



June 10,
2020

Economy News

Expenditure freeze, revenue target of Rs4.95tr agreed with IMF

Economy | Positive

An agreement seems to have been reached to freeze the size and expenditures of the federal government in budget 2021, which is set to be announced on June 12. The decision has been made to keep the International Monetary Fund (IMF) programme on track. (Dawn) | [Click for more info.](#)

NEC to approve 2.1pc growth target today

Economy | Positive

The National Economic Council (NEC) meeting would approve on Wednesday (today) a growth target of 2.1 percent for the next fiscal year contingent to favourable weather conditions and post-COVID economic recovery, managing current account deficit as well as consistency in economic policies. The meeting to be presided over by Prime Minister Imran Khan would also approve a Rs1.5 trillion consolidated development outlay for the next fiscal year. (BR) | [Click for more info.](#)

Rs4.95trn revenue target being set for FY21

Economy | Neutral

The federal government is planning to set Rs4.95 trillion as revenue collection target for the Federal Board of Revenue (FBR) for 2020-2021. Sources told Business Recorder that the revenue collection target of the FBR was projected at Rs5.101 trillion for 2020-2021 against pre-Covid19 projection of Rs6.138 trillion for the next fiscal year. Keeping in view the current economic situation of the country, the tax projections have now been estimated at Rs4.95 trillion for 2020-2021. (BR) | [Click for more info.](#)

2,000 tariff lines may see duty cuts

Economy | Neutral

The government decided to reduce customs duty on approximately 2,000 tariff lines in the FY2020-21 budget to reduce the cost of doing business, documents seen by Dawn showed on Tuesday. (Dawn) | [Click for more info.](#)

FBR seeks WHT on foreign currency

Economy | Neutral

The Federal Board of Revenue (FBR) has proposed the introduction of 0.6% withholding tax (WHT) on the purchase of foreign currency and has sought to squeeze various expense allowances that industrialists get before computing their taxable income. The proposals have been made to generate an additional Rs40 billion in taxes from five measures during fiscal year 2020-21, starting July. (ET) | [Click for more info.](#)

Oil & Gas

Fuel pricing on quarterly basis sought

Oil | Neutral

In a rapidly evolving situation, the Petroleum Division on Tuesday moved another summary for immediate switching of fuel pricing to quarterly basis, with immediate effect from June 16 with the first price increase of about Rs9-10 per litre. (Dawn) | [Click for more info.](#)

Cabinet orders 'maximum' punitive action

Oil | Negative

The federal cabinet on Tuesday directed the Petroleum Division and the Ogra to take action against artificial shortage of petrol and ensure regular supplies within 48-72 hours. Taking notice of artificial shortage of petrol, the government asked the concerned authorities to take appropriate measures to resolve the issue. The prime minister directed that "maximum" punitive action must be taken against all those responsible. (BR) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	24,852.0	24,852.3	0.3	0.0%
KSE100	34,749.6	34,803.6	54.0	0.2%
KSE30	15,170.7	15,188.4	17.8	0.1%
KMI30	55,797.3	55,791.1	-6.2	0.0%

Top Five Gainers

	Open	Close	Chg.	%
NESTLE	6,580.0	6,690.0	110.0	1.7%
SAPL	850.1	874.0	23.9	2.8%
IDYM	520.0	536.0	16.0	3.1%
LUCK	457.8	467.3	9.5	2.1%
PAKOXY	122.8	132.0	9.2	7.5%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
LOTCEM	9.8	10.5	0.7	36.28
JSLC	12.9	13.2	0.4	13.28
PRLR1	3.0	2.5	-0.4	9.80
TRG	28.6	28.2	-0.3	8.48
PIBTL	9.2	9.4	0.2	8.34

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.01	0.00	0.01
F-Corporates	3.86	-7.19	-3.33
O/S Pakistanies	2.80	-2.54	0.25
Net	6.66	-9.73	-3.07
LIPI			
Individuals	43.33	-42.32	1.01
Companies	3.17	-1.80	1.37
Comm. Banks	1.03	-0.89	0.14
NBFC	0.02	-0.04	-0.02
Mutual Funds	4.04	-2.64	1.40
Other	0.46	-0.36	0.10
Brokers Proprietary	9.08	-8.60	0.48
Insurance	1.45	-2.86	-1.40
Net	62.57	-59.50	3.07

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	38.94	2.0%
Brent oil	USD/bbl.	41.18	0.9%
Gold	USD/t oz.	1715.33	1.0%
Silver	USD/t oz.	17.53	-1.4%
Coal	USD/ton	58.35	-1.9%
Steel Scrap (LME)	USD/ton	265.00	0.0%
Steel Rebar (LME)	USD/ton	425.50	0.7%
USD/PKR	Interbank	164.17	0.3%

News Source: Local / Int'l Newspapers and websites

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REP-055



SSGC fails to reduce UFG losses

SSGC | Neutral

Ad hocism has marred the performance of Sui Southern Gas Company (SSGC), which has been operating without a permanent managing director since 2016. The current board of directors has once again published advertisements for hiring a new managing director. (ET) | [Click for more info.](#)

Power

Govt to allocate Rs177.5bn to water sector, hydropower projects

Power | Positive

The federal government has reportedly decided to allocate Rs 177.5 billion to water sector and hydropower projects in Public Sector Development Program (PSDP) 2020-21 of which Rs 135 billion will be foreign aid, well informed sources in Ministry of Planning, Development and Special Initiatives told Business Recorder. The allocation for Dasu Hydropower Project will be of Rs 800.6 billion of which Rs 75 billion will be from Wapda's own resources. (BR) | [Click for more info.](#)

Germany to Provide Technical Assistance of € 4mln to Pakistan for Promotion of Renewable Energy

Power | Neutral

Germany will provide technical assistance worth four million Euros to Pakistan for the project titled 'Promotion of Renewable Energy and Energy Efficiency Concepts in Cities and Industries'. (Mettis) | [Click for more info.](#)

Banks

NBP looks to raise capital in Bangladesh operations

NBP | Positive

The government is likely to allow National Bank of Pakistan (NBP) to increase its capital in Bangladesh operations by remitting \$10.9 million with the conditional plan of partially closing its branches. (ET) | [Click for more info.](#)

Issuance of PES-II worth Rs200bn; Meezan Bank leads in successful conclusion

MEBL | Neutral

Meezan Bank, Pakistan's first and largest Islamic bank has played a leading role in successfully concluding the issuance of Pakistan Energy Sukuk (PES) II worth approximately Rs 200 billion by Power Holding Limited (PHL), a public sector entity fully owned by the Ministry of Energy and Government of Pakistan. (BR) | [Click for more info.](#)

Payment transactions slip 3pc to Rs145.2trln in Jan-March

Banks | Neutral

Pakistan's total payment transactions fell 3 percent to Rs145.2 trillion in the third quarter of the current fiscal year in response to a nationwide lockdown imposed to contain the spread of COVID-19 pandemic, central bank data revealed on Tuesday. (The News) | [Click for more info.](#)

Miscellaneous

Export of auto parts set to begin

Autos Parts | Positive

A new era has begun for the automobile industry in Pakistan as AuVitrionics Limited, a local company, is gearing up to export absorber FR bumpers to Toyota Motor Vietnam, thus joining the league of global auto parts suppliers for Toyota's international supply chain. Approved after a rigorous process and stringent quality checks, the auto parts would be installed on the rear side of the front bumper cover in new Corolla models in Vietnam. (ET) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
HK - Hang Seng	25,057.2	280.45	1.13%
PHILP - PSEI	6,583.8	69.84	1.07%
PAK (KSE-100)	34,803.6	54.03	0.16%
KSA - Tadawul	7,329.4	28.90	0.40%
Taiwan - TWII	11,637.1	26.79	0.23%
CHINA - Shanghai	2,956.1	18.34	0.62%
US - S&P 500	3,207.2	-25.21	-0.78%
INDONESIA - IDX	5,035.1	-35.50	-0.70%
US - Dow 30	27,272.3	-300.14	-1.09%
INDIA - SENSEX	33,956.7	-413.89	-1.20%

Board Meetings

Scrip	Day	Agenda	Time
SHNI	WEDNESDAY	1Q A/C 31-MAR-20	10:00 AM
SHJS	THURSDAY	HY A/C 31-MAR-20	3:15 PM
HIRAT	THURSDAY	3Q A/C 31-MAR-20	11:30 AM

Source: PSX



Export of PPEs: notification issued

Pharmaceutical | Positive

Ministry of Commerce on Tuesday issued a notification, allowing export of Personal Protection Equipments (PPEs), sans Tyvek suits, N95 masks and surgical masks. The notification was issued after the cabinet approved it. Commerce Division noted that ban was imposed on the export of various PPE items on the recommendation of Ministry of National Health Services, Regulations & Coordination (MNHSR&C) vide this Ministry's SRO 239(i)/2020 of March 24, 2020. (BR) | [Click for more info.](#)

Dolmen City Reit Partially Waives The Rentals Of Dolmen Mall Clifton And Harbour Front

DCR | Positive

The management of Dolmen City Reit has once again decided to waive the rentals of the tenants of the "Dolmen Mall Clifton" and the "Harbour Front", after taking into consideration the challenging situation prevailed across the country due to the spread of COVID-19, which has resulted in limited trading hours. (Mettis) | [Click for more info.](#)

WB suggests increase in retirement age to cut pension expenses

Economy | Neutral

The World Bank has recommended an increase in retirement age for government servants to cut the growing pension cost of the country. (The News) | [Click for more info.](#)

Political News

WHO urges two-week lockdown, more tests

The World Health Organisation (WHO) has said Pakistan has been ranked among the top 10 countries in the world reporting the highest number of new cases of Covid-19 and advised the government to enhance daily testing capacity to 50,000 to assess the actual prevalence of coronavirus across the country. (Dawn) | [Click for more info.](#)

International News

Asian Stocks Decline; Treasuries Hold Advance: Markets Wrap

Asian stocks opened modestly lower Wednesday after a retreat in U.S. equities on concern the recent risk-asset rally had run too far. Treasuries kept an overnight advance. (Bloomberg) | [Click for more info.](#)

Oil Retreats Toward \$38 on Signs U.S. Crude Stockpiles Expanded

Oil retreated toward \$38 a barrel after a U.S. industry report signaled a surprise jump in crude inventories, raising fresh concerns about excess supply. (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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