



May 7,
2020

Economy News

Recession caused by Covid-19; Cash transfer plan to mitigate impact: WB Economy | Neutral

The cash transfers programme will be instrumental in mitigating the impact of the upcoming recession due to the novel coronavirus (Covid-19), said the World Bank. (BR) | [Click for more info.](#)

3.8pc budget deficit witnessed in 9 months Economy | Neutral

A budget deficit of 3.8 percent or Rs1,687 billion has been recorded during the first nine months of the current fiscal year, July-March 2019-2020, ahead of corona pandemic expenditure and ramifications of lockdown on the revenue and economy of the country. On Wednesday, the Finance Ministry uploaded consolidated fiscal operation for July-March 2019-2020, revealing highest spending on debt servicing and very little on social protection. (BR) | [Click for more info.](#)

Cut-off yield on 12-month papers edges up Economy | Positive

Cut-off yield on longer tenor treasury bills trended upwards at Wednesday's auction, largely on expectations that interest rates are likely to see a smaller cut in the coming days amid rebounding oil prices, data released by State Bank of Pakistan showed. The government raised a total of Rs391 billion by selling Market Treasury Bills (MTBs) at the auction. (The News) | [Click for more info.](#)

Amendments to restrict forex outflow from insurance sector Economy | Positive

The Securities and Exchange Commission of Pakistan (SECP) on Wednesday proposed amendments to the Credit & Suretyship (Conduct of Business) Rules, 2018 for the insurance sector to restrict the outflow of money for reinsurance. (Dawn) | [Click for more info.](#)

Oil & Gas

Petroleum division keeps impending oil crisis at bay Oil | Neutral

Ministry of energy managed to prevent an impending oil shortage sparked by lockdown after it allowed import of 83,000 tons of diesel cargoes during the last week of April. (The News) | [Click for more info.](#)

FBR extends tax incentive for E&P sector Oil | Positive

The Federal Board of Revenue (FBR) on Wednesday extended the scope of a tax incentive to cover all exploration and production firms regardless of their ownership structure. The FBR allowed exploration and production companies to adjust input tax against output sales tax, through a statutory regulatory order (SRO 352(I)/2020). (The News) | [Click for more info.](#)

SNGPL shareholders at risk as board decides to reduce directors Oil | Neutral

The Board of Directors (BoD) of Sui Northern Gas Pipeline Limited (SNGPL) has decided to reduce the number of seats from 14-12, which may endanger the interests of private shareholders who make up exactly 42 per cent of the company's total shares. (PT) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	24,028.1	23,943.7	-84.4	-0.4%
KSE100	33,992.8	33,728.2	-264.6	-0.8%
KSE30	15,007.9	14,844.2	-163.7	-1.1%
KMI30	55,561.7	55,068.4	-493.3	-0.9%

Top Five Gainers

	Open	Close	Chg.	%
UPFL	10,577.0	10,895.0	318.0	3.0%
NESTLE	5,829.1	5,915.1	86.0	1.5%
SAPT	805.5	865.0	59.5	7.4%
BHAT	754.0	810.0	56.0	7.4%
SFL	706.5	730.0	23.5	3.3%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
HASCOL	15.6	15.7	0.0	23.80
UNITY	12.6	12.7	0.1	20.47
TRG	19.0	19.8	0.8	14.48
MLCF	26.8	26.3	-0.4	8.87
PIBTL	9.3	9.6	0.2	6.91

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	-0.02	-0.02
F-Corporates	1.13	-4.92	-3.79
O/S Pakistanies	2.56	-1.88	0.68
Net	3.69	-6.83	-3.13
LIPI			
Individuals	39.31	-32.98	6.33
Companies	4.16	-3.56	0.60
Comm. Banks	0.43	-4.62	-4.19
NBFC	0.09	-0.01	0.07
Mutual Funds	1.81	-5.70	-3.89
Other	4.49	-0.63	3.86
Brokers Proprietary	8.85	-9.43	-0.58
Insurance	1.74	-0.81	0.93
Net	60.88	-57.74	3.13

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	23.99	-2.3%
Brent oil	USD/bbl.	29.72	-4.0%
Gold	USD/t oz.	1685.71	-1.2%
Silver	USD/t oz.	14.85	-0.7%
Coal	USD/ton	52.50	0.5%
Steel Scrap (LME)	USD/ton	245.00	-0.2%
Steel Rebar (LME)	USD/ton	401.00	-0.2%
USD/PKR	Interbank	160.04	0.2%

News Source: Local / Int'l Newspapers and websites

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REP-055



Power

Govt moves to take over Rs800bn power sector circular debt

Power | Neutral

The Economic Coordination Committee (ECC) of the Cabinet on Wednesday expressed concerns over slow procurement of wheat by the public sector and set in motion shifting of over Rs800 billion power sector circular debt to public debt to honour commitments with the international lending agencies. (Dawn) | [Click for more info.](#)

NEPRA approves first competitive hydropower project

Power | Neutral

National Electric Power Regulatory Authority (NEPRA) has granted the first generation licence through competitive bidding to the joint venture of Saifco Group and China National Machinery Industry Corporation-Sinomach for setting up 102MW Shigo Kas Hydropower Project in Khyber Pakhtunkhwa. (The News) | [Click for more info.](#)

Cement

Cement dispatches decline by 23.65pc in April

Cement | Negative

Cement dispatches in the country have declined in April 2020 by 23.65 percent to 3.52 million tons from 4.61 million tons in April 2019 as both exports and domestic markets crashed owing to the devastating impact of COVID-19. (BR) | [Click for more info.](#)

Miscellaneous

Gilead in talks with Pak drug makers to produce remdesivir

Pharmaceutical | Neutral

American biopharmaceutical company Gilead is in talks with drug makers in Pakistan and India to produce its new antiviral drug remdesivir for developing countries. (The News) | [Click for more info.](#)

Govt earmarks Rs30bn for credit risk sharing

Economy | Neutral

The government on Wednesday allocated Rs30 billion to share credit risks of banks with regards to recently-introduced employment support refinancing scheme for small and medium enterprises and small businesses. (The News) | [Click for more info.](#)

Repayment of duty on import of raw materials allowed

Economy | Neutral

The Federal Board of Revenue (FBR) has allowed repayment of customs duty (5.33 percent of the FOB value) on the import of raw materials (RBD palm olein etc) used in export of finished products i.e. supplementary/therapeutic foods from April 27, 2020. (BR) | [Click for more info.](#)

IROs powers withdrawn; List of properties/funds exempted from attachment unveiled

Real Estate | Neutral

In a major move to facilitate sales tax registered persons, the Federal Board of Revenue (FBR) has withdrawn powers of the Inland Revenue Officers to attach/sell houses and other buildings of agriculturists, cattle/seed grains of agriculturists, stipends/gratuities of pensioners, government servants' emoluments and deposits of provident funds, etc, for recovery of sales tax from defaulters. (BR) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
HK - Hang Seng	24,137.5	268.82	1.13%
INDIA - SENSEX	31,685.8	232.24	0.74%
CHINA - Shanghai	2,878.1	18.06	0.63%
Taiwan - TWII	10,775.0	0.37	0.00%
US - S&P 500	2,848.4	-20.02	-0.70%
INDONESIA - IDX	4,608.8	-21.34	-0.46%
PHILP - PSEi	5,639.3	-32.40	-0.57%
KSA - Tadawul	6,655.1	-55.40	-0.83%
US - Dow 30	23,664.6	-218.45	-0.91%
PAK (KSE-100)	33,728.2	-264.57	-0.78%

Source: Bloomberg

Board Meetings

Scrip	Day	Agenda	Time
IDRT	THURSDAY	3Q A/C 31-MAR-20	11:30 AM
PAKT	THURSDAY	1Q A/C 31-MAR-20	2:00 PM
DNCC	THURSDAY	3Q A/C 31-MAR-20	3:30 PM
EWIC	MONDAY	1Q A/C 31-MAR-20	12:30 PM
SIEM	TUESDAY	HY A/C 31-MAR-20	12:00 PM
UPFL	TUESDAY	1Q A/C 31-MAR-20	2:30 PM
FABL	WEDNESDAY	1Q A/C 31-MAR-20	11:00 AM
MIRKS	WEDNESDAY	HY A/C 31-MAR-20	12:30 PM
FUDLM	THURSDAY	3Q A/C 31-MAR-20	11:00 AM

Source: PSX



Limited domestic flights operation may resume

PIAA | **Neutral**

Minister for Aviation Ghulam Sarwar Khan said on Wednesday that it had been decided in principle to resume limited domestic flights as suspension of their operation will end on Thursday midnight. (Dawn) | [Click for more info.](#)

Pakistan earns \$526m through export of transport services

Economy | **Positive**

Pakistan earned US \$ 526.710 million by providing different transport services in various countries during the first eight months of current financial year (2019-20) as compared to the corresponding period of last year. (The Nation) | [Click for more info.](#)

Services exports dip

Economy | **Neutral**

The export of services dipped by over 17 per cent year-on-year to \$449.04 million in March from \$541m on account of pandemic. During July-March, exports of services fell by 6.98pc to \$4.247 billion, as against \$4.566bn over the corresponding months last year, Pakistan Bureau of Statistics on Wednesday. (Dawn) | [Click for more info.](#)

Political News

All eyes on NCC over lockdown decision today

Prime Minister Imran Khan on Thursday will decide which businesses and sectors will be reopened from this weekend after the provinces opposed running of buses, trains and domestic flights but largely agreed to reopen commercial centres if the Centre gives a final approval for easing lockdown curbs. (Dawn) | [Click for more info.](#)

International News

Asia Stocks Open Lower; Treasuries Edge Higher: Markets Wrap

Asian stocks opened lower after a drop in U.S. equities, with investors digesting mixed corporate earnings and worsening economic data. (Bloomberg) | [Click for more info.](#)

Oil Anchored Near \$24 While Investors Weigh Demand Against Glut

Oil was anchored near \$24 a barrel after halting a five-day rally as investors weigh small signs of recovering demand against a huge glut that's testing global storage capacity limits. (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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