

October
14, 2019

Economy News

Pakistan's GDP growth rate to remain lowest in region in next fiscal year as well: WB

Economy | Negative

Pakistan GDP growth of 2.4 percent is projected lowest by the World Bank (WB) in regional countries – Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal and Sri Lanka, for the current fiscal year (2020). (BR) | [Click for more info.](#)

Economy stagnating amid big deficit, low reserves: WB

Economy | Negative

Using the new base year (2015-16), the Pakistan Bureau of Statistics (PBS) has reported the annual consumer inflation rate of 11.4 per cent for September, up from 10.5pc in August and 8.4pc in July. If the old base year of 2007-08 is used for calculation, September's inflation rate comes to no less than 12.5pc, up from 11.6pc in August and 10.3pc in July. (Dawn) | [Click for more info.](#)

Team leaves for Paris to attend FATF meeting

Economy | Neutral

Pakistani delegation Sunday flew for Paris (France) to attend Financial Action Task Force (FATF) Plenary meeting that would take up Pakistan's progress on Anti-Money Laundering (AML)/ Combating Financing of Terrorism (CFT) today (Monday). (BR) | [Click for more info.](#)

Delegations of int'l financial institutions to visit Pakistan in October & November

Economy | Neutral

Delegations of international financial institutions including the IMF, World Bank and the Asian Development Bank will pay visits to Pakistan in October and November as per the schedule. (MettisGlobal) | [Click for more info.](#)

Economy improved, confidence of investors restored

Economy | Positive

The government says the condition of the country's economy has improved as trade and budget deficits have been overcome and confidence of investors has been restored. The Adviser to PM on Finance Dr Abdul Hafeez Shaikh on Saturday briefed the media on part of its new strategy by stating that the target of non-tax revenue collection would be jacked up by Rs400 billion, up to Rs1,600 billion against initially envisaged target of Rs1,200 billion on eve of budget 2019-20. He spelt out all positive numbers on economic front and argued that positive outcomes have started appearing on the economic scene. (The News) | [Click for more info.](#)

Pakistan must prevent militants from operating on its soil: US

Economy | Neutral

United States has appreciated Pakistan's efforts to curb militancy but reminded Islamabad that it must do more to stop militants from operating within its borders. (ET) | [Click for more info.](#)

Turkish president to visit Pakistan on 23rd

Economy | Positive

Turkish President Recep Tayyip Erdogan will pay an official visit to Pakistan on Oct 23 to cement relations between the two countries and to extend full support to Pakistan's stance on the Kashmir issue. (Dawn) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	24,574.6	24,794.6	220.0	0.9%
KSE100	34,027.7	34,475.7	448.0	1.3%
KSE30	15,963.5	16,237.4	273.9	1.7%
KMI30	54,473.6	55,326.9	853.3	1.6%

Top Five Gainers

	Open	Close	Chg.	%
RMPL	6,200.0	6,510.0	310.0	5.0%
UPFL	5,828.6	6,120.0	291.4	5.0%
MARI	1,111.1	1,164.2	53.2	4.8%
WYETH	752.7	790.3	37.6	5.0%
SRVI	577.0	605.8	28.8	5.0%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	1.1	1.1	0.0	30.82
LOTCEM	16.0	16.1	0.1	19.11
TRG	16.1	16.8	0.7	18.79
UNITY	11.2	11.1	-0.1	15.58
BOP	9.8	9.8	0.0	11.44

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.06	-0.15	-0.10
F-Corporates	6.72	-5.41	1.31
O/S Pakistanies	1.98	-2.61	-0.63
Net	8.76	-8.17	0.58
LIPI			

Individuals	51.42	-54.20	-2.78
Companies	19.72	-18.92	0.80
Comm. Banks	3.23	-5.10	-1.87
NBFC	0.29	-0.19	0.11
Mutual Funds	8.18	-5.74	2.43
Other	2.11	-1.00	1.11
Brokers Proprietary	16.64	-16.58	0.06
Insurance	2.21	-2.67	-0.46
Net	103.81	-104.39	-0.58

Source: NCCPL

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	54.42	-0.5%
Brent oil	USD/bbl.	60.24	-0.4%
Gold	USD/t oz.	1487.11	-0.1%
Silver	USD/t oz.	17.59	0.3%
Coal	USD/ton	66.30	0.2%
Steel Scrap (LME)	USD/ton	239.00	-0.6%
Steel Rebar (LME)	USD/ton	407.00	0.1%
USD/PKR	Interbank	156.26	-0.1%

Source: Bloomberg/SBP

News Source: Local / Int'l Newspapers and websites

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Govt to offer public-private partnership to foreign investors: Firdous

Economy | Positive

Special Assistant to the Prime Minister Dr. Firdous Ashiq Awan said on Saturday the government had decided not to sell national assets but offer public-private partnership to foreign investors. (BR) | [Click for more info.](#)

Twin deficits contained: Hafeez

Economy | Neutral

Adviser to Prime Minister on Finance, Abdul Hafeez Shaikh Saturday stated that the government has been able to control two major deficits - trade and fiscal deficits – as trade deficit was contracted to \$5.7 billion and budget deficit to Rs 476 billion in the first quarter of the current fiscal year. (BR) | [Click for more info.](#)

Transport infrastructure under CPEC: Islamabad, Beijing ink agreed minutes of 7th JWG meeting

Economy | Neutral

Pakistan and China Friday inked the agreed minutes of the 7th meeting of Joint Working Group on Transport Infrastructure of the two countries under the China-Pakistan Economic Corridor (CPEC) framework. Both sides expressed their commitment and resolve for removing the impediments for timely completion of CPEC infrastructure projects which would result in job creation and improvement of local business. (BR) | [Click for more info.](#)

Oil & Gas

SNGPL warns of huge fuel related costs if LNG power plants sold

Economy | Negative

Voicing serious risks to its financial viability, the Sui Northern Gas Pipelines Ltd (SNGPL) has opposed the privatisation of two LNG-based government power plants (GPPs) of 2,640MW without absolving it of “take or pay” contracts with foreigner and local LNG suppliers. (Dawn) | [Click for more info.](#)

SHC tells Ogra, SSGC to file statement about funds

SSGC | Neutral

Sindh High Court (SHC) has directed Oil & Gas Regulatory Authority (Ogra) and Sui Southern Gas Company Limited (SSGCL) to file a joint statement, indicating the funds required to complete the gasification of 414 villages in province. (BR) | [Click for more info.](#)

Power

Rental power: Government to submit evidence to ICSID

Power, Economy | Neutral

Pakistan is to submit documents and evidence to International Centre for Settlement of Investment Disputes (ICSID) on October 21, 2019 with respect to Turkish firm M/s Karkey Karadeniz Elektrik Uretim A.S, two days before the visit of Turkish President Recep Tayyip Erdogan to Islamabad. (BR) | [Click for more info.](#)

Autos

New Honda BR-V launched in Pakistan

HCAR | Positive

Honda Atlas Cars Pakistan Limited (HACPL) has launched its new Honda BR-V with striking looks. The dynamic BR-V comes with unique bold stance bundled with spacious and exciting interiors with high ground clearance. BR-V is primitively designed and developed vehicle for the roads of Pakistan. (The Nation) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
HK - Hang Seng	26,308.4	600.51	2.34%
PAK (KSE-100)	34,475.7	447.99	1.32%
US - Dow 30	26,816.6	319.92	1.21%
INDIA - SENSEX	38,127.1	246.68	0.65%
PHILP - PSEI	7,849.9	84.91	1.09%
INDONESIA - IDX	6,105.8	82.16	1.36%
US - S&P 500	2,970.3	32.14	1.09%
CHINA - Shanghai	2,973.7	25.95	0.88%
KSA - Tadawul	7,695.5	-20.41	-0.26%
Taiwan - TWII	10,890.0	-127.35	-1.16%

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
UBL	WEDNESDAY	3Q A/C - 30SEP19	9:00 AM
EPQL	WEDNESDAY	3Q A/C - 30SEP19	10:00 AM
DCR	WEDNESDAY	1Q A/C - 30SEP19	10:30 AM
PTC	WEDNESDAY	3Q A/C - 30SEP19	2:00 PM
BWCL	WEDNESDAY	1Q A/C - 30SEP19	3:30 PM
ALTN	WEDNESDAY	1Q A/C - 30SEP19	4:00 PM

Source: PSX Announcement



Auto sector sees bleak October

Autos | **Negative**

After a steep 39 per cent overall fall in car sales during 1QFY20, dark clouds continue to hover on Japanese assemblers as Honda Atlas Cars Pakistan Ltd (HACPL) will observe 16-18 non-production days (NPDs) in October while Toyota vehicles' assembler also paints a dismal production picture. (Dawn) | [Click for more info.](#)

Banks

Habib Bank, Ufone sign yuan swap pact

HBL | **Positive**

Ufone and Habib Bank signed an agreement on Friday through which the latter has extended bilateral trade finance in Chinese yuan (RMB/CNY) for the import of cellular network equipment through Huawei Technologies Ltd. The agreement is one of the largest RMB/CNY contracts in Pakistan and is expected to ease pressure of import in terms of dollars. (Dawn) | [Click for more info.](#)

Govt sole borrower of bank money

Economy | **Negative**

The State Bank of Pakistan (SBP) on Friday reported that the private sector borrowings in the first quarter were significantly lower than the corresponding last year. The private sector retired Rs49.39 billion in the first quarter of current fiscal year, which was against the net borrowing of Rs113.09bn in the same quarter last year. (Dawn) | [Click for more info.](#)

BISP signs contract with HBL, Bank Alfalah for disbursement of financial assistance

HBL, BAFL | **Positive**

Special Assistant to Prime Minister on Poverty Alleviation and Social Protection and Chairperson of Benazir Income Support Programme (BISP) Dr. Sania Nishtar said that BISP signed a contract with Bank Alfalah and Habib Bank for the disbursement of financial assistance to deserving people. (BR) | [Click for more info.](#)

Miscellaneous

Textile inputs bear high tariffs in Pakistan: WB

Textile | **Neutral**

The World Bank has attributed the low reliance of Pakistani textiles and apparel exporters on imported artificial fibers to exorbitant tariffs and regulatory duties on essential raw materials, which the bank said are four times the average in East Asia, including China and Taiwan. (The News) | [Click for more info.](#)

Chinese company to construct 200,000 low-cost houses in Punjab

Cement, Steel | **Neutral**

Meishang International Group Investment Holding Limited of China has shown its interest for making investment in the construction of low-cost houses for low-income families and to construct 200,000 such houses in Punjab. (BR) | [Click for more info.](#)

SECP revises conditions for public offerings

Capital Market | **Neutral**

According to the revised regulations, the issuer shall have been in operations for at least three financial years. In case of non-compliance with the requirement of operational track record of three financial years, the issuer shall offer the shares through fixed price method only. (BR) | [Click for more info.](#)



ADB, Pakistan sign \$200m loan agreement to expand BISP outreach

Economy | Positive

Asian Development Bank (ADB) Country Director Xiaohong Yang and Economic Affairs Division Secretary Noor Ahmed on Friday signed a \$200 million additional financing agreement to help support the government's flagship social protection initiative, the Benazir Income Support Programme (BISP). (PT) | [Click for more info.](#)

Pakistanis holding properties

Economy | Neutral

Chairman Federal Board of Revenue (FBR) Shabbar Zaidi announced on Friday that Dubai Land Department will instantly provide details of Pakistanis holding properties in Dubai. (BR) | [Click for more info.](#)

Political News

Pakistan offers to assist talks between Iran, Saudi Arabia

Prime Minister Imran Khan on Sunday offered assistance to kickstart talks between Saudi Arabia and Iran talks during his visit to Tehran, saying issues between the countries should be resolved through political means and dialogue for regional security and stability. (PT) | [Click for more info.](#)

Modi says IOK situation will normalise in 4 months

Indian Prime Minister Narendra Modi on Sunday said it would take four months for occupied Jammu and Kashmir to return to normal after his government stripped the state of its special status in August and imposed harsh restrictions. (BR) | [Click for more info.](#)

International News

Stocks in Asia Advance After Trade Talks Progress: Markets Wrap

Asian stocks began the week with gains after signs of progress in U.S.-China trade negotiations, though sentiment was capped as investors voiced skepticism on the accord. (Bloomberg) | [Click for more info.](#)

Oil prices edge up, supported by Iran ship attack, U.S.-China trade détente

Oil prices were little changed on Monday, holding onto 2% gains from Friday amid renewed geopolitical tensions in the Middle East, while a detente in the U.S.-China trade war buoyed market sentiment. (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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