



May 11,
2020

Economy News

SECP seeks relief for capital markets

Economy | Neutral

The Securities and Exchange Commission of Pakistan (SECP) has asked the Federal Board of Revenue (FBR) to extend critical relief towards the capital markets and corporate sector in the upcoming budget. The SECP said that in order to unlock the potential of private funds, proposals to allow perpetual pass through status to all categories of private funds have been proposed. (Dawn) | [Click for more info.](#)

IMF predicts gross financing need at 51.2pc of GDP

Economy | Neutral

The International Monetary Fund (IMF) has projected Pakistan's gross financing need at 51.2 percent of the GDP in 2020. According to the IMF report Fiscal Monitor "Policies to Support People during the COVID-19 Pandemic," the country's debt to average maturity is estimated at 34.8 percent of the GDP in 2020. Further, an increase in government gross debt is projected by 1.9 percent to 85.4 percent of the GDP in 2020, against 83.5 percent in 2019. (BR) | [Click for more info.](#)

Govt may issue infrastructure bonds: expert

Economy | Neutral

The federal government can issue infrastructure bonds and municipal bonds for development projects to boost economic activity and mitigate the impact of Covid-19 spread. With the recent drop of 4.25 percent in the interest rates, the cost of borrowing will be lower and the investors would try to lock their funds in fixed income guaranteed instruments with the hope of further drop in the interest rates. (BR) | [Click for more info.](#)

FBR mulling over options to fetch additional Rs600bn

Economy | Neutral

The FBR is mulling over different options to fetch additional Rs600 billion through effective enforcement and administrative improvements as well as moving ahead with one-time tax on sectors earning abnormal profits at difficult times. The FBR's task for generating additional revenues becomes difficult in the wake of severe slowdown on the economic front in post COVID-19 scenario and secondly the sharp decline in POL prices also makes the task of tax machinery more complicated. The government is all set to fix FBR's annual collection target at Rs5,000 to Rs5,103 billion for next budget against revised target of Rs3,908 billion for outgoing fiscal, indicating that it requires around 31 percent growth. (The News) | [Click for more info.](#)

Pakistan's fiscal deficit to surge, tax revenue to miss target this year: Hafeez Sheikh

Economy | Negative

Pakistan's fiscal deficit will surge to nine per cent in the ongoing fiscal year, Adviser to the Prime Minister on Finance Dr Abdul Hafeez Sheikh said on Friday, as the economy reels from the fallout of the coronavirus crisis. "The expectation of the deficit we had prior to the coronavirus was 7.6pc. Now, after corona, we think the deficit will touch 8pc plus and that it might be 9pc," said Sheikh. (Dawn) | [Click for more info.](#)

Govt likely to unveil tax-free budget for 2020-21

Economy | Neutral

The Federal Board of Revenue (FBR) has drafted tax proposals for Budget 2020-21 mainly focusing on "simplification of laws and removing tax anomalies," Dawn has learnt from knowledgeable sources. Unconfirmed reports are that the government is likely to announce a 'tax-free budget', adding a final decision will be taken after consulting with the International Monetary Fund (IMF) after Eidul Fitr. (Dawn) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	23,651.0	23,682.2	31.2	0.1%
KSE100	33,304.2	33,267.7	-36.5	-0.1%
KSE30	14,634.4	14,619.7	-14.7	-0.1%
KMI30	54,061.4	54,098.6	37.2	0.1%

Top Five Gainers

	Open	Close	Chg.	%
UPFL	10,110.0	10,500.0	390.0	3.9%
NESTLE	5,837.5	6,100.0	262.5	4.5%
SAPT	929.0	989.0	60.0	6.5%
PAKT	1,615.0	1,658.2	43.2	2.7%
COLG	2,174.0	2,200.0	26.0	1.2%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
UNITY	12.4	12.8	0.4	9.29
HASCOL	14.9	14.9	0.0	5.82
MLCF	25.8	25.8	0.0	5.54
HUMNL	6.6	7.2	0.6	5.35
TRG	18.8	19.2	0.4	4.20

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	1.04	-3.16	-2.12
O/S Pakistanies	1.20	-1.11	0.09
Net	2.25	-4.27	-2.03
LIPI			
Individuals	20.66	-18.76	1.90
Companies	2.67	-2.46	0.20
Comm. Banks	1.05	-0.34	0.70
NBFC	0.01	-0.01	0.00
Mutual Funds	2.73	-1.39	1.34
Other	0.09	-0.13	-0.04
Brokers Proprietary	3.79	-3.57	0.21
Insurance	0.58	-2.87	-2.29
Net	31.56	-29.53	2.03

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	24.74	5.1%
Brent oil	USD/bbl.	30.97	5.1%
Gold	USD/t oz.	1702.70	-0.8%
Silver	USD/t oz.	15.48	0.9%
Coal	USD/ton	53.05	-0.4%
Steel Scrap (LME)	USD/ton	249.00	1.6%
Steel Rebar (LME)	USD/ton	405.50	1.1%
USD/PKR	Interbank	160.09	-0.3%

News Source: Local / Int'l Newspapers and websites

Research Team

research@abaalihabib.com

Aba Ali Habib Securities (Pvt) Limited
(021) 32429665, Ext. 106

REP-055



Development projects; Govt releases Rs541.63bn under PSDP 2019-20

Economy | Positive

The federal government has released Rs 541.63 billion (77.3 percent) including Rs 109.29 billion foreign aid (85 percent) for various ongoing and new development projects under the Public Sector Development Programme (PSDP) 2019-2020 against the total budgeted allocation of Rs701 billion. (BR) | [Click for more info.](#)

Oil & Gas

Petroleum imports decline 16.14pc

Oil | Positive

The overall petroleum group imports during the first three quarters (Qs) of the current fiscal year decreased by 16.14 percent when compared to the corresponding period of last year, Pakistan Bureau of Statistics (PBS) reported. (Pakobserver) | [Click for more info.](#)

Oil price hedging plan prepared

Oil | Positive

The Petroleum Division has prepared call option-based oil hedging plan for one year or two years through some selected banks. It will be submitting hedging plan to Economic Coordination Committee (ECC) of cabinet anytime soon. (BR) | [Click for more info.](#)

Ogra powers to grow under new rules

Oil | Neutral

The government is set to promulgate Pakistan Petroleum (Downstream Oil Sector) Rules, 2020 to transfer all oil and gas related regulatory functions and powers to the Oil and Gas Regulatory Authority (Ogra), currently being exercised by a sub-ordinate department of the Petroleum Division. (Dawn) | [Click for more info.](#)

Balochistan's 20,000 tons of iron ore put on sale

Oil | Neutral

The joint venture firm of Balochistan government and Pakistan Petroleum Limited (PPL) has put the second lot of 20,000 metric tons of mined iron ore on sale, it was learnt on Friday. (The News) | [Click for more info.](#)

Power

Pakistan's power sector's losses highest in region

Power | Negative

The Aggregate Technical & Commercial (AT&C) losses of Pakistan's power sectors soared to 29.7%, the highest in the region while other countries fared much better, according to the K-Electric Investor Presentation 2020. This regional comparison revealed Sri Lanka had the lowest AT&C losses of 10%, followed by Turkey 14.8%, Bangladesh 21.9%, India 23.9% and Nepal at 24.4%. (ET) | [Click for more info.](#)

Banks

Banks sanction Rs23bln loans to avoid layoffs

Banks | Positive

Banks have sanctioned more than Rs23 billion in concessional loans to various companies for payment of wages and salaries to their workers and employees, the central bank said on Friday, preventing layoffs as a result of the coronavirus lockdown. (The News) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
US - Dow 30	24,331.3	455.43	1.91%
HK - Hang Seng	24,230.2	249.54	1.04%
INDIA - SENSEX	31,642.7	199.32	0.63%
Taiwan - TWII	10,901.4	58.50	0.54%
KSA - Tadawul	6,682.9	54.38	0.82%
US - S&P 500	2,929.8	48.61	1.69%
CHINA - Shanghai	2,895.3	23.82	0.83%
INDONESIA - IDX	4,597.4	-11.36	-0.25%
PHILP - PSEi	5,621.9	-31.22	-0.55%
PAK (KSE-100)	33,267.7	-36.47	-0.11%

Source: Bloomberg

Board Meetings

Scrip	Day	Agenda	Time
PPP	MONDAY	3Q A/C 31-MAR-20	12:00 PM
EWIC	MONDAY	1Q A/C 31-MAR-20	12:30 PM
SIEM	TUESDAY	HY A/C 31-MAR-20	12:00 PM
UPFL	TUESDAY	1Q A/C 31-MAR-20	2:30 PM
FABL	WEDNESDAY	1Q A/C 31-MAR-20	11:00 AM
MIRKS	WEDNESDAY	HY A/C 31-MAR-20	12:30 PM
FUDLM	THURSDAY	3Q A/C 31-MAR-20	11:00 AM
DNCC	THURSDAY	3Q A/C 31-MAR-20	3:30 PM
GLAXO	FRIDAY	1Q A/C 31-MAR-20	11:00 AM
SCBPL	MONDAY	1Q A/C 31-MAR-20	11:00 AM
INKL	MONDAY	3Q A/C 31-MAR-20	11:30 AM

Source: PSX



Miscellaneous

RB commits Rs500m to help Pakistan fight COVID-19

Economy | **Positive**

Reckitt Benckiser (RB), the Multinational producer of hygiene, health and nutrition products including Dettol, Harpic and Robin has pledged to invest another Rs500 million to help the country fight the CoVid-19 pandemic. (The Nation) | [Click for more info.](#)

Refineries seek bailout package as coronavirus disrupts demand

Refineries | **Neutral**

Oil refineries have asked the government to announce a bailout package for them since the country's oil and gas sector was struggling to survive amid COVID-19 crisis. During the meeting, likely to be held in the coming week, the division would also raise issues pertaining to the uplift of refineries. According to documents available with this scribe, the country's gas department had lost around Rs51 billion during the months of March and April, 2020, of which Rs15.5 billion were lost on account of drilling and production of gas. Similarly, Sui Southern Gas Company Limited (SSGCL) incurred a loss of Rs9.4 billion while Sui Northern Gas Pipelines Limited (SNGPL) took a hit of Rs12.9 billion due to reduction in gas demand after the spread of COVID-19. (PT) | [Click for more info.](#)

Payment of wages; SBP may enhance limit of loans from Rs500m to Rs1bn

Economy | **Positive**

The State Bank of Pakistan (SBP) is likely to enhance the limit against loans from Rs500 million to Rs1 billion to finance three-month wages. The central bank is also considering to waive off the condition of 'no lay-off' to use this scheme, they said, and added that it is not clear yet whether the payment of wages period has also been extended to six months or not. (BR) | [Click for more info.](#)

Rs56bn worth of ST refunds issued: Hafeez

Economy | **Positive**

Advisor to the Prime Minister on Finance Dr Abdul Hafeez Shaikh has said that the government had already issued sales tax refunds to exporters to the tune of Rs56 billion through the "Faster System". (BR) | [Click for more info.](#)

Business activities in Sindh to resume tomorrow

Economy | **Positive**

The Sindh government on Saturday allowed business activities across the province from Monday in accordance with the decisions of the National Coordination Committee (NCC) but warned that the lockdown, with more restrictions, could return if the cases of coronavirus witnessed a new spike. (Dawn) | [Click for more info.](#)

SBP unveils subsidized scheme for expansion

Economy | **Positive**

The State Bank of Pakistan (SBP) has introduced the subsidized Temporary Economic Relief Facility (TERF) aimed at balancing, modernization and replacement (BMR) and expansion of existing projects, according to a statement issued by the central bank. (ET) | [Click for more info.](#)

Political News

US seeks Pak help in starting intra-Afghan dialogue

US Special Representative for Afghanistan Reconciliation Zalmay Khalilzad has sought Pakistan's help in starting intra-Afghan dialogue. (Dawn) | [Click for more info.](#)



International News

Some debts need to be written off: IMF

Some debts were not sustainable and needed to be restructured, re-profiled or written off, International Monetary Fund (IMF) Managing Director Kristalina Georgieva said in an interview recorded earlier this week. (Dawn) | [Click for more info.](#)

U.S. next week to start purchasing \$3 billion worth of farm goods: Trump

President Donald Trump on Saturday said the United States will next week begin purchasing \$3 billion worth of dairy, meat and produce from farmers as unemployment soars and people are forced to food lines. (Reuters) | [Click for more info.](#)

Asian shares inch higher, new wave of infections a worry

Asian shares followed Wall Street higher on Monday as investors looked ahead to more countries restarting their economies, even as some reported an unwelcome pick up in new coronavirus cases. (Reuters) | [Click for more info.](#)

Oil prices fall 1% as glut weighs

Oil prices opened about 1% lower on Sunday as a persistent glut continued to weigh on prices and the coronavirus pandemic eroded global oil demand even as some governments began to ease lockdowns. (Reuters) | [Click for more info.](#)



Disclaimer

This report has been prepared by Aba Ali Habib Securities and is provided for information purposes only. Under no circumstances this is to be used or considered as an offer to sell or solicitation of any offer to buy. While reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time, Aba Ali Habib Securities and/or any of its officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. This report is provided only for the information of professional advisers who are expected to make their own investment decisions without undue reliance on this report. Investments in capital markets are subject to market risk and Aba Ali Habib Securities accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents.

In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors, who should seek further professional advice or rely upon their own judgment and acumen before making any investment. The views expressed in this report are those of Aba Ali Habib Securities' Research Department and do not necessarily reflect those of the company or its directors. Aba Ali Habib as a firm may have business relationships, including investment- banking relationships, with the companies referred to in this report. Aba Ali Habib Securities or any of its officers, directors, principals, employees, associates, close relatives may act as a market maker in the securities of the subject company, may have a financial interest in the securities of the subject company to an amount exceeding 1% of the value of the securities of the subject company, may serve or may have served in the past as a director or officer of the subject company, may have received compensation from the subject company for corporate advisory services, brokerage services or underwriting services or may expect to receive or intend to seek compensation from the subject company for the aforesaid services, may have managed or co-managed a public offering, take-over, buyback, delisting offer of securities or various other functions for the subject company.

All rights reserved by Aba Ali Habib Securities. This report or any portion hereof may not be reproduced, distributed or published by any person for any purpose whatsoever. Nor can it be sent to a third party without prior consent of Aba Ali Habib Securities. Action could be taken for unauthorized reproduction, distribution or publication.

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.

Analyst Certification ^{AC}

The research Analyst(s) hereby certify that the views about the company/companies and the security/securities discussed in this report accurately reflect his or her or their personal views and that s/he has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendation or views in this report. The analyst(s) is/are principally responsible for preparation of this research report and that s/he or his/her close relative/family member doesn't own 1% or more of a class of common equity securities of the following company/companies covered in this report.

THE TEAM

CEO

Zahid Ali Habib
Zahid@abaalihabib.com
(021) 32425022

RESEARCH TEAM

Contact: (021) 32429665, Ext. 106

Mohammad Zubair - Research Analyst
zubair@abaalihabib.com

Radha Krishan Khatri – Research Analyst
rk.khatri@abaalihabib.com

Ayesha Abid – Research Analyst
ayesha.abid@abaalihabib.com

SALES TEAM

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

Salman Ahmed - Head of Retail Sales
(021) 32412491

Syed Khalid Ahmed - Equity Trader
Syedkhalid@abaalihabib.com
(021) 32429664

Muhammad Faisal - Equity Trader
faisal@abaalihabib.com
(021) 32464835

Office (PSX Building)

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



https://twitter.com/Aba_Ali_Habib



<https://www.facebook.com/aah162>



<https://www.linkedin.com/company/aba-ali-habib-securities/>