



April 15,
2019

Economy News

SECP approves new broker custody regime

PSX | Neutral

Under the new regime, top tier brokers with more than Rs500 million in their brokerage accounts will be allowed to trade shares for themselves and investors along with completing the formalities of clearing and holding shares. However, brokers in the second category with Rs250-500m in their account will have limited rights relating to trading on behalf of investors while brokers under the third category will only trade shares for themselves but would not provide any service to clients. | [Click for more info.](#)

Fresh move to check terror financing, money laundering

Economy | Neutral

In compliance with the requirements of the Financial Action Task Force (FATF), the Securities and Exchange Commission of Pakistan (SECP) has announced new measures to combat money laundering and terror financing. The new measures relate to SECP's fresh guidelines on anti-money laundering (AML), combating the financing of terrorism (CFT) and proliferation financing – act of providing funds for acquiring weapons of mass destruction. | [Click for more info.](#)

FATF asks Pakistan to document all gold purchases in country

Economy | Neutral

The task force has asked Islamabad to collect data of all gold markets (Sarafa Bazars) in the country and the sale and purchase of gold therein. The country has been asked to ban gold purchases on cash payments and instead allow those only through the debit or credit cards. The recommendations further demanded Pakistan to ensure restriction on supply of gold and jewelry to the banned outfits and terrorist organizations. Moreover, the global watchdog has urged Pakistan to collect the data of all trusts operating across country as well as their bank accounts on the district level. The demand also includes regulation of thousands of registered trust organizations and establishment of a district-level system to regulate such organizations. The fresh recommendations from FATF are part of the action plan Pakistan has been asked to comply with in order to warrant its exclusion from the 'grey list'. | [Click for more info.](#)

Umar-Mnuchin meeting fails to materialize at IMF moot

Economy | Negative

US Treasury Secretary Steven Mnuchin did not meet with the Pakistani delegation on the sidelines of the spring meetings of the International Monetary Fund (IMF), indicating a lack of warmth in ties between the once close allies. | [Click for more info.](#)

IMF programme must to overcome economic crisis: Rashid

Economy | Negative

Federal Minister for Railways Sheikh Rasheed Ahmed Saturday said that the country's economy is passing through a difficult phase and the IMF program is necessary to overcome this crisis. "We are stuck in crises and it is a well-known fact that the IMF conditions will be harsh, but we have no other option but to approach the IMF for financial support," he said while addressing the business community at Karachi Chamber of Commerce & Industry (KCCI). | [Click for more info.](#)

Contrary to IMF claims, Pakistan's economy can grow over 3.5%

Economy | Positive

Pakistan's economic growth will not slow down to the International Monetary Fund's (IMF) anticipated level 2.9%, but in fact it is likely to be well above 3.5% during the current fiscal year 2019, PM Economic Advisory Council member told. | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	27,070.3	27,405.3	335.0	1.2%
KSE100	36,787.6	37,337.9	550.2	1.5%
KSE30	17,379.0	17,650.6	271.5	1.6%
KMI30	59,950.2	61,038.9	1088.7	1.8%

Top Five Gainers

	Open	Close	Chg.	%
RMPL	6,355.0	6,672.0	317.0	5.0%
UPFL	6,500.0	6,799.0	299.0	4.6%
INDU	1,260.0	1,306.9	46.8	3.7%
PAKT	2,593.2	2,613.9	20.7	0.8%
LUCK	377.6	396.1	18.5	4.9%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
BOP	12.7	13.6	0.9	22.80
UNITYR1	2.3	2.6	0.3	20.83
KEL	5.1	5.2	0.2	14.84
WTL	1.1	1.1	0.0	10.55
FCCL	16.2	17.2	1.0	9.18

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Ind.	0.00	-0.03	-0.03
F-Corp.	2.15	-2.39	-0.24
O/S Pak	1.61	-1.79	-0.18
Net	3.77	-4.21	-0.45
LIPI			
Indv.	31.86	-29.06	2.80
Cos.	1.75	-2.39	-0.65
Banks	1.25	-1.72	-0.47
NBFC	0.01	-0.98	-0.97
M-Funds	3.09	-2.94	0.15
Other	0.52	-0.89	-0.37
Broker	10.02	-8.44	1.58
Insur.	1.75	-3.39	-1.64
Net	50.25	-49.80	0.45

Source: NCCPL

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	63.66	-0.4%
Brent oil	USD/bbl.	71.46	-0.1%
Gold	USD/t oz.	1287.89	-0.2%
Silver	USD/t oz.	14.94	-0.2%
Coal	USD/ton	69.75	-0.4%
Steel Scrap (LME)	USD/ton	311.00	0.3%
Steel Rebar (LME)	USD/ton	480.00	0.0%
USD/PKR	Interbank	141.52	0.0%

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

MORNING BRIEFING



IMF mission due by end April: Differences narrow down; heavy taxation on the cards

Economy | **Negative**

The IMF mission is expected to visit Pakistan by the end of the current month to pave way for striking staff level agreement for \$10 to \$12 billion bailout. A top official of the Pakistan economic team told The News on Saturday night that the mission would be visiting Islamabad by the end of the ongoing month and final dates would be worked out in the next few days. The official said differences between the two sides had narrowed down and a consensus on macroeconomic and financial policy framework was expected on the basis of which the conditions and performance criteria would be finalised. | [Click for more info.](#)

Disclosure of Chinese loans key hurdle to IMF deal

Economy | **Neutral**

Chinese financial assistance — which in recent years has immensely helped Islamabad in meeting its pressing needs — is one of the main reasons for the delay in the International Monetary Fund's (IMF) bailout package for Pakistan. | [Click for more info.](#)

Tax amnesty scheme ready for cabinet assent tomorrow

Economy | **Positive**

The federal cabinet is expected to formally clear the Assets Declaration and Amnesty Scheme 2019 on Tuesday for immediate implementation through a presidential ordinance to be given parliamentary sanction as part of Finance Act 2019 in May-June. | [Click for more info.](#)

Growing concerns about external sector

Economy | **Neutral**

Pakistan's merchandise exports totalled \$17.08 billion in the first nine months of this fiscal year. Overseas Pakistanis sent home \$16.1bn in the same period. Add the two numbers and you get \$33.18bn. Now look at the July-March merchandise import bill, which was \$40.75bn. The situation is alarming: there is a huge gap of \$7.57bn. | [Click for more info.](#)

Signing of IMF package round the corner: Asad

Economy | **Positive**

Pakistan has a debt problem and a severe external debt problem but Pakistan does not have a China debt problem, said Finance Minister Asad Umar while announcing that Pakistan has principally agreed to sign a bailout package with the IMF. | [Click for more info.](#)

PM to visit Iran on April 21

Economy | **Neutral**

The purpose of the premier's visit is to fortify Pak-Iran relations and call for unity between the Muslim Ummah, sources added. This will be Khan's maiden visit to Iran since coming to power. Foreign Office spokesperson Mohammad Faisal during his weekly press briefing on Thursday confirmed reports of the PM's trip and said "details will be shared in due course of time". | [Click for more info.](#)

Budgetary borrowings up 9pc

Economy | **Negative**

The government's borrowing for budgetary support increased by 8.8 per cent year-on-year during 9MFY19, reported the State Bank of Pakistan (SBP) on Friday. | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
PAK (KSE-100)	37,337.9	550.23	1.50%
US - Dow 30	26,412.3	269.25	1.03%
INDIA - SENSEX	38,767.1	160.10	0.41%
HK - Hang Seng	29,909.8	70.31	0.24%
US - S&P 500	2,907.4	19.09	0.66%
CHINA - Shanghai	3,188.6	-1.34	-0.04%
Taiwan - TWII	10,805.3	-3.47	-0.03%
INDONESIA - IDX	6,405.9	-4.30	-0.07%
KSA - Tadawul	9,055.3	-32.63	-0.36%
PHILIP - PSEI	7,880.8	-74.98	-0.94%

Source: Investing.com

Board Meetings

Scrip	Day	Agenda	Time
RUPL	MONDAY	3Q. A/c Mar-31, FY'19	11:30 AM
RMPL	MONDAY	1Q. A/c Mar-31, CY'19	7:00 PM
ISL	TUESDAY	3Q. A/c Mar-31, FY'19	10:30 AM
IBLHL	TUESDAY	3Q. A/c Mar-31, FY'19	12:00 PM
EPQL	WEDNESDAY	1Q. A/c Mar-31, CY'19	10:00 AM
SINDM	WEDNESDAY	3Q. A/c Mar-31, FY'19	12:00 PM
KML	WEDNESDAY	3Q. A/c Mar-31, FY'19	12:30 PM
FEROZ	WEDNESDAY	3Q. A/c Mar-31, FY'19	1:00 PM
PTC	WEDNESDAY	1Q. A/c Mar-31, CY'19	2:00 PM
ALTN	WEDNESDAY	3Q. A/c Mar-31, FY'19	3:00 PM
INIL	THURSDAY	3Q. A/c Mar-31, FY'19	10:00 AM
BWHL	THURSDAY	3Q. A/c Mar-31, FY'19	11:00 AM
DCR	THURSDAY	3Q. A/c Mar-31, FY'19	11:00 AM
FCCL	THURSDAY	3Q. A/c Mar-31, FY'19	11:00 AM
DINT	THURSDAY	3Q. A/c Mar-31, FY'19	11:30 AM
BIPLS	THURSDAY	1Q. A/c Mar-31, CY'19	12:00 PM
TRIPF	THURSDAY	1Q. A/c Mar-31, CY'19	2:30 PM
SEARL	THURSDAY	3Q. A/c Mar-31, FY'19	3:30 PM
EFERT	FRIDAY	1Q. A/c Mar-31, CY'19	9:30 AM
LOTCEM	FRIDAY	1Q. A/c Mar-31, CY'19	10:00 AM
MARI	FRIDAY	3Q. A/c Mar-31, FY'19	10:00 AM
CPPL	FRIDAY	3Q. A/c Mar-31, FY'19	10:30 AM
ICIBL	FRIDAY	3Q. A/c Mar-31, FY'19	10:30 AM
AWWAL	FRIDAY	3Q. A/c Mar-31, FY'19	11:00 AM
GHNL	FRIDAY	3Q. A/c Mar-31, FY'19	11:30 AM
NRSL	FRIDAY	3Q. A/c Mar-31, FY'19	11:30 AM
GHNI	FRIDAY	3Q. A/c Mar-31, FY'19	3:00 PM
HMB	FRIDAY	1Q. A/c Mar-31, CY'19	3:00 PM
PSO	FRIDAY	3Q. A/c Mar-31, FY'19	3:00 PM
GASF	FRIDAY	3Q. A/c Mar-31, FY'19	4:00 PM
GATI	FRIDAY	3Q. A/c Mar-31, FY'19	4:30 PM
FANM	SATURDAY	3Q. A/c Mar-31, FY'19	11:30 AM
SNGP	SATURDAY	Multiple Periods	2:00 PM
HTL	SATURDAY	3Q. A/c Mar-31, FY'19	2:30 PM

Source: PSX Announcement



Oil & Gas

Ban on furnace oil import may be removed

Refineries | **Positive**

The Cabinet Committee on Energy (CCoE) is likely to lift ban on import of furnace oil to meet power sector demand during the summer months after imposing ban on the demand of local refineries, sources close to Petroleum Minister told. | [Click for more info.](#)

PEW fears another gas bomb to fall on masses

Gas | **Positive**, Economy | **Negative**

The Pakistan Economy Watch (PEW) on Sunday said another gas bomb has been prepared which will hit masses shortly. The gas companies which are not satisfied by up to 143 percent hike in the gas tariff during last one year have initiated efforts for a 145 percent further increase in the price of gas, it said. | [Click for more info.](#)

Saudi Aramco team arrives for talks on first LNG deals

Gas | **Positive**

A delegation from the world's largest crude oil producer, Saudi Aramco, is in Pakistan for discussions on what would be its first ever liquefied natural gas (LNG) shipments, a top Pakistani official said on Friday. Pakistan is facing an energy crisis with repeated power blackouts and gas supply outages that led to the sacking of the heads of two of its main gas distribution utilities in January. | [Click for more info.](#)

Govt. to acquire surplus capacity of LNG terminals to meet gas demand

Gas | **Positive**

The government has decided to acquire surplus re-gasification capacity of the two existing LNG terminals to meet additional gas demand mostly in the private sector. It also decided to induct Pakistan LNG Limited (PLL) in the gas import arrangement with Qatar on a government-to-government (G2G) basis. This will limit the import business of Pakistan State Oil (PSO) — the pioneer of liquefied natural gas (LNG) imports into Pakistan — at existing level of about 500 million cubic feet per day (mmcf), informed sources told. | [Click for more info.](#)

Global energy storage giant eyes larger gas facilities in Pakistan

Engro | **Positive**

Engro Vopak on Friday said it was interested in investing in even larger storage volumes (facilities) enabling strategic storage that was designed for extremely high availability to help optimise liquefied natural gas (LNG) supply chain. | [Click for more info.](#)

Power

Karkey Rental power dispute: Pakistan will have to deposit \$150m as security by 30th

Economy | **Negative**

The International Centre for Settlement of Investment Disputes (ICSID) has bound Pakistan to post cash security of US\$150 million by April 30, 2019 as a condition for extension of stay of enforcement, claimed Karkey Karadeniz Elektrik Uretim, Turkish power company. | [Click for more info.](#)

Sindh govt ordered to pay electricity dues of KMC to KE

KEL | **Positive**

A two-judge bench of the apex court comprising Justice Maqbool Baqar and Justice Sajjad Ali Shah asked the provincial government to pay the dues, said to be around Rs580 million, to the power utility in five months in as many installments. | [Click for more info.](#)



Autos

Pakistan Suzuki launches new Alto 660cc

PSMC | **Positive**

Pak Suzuki Motors Company (PSMC) has launched its most-awaited all new Alto 660cc at Pakistan Auto Show 2019. Speaking at the launching ceremony, Masafumi Harano, MD PSMC said that the company took pride in maintaining four decades long relationship with Pakistani customers. He said that all new Suzuki Alto is the biggest unveil of the year 2019 and added that this car was set to launch in Pakistan by June this year. | [Click for more info.](#)

KIA Lucky Motors to open booking for vehicles in June

LUCK | **Positive**

KIA Lucky Motors (KLM) is going to open booking for KIA Sportage2000cc and KIA Picanto1000cc vehicles in June 2019 and will start its delivery in August and October, respectively. In an exclusive talk to Business Recorder, Asif Rizvi, CEO, KIA Lucky Motors (KLM) said that the company with the investment of US\$ 175 million is the only new entrant, which is going to launch its two models in three months. | [Click for more info.](#)

Tech. & Communication

Renewal of telecom licences may be further delayed

Telecom | **Negative**

The Frequency Allocation Board (FAB) and the Ministry of Information Technology (IT) are engaged in a row over the renewal of licences of telecom companies, which may lead to further delay in the process. | [Click for more info.](#)

Miscellaneous

China to extend duty free access on 313 more tariff lines

Economy | **Positive**

China has agreed in principle to extend duty free access on additional 313 tariff lines under the proposed second phase of the China Pakistan Free Trade Agreement (CPFTA), top official sources confirmed. | [Click for more info.](#)

Cement prices down by Rs20/bag

Cement | **Negative**

The cement prices have started dropping by around Rs20 per 50 kg bag to an average of Rs.550 in northern parts of the country, as the sector continued to suffer from lack of domestic demand particularly in northern part of Punjab and KP where demand has cut to only 3.07 million tons in March 2019. However, prices in south region of Sindh remain intact at an average of Rs580-620/bag. | [Click for more info.](#)

IHIG likely to increase investment

Economy | **Positive**

International Hospitality Investment Group (IHIG) is considering building hotels under a different brand name to offer a cost-effective vacation ownership system 'Happily' in Pakistan, the company CEO Noorul Asif said at his office on Friday. | [Click for more info.](#)

Skyrocketing drug prices: AGP directed to conduct special audit of Drap

AGP | **Negative**

Minister for National Health Services, Regulations and Coordination Aamer Mehmood Kiani on Saturday directed Auditor General of Pakistan to conduct special audit of the Drug Regulatory Authority of Pakistan (DRAP) to control the prices of medicines. | [Click for more info.](#)



New textile policy to be announced before budget

Textile | Neutral

Chairman Task Force on Textile Policy Dr Salaman Shah said on Saturday that new textile policy will be announced before the budget 2019-20. Salman Shah said this while addressing a seminar on industrial and textile policies for growth under Punjab spatial strategy organized by urban unit at TEXPO, 2019. | [Click for more info.](#)

Sindh bans noncompliant food imports

Food | Negative

Sindh Food Authority (SFA) on Friday imposed a ban, with immediate effect, on imported edible items without their ingredients listed completely in Urdu or English or both languages on the packing, while same applies to meat/meat products lacking authentic halal certification. | [Click for more info.](#)

Tobacco industry: Major stakeholders submit budget proposal

Tobacco | Neutral

Major stakeholders of tobacco industry including Khyber Pakhtunkhwa Labour Federation, Sarhad Agricultural & Rural Development Organisation and growers of tobacco from Khyber Pakhtunkhwa have submitted a budget proposal to the budget-makers to end additional tax @ Rs 300 per kilogram (kg) on tobacco. | [Click for more info.](#)

Political News

World powers blackmailing Pakistan on IMF bailout

Foreign powers want Pakistan to either slow down work on the CPEC or come out of it, eminent economist and Dean of Special Sciences and Humanities in the NUST Dr Ashfaq Hasan Khan told. | [Click for more info.](#)

NAB should take 'indiscriminate' action against corrupt people: FM

Foreign Minister Shah Mehmood Qureshi Sunday said the National Accountability Bureau (NAB) is an independent institution, which the government expects will help eradicate corruption from the country. | [Click for more info.](#)

International News

Asia Stocks Gain as Profits, China Data Ease Worry: Markets Wrap

Asian stocks began the week on a mostly positive note after earnings and Chinese economic data eased concerns about a slowdown in global growth Friday, lifting U.S. shares and Treasury yields. | [Click for more info.](#)

Oil edges lower, supply concerns check losses

Oil prices edged lower on Monday after international benchmark Brent hit a fresh five-month high in the previous session, but concerns over global supplies provided a floor to losses. | [Click for more info.](#)



Disclaimer

This report has been prepared by Aba Ali Habib Securities and is provided for information purposes only. Under no circumstances this is to be used or considered as an offer to sell or solicitation of any offer to buy. While reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time, Aba Ali Habib Securities and/or any of its officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. This report is provided only for the information of professional advisers who are expected to make their own investment decisions without undue reliance on this report. Investments in capital markets are subject to market risk and Aba Ali Habib Securities accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents.

In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors, who should seek further professional advice or rely upon their own judgment and acumen before making any investment. The views expressed in this report are those of Aba Ali Habib Securities' Research Department and do not necessarily reflect those of the company or its directors. Aba Ali Habib as a firm may have business relationships, including investment- banking relationships, with the companies referred to in this report. Aba Ali Habib Securities or any of its officers, directors, principals, employees, associates, close relatives may act as a market maker in the securities of the subject company, may have a financial interest in the securities of the subject company to an amount exceeding 1% of the value of the securities of the subject company, may serve or may have served in the past as a director or officer of the subject company, may have received compensation from the subject company for corporate advisory services, brokerage services or underwriting services or may expect to receive or intend to seek compensation from the subject company for the aforesaid services, may have managed or co-managed a public offering, take-over, buyback, delisting offer of securities or various other functions for the subject company.

All rights reserved by Aba Ali Habib Securities. This report or any portion hereof may not be reproduced, distributed or published by any person for any purpose whatsoever. Nor can it be sent to a third party without prior consent of Aba Ali Habib Securities. Action could be taken for unauthorized reproduction, distribution or publication.

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.

Analyst Certification ^{AC}

The research Analyst(s) hereby certify that the views about the company/companies and the security/securities discussed in this report accurately reflect his or her or their personal views and that s/he has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendation or views in this report. The analyst(s) is/are principally responsible for preparation of this research report and that s/he or his/her close relative/family member doesn't own 1% or more of a class of common equity securities of the following company/companies covered in this report.

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)



https://twitter.com/Aba_Ali_Habib



<https://www.facebook.com/aah162>



<https://www.linkedin.com/company/aba-ali-habib-securities/>