

June 11,
2019

Economy News

PTI set to table its first federal budget today

Economy | Neutral

The Pakistan Tahreek-i-Insaf (PTI) government is all set to present its first federal budget for the fiscal year 2019-20 with an estimated outlay of around Rs 6.8 trillion on Tuesday (today). The National Assembly has already been summoned for the presentation of the federal budget. (Daily Times) | [Click for more info.](#)

Rupee plunges to 150.10 ahead of budget on depreciation fears

Economy | Negative

The rupee dropped by 1.0 percent or Rs1.50 in the interbank market on Monday, as dollar demand from importers and fears of further currency depreciation amid IMF's executive board approval for \$6 billion Extended Fund Facility by month's end put pressure on the currency, traders said. (The News) | [Click for more info.](#)

Capital market on a rollercoaster ride amid shaky foreign investment

Capital Market | Negative

Pakistan's capital market remained volatile during the outgoing 2018/19 fiscal year because of multiple factors with local investors continuing to offset capital flight from foreign investors, the economic survey report said on Monday. (The News) | [Click for more info.](#)

Public debt, twin deficit reach record high

Economy | Negative

Conceding the rising public debt and twin deficits — current account and budget — as serious threats exposing Pakistan to default, the PTI government has missed all major macroeconomic targets, including the GDP growth rate by a big margin, during the first year of its rule. (The News) | [Click for more info.](#)

FY 2019-20: World Bank report says Pakistan's growth likely to slow further to 2.7 percent

Economy | Neutral

A re-escalation of tensions between Pakistan and India could increase uncertainty, depress confidence, and weigh on investment in the region, says the World Bank (WB). Pakistan's growth is expected to slow further to 2.7 percent, in fiscal year 2019-20 with domestic demand remaining depressed. Current account and fiscal deficits are projected to diminish only gradually, the report maintained. (BR) | [Click for more info.](#)

IMF should revisit its conditions

Economy | Neutral

Five zero-rated exports sectors on Monday sought media support to help convince the federal government to withdraw the sales tax proposed in the forthcoming fiscal budget 2019-20. They suggested that the IMF should also revisit its conditions since the move would unleash economic disaster. (BR) | [Click for more info.](#)

Tax exemptions surge 80 percent to Rs972.4bln in FY2019

Economy | Neutral

Cash-strapped PTI-led government provided massive Rs972.40 billion in tax exemptions and concessions to various economic sectors during the outgoing 2018/19 fiscal year, up staggering 80 percent year-over-year, the finance ministry's data revealed on Monday. (The News) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	25,892.8	25,350.6	-542.1	-2.1%
KSE100	35,505.3	34,567.6	-937.7	-2.6%
KSE30	16,787.7	16,276.2	-511.5	-3.0%
KMI30	56,531.8	54,515.1	-2016.7	-3.6%

Top Five Gainers

	Open	Close	Chg.	%
SCL	190.0	199.5	9.5	5.0%
AABS	185.7	191.9	6.2	3.3%
MFFL	256.5	260.0	3.5	1.4%
DYNO	70.3	73.8	3.5	4.9%
PGCL	84.0	87.1	3.1	3.7%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
KEL	4.1	4.3	0.2	18.53
BOP	10.6	10.1	-0.6	7.33
UNITY	10.7	9.8	-0.9	4.31
LOTCEM	15.1	14.1	-1.0	3.68
OGDC	130.9	126.7	-4.2	2.94

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	-0.05	-0.05
F-Corporates	7.84	-3.50	4.34
O/S Pakistanies	0.74	-0.62	0.12
Net	8.58	-4.16	4.42
LIPI			
Individuals	15.77	-17.04	-1.27
Companies	2.83	-1.78	1.05
Comm. Banks	1.45	-0.35	1.10
NBFC	0.00	0.00	0.00
Mutual Funds	1.15	-2.16	-1.01
Other	0.18	-0.80	-0.62
Brokers Proprietary	4.84	-7.20	-2.36
Insurance	0.60	-1.91	-1.31
Net	26.83	-31.24	-4.42

Source: NCCPL

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	53.46	0.4%
Brent oil	USD/bbl.	62.41	0.2%
Gold	USD/t oz.	1328.99	0.1%
Silver	USD/t oz.	14.71	0.0%
Coal	USD/ton	65.60	1.9%
Steel Scrap (LME)	USD/ton	297.00	0.0%
Steel Rebar (LME)	USD/ton	472.00	0.0%
USD/PKR	Interbank	150.74	1.7%

Source: Bloomberg/SBP

News Source: Local / Int'l Newspapers and websites

Research Team

research@abaalihabib.com

Aba Ali Habib Securities (Pvt) Limited

(021) 32429665, Ext. 106



FDI tumbles by 51.7pc to \$1.376 bn in 10 months of PTI govt

Economy | Negative

Foreign Direct Investment has tumbled alarmingly by 51.7 percent in the first 10 months of ongoing fiscal to US \$1.376 bn as compared to US \$2.849 billion in the last financial year in same period. According to the Economic Survey 2018-19, the FDI from China stayed at 31.2 percent of overall inflows as compared to 60.5 percent in the preceding year. (The News) | [Click for more info.](#)

Govt issues Rs168 bn fresh guarantees in nine months

Economy | Neutral

During first nine months of the current fiscal year, according to Economic Survey 2018-19, the government issued fresh guarantees aggregating to Rs168 billion, while, outstanding stock of government guarantees as at end March 2019 has amounted to Rs1.265 billion. (The News) | [Click for more info.](#)

Trade gap shrinks despite export slowdown

Economy | Positive

The government is set to reduce overall trade deficit by almost \$5 billion by end June despite slowdown in export proceeds, said the Economic Survey 2018-19 released on Monday. The first 10-month figure showed that the overall trade deficit will drop to a certain level owing to contraction of imports of non-essential luxury items. Last year, the trade deficit reached a historic level of \$36bn. (Dawn) | [Click for more info.](#)

July-March FY-2019: LSM growth declines by 54 percent

Economy | Negative

The country's Large Scale Manufacturing (LSM) growth during July-March FY 2019 declined by almost 54 per cent to 2.93 percent as compared to 6.33 percent in the same period last year. On Year on Year (YoY), LSM growth witnessed sharp decline of 10.63 percent in March 2019, compared to increase of 4.70 percent in March 2018. (BR) | [Click for more info.](#)

Economic Survey: nominal decline registered in July-April exports

Economy | Neutral

The Economic Survey 2018-19 reveals that exports registered a decline of 0.1 percent during July-April FY2019. The export target for FY2019 was set at \$28 billion. As per PBS data, exports during July-April FY2019 reached US\$ 19.17 billion as compared to US\$ 19.19 in July-April FY2018. (BR) | [Click for more info.](#)

Revenues increase to Rs3.5trln in 9 months of FY2019

Economy | Positive

The total tax and non-tax revenues increased to Rs3,583.7 billion (9.3 percent of GDP) during first nine months of the fiscal year 2018-19 from Rs3,582.4 billion (10.3 percent of GDP) during comparable period of last year. (BR) | [Click for more info.](#)

Economic Survey 2018-19: CPI witnesses rising trend during 2018-19 financial year

Economy | Negative

The Consumers Price Index (CPI) witnessed a rising trend during the current financial year of 2018-19 as it increased from 5.8 percent in July 2018 to 9.4 percent in March 2019 and was recorded at 8.8 percent in April 2019, Pakistan Economic Survey 2018-19 revealed. (BR) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
HK - Hang Seng	27,578.6	613.36	2.27%
INDIA - SENSEX	39,784.5	168.62	0.43%
Taiwan - TWII	10,566.5	157.27	1.51%
KSA - Tadawul	8,849.2	149.99	1.72%
INDONESIA - IDX	6,289.6	80.49	1.30%
US - Dow 30	26,062.7	78.74	0.30%
PHILP - PSEi	8,045.4	61.41	0.77%
CHINA - Shanghai	2,852.1	24.33	0.86%
US - S&P 500	2,886.7	13.39	0.47%
PAK (KSE-100)	34,567.6	-937.74	-2.64%

Source: Bloomberg

Board Meetings

Script	Day	Agenda	Time
BAFS	THURSDAY	Acquisit. of 97.16%Shrs	11:00 AM

Source: PSX Announcement



Economic Survey: debt records Rs 3.655 trillion increase in July-March

Economy | **Negative**

Pakistan's total public debt, which was provisionally estimated at Rs 28.607 trillion by end-March 2019, recorded an increase of Rs 3.655 trillion during the first nine months of current fiscal year, ie, (July-March) 2018-19, revealed the Economic Survey 2018-19 released here Monday. (BR) | [Click for more info.](#)

SBP's forex reserves down \$148 million

Economy | **Negative**

The total liquid foreign exchange reserves held by the State Bank of Pakistan decreased by \$148 million to \$7.862 billion during the week ending May 31, 2019, due to payments on account of external debt servicing. (BR) | [Click for more info.](#)

Oil & Gas

Petroleum demand plunges

OMCs | **Negative**

The country's overall oil sales plunged by 25 per cent to 16.972 million tonnes during the first 11 months of this fiscal year owing mainly to 57.7pc drop in furnace oil (FO) sales to 2.743m tonnes. A drop of 19pc was witnessed in the high-speed diesel (HSD) sales to 6.764m tonnes. However, petrol sales inched up by 1.2pc to 6.808m tonnes. (Dawn) | [Click for more info.](#)

Power

Power generation capacity increased by 2.5pc

Power | **Neutral**

Pakistan's electricity generation capacity during July-March 2018/19 increased by 2.5 percent to 34,282MWs, the Pakistan Economic Survey 2018/19 that the government launched on Monday, said. (The News) | [Click for more info.](#)

Fertilizer

Urea off-take witnesses increase of 22 percent on YoY

Fertilizer | **Positive**

Urea off-take witnessed sharp increase of 22 percent on year-on-year to 600,000 tons during May 2019. The dealers/farmers have started early buying of fertilizer products amidst possible hike in GST to normalized rate of 17 percent from current 2 percent, which will increase urea prices by Rs 270 per bag, an analyst said. (BR) | [Click for more info.](#)

Miscellaneous

Exporters request PM to continue zero-rated regime

Textile | **Neutral**

The five export-oriented industrial sectors of the country have appealed to Prime Minister Imran Khan to intervene for continuation of the zero-rating of sales tax for the uplift of exports. (ET) | [Click for more info.](#)



Price of sugar to go up if ST increases

Sugar | Neutral

The sugar industry said on Monday that sugar prices will further increase if sales tax is increased in the budget. Talking to Business Recorder, one of sugar industry's stakeholders said that the consumers are already groaning under the price hike of all commodities and the government should rationalise taxation on food items. (BR) | [Click for more info.](#)

Telecom sector attracts \$2.6bn FDI: Economic Survey

Telecom | Positive

Pakistan Telecom sector has attracted 2.6 billion dollars Foreign Direct Investment (FDI) during last five year, off which a total of US\$ 4.5 billion had been invested by the local telecom players. (BR) | [Click for more info.](#)

Govt considers tax hike on property trading for non-filers

Real Estate | Neutral

The government is likely to raise advance tax for non-filers of income tax returns on sale and purchase of properties to 10 percent in the budget 2019/20, sources said on Monday. (The News) | [Click for more info.](#)

Per capita Income stands at \$1,497.3

Economy | Neutral

The per capita income stood at \$1,497.3 during the outgoing fiscal year 2018-19, according to Pakistan Economic Survey (2018-19) launched here by Advisor to Prime Minister on Finance, Dr. Hafeez Shaikh. (BR) | [Click for more info.](#)

Agriculture sector posts negative growth

Economy | Neutral

The agriculture sector in the country witnessed a negative growth of 0.85 percent against the target of 3.8 percent set for the fiscal year 2018-19. (BR) | [Click for more info.](#)

Political News

PPP announces countrywide protest

The Pakistan Peoples Party has called a countrywide protest demonstration hours after its Co-chairman Asif Zardari's arrest by the National Accountability Bureau (NAB), Rawalpindi. (ET) | [Click for more info.](#)

International News

Asian Stocks Edge Higher as Treasuries Steady: Markets Wrap

Asian stocks headed higher Tuesday as investor focus turned to the U.S.-China trade arena, while Treasury yields were stable after Monday's gains. (Bloomberg) | [Click for more info.](#)

Oil stable as market eyes ongoing supply cuts amid downturn

Oil prices stabilized on Tuesday on expectations that producer group OPEC and its allies will keep withholding supply to prevent prices from tumbling amid a broad economic slowdown which has started eating away at fuel demand growth. (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

Zoha Amjad – Research Analyst
Zoha.amjad@abaalihabib.com

Ayesha Abid – Research Analyst
ayesha.abid@abaalihabib.com

SALES TEAM

Zaheer Ahmed - Head of Equity Sales & Business Dev.
Zaheer.ahmed@abaalihabib.com
(021) 32418693-94

Hafsa Kamani- Assistant Manager Equity Sales
Hafsa.Kamani@abaalihabib.com
(021) 32431925

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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