



September
28, 2020

Economy News

PSX launches two new exchange traded funds

Capital Markets | Positive

Pakistan Stock Exchange (PSX) has rolled out two new exchange traded funds to attract investors toward a novel concept of investment diversified across multiple securities. The exchange traded funds are namely Meezan Pakistan ETF, offered by Al Meezan Investment Management and NBP Pakistan Growth ETF, offered by NBP Funds Management Ltd. (The News) | [Click for more info.](#)

World Bank approves \$450m loan

Economy | Positive

The World Bank has approved a loan of \$450 million to support Pakistan's transition to renewable energy resources that will reduce its reliance on fossil fuel imports and lower cost of electricity production. (ET) | [Click for more info.](#)

Talks with IMF on subsidies remain inconclusive

Economy | Neutral

The first round of talks between Pakistan and the International Monetary Fund (IMF) for the revival of a suspended loan programme remained inconclusive, while the global lender continued to insist on doing away with subsidies. (ET) | [Click for more info.](#)

Public debt up 1.28 percent to Rs35.5trln in July

Economy | Negative

Pakistan's public debt increased by a marginal 1.28 percent or Rs450 billion in the first month of this fiscal year, mainly because of lower government borrowing amid improving budget deficit. Total public debt increased to Rs35.555 trillion at the end of July 2020 from Rs35.105 trillion in June 2020. (The News) | [Click for more info.](#)

Oil & Gas

Petroleum Div to float tenders for 27 new E&P blocks in Oct, Dec

E&P | Positive

The Petroleum Division (PD) has planned to auction 27 new exploration and production (E&P) blocks, out of which 20 would be advertised in October and seven in December aimed at stepping up oil and gas drilling activities in different hydrocarbon potential areas of the country. (The Nation) | [Click for more info.](#)

Private sector invited to procure 700mmcf RLNG

Gas | Positive

The government has invited proposals from private sector to procure unutilised re-gasification capacity of at least 700 million metric cubic feet/day (mmcf) for the next six months. State-owned Pakistan LNG Limited (PLL) invited interested parties seeking allocation of its unutilised contracted capacity on a short-term basis and to review the draft agreement and transaction framework for allocating the unutilised contracted capacity. (The News) | [Click for more info.](#)

SNGP Receives Rs. 32 Billion to Clear Outstanding Dues

SNGP | Neutral

Sui Northern Gas Pipelines (SNPL) has received Rs. 32 billion from Energy Sukuk-II issued by the government to raise Rs. 200 billion to settle the circular debt. This was revealed by the company in an analyst briefing. Sui Northern Gas Pipeline (SNGP) conducted its analyst briefing yesterday to shed light on future outlook whilst explaining the financial and operational performance of FY19. (Propaksitani) | [Click for more info.](#)

Pakistan Stock Exchange Overview

| | Open | Close | Chg. | % |
|---------|----------|----------|--------|-------|
| KSE All | 29,597.3 | 29,636.1 | 38.8 | 0.1% |
| KSE100 | 41,806.4 | 41,701.2 | -105.1 | -0.3% |
| KSE30 | 17,658.5 | 17,605.7 | -52.9 | -0.3% |
| KMI30 | 66,931.8 | 66,558.6 | -373.2 | -0.6% |

Top Five Gainers

| | Open | Close | Chg. | % |
|--------|----------|----------|---------|------|
| UPFL | 13,960.0 | 15,000.0 | 1,040.0 | 7.4% |
| NESTLE | 6,611.3 | 6,790.0 | 178.8 | 2.7% |
| COLG | 3,000.0 | 3,149.0 | 149.0 | 5.0% |
| SAPT | 823.3 | 885.1 | 61.7 | 7.5% |
| SFL | 680.0 | 731.0 | 51.0 | 7.5% |

Top Five Volume Leaders

| | Open | Close | Chg. | Vol. |
|--------|------|-------|------|-------|
| HASCOL | 21.1 | 21.9 | 0.8 | 57.52 |
| UNITY | 18.0 | 18.0 | -0.1 | 47.50 |
| BYCO | 10.0 | 11.0 | 1.0 | 28.43 |
| PIBTL | 13.3 | 13.3 | 0.1 | 21.24 |
| TRG | 54.5 | 52.4 | -2.1 | 20.80 |

Portfolio Investments – Net Position

| FIPI | Buy | Sell | Net |
|---------------------|--------|---------|-------|
| F-Individuals | 0.04 | -0.03 | 0.01 |
| F-Corporates | 0.35 | -3.47 | -3.12 |
| O/S Pakistanies | 7.04 | -6.94 | 0.10 |
| Net | 7.43 | -10.44 | -3.01 |
| LIPI | | | |
| Individuals | 109.96 | -105.66 | 4.30 |
| Companies | 6.94 | -7.62 | -0.68 |
| Comm. Banks | 5.82 | -4.30 | 1.53 |
| NBFC | 0.10 | -0.10 | -0.01 |
| Mutual Funds | 12.41 | -14.70 | -2.29 |
| Other | 2.45 | -1.20 | 1.25 |
| Brokers Proprietary | 23.52 | -25.39 | -1.88 |
| Insurance | 2.12 | -1.34 | 0.77 |
| Net | 163.32 | -160.31 | 3.01 |

Commodity Outlook

| | Unit | Close | % chg. |
|-------------------|-----------|---------|--------|
| Crude oil | USD/bbl. | 40.25 | -0.1% |
| Brent oil | USD/bbl. | 41.92 | 0.0% |
| Gold | USD/t oz. | 1861.59 | -0.3% |
| Silver | USD/t oz. | 22.89 | -1.1% |
| Coal | USD/ton | 63.20 | 10.5% |
| Steel Scrap (LME) | USD/ton | 297.00 | 0.7% |
| Steel Rebar (LME) | USD/ton | 459.00 | 0.8% |
| USD/PKR | Interbank | 165.86 | -0.2% |

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



Country to face gas deficit up to 1.5bcfd in this winter

SSGC | Negative

Contrary to the government claims that countrymen will experience gas shortage close to 800 million cubic feet per day (mmcf) in the winter season, top sources in private and public sector companies dealing with natural gas, LNG, and LPG have disclosed to The News that the deficit is feared to go up to 1.5 bcfd. In the system of Sui Southern, the shortfall is likely to be in the range of 350-500 mmcf whereas in Sui Northern it is feared to hike in the range of 700-1,000 mmcf, the sources said. (The News) | [Click for more info.](#)

Power

NSC issuance for KE transaction; PM asks PC to move summary to ECC

KEL | Negative

Prime Minister Imran Khan has directed Privatisation Commission (PC) to move a summary to the Economic Coordination Committee (ECC) of the Cabinet on issuance of National Security Certificate (NSC) for KE transaction and future line of action. The NSC is mandatory to sell 66.4 per cent stakes of M/s Abraaj to Chinese firm, Shanghai Electric Power (SEP), which is reviewing its interests time and again. (BR) | [Click for more info.](#)

K-Electric seeks 80MW more from national grid

KEL | Neutral

The low gas pressure and drop in wind power have led to an increase in electricity shortfall. In this situation, K-Electric has placed a request before the federal government to provide 80 megawatts of additional power to overcome outages in Karachi. (ET) | [Click for more info.](#)

Energy sector may take circular debt to Rs4trn by 2025

Power | Neutral

Engro Energy Limited CEO Ahsan Zafar Syed estimates that if the DISCO operations are not improved, the inefficiencies in country's energy sector will take the circular debt to approximately Rs 4 trillion by 2025. He was speaking at the online Corporate Pakistan Group (CPG) Dialogue, organized under the topic 'Fixing Pakistan's Power Sector,' on Friday. (BR) | [Click for more info.](#)

Lifeline, agri consumers exempted; Discos allowed to increase tariff by paisa 86/unit

Power | Negative

National Electric Power Regulatory Authority (Nepra) has allowed Discos to increase tariff by paisa 86 per unit for July 2020 under monthly fuel adjustment mechanism. The decision will not have any effect on the tariffs of lifeline and agriculture consumers. (BR) | [Click for more info.](#)

Cement

Maple Leaf to boost WHR plant capacity to 25MW

MLCF | Positive

The Maple Leaf Cement Factory Limited (MLCF) announced the opening of a letter of credit (LC) related to the expansion of its waste heat recovery (WHR) plant to 25MW from the existing 16MW. The company plans to boost its WHR's capacity with an expected outlay of Rs1.8 billion likely to be financed through the issuance of debt. (PT) | [Click for more info.](#)

Banks

Banking deposits grow 18pc despite low interest rates

Banks | Positive

Banking deposits rose 18 percent year-on-year to Rs16 trillion in August despite low interest rates as the central bank's financial inclusion policies and financial support to lockdown-hit individuals and businesses kept the inflows into the system intact, bankers said on Saturday. (The News) | [Click for more info.](#)

World Indices

| | Last | Chg. | Chg. % |
|------------------|----------|---------|--------|
| INDIA - SENSEX | 37,388.7 | 835.06 | 2.28% |
| US - Dow 30 | 27,174.0 | 358.52 | 1.34% |
| INDONESIA - IDX | 4,945.8 | 103.03 | 2.13% |
| KSA - Tadawul | 8,293.6 | 57.45 | 0.70% |
| US - S&P 500 | 3,298.5 | 51.87 | 1.60% |
| CHINA - Shanghai | 3,219.4 | -3.76 | -0.12% |
| PHILP - PSEi | 5,838.7 | -7.14 | -0.12% |
| Taiwan - TWII | 12,232.9 | -31.47 | -0.26% |
| HK - Hang Seng | 23,235.4 | -75.65 | -0.32% |
| PAK (KSE-100) | 41,701.2 | -105.14 | -0.25% |

Board Meetings

| Script | Day | Agenda | Time |
|--------|---------|-------------------|----------|
| 786 | MONDAY | ANN A/C - 30JUN20 | 9:00 AM |
| DKL | MONDAY | ANN A/C - 30JUN20 | 10:00 AM |
| ELCM | MONDAY | ANN A/C - 30JUN20 | 10:30 AM |
| PREMA | MONDAY | ANN A/C - 30JUN20 | 11:00 AM |
| FIBLM | MONDAY | ANN A/C - 30JUN20 | 11:00 AM |
| SLCL | MONDAY | ANN A/C - 30JUN20 | 11:00 AM |
| GLPL | MONDAY | ANN A/C - 30JUN20 | 11:30 AM |
| SERF | MONDAY | ANN A/C - 30JUN20 | 11:30 AM |
| STJT | MONDAY | ANN A/C - 30JUN20 | 12:00 PM |
| WYETH | MONDAY | 3Q A/C - 31AUG20 | 12:00 PM |
| OGDC | MONDAY | ANN A/C - 30JUN20 | 12:30 PM |
| SEARL | MONDAY | ANN A/C - 30JUN20 | 1:30 PM |
| ORM | MONDAY | ANN A/C - 30JUN20 | 2:30 PM |
| TATM | MONDAY | ANN A/C - 30JUN20 | 2:30 PM |
| ALTN | MONDAY | ANN A/C - 30JUN20 | 3:00 PM |
| FNEL | MONDAY | ANN A/C - 30JUN20 | 3:00 PM |
| DWTM | MONDAY | ANN A/C - 30JUN20 | 3:30 PM |
| DADX | MONDAY | ANN A/C - 30JUN20 | 4:00 PM |
| DKTM | MONDAY | ANN A/C - 30JUN20 | 4:30 PM |
| DMTM | MONDAY | ANN A/C - 30JUN20 | 5:30 PM |
| DFSM | MONDAY | ANN A/C - 30JUN20 | 6:30 PM |
| DSFL | MONDAY | ANN A/C - 30JUN20 | 7:30 PM |
| DWAE | MONDAY | ANN A/C - 30JUN20 | 8:30 PM |
| BHAT | TUESDAY | ANN A/C - 30JUN20 | 10:00 AM |
| OLPL | TUESDAY | ANN A/C - 30JUN20 | 10:00 AM |
| BTL | TUESDAY | ANN A/C - 30JUN20 | 11:00 AM |
| FUDLM | TUESDAY | ANN A/C - 30JUN20 | 11:00 AM |
| JKSM | TUESDAY | ANN A/C - 30JUN20 | 11:00 AM |
| REWM | TUESDAY | ANN A/C - 30JUN20 | 11:00 AM |
| FECTC | TUESDAY | ANN A/C - 30JUN20 | 11:30 AM |
| SHDT | TUESDAY | ANN A/C - 30JUN20 | 11:30 AM |
| FASM | TUESDAY | ANN A/C - 30JUN20 | 12:00 PM |
| UBDL | TUESDAY | ANN A/C - 30JUN20 | 2:00 PM |
| ILTM | TUESDAY | ANN A/C - 30JUN20 | 2:30 PM |
| FCIBL | TUESDAY | ANN A/C - 30JUN20 | 3:00 PM |
| PIOC | TUESDAY | ANN A/C - 30JUN20 | 3:00 PM |
| SALT | TUESDAY | ANN A/C - 30JUN20 | 3:30 PM |
| STML | TUESDAY | ANN A/C - 30JUN20 | 3:30 PM |
| FNBM | TUESDAY | ANN A/C - 30JUN20 | 4:00 PM |

Source: PSX



Dollar inflows thru banking channels jump

Banks | Positive

Inflows of foreign exchange through banking channels remained high in September which may increase the remittances up to \$2 billion, said bankers and money changers. "Closure of commercial flights compelled all the remitters to adopt banking channels to send their money," said Forex Association of Pakistan President Malik Bostan, adding that it has also stopped currency smuggling. (Dawn) | [Click for more info.](#)

Low-cost housing loans from next week

Banks | Positive

Naya Pakistan Housing and Development Authority (NAPHDA) Chairman Lt Gen (retd) Anwar Ali Hyder on Friday said that banks will start offering loans for the scheme from next week. (Dawn) | [Click for more info.](#)

Miscellaneous

Wilmar Int'l invests Rs701mn in Pakistan's Unity Foods, increases shareholding to 23.47pc

Unity | Neutral

Wilmar Pakistan Holdings (WPH) Private Limited, a direct wholly-owned subsidiary of Wilmar International, has subscribed for some 70.2 million ordinary shares in Unity Foods Limited (UFL) for a total of Rs701.55 million in cash, increasing Wilmar International's shareholding in UFL to approximately 23.47 per cent. (PT) | [Click for more info.](#)

Pharma sector faces import hurdles

Pharmaceutical | Negative

The pharmaceutical sector is facing bureaucratic hurdles in getting clearance for the raw material needed for several lifesaving drugs as the goods are imported from India because no other country produces them. (ET) | [Click for more info.](#)

Refunds under FASTER system; FBR directed to include non-zero-rated sectors

Textile | Positive

In a major development to expedite sales tax refund payments to sectors showing growth, Adviser to Prime Minister on Finance Hafeez Shaikh has directed the Federal Board of Revenue (FBR) to include non-zero rated industries/sectors, registering growth, in the list of sectors obtaining speedy refunds under the FASTER system. (BR) | [Click for more info.](#)

Firms from China, Russia other countries show interest in PSM

Economy | Positive

"Interested firms from China, Russia, Korea and Turkey are negotiating with the government of Pakistan in a bid to retrench Pakistan Steel Mills (PSM) and privatize it," the Privatisation Division stated. (BR) | [Click for more info.](#)

Clearance of Afghanistan-bound cargo up 54pc

Economy | Neutral

The clearance of Afghan Transit Trade (ATT) cargo posted a growth of nearly 54 per cent in the past couple of weeks, bringing down overall container congestion significantly at Pakistan's ports and border stations. (Dawn) | [Click for more info.](#)

Subsidy scheme launched for agriculture sector

Economy | Neutral

The national food security and research ministry has launched a mark-up subsidy scheme under the fiscal package announced by the prime minister for the agriculture sector to mitigate the impact of the coronavirus pandemic. (ET) | [Click for more info.](#)



Political News

Full-scale Pak-India war threat exists, says DG ISPR

Director General Inter Services Public Relations (ISPR), Major General Babar Iftikhar has said that Indian aggressive behaviour and ceasefire violations along the Line of Control (LoC) gave indication of a full-scale war between India and Pakistan. (The News) | [Click for more info.](#)

India caught in dirty money games

After failed attempts to push Pakistan to the Financial Action Task Force (FATF) blacklist, over accusations of money laundering and terror financing, India itself has been caught with its pants down. Records released by US Department of Treasury's FinCEN, the Financial Crimes Investigation Network, show 44 state-owned and private banks in India conducted suspicious transactions. (ET) | [Click for more info.](#)

International News

Asian shares stutter ahead of U.S. presidential debate, oil dips

Asian shares were on the defensive, while oil prices edged lower on Monday as investors were cautious ahead of a U.S. Presidential debate and as coronavirus cases spike again in a blow to global economic recovery hopes. (Reuters) | [Click for more info.](#)

Oil edges lower as rising virus cases cloud demand recovery outlook

Oil prices dipped again on Monday as rising coronavirus cases upset hopes for a smooth recovery in fuel demand, with crude on track for its first monthly fall in many months after slipping last week. (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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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)



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