

October
25, 2019

Economy News

Pakistan among top 10 improvers in doing business

Economy | Neutral

Pakistan's doing business (DB) ranking improved by 28 points to 108th from 136th out of 190 countries in the World Bank's Ease of Doing Business Report 2020 released on Thursday. Pakistan's ranking improved in six indicators (starting a business, dealing with construction permits, getting electricity, registering property, paying taxes and trading across borders) out of total ten reforms. (BR) | [Click for more info.](#)

No plan to pursue tax-related cases, NAB chief tells businessmen

Economy | Neutral

National Accountability Bureau (NAB) Chairman Justice (r) Javed Iqbal said on Thursday that there is a difference between tax evasion and money laundering and that NAB has not pursued any case of tax evasion as it referred such cases to the Federal Board of Revenue (FBR). (PT) | [Click for more info.](#)

Govt committed to reducing regulatory burden on businesses

Economy | Positive

Adviser to Prime Minister on Commerce Abdul Razzak Dawood has said that the government was taking concrete measures to facilitate and address the prevalent issues being faced by the country's industrial sector. (PT) | [Click for more info.](#)

Forex reserves up \$44 million

Economy | Positive

The country's total liquid foreign exchange reserves slightly moved up by \$ 44 million to \$ 15.186 billion by the end of last week. During the week under review, the State Bank of Pakistan's reserves increased by \$ 79 million to \$ 7.893 billion as on October 18, 2019 compared to \$ 7.813 billion a week earlier. Reserves held by banks declined by \$ 35 million to \$ 7.294 billion by end of last week. (BR) | [Click for more info.](#)

Oil & Gas

Severe liquidity constraint hits state-owned E&P cos

E&P | Negative

The severe liquidity constraint caused by ever-rising circular debt is affecting drilling activities of state-owned Exploration and Production (E&P) sector companies in Pakistan, analysts said. They said that the Government of Pakistan is considering attracting foreign investment in energy sector to ramp up indigenous gas production but liquidity concerns are affecting activities of the local state-run E&P companies. (BR) | [Click for more info.](#)

Power

Flat tariff regime: Massive relief to power consumers on the cards

Power | Positive

In a welcoming development, the government is all set to introduce flat tariff regime for electricity consumers having ToD (Time and Day) meters at Rs11.97 per unit for four months of winter season. It will not only give a substantial relief to masses but also help the government get out of capacity payment trap of Rs849 billion as the idle power projects will also be utilised in the winter season. "We have prepared a summary for ECC and will be taken for approval in next week and the new flat tariff regime will be enforced from November, 2019 to February 2020," one of the top officials at Power Division told. (The News) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	24,304.1	24,537.8	233.7	1.0%
KSE100	33,439.7	33,762.5	322.8	1.0%
KSE30	15,616.1	15,783.9	167.8	1.1%
KMI30	54,092.8	54,742.3	649.5	1.2%

Top Five Gainers

	Open	Close	Chg.	%
NESTLE	6,610.0	6,930.0	320.0	4.8%
SRVI	620.0	651.0	31.0	5.0%
MARI	1,060.7	1,086.7	26.0	2.5%
POL	378.0	389.3	11.4	3.0%
INDU	924.5	935.0	10.5	1.1%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	1.0	1.0	0.0	17.23
DSL	4.8	5.3	0.5	5.40
LOTCEM	16.2	16.3	0.1	5.11
TRG	15.5	15.5	0.0	4.87
FCCL	14.6	14.6	0.0	4.44

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	-0.14	-0.14
F-Corporates	2.64	-1.53	1.10
O/S Pakistanies	1.37	-1.27	0.10
Net	4.01	-2.94	1.07
LIPI			
Individuals	30.31	-31.59	-1.27
Companies	2.85	-3.39	-0.53
Comm. Banks	1.21	-1.26	-0.05
NBFC	0.03	-0.05	-0.01
Mutual Funds	2.16	-1.77	0.39
Other	1.04	-0.28	0.76
Brokers Proprietary	12.08	-11.95	0.13
Insurance	0.53	-1.01	-0.48
Net	50.23	-51.29	-1.07

Source: NCCPL

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	55.91	-0.6%
Brent oil	USD/bbl.	61.32	-0.6%
Gold	USD/t oz.	1502.18	-0.1%
Silver	USD/t oz.	17.84	0.2%
Coal	USD/ton	67.60	0.0%
Steel Scrap (LME)	USD/ton	238.50	-0.2%
Steel Rebar (LME)	USD/ton	405.00	0.0%
USD/PKR	Interbank	156.07	0.0%

Source: Bloomberg/SBP

News Source: Local / Int'l Newspapers and websites

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300MW Gwadar plant's inauguration in first week of Nov

Power | **Positive**

Vice chairman of National Development and Reforms Commission (NDRC) China will inaugurate 300MW coal power plant at Gwadar during first week of November. (The Nation) | [Click for more info.](#)

Electricity generation up 9pc in Sept

Power | **Positive**

Total power generation during September 2019 incremented 9.0 percent to 13,621Gwh against 12,552Gwh generated during the same month last year, latest data released by the National Electric Power Regulatory Authority (NEPRA) suggests. Pakistan's current total capacity stands at about 354,000MW including about 3,000MW of coal-based plants, 9,700MW of hydropower plants, 20,000MW of thermal plants besides 1,345MW of nuclear and 1,900MW of renewables. (The News) | [Click for more info.](#)

PSX lists largest-ever Sukuk issue

Power | **Neutral**

Pakistan Energy Sukuk-I (PES-I) issue of Rs 200 billion got listed at the Pakistan Stock Exchange (PSX). PES-I is the largest Shariah compliant financial instrument ever listed at a stock exchange in Pakistan. (BR) | [Click for more info.](#)

Autos

Automobile imports plunge as demand dips

Autos | **Neutral**

Depressed demand in the auto sector has led to a drop of 27 per cent in overall import of completely- and semi-knocked kits (CKD/SKD) to \$261 million in first quarter of the current fiscal year. (Dawn) | [Click for more info.](#)

Banks

Foreign loans, grants surge 92 percent to surpass \$2 billion in July-September

Economy | **Positive**

Foreign inflows on account of loans and grants posted an enormous 92 percent growth to cross the \$2 billion mark in the first quarter of the current fiscal year, official data revealed on Thursday. Foreign loans and grants amounted to \$1.04 billion in the corresponding period a year earlier. (The News) | [Click for more info.](#)

Banking sector spread rises by over 6% in Sept

Banks | **Neutral**

The Banking sector spread for September 2019 increased by 27 basis points (bps) over the month which brings its latest value to 6.17% as compared to prior month's spread of 5.9%. Likewise, the spread has increased by 135 bps as compared to the same period last year. (Mettisglobal) | [Click for more info.](#)

Miscellaneous

US investors to invest \$100mn in Pakistan's tourism industry

Economy | **Positive**

A delegation of US investors has announced during their recent visit to Pakistan that they will invest \$100 million in the country's tourism sector. (BR) | [Click for more info.](#)

Govt to shut down National Fertiliser Marketing Limited

Fertilizer | **Neutral**

The government has decided to wind up National Fertiliser Marketing Limited (NFML) as the Establishment Division indicated its intention at a recent meeting of the federal cabinet. (PT) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
PAK (KSE-100)	33,762.5	322.79	0.97%
HK - Hang Seng	26,798.0	231.22	0.87%
INDONESIA - IDX	6,339.7	81.84	1.31%
Taiwan - TWII	11,320.1	80.47	0.72%
KSA - Tadawul	7,913.3	25.92	0.33%
PHILP - PSEi	7,951.0	17.22	0.22%
US - S&P 500	3,010.3	5.77	0.19%
CHINA - Shanghai	2,940.9	-0.70	-0.02%
US - Dow 30	26,805.5	-28.42	-0.11%
INDIA - SENSEX	39,020.4	-38.44	-0.10%

Source: Bloomberg

Board Meetings

Scrip	Day	Agenda	Time
DCTL	FRIDAY	1Q A/C - 30SEP19	9:30 AM
BOK	FRIDAY	3Q A/C - 30SEP19	10:00 AM
FFBL	FRIDAY	3Q A/C - 30SEP19	10:00 AM
KSTM	FRIDAY	1Q A/C - 30SEP19	10:00 AM
PCAL	FRIDAY	1Q A/C - 30SEP19	10:00 AM
SEPL	FRIDAY	1Q A/C - 30SEP19	10:00 AM
SERF	FRIDAY	1Q A/C - 30SEP19	10:00 AM
THALL	FRIDAY	1Q A/C - 30SEP19	10:00 AM
DGKC	FRIDAY	1Q A/C - 30SEP19	10:30 AM
EFUL	FRIDAY	3Q A/C - 30SEP19	10:30 AM
ICIBL	FRIDAY	1Q A/C - 30SEP19	10:30 AM
OGDC	FRIDAY	1Q A/C - 30SEP19	10:30 AM
CLOV	FRIDAY	1Q A/C - 30SEP19	11:00 AM
DKL	FRIDAY	1Q A/C - 30SEP19	11:00 AM
OML	FRIDAY	1Q A/C - 30SEP19	11:00 AM
SNAI	FRIDAY	1Q A/C - 30SEP19	11:00 AM
SMBL	FRIDAY	3Q A/C - 30SEP19	11:00 AM
FEROZ	FRIDAY	1Q A/C - 30SEP19	11:15 AM
GSKCH	FRIDAY	3Q A/C - 30SEP19	11:30 AM
NRSL	FRIDAY	1Q A/C - 30SEP19	11:30 AM
SHDT	FRIDAY	1Q A/C - 30SEP19	11:30 AM
PNSC	FRIDAY	1Q A/C - 30SEP19	12:00 PM
DINT	FRIDAY	1Q A/C - 30SEP19	2:30 PM
GASF	FRIDAY	1Q A/C - 30SEP19	2:30 PM
SHCM	FRIDAY	1Q A/C - 30SEP19	2:30 PM
SHEZ	FRIDAY	1Q A/C - 30SEP19	2:30 PM
UPFL	FRIDAY	3Q A/C - 30SEP19	2:30 PM
CEPB	FRIDAY	1Q A/C - 30SEP19	3:00 PM
DYNO	FRIDAY	1Q A/C - 30SEP19	3:00 PM
PSMC	FRIDAY	3Q A/C - 30SEP19	3:00 PM
PIM	FRIDAY	1Q A/C - 30SEP19	3:00 PM
RAVT	FRIDAY	1Q A/C - 30SEP19	3:00 PM
STCL	FRIDAY	1Q A/C - 30SEP19	3:00 PM
AHL	FRIDAY	1Q A/C - 30SEP19	4:00 PM
CENI	FRIDAY	3Q A/C - 30SEP19	4:30 PM
IGIL	FRIDAY	3Q A/C - 30SEP19	4:30 PM
ILP	FRIDAY	1Q A/C - 30SEP19	4:30 PM
SIBL	FRIDAY	3Q A/C - 30SEP19	4:30 PM
SCL	FRIDAY	1Q A/C - 30SEP19	4:30 PM
BRR	FRIDAY	1Q A/C - 30SEP19	4:45 PM

Source: PSX Announcement



Traders' countrywide strike planned for 29th, 30th

Economy | **Negative**

Traders have announced countrywide shutter-down strike on October 29-30 against the government's decisions regarding registration of traders with the sales tax department, fixed income tax scheme and condition of Computerized National Identity Cards (CNIC) number of unregistered buyers. (BR) | [Click for more info.](#)

Political News

Stalled Afghan peace process; Pakistan, China, Afghanistan and Russia meet in Moscow today

Senior officials of Pakistan, China, Afghanistan and Russia will meet in Moscow today (Friday) under quadrilateral peace mechanism to discuss the stalled Afghan peace process. (BR) | [Click for more info.](#)

Deadlock on PM's resignation persists

Deadlock between the government and opposition parties over the demand of resignation of Prime Minister Imran Khan still persists ahead of the meeting between the two sides today (Friday). (The News) | [Click for more info.](#)

International News

Stocks Edge Up as Amazon Earnings Test Sentiment: Markets Wrap

Stocks in Asia edged higher after gains in U.S. equities overnight, though weakness in Amazon.com Inc. earnings kept a lid on positive sentiment. Treasuries edged up. (Bloomberg) | [Click for more info.](#)

Oil retreats after three-day rally on renewed demand, economic growth concerns

Oil prices stepped back on Friday after three straight days of gains, hurt by renewed concerns about fuel demand in light of gloomy economic growth forecasts. (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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