

October
10, 2019

Economy News

ADB lending to double this year

Economy | Positive

The Asian Development Bank (ADB) will provide \$2.5 billion financing to Pakistan during the current fiscal year — higher by almost 131 per cent over last year's \$1.08bn. The recently approved Country Operations Business Plan (COBP) 2020-22 will increase average lending to \$2.4bn a year – a record 71pc rise over the \$1.4bn average from 2015-2018. In addition, ADB will leverage its lending through the mobilization of co-financing and funding from other sources, including regional concessional resources. | [Click for more info.](#)

SECP contests freshness of APG's evaluation report

Economy | Neutral

Global financial system watchdog has not considered all the actions taken so far by Pakistan to curb money laundering and terrorist financing in its latest report as it factored in measures till October last year, the Securities and Exchange Commission of Pakistan (SECP) said on Wednesday. (The News) | [Click for more info.](#)

China ready to expand CPEC

Economy | Positive

China has expressed willingness to further expand the China Pakistan Economic Corridor (CPEC) and said the related projects will speed up regional development. Beijing also reaffirmed its unwavering support to Pakistan's sovereignty and territorial integrity as well as on all issues of the country's core national interest. (The News) | [Click for more info.](#)

PM may visit Saudi Arabia on 29th

Economy | Neutral

Prime Minister Imran Khan is expected to visit Saudi Arabia on October 29 to attend the Future Investment Initiative, a conference being held in Riyadh from October 29-31 where Indian Prime Minister Narendra Modi is also likely to come. Diplomatic sources said that during the visit, Prime Minister Khan will also hold meeting with Saudi Crown Prince Mohammad bin Salman to discuss issues of mutual interest, regional situation as well as the situation in the Middle East. (BR) | [Click for more info.](#)

Major export sector hamstrung by duties: WB

Textile | Negative

Pakistan's tariffs on imported intermediate goods average 8 percent – four times the average in the East Asia – and its regulatory and additional duties are also high, making it difficult for the country's major export sector of textiles and apparel to import artificial fibers, says the World Bank (WB). (BR) | [Click for more info.](#)

Stabilization efforts bearing fruit: SBP

Economy | Positive

The State Bank of Pakistan (SBP) Governor Dr Reza Baqir on Wednesday said that reforms introduced to address macro-economic challenges have started to bear fruit and an improvement in external sector has become visible. (Dawn) | [Click for more info.](#)

Auction Result: SBP Sells T-Bills worth Rs.883.55 Billion

Economy | Neutral

The State Bank of Pakistan (SBP) conducted an auction on Wednesday in which it sold Market Treasury Bills (MTBs) worth Rs.883.55 billion for 3, 6 and 12 months. Auction target was Rs.1,000.00 billion against a maturing amount of Rs.2,064.51 billion. Cut off yield for 3, 6 and 12 months were 13.6898, 13.5549 and 13.4699 percent. (MettisGlobal) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	24,150.7	24,187.8	37.1	0.2%
KSE100	33,476.6	33,523.7	47.1	0.1%
KSE30	15,735.7	15,754.8	19.1	0.1%
KMI30	53,469.6	53,488.0	18.4	0.0%

Top Five Gainers

	Open	Close	Chg.	%
BATA	1,543.5	1,618.0	74.5	4.8%
MARI	1,012.5	1,058.2	45.6	4.5%
BHAT	902.1	941.0	38.9	4.3%
WYETH	682.7	716.8	34.1	5.0%
HINOON	352.4	370.0	17.6	5.0%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
LOTCEM	14.5	15.5	1.0	27.07
UNITY	10.5	11.0	0.5	26.07
BOP	9.6	9.8	0.2	14.03
KEL	4.1	4.0	0.0	8.92
EPCL	25.5	26.8	1.3	8.55

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.01	0.00	0.01
F-Corporates	1.65	-6.68	-5.03
O/S Pakistanies	4.93	-2.47	2.46
Net	6.59	-9.15	-2.56
LIPI			
Individuals	42.31	-40.78	1.53
Companies	2.87	-1.59	1.28
Comm. Banks	0.86	-0.83	0.02
NBFC	0.07	-0.10	-0.03
Mutual Funds	1.53	-3.12	-1.59
Other	0.54	-0.33	0.21
Brokers Proprietary	12.35	-12.52	-0.17
Insurance	1.79	-0.49	1.30
Net	62.34	-59.78	2.56

Source: NCCPL

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	52.51	-0.2%
Brent oil	USD/bbl.	58.23	-0.2%
Gold	USD/t oz.	1508.76	0.2%
Silver	USD/t oz.	17.85	0.7%
Coal	USD/ton	66.55	-0.2%
Steel Scrap (LME)	USD/ton	240.00	2.1%
Steel Rebar (LME)	USD/ton	405.00	-0.5%
USD/PKR	Interbank	156.57	0.0%

Source: Bloomberg/SBP

News Source: Local / Int'l Newspapers and websites

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Oil & Gas

Energy security hinges on LNG supply

Gas | Neutral

Petroleum division on Wednesday linked the country's energy security with a consistent supply of liquefied natural gas (LNG), forewarning massive power outages in case of any decision to stop the fuel import. Hayaud Din said LNG is imported in line with the demand of power sector. LNG saved the country from massive energy crisis that hit the country a decade ago. Currently, imported gas is meeting around one-fourth of the country's energy demand. (The News) | [Click for more info.](#)

To avoid gas loadshedding: Rs54.4 bn RLNG to be supplied to domestic sector in winter

SNGP, SSGC | Neutral

The circular debt on account of just RLNG is also set to soar by up to Rs177 billion as the government has decided to inject costly RLNG of 1.362 billion cubic feet to domestic and commercial sectors amounting of Rs54.5 billion in winter season starting from November 2019 to March 2020. (The News) | [Click for more info.](#)

RLNG price increased over 6pc for October

SNGP, SSGC | Positive

The government has increased the prices of Re-gasified Liquefied Natural Gas (RLNG) for the month of October by 6.43 percent for Sui Northern Gas Pipelines Limited (SNGPL) and 6.62 percent for Sui Southern Gas Company (SSGC) over the previous month. (The News) | [Click for more info.](#)

Miscellaneous

FBR launches stocktaking drive in steel sector to check tax evasion

Steel | Negative

The Federal Board of Revenue (FBR) has launched a stocktaking drive in the steel sector to verify the reports that re-rollers/melting furnaces are involved in tax evasion through underreporting of production, sources said on Wednesday. The FBR said the Finance Act 2019 withdrew the Special Procedural Rules 2007 and now the steel sector is required to charge and pay federal excise duty in sales tax mode at standard rate of 17 percent from July 1, 2019. The normal tax of 17 percent ad valorem is levied on supply of steel billets, ingots, ship plates, bars and other long re-rolled products. (The News) | [Click for more info.](#)

PM hailed for turnaround: Textile industry achieves 26 percent growth in quantitative terms: APTMA

Textile | Positive

As a result of the progressive policies and personal interest of the Prime Minister, especially by providing regionally competitive energy tariffs the textile industry has become viable after remaining in the red for 10 long years, said All Pakistan Textile Mills Association (APTMA). According to a press release issued by APTMA Islamabad office, the textile industry has achieved a record increase of 26 percent growth in quantitative terms although this did not directly reflect in the dollar amounts due to a substantial worldwide decrease in textile prices. (BR) | [Click for more info.](#)

Five-year comprehensive textile policy to be announced by year-end

Textile | Positive

Task Force on Textile Chairman Ahsan Bashir said on Wednesday that a comprehensive textile policy to increase the country's exports to \$26 billion by 2024 would be finalised by December this year. (PT) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	38,178.0	645.97	1.72%
US - Dow 30	26,346.0	181.97	0.70%
PAK (KSE-100)	33,523.7	47.12	0.14%
US - S&P 500	2,919.4	26.34	0.91%
CHINA - Shanghai	2,924.9	11.29	0.39%
INDONESIA - IDX	6,029.2	-10.44	-0.17%
PHILIP - PSEi	7,681.3	-75.47	-0.97%
KSA - Tadawul	7,715.9	-117.04	-1.49%
Taiwan - TWII	10,890.0	-127.35	-1.16%
HK - Hang Seng	25,682.8	-210.59	-0.81%

Source: Bloomberg

Board Meetings

Scrip	Day	Agenda	Time
EPCL	TUESDAY	3Q A/C - 30SEP19	10:00 AM
HBL	TUESDAY	3Q A/C - 30SEP19	10:00 AM
ISL	TUESDAY	1Q A/C - 30SEP19	10:30 AM
AWWAL	TUESDAY	1Q A/C - 30SEP19	11:00 AM
GLOT	TUESDAY	ANNUAL A/C - 30JUN19	11:00 AM
NRL	TUESDAY	1Q A/C - 30SEP19	11:00 AM
ACPL	TUESDAY	1Q A/C - 30SEP19	12:00 PM
ATRL	TUESDAY	1Q A/C - 30SEP19	1:00 PM
DOL	TUESDAY	1Q A/C - 30SEP19	2:30 PM
POL	TUESDAY	1Q A/C - 30SEP19	3:00 PM
APL	TUESDAY	1Q A/C - 30SEP19	4:00 PM

Source: PSX Announcement



Reko Diq: Hafeez will be leaving for London on 14th

Economy | Neutral

Adviser to Prime Minister on Finance Dr Abdul Hafeez Sheikh is tentatively scheduled to leave for London on October 14 for a meeting with Reko Diq board to explore the possibility of an out of court settlement. (BR) | [Click for more info.](#)

Traders announce countrywide strikes on Oct 28, 29

Economy | Negative

As the government is reluctant to backtrack from its commitment to implement the CNIC condition, the traders' representatives on Wednesday announced countrywide shutter down strikes on October 28 and 29. (PT) | [Click for more info.](#)

Cabinet divided over privatisation programme

Economy | Negative

The cabinet has been divided over the privatisation of public sector enterprises which have been incurring a cumulative loss of Rs300 billion per annum due to inefficiencies and bad governance. | [Click for more info.](#)

Political News

Mediation between Saudi Arabia, Iran: PM to visit Riyadh, Tehran after China visit

Prime Minister Imran Khan is likely to pay visits to Saudi Arabia and Iran after concluding his ongoing three-day visit to China. The role of PM Imran Khan gets significant importance for the establishment of regional peace as the preparations for his next visits have been commenced, diplomatic sources said. (The News) | [Click for more info.](#)

Gen Bajwa's China visit assumes significance, prior to Xi-Modi summit

Amid wider domestic and foreign policy developments in the region, Army Chief General Qamar Bajwa's trip to China assumes great importance. As per schedule, apart from top defence level talks with the Chinese military leadership, COAS will also join Prime Minister Imran Khan in latter's meeting with Chinese President Xi and Prime Minister Li Keqiang during the three days tour. (The News) | [Click for more info.](#)

Azadi March will now take place on Oct 31: JUI-F chief

Jamiat Ulema-e-Islam-Fazl (JUI-F) chief Maulana Fazlur Rehman announced on Wednesday that he was changing the date of his party's anti-government 'Azadi march' to Islamabad from October 27 to October 31. (ET) | [Click for more info.](#)

International News

Stocks Slide Eases as Markets Whipsawed on Trade: Markets Wrap

Thursday morning was not one for coffee breaks for traders in Asia, with markets whipsawed by contrasting headlines on the chances of some sort of progress in critical U.S.-China trade talks. (Bloomberg) | [Click for more info.](#)

Oil prices drop as hopes for U.S.-China trade progress wilt

Oil prices slid on Thursday as hopes faded for any significant progress in U.S.-China trade talks that could dispel clouds over the global economy and gloom over prospects for weaker oil demand. (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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