

April 16,
2020

Economy News

Pakistan included in G20 debt relief plan

Economy | Positive

Pakistan has been included in the group of countries eligible for debt relief on all principal and interest payments to official bilateral creditors announced by the G20 countries in their Riyadh meeting on Wednesday. The G20 grouping had been urged by the World Bank and the International Monetary Fund (IMF) to extend debt relief to the poorest countries to free up their resources for the Covid-19 related challenge instead. (Dawn) | [Click for more info.](#)

Spoilers may cast shadow on Pakistan's FATF commitment

Economy | Neutral

Pakistan's efforts were recognised in the last FATF Plenary wherein Pakistan was found compliant in 14 out of 27 action items with substantial progress in other remaining items. However, the endeavour to take Pakistan out of the Grey List is not yet over and has slowed a bit due to the COVID-19 situation. It needs continued efforts in right direction. (ET) | [Click for more info.](#)

Pakistan's budget deficit may hit record high due to coronavirus

Economy | Negative

Pakistan's budget deficit is expected to rise to the highest level in history to 9.2% of the size of national economy or Rs4 trillion in current fiscal year due to the impact of deadly contagion on revenues and expenses, says a new report of the International Monetary Fund (IMF). (ET) | [Click for more info.](#)

Govt debt; IMF projects 1.9pc increase

Economy | Negative

The International Monetary Fund (IMF) has projected an increase in government gross debt by 1.9 percent to 85.4 percent of the Gross Domestic Product (GDP) in 2020 against 83.5 percent in 2019. According to the IMF report, "Regional Economic Outlook Update: Middle East and Central Asia", it is projected that the government gross debt would rise to 85.4 percent of the GDP in 2020, and decrease to 83.3 percent in 2021. The IMF Executive Board is scheduled to meet on Thursday (today) to consider Pakistan's request for \$1.4 billion loan under the Rapid Financing Instrument (RFI). (BR) | [Click for more info.](#)

Post-pandemic woes: Next fiscal year to be even more painful for Pakistan

Economy | Neutral

The coronavirus pandemic has hit Pakistan's economy hard like the rest of the world but the post-crisis period during next fiscal year will be even more painful as the country will face \$19 billion of debt payment, a big drop in remittances and exports, and up to 5 million job losses in a worst-case scenario, claimed an economic expert. (ET) | [Click for more info.](#)

Incentives offered to attract remittances

Economy | Neutral

The State Bank of Pakistan (SBP) on Wednesday announced incentives for banks and exchange companies to increase remittances amid fears of lower-than-expected inflows due to the impact of coronavirus across the world. (Dawn) | [Click for more info.](#)

Pakistan's exports to decline \$3bn owing to coronavirus: Dawood

Economy | Negative

Adviser to the Prime Minister on Commerce Abdul Razak Dawood has said the State Bank of Pakistan (SBP) has called for deferring debt payments to one year, but commercial banks are not cooperating with the business community in this regard. Talking to reporters after the meeting, Dawood said as predicted by the IMF and the WB, the coronavirus could bring the country's exports down by \$3 billion. (PT) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	22,198.9	22,188.3	-10.6	0.0%
KSE100	31,222.7	31,242.2	19.4	0.1%
KSE30	13,819.6	13,761.4	-58.2	-0.4%
KMI30	49,121.5	49,187.0	65.5	0.1%

Top Five Gainers

	Open	Close	Chg.	%
UPFL	7,100.0	7,600.0	500.0	7.0%
RMPL	6,550.0	6,720.0	170.0	2.6%
SAPL	650.0	695.8	45.8	7.0%
PAKT	1,550.0	1,579.0	29.0	1.9%
ABOT	393.5	419.5	26.0	6.6%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
MLCF	23.1	23.1	0.0	22.51
HASCOL	14.8	14.5	-0.3	10.92
FCCL	15.6	16.0	0.4	9.56
PIOC	37.7	39.6	1.8	8.12
DGKC	72.9	74.2	1.3	7.86

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.01	-0.01	0.00
F-Corporates	1.73	-5.79	-4.06
O/S Pakistanies	3.23	-2.22	1.02
Net	4.97	-8.02	-3.04
LIPI			
Individuals	40.25	-38.31	1.94
Companies	2.55	-1.56	0.99
Comm. Banks	0.39	-0.35	0.04
NBFC	0.02	-0.03	-0.01
Mutual Funds	2.38	-3.12	-0.74
Other	0.64	-0.88	-0.24
Brokers Proprietary	6.38	-6.45	-0.07
Insurance	2.29	-1.15	1.13
Net	54.90	-51.86	3.04

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	19.87	-1.2%
Brent oil	USD/bbl.	27.69	-6.5%
Gold	USD/t oz.	1717.03	-0.6%
Silver	USD/t oz.	15.46	-1.8%
Coal	USD/ton	58.20	-0.7%
Steel Scrap (LME)	USD/ton	253.00	0.0%
Steel Rebar (LME)	USD/ton	417.00	1.2%
USD/PKR	Interbank	167.00	0.0%

News Source: Local / Int'l Newspapers and websites

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REP-055

CAD shrinks to six-year low: SBP

Economy | **Positive**

According to SBP second quarterly report, the current account deficit contracted to a six-year low, foreign exchange reserves increased, the primary budget recorded a surplus. SBP report stated the stabilization efforts and regulatory measures yielded notable improvements during the first half of the fiscal year 2020, however, noted that the global and domestic spread of Covid-19 has brought an exceptional set of challenges for the country. The current account deficit contracted to a six-year low, foreign exchange reserves increased, the primary budget recorded a surplus, and core inflation eased, according to a report. (Pakobserver) | [Click for more info.](#)

Flight of hot money continues, further \$52.3 mln has been detached from local debt market

Economy | **Negative**

Foreign investors withdrew further \$52.3 million yesterday from government securities particularly T-bills, bringing the total outflow for the month to clock in at \$464.7 million. According to the SCRA data released by SBP, from fiscal year to date, the country witnessed an outflow of \$2.53 billion in T-bills, against inflows of \$3.43 billion, indicating that only \$899.2 million investment remained in T-bills. (Mettis) | [Click for more info.](#)

Sales tax collection falls 31 percent to Rs13.4bln in March

Economy | **Negative**

Sales tax collection from locally-manufactured goods sharply fell 31 percent year-on-year in March as coronavirus lockdown adversely hit consumer demand for oil and discretionary products during the month, officials said on Wednesday. (The News) | [Click for more info.](#)

Oil & Gas

Pakistan OMCs: More pain to come?

Oil | **Negative**

Local Oil Marketing Companies (OMCs) are suffering from inventory losses as they have to bring down refinery sources due to reduced demand for fuel after lockdown across the country to contain the deadly COVID-19 spread. It is expected that the volumes of OMS to decline in 4QFY20 where Motor Spirit (MS) is expected to be the worst affected among the major fuels due to severe restrictions on individual movement than industrial. (Mettis) | [Click for more info.](#)

Power

CCoE reviews measures to cut energy costs

IPPs | **Neutral**

The Cabinet Committee on Energy (CCoE) directed the Power Division on Wednesday to speed up implementation of various measures within given timelines to reduce energy costs, particularly the unsustainable burden of capacity payments. Federal Minister for Planning, Development and Special Initiatives Asad Umar presided over a brief meeting because of his other engagements relating to Covid-19 coordination and upcoming schedule of meetings with managements of the Independent Power Producers (IPPs). (Dawn) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
PHILP - PSEi	5,946.1	165.17	2.86%
Taiwan - TWII	10,447.2	114.27	1.11%
PAK (KSE-100)	31,242.2	19.45	0.06%
CHINA - Shanghai	2,811.2	-16.11	-0.57%
KSA - Tadawul	6,813.7	-60.97	-0.89%
US - S&P 500	2,783.4	-62.70	-2.20%
INDONESIA - IDX	4,625.9	-80.58	-1.71%
HK - Hang Seng	24,145.3	-290.06	-1.19%
INDIA - SENSEX	30,379.8	-310.21	-1.01%
US - Dow 30	23,504.4	-445.41	-1.86%

Board Meetings

Scrip	Day	Agenda	Time
SCL	THURSDAY	3QA/C FY'20	10:00 AM
DCR	THURSDAY	3QA/C FY'20	11:00 AM
HRPL	THURSDAY	3QA/C FY'20	11:00 AM
SAZEW	THURSDAY	3QA/C FY'20	11:30 AM
MWMP	THURSDAY	MULTIPLE PERIOD	12:00 PM
LOTCHEM	THURSDAY	1QA/C FY'20	2:00 PM
INIL	THURSDAY	3QA/C FY'20	4:00 PM
BWHL	FRIDAY	3QA/C FY'20	11:00 AM
HMB	FRIDAY	1QA/C FY'20	3:00 PM
SIBL	SATURDAY	1QA/C FY'20	12:00 PM



Power purchase agreements; Ministry will start negotiations with IPPs today

IPPs | Neutral

The Ministry of Energy (Power Division) would start negotiations of power purchase agreements with independent power producers (IPPs) on Thursday (today) under the direction of the prime minister for seeking relaxations based on mutual agreement after an inquiry report, which recommended recovering Rs100 billion immediately from the owner of power plants. (BR) | [Click for more info.](#)

'Strong-arming IPPs will deter future investors'

Power | Negative

The Independent Power Producers (IPPs) Association said on Wednesday old plants that are receiving capacity payments without generating electricity can be terminated only under the terms specified in their power purchase agreements (PPAs). (Dawn) | [Click for more info.](#)

Autos

HCAR extends plant shutdown till April 30

HCAR | Negative

Honda Atlas Cars (Pakistan) Limited has informed that its plant operations and regional offices shall further be closed till April 30, 2020, owing to the directives issued by the Punjab Government relating to the outbreak of COVID-19. (Mettis) | [Click for more info.](#)

Sazgar Engineering resumes production operations

SAZEW | Neutral

Sazgar Engineering Works Ltd has partially resumed its production operations, relating to the Tractor Wheels Rims manufacturing with effect from April 15, 2020 i.e. today, in view of exemption from lockdown, granted to tractor industry by the Punjab government. (Mettis) | [Click for more info.](#)

Vehicle Imports Fall to Lowest Level in 10 Years

Autos | Neutral

According to new data released by the State Bank of Pakistan (SBP), there has been a fall in the imports of Completely Built Units (CBU) of cars due to the regulatory restrictions on car imports under the gift and baggage schemes. (Propakistani) | [Click for more info.](#)

Textile

Govt mulls zero tax, duties to boost exports

Textile | Positive

The Ministry of Commerce (MoC) has proposed to exempt duties and taxes on exports proceeds to cope with the fallout from Covid-19 on, said Commerce Adviser Abdul Razak Dawood. "We had a meeting with the Federal Board of Revenue for implementation of this principle on several of our products including leather, poultry and electric fans," the advisor said, adding that the policy the Commerce Division is following is there should be no element of duties and taxes in exports. The presumptive tax at the rate of one per cent is currently applied on export proceeds to facilitate exporters and exempt them from the normal taxation. (Dawn) | [Click for more info.](#)

Industrial lockdown may deadlock economy

Textile | Negative

Pakistan's textile sector is mostly made up of major denim industry, which feeds into jeans and fashion retailers and brands all over the world. A few weeks after the COVID-19 pandemic outbreak, all the global players started to cancel orders they had placed with the local manufacturers. (The News) | [Click for more info.](#)



Miscellaneous

Rs20bn principal amount of loans; Banks defer repayments

Banks | Negative

Under the State Bank of Pakistan (SBP) relief package, banks have deferred principal repayment of loans worth Rs 20 billion of over 80 thousands borrowers to facilitate them during the COVID-19 outbreak. (BR) | [Click for more info.](#)

Non-availability of complete supply chain; Export, construction sectors facing problems in resuming operations

Cement | Neutral

The export oriented and construction related sectors are finding it difficult to resume their operations with full capacity due to non-availability of complete supply chain. Industrialists including surgical, textile and brick kiln said that unless complete supply chain is not put in place, industrial units are unlikely to start their operations any time soon. (BR) | [Click for more info.](#)

Pakistan's Aviation Sector Earned Losses of Rs. 19 Billion Due to COVID-19

PIAA | Negative

The outbreak of the novel coronavirus has brought the world's economy on the verge of collapse. Almost every business sector and industry has felt the jolt, but the aviation industry has been the worst hit. As per inside sources, Pakistan International Airlines (PIA) and the Civil Aviation Authority (CAA) have collectively reported losses worth more than Rs. 19 billion in the past one and a half months. (Propakistani) | [Click for more info.](#)

LHC terms imposition of super tax 'constitutional' and 'valid'

Economy | Neutral

The Lahore High Court (LHC) has decided the matter of imposition of super tax under Section 4B of the Income Tax Ordinance 2001 as "constitutional and valid". The LHC in its order published on its website, while deciding an intra-court appeal (ICA) (ICA No 134758 of 2018) connected with 72 similar cases, upheld the vires of super tax. (BR) | [Click for more info.](#)

Political News

Provinces free to make decisions: Firdous

Special Assistant to the Prime Minister (SAPM) on Information and Broadcasting Firdous Ashiq Awan on Wednesday accused that the Sindh government was "dividing" the country amid coronavirus pandemic. The federal and provincial governments will have to work together to cope with the coronavirus challenge, she said. (BR) | [Click for more info.](#)

International News

Pandemic to bring Asia's 2020 growth to halt for first time in 60 years: IMF

Asia's economic growth this year will grind to a halt for the first time in 60 years, as the coronavirus crisis takes an "unprecedented" toll on the region's service sector and major export destinations, the International Monetary Fund said on Thursday. (Reuters) | [Click for more info.](#)

Asian Stocks Fall After U.S. Decline; Oil Steadies: Markets Wrap

Asian stocks declined after a weak session on Wall Street, as bleak retail, manufacturing and homebuilding data added to concerns about a severe U.S. recession. Oil steadied near its lowest in two decades. (Bloomberg) | [Click for more info.](#)

Oil Holds Near 18-Year Low as Demand Shock Outweighs Output Cuts

Oil was anchored near \$20 a barrel after closing at an 18-year low as concerns over virus-led demand destruction outweigh an agreement by the world's biggest producers to curb 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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