



February  
12, 2020

## Economy News

### Coronavirus outbreak: IMF warns of negative impact on Pak economy

#### Economy | Neutral

The IMF mission has expressed concerns over coronavirus impact on Pakistan's economy as spillover effect of slowing down of Chinese economy might negatively affect Islamabad's GDP growth endeavours for the current fiscal year. However, Pakistani authorities rejected any negative impact on its economy in totality and argued that there would be no negative impact so the GDP growth target of 3.3 percent and inflation hovering around 11 to 12 percent must remain intact. The IMF projected Pakistan's GDP growth at 2.4 percent and inflation around 11 to 12 percent for the current fiscal year. (The News) | [Click for more info.](#)

### Revenue target comes into focus in IMF talks

#### Economy | Neutral

Talks with the IMF continued as discussions revolved around the need to further revise the revenue target downward. Multiple sources from within the talks confirmed to Dawn that the FBR has proposed up to Rs4.7 trillion as the maximum amount that can be collected this fiscal year whereas the IMF is asking it to aim for Rs4.9tr instead. The gap implied fresh revenue measures totaling Rs200 billion that would need to be announced in the near future if the authorities fail to convince the fund of their limitations. (Dawn) | [Click for more info.](#)

### Two key bills passed by Senate

#### Economy | Neutral

In what comes as a big relief for the federal government, the Upper House of the Parliament on Tuesday passed two key bills, the Anti-Money Laundering (Amendment) Bill, 2019 and the Foreign Exchange Regulation (Amendment) Bill, 2019. The passage of the two bills is in line with Pakistan's commitment to the Financial Action Task Force (FATF) which envisages parliamentary legislation to tighten noose around terror financing and money laundering. (BR) | [Click for more info.](#)

### Incentives in the offing to boost foreign remittances

#### Economy | Neutral

The government has chalked out a comprehensive plan to boost flow of foreign remittances in the country by incentivising the Pakistani expatriates for using legal channels to send money back homes, a top official said on Tuesday. The move was aimed at promoting legal means among Pakistani expatriates for the transfer of remittances and discouraging the use of hawala/hundi, (The News) | [Click for more info.](#)

## Oil & Gas

### To compensate for revenue shortfall: Pakistan, IMF mull over keeping petroleum levy up

#### Economy | Negative

Pakistan and the visiting IMF mission are exploring possibilities to increase the non-tax revenue mainly by keeping the petroleum levy on the higher side in order to compensate for an expected reduction in the revenue shortfall. (The News) | [Click for more info.](#)

## Power

### Power sector circular debt surges to Rs1.9 trillion

#### Power | Negative

The power sector circular debt continues to haunt Pakistan's economy as it has swelled to almost Rs1.9 trillion as the payables have hit Rs990 billion mark and loans and liabilities parked in PHPL (Power Holding Private Limited) stand at Rs800 billion. (The News) | [Click for more info.](#)

	Open	Close	Chg.	%
KSE All	27,520.3	27,865.2	344.8	1.3%
KSE100	39,296.7	39,714.5	417.8	1.1%
KSE30	18,090.7	18,289.0	198.3	1.1%
KMI30	62,250.7	63,287.5	1036.8	1.7%

	Open	Close	Chg.	%
RMPL	6,555.0	6,700.0	145.0	2.2%
PAKT	2,162.4	2,270.1	107.7	5.0%
SAPT	911.0	964.0	53.0	5.8%
MARI	1,222.5	1,264.7	42.2	3.5%
SFL	840.0	880.7	40.7	4.8%

	Open	Close	Chg.	Vol.
HASCOL	21.6	22.7	1.0	12.85
UNITY	11.8	12.2	0.5	12.58
TRG	23.6	24.3	0.7	11.37
MLCF	21.4	22.6	1.2	8.79
PAEL	23.8	23.7	-0.1	6.19

FIPI	Buy	Sell	Net
F-Individuals	0.01	0.00	0.00
F-Corporates	2.51	-4.75	-2.24
O/S Pakistanies	2.21	-1.64	0.57
<b>Net</b>	4.73	-6.40	-1.67
<b>LIPI</b>			
Individuals	37.06	-37.70	-0.64
Companies	2.21	-2.37	-0.16
Comm. Banks	5.22	-5.18	0.04
NBFC	0.00	0.00	0.00
Mutual Funds	2.42	-4.20	-1.79
Other	1.29	-0.45	0.84
Brokers Proprietary	11.51	-10.59	0.92
Insurance	2.80	-0.33	2.46
<b>Net</b>	62.51	-60.84	1.67

	Unit	Close	% chg.
Crude oil	USD/bbl.	49.94	0.7%
Brent oil	USD/bbl.	54.01	1.4%
Gold	USD/t oz.	1567.89	-0.3%
Silver	USD/t oz.	17.65	-0.7%
Coal	USD/ton	85.25	0.6%
Steel Scrap (LME)	USD/ton	268.00	1.5%
Steel Rebar (LME)	USD/ton	422.00	0.0%
USD/PKR	Interbank	154.70	0.0%

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



## Net power sector receivables up 27pc

Power | **Negative**

The net power sector receivables have increased by about 27 per cent over the last 18 months as overall recoveries struggled to make any significant impact despite a full focus of the authorities and the lending agencies to address power sector challenges. According to a detailed report finalised by the Power Division, the net receivables of all the distribution companies (Discos) increased to Rs1.037 trillion as of Dec 31, 2019 from Rs817.5 billion on June 2018, showing an increase of 27pc or about Rs220bn. Total private sector receivables during the period also increased by 24pc to Rs830bn from Rs670bn, an increase of Rs160bn. (Dawn) | [Click for more info.](#)

## Hubco-FFC's 330MW Thar Energy Ltd reaches financial close

HUBC | **Neutral**

Thar Energy Limited (TEL), a subsidiary of Pakistan's largest Independent Power Producer, the Hub Power Company Limited (Hubco) has reached its financial close. Hubco in collaboration with Fauji Fertilizer Company Limited (FFC) established Thar Energy Limited (TEL), to set up a 330MW mine-mouth lignite-fired power Plant, one of the first power projects to utilise the local lignite at Thar Coal Block II for power generation. While Hubco currently holds 60 percent of the equity in TEL, FFC is the second major investor with 30 percent equity stake while CMEC TEL Power Investments Limited (CTPIL) hold the balance 10 percent equity in the Project. (BR) | [Click for more info.](#)

## Adjustments in tariff; Rs600bn passed on to consumers: Nepra

Power | **Negative**

National Electric Power Regulatory Authority (Nepra) on Tuesday acknowledged that around Rs 600 billion has been passed on to the consumers through different adjustments in tariff which is nearly 86 percent of the 2019-20 Public Sector Development Program (PSDP). (BR) | [Click for more info.](#)

## Draft National Electricity Policy 2020: Full cost of service not to be recovered from consumers

Power | **Neutral**

Secretary Power Division Irfan Ali has dispelled the impression that the full cost of service would be recovered from consumers under the proposed National Electricity Policy 2020 as a portion of the subsidy will be available for consumers. More importantly, it is yet to be finalised as its preliminary draft is in circulation for input from the stakeholders in general and the provinces in particular. (The News) | [Click for more info.](#)

## Autos

### Auto industry woes multiply as sales dip

Autos | **Negative**

Pakistan's auto sector continued to show dismal performance during the first seven months of 2019-20 with cars sales plunging by 44 per cent year-on-year, reported the data released by Pakistan Automotive Manufacturers Association. (Dawn) | [Click for more info.](#)

## Miscellaneous

### Meezan Bank, Amreli Steels sign transaction banking agreement

MEBL, ASL | **Neutral**

Under this transaction banking agreement, Meezan Bank, through the provision of its state-of-the-art online banking solution, named eBiz+, will enable Amreli Steels to fully automate its dealer collections. The partnership will further create value for Amreli Steels by serving as an end-to-end transaction banking solution delivering standardized reporting, greater safety and efficiency. (BR) | [Click for more info.](#)

	Last	Chg.	Chg. %
PAK (KSE-100)	39,714.5	417.76	1.06%
HK - Hang Seng	27,583.9	342.54	1.26%
INDIA - SENSEX	41,216.1	236.52	0.58%
Taiwan - TWII	11,664.0	89.97	0.78%
CHINA - Shanghai	2,901.7	11.18	0.39%
PHILP - PSEI	7,439.4	8.54	0.11%
US - S&P 500	3,357.8	5.66	0.17%
INDONESIA - IDX	5,954.4	2.32	0.04%
US - Dow 30	29,276.3	-0.48	0.00%
KSA - Tadawul	7,895.6	-76.29	-0.96%

Scrip	Day	Agenda	Time
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
BCL	TUESDAY	HY A/C - 31DEC'19	10:30 AM
DGKC	TUESDAY	HY A/C - 31DEC'19	11:00 AM
SNBL	TUESDAY	ANN A/C - 31DEC'19	11:00 AM
BIPLS	TUESDAY	ANN A/C - 31DEC'19	12:00 PM
EFGH	TUESDAY	ANN A/C - 31DEC'19	2:30 PM
NPL	TUESDAY	HY A/C - 31DEC'19	2:30 PM
SHFA	SATURDAY	HY A/C - 31DEC'19	4:00 PM



## Govt okays Rs10b relief package to 'counter rising inflation

Economy | **Positive**

The Pakistan Tehreek-e-Insaf (PTI) government has approved a subsidy of Rs2 billion per month for a period of five months to Utility Stores Corporation for the provision of edible items of daily use to the people at affordable rates. (ET) | [Click for more info.](#)

## Govt, exporters determined to explore markets for pharma exports: LCCI president

Pharma | **Positive**

Pakistan's pharmaceutical industry has enormous potential to grow from existing three per cent global share and the current government is extending supporting hand to the exporters to explore and tap hidden markets. | [Click for more info.](#)

## Political News

### PM Imran should tell about corruption taking place in country: opposition

The debate in the National Assembly on price hike and basic problems being faced by people turned into personal remarks against each other's leaderships on Tuesday. (The News) | [Click for more info.](#)

## International News

### Asia's Stocks Trade Mixed, Treasuries Hold Losses: Markets Wrap

Asian stocks opened in mixed fashion Wednesday as investors weighed the spreading coronavirus against expectations for policy support. Treasuries held modest losses. (Bloomberg) | [Click for more info.](#)

### Oil Clinches Gain Despite Russia Indecision on OPEC+ Output Cut

Oil held gains as investors weighed hopes for a decision by Russia to accept an OPEC+ proposal for production cuts against an increase in American crude stockpiles. (Bloomberg) | [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 <sup>AC</sup>

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](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)



[https://twitter.com/Aba\\_Ali\\_Habib](https://twitter.com/Aba_Ali_Habib)



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



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