



March 11,
2019

Economy News

PSX proposes perpetual amnesty to attract equity investment

Economy | **Positive**

Pakistan Stock Exchange (PSX) demanded of the government to announce a perpetual tax amnesty scheme to bring undocumented wealth into the equity market. | [Click for more info.](#)

India stops eastern rivers' water

Economy | **Negative**

India has stopped water of three eastern rivers flowing to Pakistan, Indian Minister Arjun Mehghwal said in Bikaner city of Rajasthan. | [Click for more info.](#)

Mini-budget: still a work in progress

Economy | **Neutral**

The National Assembly passed the second mini-budget of the current fiscal year last week with a rare 45-day gap following its presentation. Instead of considering recommendations made by the Senate, Finance Minister Asad Umar rushed through many amendments to the Jan 23 document. | [Click for more info.](#)

FATF adds three more conditions for Pakistan to comply with

Economy | **Neutral**

In addition to these 15 major demands for the May-related deadline, the FATF in its last plenary meeting held in Paris also included three more steps for review in coming May/June meeting including (1) revising/updating Pakistan's national risk assessment on terror financing, (2) improving FBR's customs report on cash couriers to curb currency smuggling and (3) placing inter agency cooperation mechanism among law enforcing agencies at federal and provincial levels. So the FATF will gauge performance on total 18 points, including three above-mentioned, in the coming FATF meeting expected to be held in Colombo in June. | [Click for more info.](#)

Banned outfits labelled as high risk to meet FATF terms

Economy | **Neutral**

The government has decided to upgrade a group of proscribed organizations to 'high risk' and start monitoring and re-examining their activities and profiles under heightened security checks at all layers of legal, administrative, investigative and financial regimes to comply with the requirement of the Financial Action Task Force (FATF). | [Click for more info.](#)

Pakistan wary of India's presence on FATF panel

Economy | **Negative**

Pakistan has asked the Financial Action Task Force (FATF) to remove India from the co-chair of a body that is reviewing progress on implementation of an action plan, in a development that is aimed at frustrating Indian tactics to get Islamabad blacklisted. | [Click for more info.](#)

EU to finalize 'Strategic Engagement Plan' anytime soon

Economy | **Positive**

European Union is close to finalizing the 'Strategic Engagement Plan' with Pakistan and the 28-member bloc would also strive for a "constructive and open" engagement between Islamabad and Delhi. | [Click for more info.](#)

Forex reserves to cross \$19bln by month-end: finance minister

Economy | **Positive**

Pakistan's total foreign currency reserves will cross \$19 billion by end of the current month as the country is about to receive \$4.1 billion from friendly countries in a week or two, finance minister said on Saturday. | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	28,657.5	28,520.2	-137.3	-0.5%
KSE100	39,294.1	38,950.2	-343.9	-0.9%
KSE30	18,783.7	18,580.4	-203.3	-1.1%
KMI30	65,298.2	64,383.0	-915.2	-1.4%

Top Five Gainers

	Open	Close	Chg.	%
PMPK	2,979.9	3,128.9	149.0	5.0%
BATA	1,750.9	1,838.5	87.5	5.0%
INDU	1,324.3	1,390.5	66.2	5.0%
ICI	663.0	683.1	20.1	3.0%
ABOT	606.1	625.1	19.0	3.1%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	1.4	1.3	0.0	12.47
BOP	13.8	13.9	0.0	6.66
PSX	17.2	18.2	1.0	6.59
KEL	6.1	6.0	-0.1	4.47
PAEL	24.2	23.6	-0.6	2.48

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Ind.	0.08	0.00	0.08
F-Corp.	3.23	-3.59	-0.36
O/S Pak	1.14	-0.84	0.30
Net	4.45	-4.43	0.01

LIPI

Indv.	20.92	-21.35	-0.43
Cos.	1.53	-0.83	0.70
Banks	1.50	-0.09	1.41
NBFC	0.00	0.00	0.00
M-Funds	1.10	-3.04	-1.93
Other	0.32	-0.30	0.02
Broker	5.53	-5.75	-0.22
Insur.	2.38	-1.93	0.44
Net	33.29	-33.30	-0.01

Source: NCCPL

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	56.31	0.4%
Brent oil	USD/bbl.	65.89	0.2%
Gold	USD/t oz.	1297.42	-0.1%
Silver	USD/t oz.	15.29	-0.3%
Coal	USD/ton	79.60	-1.7%
Steel Scrap (LME)	USD/ton	327.00	0.3%
Steel Rebar (LME)	USD/ton	478.00	-0.2%
USD/PKR	Interbank	138.79	-0.1%

Source: Bloomberg/SBP

News Source: Local / Int'l Newspapers and websites

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\$4.1bn inflow in next two weeks, says Asad

Economy | Positive

Finance Minister Asad Umar said on Saturday that there will be an inflow of around \$4.1 billion in the next two weeks after which the State Bank of Pakistan's foreign exchange reserves will swell to over \$12bn. | [Click for more info.](#)

UAE makes fresh pledge to deposit \$2b in SBP reserves

Economy | Positive

The United Arab Emirates (UAE), one of the top friendly countries of Pakistan, has made a fresh announcement for depositing \$2 billion in the State Bank of Pakistan's (SBP) foreign currency reserves in a bid to help Islamabad smoothly overcome international payment pressure. | [Click for more info.](#)

Pakistan Banao Certificate attracts lukewarm demand with \$20 million sale till February

Economy | Neutral

The government has so far raised around \$20 million from Pakistan Banao Certificate (PBC) – an instrument issued in January to attract foreign exchange reserves from expats, a senior official said on Friday. | [Click for more info.](#)

National savings jump 126pc to Rs217bn in eight months

Economy | Positive

The Central Directorate of National Savings (CDNS) has achieved the net target of Rs217 billion during first eight months (Jul-Feb) of the financial year 2018-19, as compared to the collection of Rs96 billion during the same period last year, showing a surge of 126pc. | [Click for more info.](#)

External debt rises Rs1.3trln to Rs9trln till Jan

Economy | Negative

Government's external debt value increased Rs1.3 trillion to Rs9.096 trillion as of January 31 from Rs7.796 trillion in June-end due to rupee depreciation against the US dollar. | [Click for more info.](#)

Oil & Gas

Power sector entities owe Rs132b to SNGPL, SSGC

SNGP, SSGC | Negative

The outstanding dues of Sui Northern Gas Pipeline Limited (SNGPL) and the Sui Southern Gas Company (SSGC) against power sector entities have surpassed Rs132 billion. | [Click for more info.](#)

SNGPL's total UFG Rs17.7b

SNGP | Negative

Even developed world regulators allow gas companies UFG or unaccounted for gas at 6% where there is zero or negligible theft, a statement said. Ogra has allowed UFG to gas company at 6.9% while SNGPL's total UFG is around 10.9%. A very small component of that is theft. The comparable electric utilities have much higher line losses, the statement said. SNGPL's total UFG is Rs17.7b approx per FY 17-18. The regulator allows 6.9% (Rs11.3b) in the gas price while remaining amount of Rs6.4b has to be borne by the company itself out of its own sources and is not passed on to gas consumers, it said. | [Click for more info.](#)

KP CM inaugurates 32-km gas pipeline in Peshawar

SNGP | Positive

Chief Minister Mahmood Khan on Friday inaugurated a 32km pipeline of Sui Northern Gas Pipelines Limited (SNGPL) and the upgrading of an existing one in Achini Bala in the provincial capital at a cost of Rs1 billion. | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
PAK (KSE-100)	38,950.2	-343.87	-0.88%
INDIA - SENSEX	36,671.4	-53.99	-0.15%
HK - Hang Seng	28,228.4	-551.03	-1.91%
CHINA - Shanghai	2,969.9	-136.56	-4.40%
Taiwan - TWII	10,241.8	-69.93	-0.68%
INDONESIA - IDX	6,383.1	-74.89	-1.16%
PHILP - PSEi	7,797.1	-84.68	-1.07%
KSA - Tadawul	8,477.2	-2.00	-0.02%
US - Dow 30	25,450.2	-22.99	-0.09%
US - S&P 500	2,743.1	-5.86	-0.21%

Source: Investing.com

Board Meetings

Scrip	Day	Agenda	Time
SKRS	MONDAY	Ann. A/c Sep-30, CY'18	3:00 PM
PKGS	TUESDAY	Ann. A/c Dec-31, CY'18	11:30 AM
AGIC	WEDNESDAY	Ann. A/c Dec-31, CY'18	11:00 AM
PMRS	WEDNESDAY	1Q A/c Dec-31, MY'19	11:00 AM
CHAS	WEDNESDAY	1Q A/c Dec-31, MY'19	11:30 AM
KSBP	THURSDAY	Ann. A/c Dec-31, CY'18	11:00 AM
ALAC	THURSDAY	Ann. A/c Dec-31, CY'18	11:00 AM

Source: PSX Announcement



Over 3 million consumers receive inflated bills

SNGP, SSGC | Neutral

Public gas utilities have charged inflated bills from 3.2 million consumers because of a change in consumer slabs introduced by the government of Pakistan Tehreek-e-Insaf (PTI) and manipulation of gas pressure factor in the case of domestic consumers. The application of high gas pressure factor has forced many honest consumers, who pay their bills regularly, to bear an additional cost of gas consumption. According to sources, 50% of domestic consumers have been overcharged by applying the high pressure factor illegally. | [Click for more info.](#)

ExxonMobil suspends offshore drilling near Karachi coast

Oil | Neutral

They temporarily halted drilling as their equipment needed repair, Ministry of Maritime Affairs Adviser Mahmood Moulvi told Express TV. "The parts in question will be changed in the next two to three days and subsequently drilling will resume," he said. | [Click for more info.](#)

Banks

UBL Incurs Loss of Rs. 1 Billion for Shutting Down its New York Branch

UBL | Neutral

According to the official statement disclosed in the annual report: UBL's NY Branch was closed as of January 28, 2019. As a result, costs including, among regular expenses, additional legal and consultancy costs, and staff severance costs and contract termination charges related to the closure of the Branch, the NY Branch incurred a net loss of Rs. 1,071.720 million for the year ended December 31, 2018. The bank also suffered a loss of Rs. 18.138 million in 2017 from the same branch. | [Click for more info.](#)

Cement

Cement exports from Punjab, KPK down by 16% after Pak-India tension

Cement | Negative

Following the tension between India and Pakistan, the cement exports from North region of the country, including Punjab and KPK, have registered a decline of 16 percent to 1.86 million tons in first 8 months period (July-Feb) of 2019 against 2.21 million tons of the same period of 2018. | [Click for more info.](#)

Communication

Government may sell its remaining stake in PTCL

PTCL | Neutral

The government is likely to sell its remaining shares in Pakistan Telecommunication Company Limited (PTCL), Originally a state-owned corporation, the shareholding of PTCL was reduced to 62 percent, when 26 percent of shares and control were sold to Etisalat Telecommunications while the remaining 12 percent were sold to the general public in 2006 under an intensified privatization program during the tenure of Prime Minister Shaukat Aziz. | [Click for more info.](#)

Assassination attempt on Telcos in Pakistan

Telecom | Negative

Telecommunication businesses could join the long list of Pakistan's dying industries if Pakistan Telecommunication Company Limited (PTCL) does not pay them US \$ 118 million, which is owed to them. PTCL has illegally withheld this amount, equivalent to Rs 12 billion, from the International Clearing House (ICH) on the pretext of self-assumed and inapplicable provincial tax liability despite the fact that Telecom LDI services are federal subjects of taxation. | [Click for more info.](#)



Miscellaneous

Sindh govt urged to notify sugarcane price at Rs182/40kg

Sugar | Neutral

Farmers in Sindh on Saturday asked the provincial government to fix sugarcane, wheat and cotton support prices to quell the ongoing unrest among the growers. | [Click for more info.](#)

Operational costs escalated significantly: PIA

PIAA | Negative

PIA believes and stands for Pakistan first. However, keeping in view the present situation of airspace routes, the duration and distances have increased significantly, PIA spokesman said on Friday. He said that due to this unexpected change, the operational costs have escalated significantly. | [Click for more info.](#)

Political News

LHC to hear petition seeking Imran Khan's disqualification on March 11

The Lahore High Court on Saturday accepted for hearing a petition seeking Prime Minister Imran Khan's disqualification on the basis of Articles 62 and 63 of the Constitution. The appeal, which will be heard on March 11, claims that Khan had concealed the alleged parentage of Tyrian Jade Khan White in his nomination papers for the 2018 election. | [Click for more info.](#)

International News

Oil rises as OPEC's output cuts set to continue, U.S. drilling activity slumps

Oil prices edged up on Monday after Saudi oil minister Khalid al-Falih said an end to OPEC-led supply cuts was unlikely before June, while a report showed U.S. drilling activity fell for a third straight week. (Reuters) | [Click for more info.](#)

Asian Stocks Open Mixed After 2019's Worst Week: Markets Wrap

Asian stocks kicked off Monday mixed following the worst week for global equities since mid-December. The dollar nudged up after Friday's retreat. (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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