



February
14, 2020

Economy News

Trade and commerce reliance: IMF asks Pakistan to cut reliance on China Economy | **Negative**

The visiting IMF mission has extended its stay in Pakistan for making more efforts to strike a consensus on the staff-level agreement as both sides so far persisted with their respective differences on 'immediate measures' for reducing the revenue-expenditure gap and fixing cash bleeding energy sector. The IMF has also asked Islamabad "to reduce its trade and commerce reliance on Beijing" and look for other international options by signing free trade agreements with other countries too. | [Click for more info.](#)

Finance ministry hints at further belt-tightening ahead Economy | **Neutral**

The government on Thursday hinted at further tightening of civil expenditures to compensate for slippages on targets committed with the International Monetary Fund (IMF) on revenue collections. (Dawn) | [Click for more info.](#)

Turkish firm sees \$400m potential in appliances' exports Economy, PAEL, WAVES | **Positive**

Pakistan could fetch \$300 to 400 million from exports of home appliances if the government focuses on non-traditional export sector and diversify exportable products, an industry official said on Thursday. (The News) | [Click for more info.](#)

Pakistan looks to involve Turkey in CPEC as Erdogan arrives Economy | **Positive**

Pakistan and Turkish Businessmen sign multiple joint ventures on the first day of a Turkish business delegation's visit to the country. A number of memorandums of understanding (MoUs), agreements and joint ventures were signed between the businessmen of the two countries. (Times of Islamabad) | [Click for more info.](#)

Forex reserves up by \$91m Economy | **Positive**

The country's liquid foreign exchange reserves rose by \$91 million during last week, the central bank said. According to the weekly report issued by the State Bank of Pakistan issued Thursday, Pakistan's total liquid foreign exchange reserves stood at \$18.735 billion as on Feb 7, 2020 compared to \$18.644 billion on Jan 31, 2020. (BR) | [Click for more info.](#)

Oil & Gas

SNGPL to expand transmission network in KP's southern districts SNGP | **Positive**

The Sui Northern Gas Pipelines Company Limited (SNGPL) would spend Rs 9,039.487 million on expansion of transmission network in southern oil and gas producing districts of Khyber Pakhtunkhwa including Karak, Hangu and Kohat to bring down the ratio of UFG losses. (Mettis) | [Click for more info.](#)

Petroleum Division asked to change oil and gas pricing formula for production companies Oil | **Negative**

The Finance Ministry, apparently to ensure reduction in the prices of local oil and gas, has advised the Petroleum Division to change the pricing formula of oil and gas production companies by delinking the price with dollar. According to sources, the Finance Ministry wanted to reduce the prices of local oil and gas by linking the price of local oil and gas production with Pakistani rupees. (PT) | [Click for more info.](#)

Pakistan Stock Exchange Overview

| | Open | Close | Chg. | % |
|---------|----------|----------|--------|-------|
| KSE All | 28,309.3 | 28,256.1 | -53.3 | -0.2% |
| KSE100 | 40,531.1 | 40,455.4 | -75.7 | -0.2% |
| KSE30 | 18,692.9 | 18,653.4 | -39.6 | -0.2% |
| KMI30 | 64,954.9 | 64,631.9 | -323.0 | -0.5% |

Top Five Gainers

| | Open | Close | Chg. | % |
|--------|---------|---------|------|------|
| WYETH | 779.4 | 814.0 | 34.6 | 4.4% |
| BATA | 1,817.3 | 1,850.0 | 32.7 | 1.8% |
| NESTLE | 7,400.0 | 7,425.0 | 25.0 | 0.3% |
| SHEZ | 371.0 | 393.2 | 22.2 | 6.0% |
| INDU | 1,022.1 | 1,030.5 | 8.4 | 0.8% |

Top Five Volume Leaders

| | Open | Close | Chg. | Vol. |
|-------|------|-------|------|-------|
| UNITY | 12.6 | 13.3 | 0.7 | 22.38 |
| DGKC | 66.6 | 69.6 | 3.0 | 18.25 |
| BOP | 13.1 | 13.0 | -0.1 | 13.82 |
| ASCR | 2.5 | 2.6 | 0.1 | 9.83 |
| MLCF | 23.4 | 23.2 | -0.2 | 8.69 |

Portfolio Investments – Net Position

| FIPI | Buy | Sell | Net |
|---------------------|-------|--------|-------|
| F-Individuals | 0.00 | -0.03 | -0.02 |
| F-Corporates | 0.79 | -4.24 | -3.44 |
| O/S Pakistanies | 2.10 | -2.32 | -0.23 |
| Net | 2.90 | -6.58 | -3.69 |
| LIPI | | | |
| Individuals | 42.66 | -42.14 | 0.52 |
| Companies | 2.88 | -0.94 | 1.94 |
| Comm. Banks | 10.23 | -9.94 | 0.29 |
| NBFC | 0.02 | -0.02 | -0.01 |
| Mutual Funds | 2.38 | -3.31 | -0.93 |
| Other | 0.89 | -0.56 | 0.33 |
| Brokers Proprietary | 11.97 | -12.30 | -0.33 |
| Insurance | 2.19 | -0.32 | 1.87 |
| Net | 73.22 | -69.53 | 3.69 |

Commodity Outlook

| | Unit | Close | % chg. |
|-------------------|-----------|---------|--------|
| Crude oil | USD/bbl. | 51.42 | 0.5% |
| Brent oil | USD/bbl. | 56.34 | 1.0% |
| Gold | USD/t oz. | 1576.00 | 0.6% |
| Silver | USD/t oz. | 17.65 | 0.9% |
| Coal | USD/ton | 85.00 | -0.1% |
| Steel Scrap (LME) | USD/ton | 271.00 | 0.0% |
| Steel Rebar (LME) | USD/ton | 425.00 | 0.5% |
| USD/PKR | Interbank | 154.56 | 0.0% |

News Source: Local / Int'l Newspapers and websites

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MORNING BRIEFING



Power

Mitsui Japanese Power Company Wants to Buy Pakistani Power Plants

Power | Neutral

Mitsui & Co., Ltd. is one of the largest general trading companies in Japan. It is a part of the Mitsui Group, and its business area covers energy, machinery, chemicals, food, textile, logistics, finance, and more. It is a renowned power company that is internationally recognized for modernization and sustainability. (Daily Times) | [Click for more info.](#)

\$425m sought for Swat hydro projects

Power | Neutral

The Khyber Pakhtunkhwa government is seeking \$425 million from the World Bank group to develop run-of-river hydropower projects on Swat River Basin which has an estimated energy potential of 2,000MW. The KP government has developed a project at a cost of \$782m. However, this financing plan is indicative and efforts would be made to mobilise as much commercial financing as feasible while the share of the provincial government would depend upon the level of commercial capital mobilised, according to a document released by the WB. The \$425m loan also included \$287m from the International Development Association (IDA). (Dawn) | [Click for more info.](#)

Fertilizer

Required information; CCP likely to issue show-cause notices to fertilizer cos.

Fertilizer | Negative

Competition Commission of Pakistan (CCP) is likely to issue show cause notices to fertilizer companies for not providing required information as per the law, well-informed sources told Business Recorder. The government had directed CCP to conduct cost audit of fertilizer companies as prices were not being revised down despite availability of cheaper gas. (BR) | [Click for more info.](#)

Miscellaneous

Private sector credit off-take plunges 68.2pc in July-Jan

Banks | Neutral

Banks' lending to private sector sank 68.2 percent to Rs175.2 billion in the seven months of the current fiscal year, the central bank data showed on Thursday, mainly owing to high interest rate amid sluggish manufacturing activity. (The News) | [Click for more info.](#)

Rs29bn refunds issued to export sector, NA panel told

Textile | Positive

The government has informed the National Assembly's Standing Committee on Finance that Rs29 billion sales tax refunds had been issued to the export sector under the fast track system and remaining were also being expedited. (BR) | [Click for more info.](#)

High power tariff; Exporters threaten to go on strike if govt fails to honour commitment

Textile | Negative

The members of value-added knitwear industry have threatened to go on strike if government's commitment of providing electricity to the export sector at regionally competitive rate of 7.5 cents/KWh is not fulfilled by Monday, next week. (BR) | [Click for more info.](#)

World Indices

| | Last | Chg. | Chg. % |
|------------------|----------|---------|--------|
| PHILP - PSEi | 7,403.1 | 20.02 | 0.27% |
| Taiwan - TWII | 11,791.8 | 17.59 | 0.15% |
| US - S&P 500 | 3,373.9 | -5.51 | -0.16% |
| CHINA - Shanghai | 2,906.1 | -20.83 | -0.71% |
| KSA - Tadawul | 7,874.4 | -40.95 | -0.52% |
| INDONESIA - IDX | 5,872.0 | -41.13 | -0.70% |
| PAK (KSE-100) | 40,455.4 | -75.69 | -0.19% |
| HK - Hang Seng | 27,730.0 | -93.66 | -0.34% |
| INDIA - SENSEX | 41,459.8 | -106.11 | -0.26% |
| US - Dow 30 | 29,423.3 | -128.11 | -0.43% |

Board Meetings

| Script | Day | Agenda | Time |
|---------|-----------|--------------------|----------|
| 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 |
| EFERT | MONDAY | ANN A/C - 31DEC'19 | 9:30 AM |
| BYCO | MONDAY | HY A/C - 31DEC'19 | 3:00 PM |
| ORIXM | MONDAY | HY A/C - 31DEC'19 | 3:00 PM |
| ZTL | MONDAY | HY A/C - 31DEC'19 | 3:00 PM |
| SITC | MONDAY | HY A/C - 31DEC'19 | 5:00 PM |
| BIFO | TUESDAY | HY A/C - 31DEC'19 | 11:00 AM |
| EMCO | TUESDAY | HY A/C - 31DEC'19 | 11:00 AM |
| INDU | WEDNESDAY | HY A/C - 31DEC'19 | 10:00 AM |
| GHNL | WEDNESDAY | HY A/C - 31DEC'19 | 11:00 AM |
| JSIL | FRIDAY | ANN A/C - 31DEC'19 | 10:00 AM |
| GLOT | FRIDAY | 1Q A/C - 31DEC'19 | 11:00 AM |
| GIL | FRIDAY | HY A/C - 31DEC'19 | 11:00 AM |
| ISIL | FRIDAY | HY A/C - 31DEC'19 | 11:00 AM |
| PPP | FRIDAY | HY A/C - 31DEC'19 | 11:00 AM |
| KAPCO | FRIDAY | HY A/C - 31DEC'19 | 11:30 AM |
| DYNO | FRIDAY | HY A/C - 31DEC'19 | 3:00 PM |
| MUGHAL | FRIDAY | HY A/C - 31DEC'19 | 3:30 PM |
| MCBAH | FRIDAY | HY A/C - 31DEC'19 | 4:00 PM |
| ALTN | FRIDAY | HY A/C - 31DEC'19 | 4:30 PM |
| ECOP | SATURDAY | HY A/C - 31DEC'19 | 10:00 AM |



Pakistan, Turkey sign two MoUs

Economy | Neutral

Pakistan and Turkey on Thursday finalised two memorandums of understandings (MoUs) to increase the level of economic engagement and mobilise the untapped potential for increasing trade and investment. Two MoUs finalised by the JWG include one on Trade Facilitation and Customs Cooperation, and the other to reinforce cooperation in the field of Halal Accreditation. The two sides agreed to explore the possibilities of enhancing bilateral trade by mutually beneficial market access and trade facilitation. (Dawn) | [Click for more info.](#)

Political News

Opposition parties in NA demand fresh general elections

The opposition parties on floor of the National Assembly on Thursday demanded fresh general elections in the country observing the incumbent government did not possess the ability to resolve crisis being faced by the masses. (The News) | [Click for more info.](#)

International News

Shares step back as hopes of early end to coronavirus fade

Global shares eased on Friday, as investors were spooked by a sharp rise in the number of coronavirus cases in China this week while oil prices extended gains on hopes of more production cuts. (Reuters) | [Click for more info.](#)

Oil prices steady but set for weekly gain on supply cut optimism

Oil prices were steady on Friday but are set for their first weekly gain in six weeks on the assumption major producers will implement deeper output cuts to offset slowing demand in China, the world's second-largest crude user. (Reuters) | [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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