



May 4,  
2020

## Economy News

**MSCI review on May 12; Pakistan may come under scrutiny again**

**Capital Market | Neutral**

Pakistan is expected to once again come under scrutiny in the Morgan Stanley Semi Annual Index Review May-2020 for a potential downgrade from Emerging Markets to Frontier Markets, analysts said. Morgan Stanley Capital International (MSCI) is expected to announce May-2020 Semi Annual Index Review (SAIR) on May 12, 2020, which will be effective from June 1, 2020. (BR) | [Click for more info.](#)

**World Bank prepares \$247.5m PREP to help Pakistan fight virus**

**Economy | Positive**

The World Bank (WB) has said that it has prepared a \$247.5 million programme to support Pakistan's frontline healthcare staff and those whose lives have been affected by the novel coronavirus pandemic, which has aggravated the human and economic sufferings across the globe. According to an article published by the bank, "The WB's Pakistan team stepped up to handle the challenge by preparing the \$200 million Pandemic Response Effectiveness in Pakistan (PREP) project, supported by an additional \$47.5 million from our existing projects." (ET) | [Click for more info.](#)

**IMF sees Pakistan's \$1.9bln to fizzle out in 15 months**

**Economy | Negative**

Pakistan's gross international reserves are likely to dip \$1.82 billion over the next 15 months as the pandemic is taking toll on the country's exports, remittances and foreign inflows, the International Monetary Fund (IMF) said. IMF estimated gross international reserves for pre-COVID-19 scenario at around \$12.6 billion for the current fiscal year, but they are now estimated to decline to \$11.9 billion till June-end 2020, indicating a \$587 million drop. (The News) | [Click for more info.](#)

**High-risk countries approach China for debt relief**

**Economy | Neutral**

Following in the footsteps of Pakistan, many high-risk countries who are part of the ambitious Belt and Road Initiative (BRI) have approached China for debt relief, the Financial Times reported. Last month, Pakistan requested China for ease in payment obligations of over \$30 billion of about 12,000-megawatt power projects under the China-Pakistan Economic Corridor (CPEC) to minimise its financial and economic difficulties, the newspaper reported. This was part of government efforts to secure discounts and savings on power purchases from independent power producers (IPPs) as circular debt liabilities cross Rs2 trillion. (Dawn) | [Click for more info.](#)

**Remittances expected to touch \$21b figure in FY20: Finance Ministry**

**Economy | Neutral**

The remittances from overseas Pakistanis are expected to reach to \$20- \$21 billion during the current fiscal year (2019-20), the Finance Ministry said. According to statement, the measures, announced by the government recently to boost remittances, paid off as the money remitted by overseas Pakistanis touched US \$ 17 billion figure during the first nine months of the current fiscal year (Jul-Mar, FY2020) against \$16 billion last year, registering a growth of 6.2 per cent. (The Nation) | [Click for more info.](#)

**Govt moves to offset remittances shortfall**

**Economy | Neutral**

Expecting a shortfall in the amount of money sent back to the country by migrant workers because of the Covid-19 pandemic, the government has decided to offer an incentives package to overseas Pakistanis to encourage them to use banking channels to transfer remittances. (ET) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	23,363.0	23,937.6	574.6	2.5%
KSE100	33,158.8	34,111.6	952.8	2.9%
KSE30	14,576.6	15,081.8	505.2	3.5%
KMI30	53,465.3	55,529.4	2064.1	3.9%

### Top Five Gainers

	Open	Close	Chg.	%
COLG	2,010.0	2,160.8	150.8	7.5%
RMPL	6,800.0	6,950.0	150.0	2.2%
MARI	1,090.7	1,169.9	79.2	7.3%
INDU	904.3	971.0	66.6	7.4%
UPFL	9,137.5	9,200.0	62.5	0.7%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
HASCOL	14.6	15.2	0.5	37.78
PAEL	22.6	24.1	1.5	27.04
MLCF	27.1	28.2	1.1	25.83
PPL	85.0	91.3	6.3	17.97
UNITY	11.2	11.5	0.3	13.48

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.43	0.00	0.42
F-Corporates	2.34	-9.55	-7.21
O/S Pakistanies	4.42	-4.27	0.15
<b>Net</b>	7.18	-13.82	-6.64
<b>LIPI</b>			
Individuals	61.06	-62.07	-1.01
Companies	6.69	-4.14	2.55
Comm. Banks	2.35	-2.62	-0.27
NBFC	0.06	-0.02	0.04
Mutual Funds	8.41	-3.94	4.48
Other	0.55	-0.75	-0.20
Brokers Proprietary	11.42	-10.70	0.72
Insurance	3.50	-3.18	0.32
<b>Net</b>	94.04	-87.41	6.64

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	19.78	6.1%
Brent oil	USD/bbl.	26.44	-0.2%
Gold	USD/t oz.	1700.42	0.8%
Silver	USD/t oz.	14.98	0.0%
Coal	USD/ton	52.65	-0.1%
Steel Scrap (LME)	USD/ton	242.00	-1.0%
Steel Rebar (LME)	USD/ton	399.00	-1.0%
USD/PKR	Interbank	160.78	-0.5%

**News Source:** Local / Int'l Newspapers and websites

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## High-powered think tank to consider reduction in GST rate from 17 to 15pc Economy | Neutral

The high-powered think tank constituted by Prime Minister Imran Khan to devise a short-term plan for kick-starting the stagnant economic activities has decided to consider reduction in GST rate from 17 to 15 percent and discuss its details with the FBR. (The News) | [Click for more info.](#)

## GDP growth can decline to -3pc Economy | Negative

Governor State Bank of Pakistan (SBP) Dr Reza Baqir has reportedly projected GDP growth between -2 per cent to -3 per cent if lockdown continues for 60 days. He shared his projections for Q4 of current financial year and the projections for FY 21 at a recent meeting held to discuss post Covid 19 effects on macroeconomic outlook. Prime Minister's Advisor on Finance and Revenue, Dr. Hafeez Shaikh presided over the meeting. (BR) | [Click for more info.](#)

## PSDP 2019-20; Rs533.33bn released against budgeted Rs701bn Economy | Neutral

The federal government has released Rs533.33 billion (76.1 percent) including Rs102.7 billion foreign aid (80.12 percent) for various ongoing and new development projects under the Public-Sector Development Programme (PSDP) 2019-20 against the total budgeted allocation of Rs701 billion. (BR) | [Click for more info.](#)

## Foreign exchange: SBP reserves rise \$1.18b to \$12.07b Economy | Positive

The foreign exchange reserves held by the central bank increased 10.85% on a weekly basis, according to data released by the State Bank of Pakistan (SBP) on Thursday. On April 24, the foreign currency reserves held by the SBP were recorded at \$12,070.3 million, up \$1,181 million compared with \$10,889.2 million in the previous week. (ET) | [Click for more info.](#)

## Oil & Gas

### Govt slashes petrol price by Rs15 to 'provide relief to consumers' Oil | Positive

The government on Thursday announced a reduction of Rs15 per litre in the price of petrol, of Rs27.15 per litre in the price of high speed diesel (HSD), Rs30.01 per litre in the price of kerosene and of Rs15 per litre in the price of light diesel oil (LDO). (Dawn) | [Click for more info.](#)

### PSO warns diesel stocks crisis looming Oil | Negative

The stock of diesel with the oil marketing companies (OMCs) except the Pakistan State Oil (PSO) have plummeted to an average of three days across that country due to low uplifting from the refineries, hoarding and exploitation of import by some oil firms. The state-run PSO, in a letter to the petroleum division, a copy of which is available with The Express Tribune, has warned of a crisis of diesel stocks, saying that the OMCs, except the PSO, have the cover of not more than 2-3 days. (ET) | [Click for more info.](#)

### Sufficient petrol, diesel stocks available in country Oil | Neutral

The Petroleum Division on Sunday clarified that sufficient stock of petrol and diesel was available to meet 15-day needs of the country, rejecting some media reports regarding shortage of petroleum products. (The Nation) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	33,717.6	997.46	3.05%
PAK (KSE-100)	34,111.6	952.80	2.87%
Taiwan - TWII	10,992.1	219.92	2.04%
INDONESIA - IDX	4,716.4	149.08	3.26%
HK - Hang Seng	24,643.6	67.63	0.28%
PHILP - PSEi	5,700.7	56.74	1.01%
CHINA - Shanghai	2,860.1	37.64	1.33%
US - S&P 500	2,830.7	-81.72	-2.81%
KSA - Tadawul	6,585.6	-527.32	-7.41%
US - Dow 30	23,723.7	-622.03	-2.55%

Source: Bloomberg

### Board Meetings

Scrip	Day	Agenda	Time
PAKRI	TUESDAY	ANN A/C 31-DEC-20	11:00 AM
PINL	TUESDAY	ANN A/C 31-DEC-20	12:00 PM
MEBL	TUESDAY	3Q A/C 31-MAR-20	3:00 PM
NCML	WEDNESDAY	3Q A/C 31-MAR-20	10:00 AM
SHNI	WEDNESDAY	ANN A/C 31-DEC-20	10:00 AM
IDRT	THURSDAY	3Q A/C 31-MAR-20	11:30 AM
PAKT	TUESDAY	1Q A/C 31-MAR-20	2:00 PM
DNCC	TUESDAY	3Q A/C 31-MAR-20	3:30 PM
EWIC	MONDAY	1Q A/C 31-MAR-20	12:30 PM
UPFL	TUESDAY	1Q A/C 31-MAR-20	2:30 PM

Source: PSX



## Power

### KE offers instalment plan for ISPA arrears to facilitate industries

KEL | **Positive**

In the light of current Covid-19 crisis and the resulting unprecedented situation, K-Electric, on the request of industrial consumers, extended relief to the industrial sector by deferring the collection of Industrial Support Package (ISPA) arrears till April 30. (BR) | [Click for more info.](#)

### Govt to pay three month bills of small businesses

Power | **Positive**

Minister for Industries and Production Hammad Azhar said that the government by realising the difficulties faced by small and medium enterprises had allocated Rs50 billion to provide relief in electricity bills of SMEs for three months. (The News) | [Click for more info.](#)

### CPPA halts buying new renewable power on surplus supply

Power | **Negative**

An official said the Central Power Purchasing Agency (CPPA), the electricity market operator, is no more entertaining power acquisition requests (PARs) for renewable energy projects to avoid capacity payments against surplus capacity. National Electric Power Regulatory Authority (Nepra), in a report, said surplus capacity is expected to reach around 14,000 megawatts. (The News) | [Click for more info.](#)

### Committee's claims rebutted; T&D losses, taxation cause increase in tariff:

IPPs

IPPs | **Neutral**

While rebutting most of the claims of a nine-member committee's 296-page report, Independent Power Producers (IPPs) asserted that the main reason for high power tariff in Pakistan is higher Transmission and Distribution (T&D) losses and taxation. (BR) | [Click for more info.](#)

## Autos

### Auto vendors warn of layoffs, salary cuts

Autos | **Negative**

Auto vendors would lay off 20 per cent workers besides unwilling to pay April and May salaries to the employees in case assembling of vehicles in the country continues to remain shut for more months. (Dawn) | [Click for more info.](#)

## Banks

### Banks defer Rs236 billion loan repayments for one year

Banks | **Neutral**

Banks have deferred at least Rs236 billion worth of loans for one year, while giving respite from repayments to 303,000 borrowers as of April 24, the central bank said on Friday, in a bid to help them overcome lockdown-driven financial hardships. (The News) | [Click for more info.](#)

### SBP increases financing limit by 150pc under RFCC

Banks | **Positive**

In order to facilitate the health sector in its fight against COVID-19, the State Bank of Pakistan (SBP) has enhanced financing limit by 150 percent for a single hospital or medical center under the Refinance Facility for Combating COVID-19. (BR) | [Click for more info.](#)

### 700 applications for cheap loans under process: SBP

Banks | **Positive**

More than 700 companies have applied for concessional loans worth Rs65 billion from banks under State Bank of Pakistan's (SBP) refinancing scheme. (Dawn) | [Click for more info.](#)



**Rs 30bn SBP Refinance Scheme: Banks refusing to bail out SMEs on trivial grounds**

**Banks | Negative**

Despite earmarking of Rs 30 billion by federal government for absorbing default, the banks are refusing to rescue private firms under SBP's Refinance Scheme using different excuses including weak audited accounts. (The News) | [Click for more info.](#)

## Transportation

**US permits PIA for direct flight operations**

**PIAA | Positive**

The United States (US) has given a year permit to Pakistan International Airline (PIA) for direct flights operations to New York and Washington DC. (BR) | [Click for more info.](#)

**Pakistan can save \$5-6b in maritime trade through PNSC**

**PNSC | Neutral**

Pakistan can save around \$5-6 billion annually merely by using Pakistan National Shipping Corporation (PNSC) as the mainstay of its international maritime trade while also allowing it to buy more oil carriers and tankers to increase its capacity of transporting liquid freight. (ET) | [Click for more info.](#)

## Textile

**Textile value chain allowed to resume operations**

**Textile | Positive**

The Punjab government on Saturday allowed reopening of the entire value chain of the textile industry. However, it said, the business community will be responsible to ensure adoption of coronavirus precautionary measures. (Dawn) | [Click for more info.](#)

**Pakistan textile exporters get new orders**

**Textile | Positive**

Pakistan's exports may not suffer so badly, but moderately as textile manufacturers – the country's single largest export industry – have reported receipt of new buying orders from different countries after the world slowly softened lockdown imposed to contain the coronavirus pandemic. (ET) | [Click for more info.](#)

## Miscellaneous

**Rules unveiled to lure foreign investment in national savings**

**Economy | Positive**

The government has unveiled new rules for overseas Pakistanis to invest in national savings schemes as needs of resources are increasing due to the coronavirus tumult. Overseas Pakistani savings bills rules, 2020 came into effect at once to let expatriates invest in national savings certificates through bank accounts on repatriable basis in terms of Foreign Exchange Regulation Act, 1947. (The News) | [Click for more info.](#)

**Sugar Cess body approves various schemes of Rs167.8m**

**Sugar | Neutral**

The Sugar Cess Committee has approved various schemes worth Rs. 167.8 million to bring sugarcane from the fields to the mills. The meeting was informed that the Sugar Cess Funds have funds of Rs.2.7 million for Al-Arabia Sugar Mills, Rs.19.4 million for Popular Sugar Mills, Rs.118.5 million for Noon Sugar Mills and Rs.27 million for Sillanwali Sugar Mills. It was further informed to meeting that under Sugar Cess Funds, Rs. 106.6 million has been spent so far on three schemes of four sugar mills in the district with an estimated cost of Rs. 152.7 million. (Pakobserver) | [Click for more info.](#)



## Leather manufacturer exports up 11.78pc

**BATA, SERV | Positive**

Leather Manufacturer exports, during first nine months of current financial year, grew by 11.78% as compared to the exports of the corresponding period of last year. (Pakobserver) | [Click for more info.](#)

## Profit, dividend repatriation fall 4.28pc to \$1.004bln in July-March

**Economy | Neutral**

Outflow of profits and dividends on foreign investments from the country slightly fell 4.28 percent to \$1.004 billion in the nine months of the current fiscal year, figures published from the State Bank of Pakistan showed on Thursday. Repatriation of profits and dividends amounted to \$1.049 billion in the same period last year. (The News) | [Click for more info.](#)

## Massive layoffs feared after Eid

**Economy | Negative**

Hundreds of thousands of employees in the private sector have lost jobs and have not been paid monthly salaries after federal and provincial governments failed to divert workers' welfare fund for paying wages and instead offered bank loans to cope with the coronavirus pandemic in Pakistan. (ET) | [Click for more info.](#)

## FBR's collection slumps 17% in April

**Economy | Negative**

The tax collection in April slumped 16.5% to only Rs242.5 billion due to partial lockdown in the country as the government also reshuffled the top hierarchy of the Federal Board of Revenue (FBR). (ET) | [Click for more info.](#)

## Political News

### Indian colonel, major, soldiers killed in Kashmir attack

Five security personnel and four freedom fighters were killed in two gunbattles in the Indian-Occupied Kashmir, officials said on Sunday. (The News) | [Click for more info.](#)

## International News

### Stocks Drop With Sentiment Fragile; Dollar Rises: Markets Wrap

Stocks in Asia retreated along with U.S. and European futures, indicating the risk-off move that's hit markets at the start of this month may have further to run. The dollar climbed. (Bloomberg) | [Click for more info.](#)

### Oil prices lower on U.S.-China trade tension

Oil prices fell in early trade on Monday, paring last week's gains, on worries the global oil glut may persist as U.S.-China trade tension could hold back an economic recovery even as coronavirus pandemic lockdowns start to ease. (Reuters)

[Click for more info.](#)



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**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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