics (PBS), the trade deficit for the month of January 2020 was recorded at USD 2.067 billion compared to a deficit of USD2.044 billion from December 2019 showing the deficit worsened by 1.13 percent. (Mettis) | [Click for more info.](#)

Unnecessary duty, tax exemptions to end in next budget

Economy | Neutral

The federal government has decided to introduce special measures to end unnecessary exemptions in duty and taxes in budget for the next fiscal year 2020-21. It has also decided to add a few sectors to the tax net, which currently enjoy zero tax rates. In this regard, the government has decided to forward recommendations to the Budget Wing of the Ministry of Finance till February 11, 2020. (ET) | [Click for more info.](#)

Foreign investment in govt securities hits all-time high

Economy | Positive

Foreign investment in government securities has reached about \$ 3 billion. According to the State Bank of Pakistan (SBP), inflows of foreign investment in government securities, including Pakistan Investment Bonds and Government of Pakistan Market Treasury Bills (T-bills) has reached all-time high level of \$ 3.045 billion. Excluding the outflows of \$ 50 million, the overall foreign investment in government papers has reached \$2.995 billion at the end of this week in Special Convertible Rupee Account (SCRA). (BR) | [Click for more info.](#)

Finance Division seeks Rs112 billion for spending on projects

Economy | Neutral

The Ministry of Finance has sought Rs112 billion for spending on federally-funded provincial projects and meeting reconstruction needs in war-torn areas for next fiscal year but the amount is insufficient to complete some critical schemes of Gwadar and Karachi. (ET) | [Click for more info.](#)

	Open	Close	Chg.	%
KSE All	28,398.4	28,042.8	-355.5	-1.3%
KSE100	40,724.4	40,143.6	-580.8	-1.4%
KSE30	18,713.5	18,454.5	-258.9	-1.4%
KMI30	65,048.9	63,911.7	-1137.2	-1.7%

	Open	Close	Chg.	%
SFL	793.2	840.0	46.8	5.9%
IDYM	599.0	630.0	31.0	5.2%
GLPL	248.5	259.9	11.4	4.6%
EFUL	190.4	196.4	6.0	3.1%
AKZO	266.5	272.5	5.9	2.2%

	Open	Close	Chg.	Vol.
MLCF	23.0	21.8	-1.2	21.47
LOTCEM	14.8	13.9	-0.9	17.39
UNITY	13.6	12.7	-0.9	14.43
HASCOL	24.2	23.0	-1.2	10.59
BOP	13.1	12.7	-0.4	10.07

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	2.46	-3.83	-1.36
O/S Pakistanies	1.94	-1.77	0.17
Net	4.40	-5.60	-1.20
LIPI			
Individuals	36.32	-35.60	0.72
Companies	1.99	-2.47	-0.48
Comm. Banks	6.58	-4.75	1.83
NBFC	0.10	0.00	0.10
Mutual Funds	2.69	-5.16	-2.46
Other	0.97	-0.27	0.70
Brokers Proprietary	11.03	-12.56	-1.53
Insurance	5.01	-2.70	2.31
Net	64.70	-63.50	1.20

	Unit	Close	% chg.
Crude oil	USD/bbl.	50.32	-1.2%
Brent oil	USD/bbl.	54.47	-0.8%
Gold	USD/t oz.	1570.44	0.2%
Silver	USD/t oz.	17.70	-0.7%
Coal	USD/ton	84.70	0.0%
Steel Scrap (LME)	USD/ton	265.00	1.1%
Steel Rebar (LME)	USD/ton	422.00	3.7%
USD/PKR	Interbank	154.67	0.1%

News Source: Local / Int'l Newspapers and websites

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CPEC: The ball is in Pakistan's court

Economy | Positive

China asserts that it is not wavering from its commitment to assist Pakistan in the second, people-centric phase of the China-Pakistan Economic Corridor (CPEC). Despite being embroiled in multiple problems — the virus epidemic, growth moderation and trade spat with the United States — the Asian dragon is all set to commit \$1 billion in the current calendar year to kick-start the next phase of CPEC. | [Click for more info.](#)

Oil & Gas

Dhok Hussain Gas Field; OGDCL all set to start commercial production

OGDC | Positive

The Oil & Gas Development Company Limited (OGDCL) is set to start commercial production from Dhok Hussain Gas Field as issues related to production of the field have resolved. After detailed discussion, the issue of Dhoke Hussain transmission line and Togh Well-I flow line has been resolved and soon OGDCL will start commercial production from the field. (BR) | [Click for more info.](#)

Certificate condition for new gas supply schemes approved

Gas | Neutral

The government has imposed a new condition, making it mandatory the provision of 'natural gas availability certificate' for new gas supply schemes across the country. (PT) | [Click for more info.](#)

Govt to expedite passage of legislation, IMF told

Gas | Neutral

Federal government has begun to expedite the passage of legislation on regular and timely notifications for end consumers' gas tariffs as agreed under the \$6 billion International Monetary Fund (IMF) programme. (BR) | [Click for more info.](#)

Power

Embittered PM starts arm-twisting MoE

Power | Neutral

Prime Minister Imran Khan has reportedly started arm-twisting Ministry of Energy - Petroleum Division and Power Division - to pass on all efficiencies of power and gas sectors to the end consumers. (BR) | [Click for more info.](#)

Transportation

PIA losses decrease to Rs 11 billion: Senate told

PIAA | Positive

Minister Incharge for Aviation Ghulam Sarwar Khan on Friday informed the Senate that losses of Pakistan International Airlines (PIA) have decreased to Rs 11 billion from Rs 32 billion during 2019 as compared to year 2018 owing to good governance and better management. (Mettis) | [Click for more info.](#)

Banks

High interest rates hurting consumer financing

Banks | Negative

Higher interest rates have badly damaged consumer financing during the first half of this fiscal year as its key driver — car purchasing — remained dormant. The consumer financing increased by just Rs23 million which pushed the total amount to Rs555.8m in December 2019, from Rs532.7m in June same year. The State Bank of Pakistan's latest report showed that car financing has posted no sign of life as it failed to move from June 2019 levels. (Dawn) | [Click for more info.](#)

	Last	Chg.	Chg. %
INDONESIA - IDX	5,999.6	12.46	0.21%
CHINA - Shanghai	2,876.0	9.45	0.33%
PHILP - PSEi	7,507.2	0.69	0.01%
US - S&P 500	3,327.7	-18.07	-0.54%
HK - Hang Seng	27,404.3	-89.43	-0.33%
Taiwan - TWII	11,612.8	-136.87	-1.16%
KSA - Tadawul	7,900.7	-152.39	-1.89%
INDIA - SENSEX	41,141.9	-164.18	-0.40%
US - Dow 30	29,102.5	-277.26	-0.94%
PAK (KSE-100)	40,143.6	-580.78	-1.43%

Scrip	Day	Agenda	Time
CPPL	MONDAY	HY A/C - 31DEC'19	11:00 AM
SMTM	MONDAY	HY A/C - 31DEC'19	11:00 AM
AWWAL	MONDAY	HY A/C - 31DEC'19	2:30 PM
JLICI	TUESDAY	ANN A/C - 31DEC'19	10:00 AM
PTC	TUESDAY	ANN A/C - 31DEC'19	12:15 PM
PIAA	TUESDAY	ANN A/C - 30JUN'19	1:00 PM
MEBL	WEDNESDAY	ANN A/C - 31DEC'19	10:00 AM
CHCC	WEDNESDAY	HY A/C - 31DEC'19	11:00 AM
NETSOL	WEDNESDAY	HY A/C - 31DEC'19	2:00 PM
DOL	WEDNESDAY	HY A/C - 31DEC'19	2:30 PM
AKBL	TUESDAY	ANN A/C - 31DEC'19	9:30 AM
FABL	TUESDAY	ANN A/C - 31DEC'19	9:30 AM
AGTL	TUESDAY	ANN A/C - 31DEC'19	4:00 PM
BAFL	TUESDAY	ANN A/C - 31DEC'19	6:00 PM
LOTCHEM	FRIDAY	ANN A/C - 31DEC'19	10:30 AM
NML	FRIDAY	HY A/C - 31DEC'19	10:30 AM
TRIPF	FRIDAY	ANN A/C - 31DEC'19	10:30 AM
ILP	FRIDAY	HY A/C - 31DEC'19	3:00 PM
SHFA	SATURDAY	HY A/C - 31DEC'19	4:00 PM



Sugar

PM Imran Khan approves import of sugar

Sugar | Neutral

The government on Thursday decided to allow import of sugar in a bid to keep demand and supply intact, a private TV channel reported. The decision has also been taken to stop the export of 3,50,000 tonnes of sugar forthwith to check ever-increasing price of sugar. (PT) | [Click for more info.](#)

Textile

PM assures export sectors; No change in power, gas tariffs for 3 years

Textile | Positive

Prime Minister Imran Khan has reportedly assured the export-oriented sectors that there will be no change in tariffs of electricity and gas for next three years. This message, sources said, has been conveyed to the export-oriented industry, after a detailed meeting between the Prime Minister and Commerce Advisor Abdul Razak Dawood during which factors behind recent decline in exports came under discussion. (BR) | [Click for more info.](#)

Textile sector; Govt clears Rs16.48bn sales tax refund up to Jan 15

Textile | Positive

The government has maintained that it cleared Rs 16.480 billion sales tax refund of textile sector up to January 15, 2020 under faster refund system out of total claimed amount of Rs 24.281 billion. (BR) | [Click for more info.](#)

Zero-rated industrial sectors; KE tariff relief dependent on certification by FBR's IR

Textile | Neutral

Karachi Electric (KE) is to extend relief in electricity tariff to only those zero-rated industrial consumers who will be verified and certified by the Federal Board of Revenue's (FBR's) Inland Revenue (IR). (BR) | [Click for more info.](#)

Miscellaneous

Efforts afoot to introduce fuel conforming latest vehicles, tackle environmental issues

Autos | Neutral

Cognizant of the modern time needs and environmental issues, the government has started working on a strategy to introduce the fuel conforming latest vehicles and tackle environmental issues like smog and air pollution. (Mettis) | [Click for more info.](#)

Construction of low-cost housing units starts in federal capital

Cement | Positive

The construction of low-cost housings units has started in the federal capital under the prime minister's vision of providing accommodation to the homeless low-earning people. Under the project, the government has arranged financing for the applicants by involving some non-profit organizations who would extend loans to the people. (The News) | [Click for more info.](#)

Malaysian Govt approves 2 meat processing establishments of Pakistan for meat export to Malaysia

Economy | Neutral

The Department of Veterinary Services, Malaysia (DVS) and Department of Islamic Development Malaysia (JAKIM) has informed that they have approved two Pakistani Establishments namely M/s Zenith Associates, Lahore and M/s Leiner Pak Gelatine Limited, Lahore for exporting meat and its allied products to Malaysia. (Mettis) | [Click for more info.](#)



No mini-budget in the offing, says minister

Economy | Neutral

Economic Affairs Minister Hammad Azhar has categorically dispelled the impression that the incumbent government has any plan to introduce a mini-budget. Talking to a private news channel, the minister said sugarcane and other crops were damaged due to issues pertaining to climate change. "This was one of the major reasons behind recent food inflation." However, he said, the government has made comprehensive efforts to overcome the challenges. (PT) | [Click for more info.](#)

PM vows to bring down rising inflation

Economy | Neutral

Finally Prime Minister Imran Khan has said that the government will announce the measures to be taken to reduce prices of basic food items after a federal cabinet meeting scheduled for tomorrow (Tuesday). (BR) | [Click for more info.](#)

Political News

No right to rule if people not given relief: PM Imran Khan

Prime Minister Imran Khan said his government will go to any extent to provide relief to masses and check price hike of essential commodities. He expressed these views while chairing a meeting of his government team on Saturday. (The News) | [Click for more info.](#)

Fazl announces second round of anti-govt protests from 23rd

Jamiat Ulema-e-Islam Fazl (JUI-F) leader Maulana Fazl ur Rehman on Sunday announced that he will launch a campaign against the PTI led government by holding public gatherings in Lahore, Karachi and Islamabad in the coming days. (BR) | [Click for more info.](#)

International News

Stocks Drop as Virus Spreads; Yen, Bonds Gain: Markets Wrap

Asian shares fell along with U.S. stock futures while haven assets nudged higher at the start of a week that may prove crucial in determining the trajectory of coronavirus cases, and in turn the prospects for a v-shaped economic recovery. (Bloomberg) | [Click for more info.](#)

Oil prices fall on oversupply worries as virus hits China demand

Oil prices on Monday extended their decline from an early January peak above \$70 as the specter of excess supplies loomed over the market after the spreading coronavirus outbreak hit demand in China, the world's largest oil importer. (CNBC) | [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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