

October
11, 2019

Economy News

IMF projection: Government gross debt to rise to 78.6 percent

Economy | Negative

The International Monetary Fund (IMF) has projected an increase in government gross debt by 1.9 percent to 78.6 percent of the Gross Domestic Product (GDP) in 2020 against 76.7 percent in 2019. According to the IMF report, it is projected that the government gross debt would rise to 78.6 percent of the GDP in 2020 and decrease to 76.1 percent in 2021. The Fund has projected an increase in government net debt by 2.7 percent – to 75.2 percent of GDP in 2020 against 72.5 percent in 2019. Earlier this year the net debt was projected to increase to 72.7 percent of the GDP in 2019 and 75.3 percent in 2020 against 67.2 percent in 2018. (BR) | [Click for more info.](#)

People must show patience: More shocks of inflation likely

Economy | Negative

The State Bank of Pakistan (SBP) Governor Reza Baqir has said the people should show patience, as they would have to face more shocks of inflation. The SBP is moving gradually to inflation targeting framework to keep long-term inflation expectations firmly anchored and help in maintaining price stability, the central bank's governor said on Thursday. (The News) | [Click for more info.](#)

Pakistan bonds evoke Egypt's success tale

Economy | Positive

Global investors are piling into Pakistan's local-currency bonds like never before, Bloomberg reported on Thursday. Attempts at economic reforms, support from the International Monetary Fund and interest rates topping 13 percent make the nation's fixed income attractive amid a surge in the world's pool of negative-yielding debt. (The News) | [Click for more info.](#)

Overseas Pakistanis remit \$5.4bn in the first 3 months of FY20

Economy | Neutral

Overseas Pakistani workers remitted US\$ 5478.11 million in the first three months (July to September) of FY20, compared with US\$ 5557.61 million received during the same period in the preceding year. According to data released by the State Bank of Pakistan (SBP) here on Thursday, during September 2019, the inflow of workers remittances amounted to US\$ 1747.95 million, which is 3.4% higher than August 2019 and 17.6% higher than September 2018. (BR) | [Click for more info.](#)

Foreign reserves up by \$16m

Economy | Neutral

The foreign exchange reserves held by State Bank of Pakistan have increased by \$ 16 million to \$7.757 billion during the week ending October 04, 2019. The total liquid foreign reserves held by the country stood at \$14.992 billion on the said date. Net foreign reserves held by commercial banks stood at \$7.235 billion. (BR) | [Click for more info.](#)

Oil & Gas

Country's oil reserves up by 7pc

Oil E&P | Positive

The overall oil reserves of the country are up by 7 percent (excluding PEL reserves) to 286 million barrels (10 years) mainly on back of upward adjustment in fields of Tal block and Adhi. Pakistan Petroleum Information Services (PPIS) have reported oil and gas reserves for Jun 2019, whereby a few major fields of Tal block (operated by MOL Pakistan) have witnessed an upward adjustment in which Pakistan Oil Fields (POL), Pakistan Petroleum Limited (PPL) and Oil and Gas Development (OGDC) have working interest of 21 percent, 28 percent and 28 percent respectively. (BR) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	24,187.8	24,574.6	386.8	1.6%
KSE100	33,523.7	34,027.7	504.0	1.5%
KSE30	15,754.8	15,963.5	208.8	1.3%
KMI30	53,488.0	54,473.6	985.6	1.8%

Top Five Gainers

	Open	Close	Chg.	%
UPFL	5,551.0	5,828.6	277.6	5.0%
PAKT	2,307.0	2,420.0	113.0	4.9%
COLG	1,775.0	1,863.8	88.8	5.0%
MARI	1,058.2	1,111.1	52.9	5.0%
WYETH	716.8	752.7	35.8	5.0%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
LOTCEM	15.5	16.0	0.5	26.80
PIBTL	9.1	9.5	0.4	17.27
KEL	4.0	4.2	0.1	16.51
UNITY	11.0	11.2	0.3	15.08
EPCL	26.8	27.7	1.0	10.03

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.02	-0.02	0.00
F-Corporates	4.86	-6.57	-1.71
O/S Pakistanies	1.84	-2.04	-0.19
Net	6.72	-8.63	-1.90
LIPI			
Individuals	44.28	-44.46	-0.18
Companies	1.63	-3.95	-2.31
Comm. Banks	2.73	-2.14	0.59
NBFC	0.14	-0.10	0.04
Mutual Funds	5.25	-3.26	2.00
Other	1.01	-0.58	0.42
Brokers Proprietary	13.69	-13.56	0.13
Insurance	2.42	-1.21	1.21
Net	71.15	-69.25	1.90

Source: NCCPL

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	53.84	0.5%
Brent oil	USD/bbl.	59.46	0.6%
Gold	USD/t oz.	1495.35	0.1%
Silver	USD/t oz.	17.53	0.1%
Coal	USD/ton	66.15	-0.6%
Steel Scrap (LME)	USD/ton	240.50	0.2%
Steel Rebar (LME)	USD/ton	406.50	0.4%
USD/PKR	Interbank	156.41	-0.1%

Source: Bloomberg/SBP

News Source: Local / Int'l Newspapers and websites

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Gas companies prepare Rs55bn subsidy bill for winter supplies SSGC, SNGP | Neutral

Winter gas supplies face growing challenges as the Sui Southern Gas Company Ltd and Sui Northern Gas Pipelines Ltd, also known as “the Sui sisters, could require up to Rs55 billion in subsidies to divert expensive imported Liquefied Natural Gas (LNG) to meet demand from domestic consumers. (Dawn) | [Click for more info.](#)

Power

Nepra awards two licences for renewable energy generation

Power | Positive

The government has awarded licences to two foreign companies for wind and solar energy generation of cumulative 23.8 megawatts with the two projects estimated to cost around \$30 million, an official document showed. National Electric Power Regulatory Authority (Nepra) awarded generation licence to ENI New Energy Pakistan for its 10 MW solar power plant and Burj Wind Energy for 13.8 MW wind power plant in Sindh. (The News) | [Click for more info.](#)

Miscellaneous

AkzoNobel introduces Dulux weathershield

AKZO | Positive

AkzoNobel Pakistan, a leading Paints and Coatings company recently introduced an upgrade of Dulux Weathershield emulsion featuring Smart Release Technology offering up to two times better protection against algae and fungus. (BR) | [Click for more info.](#)

Meezan Bank and Hyundai Nishat Motor signs MoU

MEBL, NML | Positive

Meezan Bank Limited, Pakistan’s largest Islamic Bank and the Best Bank in Pakistan and Hyundai Nishat Motor (Private) Limited, a project of Nishat Group recently signed a Memorandum of Understanding to jointly promote Hyundai commercial vehicles in Pakistan by providing convenient financing terms with a residual value option. (The Nation) | [Click for more info.](#)

Exporters seek early release of tax refunds

Textile | Neutral

The Pakistan Textile Exporters Association (PTEA) urged the government on Thursday to address extreme cash flow crisis with immediate liquidation of outstanding refunds. (Dawn) | [Click for more info.](#)

24/7 border opening: Officials say trade with Afghanistan increased by 50 percent

Economy | Positive

The Pakistan Customs officials on Thursday said that despite scarce facilities and untrained staff at the Afghan customs offices, they have witnessed up to 50 percent increase in trade volume after the prime minister inaugurated 24/7 opening of the Torkham border on September 18. (The News) | [Click for more info.](#)

Imran orders recovery plan for 687 sick units

Economy | Positive

Prime Minister Imran Khan on Thursday asked for a comprehensive plan within 60 days on revival of 687 sick industrial units, as he was told by his economic team that these could be revived early under the public-private partnership. (The News) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
PAK (KSE-100)	34,027.7	503.96	1.50%
US - Dow 30	26,496.7	150.66	0.57%
PHILP - PSEi	7,765.0	83.78	1.09%
HK - Hang Seng	25,707.9	25.12	0.10%
CHINA - Shanghai	2,947.7	22.85	0.78%
US - S&P 500	2,938.1	18.73	0.64%
INDONESIA - IDX	6,023.6	-5.52	-0.09%
KSA - Tadawul	7,695.5	-20.41	-0.26%
Taiwan - TWII	10,890.0	-127.35	-1.16%
INDIA - SENSEX	37,880.4	-297.55	-0.78%

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



PSM losses increase by Rs48bn in last 13 months

Economy | **Negative**

According to sources privy to the matter, owing to the absence of regular officials at the PSM, the mill has witnessed a loss of around Rs48 billion in the last 13 months (from August 2018 till September 2019). (PT) | [Click for more info.](#)

Karachi traders support strike call

Economy | **Negative**

City's traders on Thursday endorsed a decision of the country's business community to observe one-hour strike every day from 15th October as they felt perturbed over the delaying tactics and indifference of the Federal Board of Revenue (FBR) and ministry of commerce to their plights. (The News) | [Click for more info.](#)

Political News

Indian action in IoK tantamount to attack on Pakistan: Masood

Azad Jammu and Kashmir (AJK) President Sardar Masood Khan on Thursday said the whole nation would have to prepare for the defence of motherland and to thwart the enemy's aggression as India had already imposed war on Pakistan and the Kashmiri people. (BR) | [Click for more info.](#)

New case ready for Nawaz : NAB to arrest ex-PM from jail today

A new money-laundering case is ready for former premier Nawaz Sharif and the National Accountability Bureau (NAB) is likely to arrest him from jail on Friday (today) and present him in a court of law for securing his physical remand. (The News) | [Click for more info.](#)

International News

Stocks Rise as Trade Talks Head Into Second Day: Markets Wrap

Stocks in Asia gained as high-level U.S.-China trade talks progressed into a second day and optimism grew that a truce can be achieved. Treasury yields steadied after jumping overnight. (Bloomberg) | [Click for more info.](#)

Oil Set for Weekly Advance on Optimism Around Trade Breakthrough

Oil is heading for the first weekly advance since the end of September as U.S.-China trade talks progress, offering a glimmer of hope for global demand. (Bloomberg) | [Click for more info.](#)

Oil rises 1.8% as OPEC pledges decision on supply

Oil prices rose on Thursday as OPEC indicated that all options were on the table to balance oil markets and that it would take a decision in December on supply for next year. (CNBC) | [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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