



November
16, 2020

Economy News

Pakistan gets \$370m syndicated loan

Economy | Positive

The government of Pakistan has closed a \$370 million syndicated loan comprising a conventional and Islamic tranche, Dubai's biggest bank Emirates NBD, which coordinated the loan. Sharjah Islamic Bank, Mashreqbank, Commercial Bank of Dubai, Allied Bank Limited Bahrain, United Bank Limited, Habib Bank UK Limited, Credit Europe Bank N.V., and Union des Banques Arabes et Francaises were also involved in arranging the deal, which Emirates NBD Capital said was Pakistan's largest hybrid commercial financing this year—Reuters. (BR) | [Click for more info.](#)

Pakistan to seek \$2.7b Chinese loan

Economy | Positive

Pakistan on Friday decided to seek \$2.7 billion in loan from China for the construction of package-I of the Mainline-1 project of China Pakistan Economic Corridor (CPEC) amid the Ministry of Finance's emphasis on making the project bankable to address debt sustainability concerns. (ET) | [Click for more info.](#)

Pakistan's debt to GDP ratio declines to 98.3pc

Economy | Positive

Pakistan's total debt and liabilities to GDP (gross domestic product) ratio has declined to 98.3 percent in September 2020 from 99.5 percent in same month of last year, State Bank of Pakistan (SBP) reported. According to latest data released by the central bank, the debt to GDP ratio in June 2020 was 106.8 percent while in June 2019 it was 105.9 percent. (The Nation) | [Click for more info.](#)

Govt to abolish unnecessary taxes: Hammad Azhar

Economy | Positive

Federal Minister for Industries and Production Hammad Azhar on Saturday assured the business community of ending unnecessary tax burden on businesses. (ET) | [Click for more info.](#)

Countrywide corona cases surge to 354,461

Economy | Negative

The number of positive coronavirus cases on Saturday surged to 354,461 after 2,165 more tested positive for Covid-19 across the country. (BR) | [Click for more info.](#)

Exports to region down 24.4pc in Q1

Economy | Negative

Pakistan's exports to the region in the first quarter of current fiscal year declined 24.4 per cent from an year ago due to the impact of Covid-19. Exports to Afghanistan, China, Bangladesh, Sri Lanka, India, Iran, Nepal, Bhutan, and the Maldives fell to \$719.198 million in 1QFY21, from \$951.01m the previous year, according to the latest data compiled by the State Bank of Pakistan. (Dawn) | [Click for more info.](#)

Oil & Gas

Govt reduces petrol, diesel prices by nearly Rs2 per litre

OMCs | Negative

The federal government has slashed prices of petrol and high speed diesel (HSD) by up to Rs1.79 per litre effective from November 16, the finance ministry announced in a statement issued on Sunday. The price of petrol has been reduced from Rs102.40 per litre to 100.67 while HSD has been reduced to Rs101.43 from Rs103.22 per litre. (ET) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	28,448.2	28,456.8	8.6	0.0%
KSE100	40,564.6	40,569.4	4.8	0.0%
KSE30	17,061.3	17,026.7	-34.7	-0.2%
KMI30	64,977.6	64,746.9	-230.7	-0.4%

Top Five Gainers

	Open	Close	Chg.	%
SAPT	1,060.0	1,137.5	77.5	7.3%
NESTLE	6,330.0	6,400.0	70.0	1.1%
SFL	856.2	915.2	58.9	6.9%
PMPK	1,452.0	1,500.0	48.0	3.3%
COLG	3,000.0	3,044.0	44.0	1.5%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
PRL	17.7	18.5	0.8	28.27
UNITY	22.4	22.5	0.2	19.56
TRG	53.2	52.5	-0.6	15.30
KEL	3.6	3.6	0.0	13.11
MLCF	40.0	40.4	0.4	12.00

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.27	0.00	0.25
F-Corporates	1.46	-1.92	-0.46
O/S Pakistanies	2.98	-3.24	-0.25
Net	4.44	-5.16	-0.72
LIPI			
Individuals	49.40	-48.95	0.45
Companies	2.39	-2.25	0.14
Comm. Banks	2.31	-1.43	0.87
NBFC	0.01	-0.62	-0.61
Mutual Funds	1.70	-2.15	-0.45
Other	0.13	-0.27	-0.14
Brokers Proprietary	11.78	-11.91	-0.13
Insurance	1.27	-0.69	0.58
Net	68.99	-68.28	0.72

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	40.13	-2.4%
Brent oil	USD/bbl.	42.78	-1.7%
Gold	USD/t oz.	1889.20	0.7%
Silver	USD/t oz.	24.67	1.6%
Coal	USD/ton	67.00	0.0%
Steel Scrap (LME)	USD/ton	311.50	0.2%
Steel Rebar (LME)	USD/ton	482.00	0.9%
USD/PKR	Interbank	158.29	-0.1%

News Source: Local / Int'l Newspapers and websites

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REP-055



POL production increases by 2.75pc in Q1FY21

O&G Exploration | Positive

Overall production of petroleum commodities has witnessed an increase of 2.75 per cent during the first quarter of the financial year 2020-21 (Q1FY21) as compared to the corresponding period of the last fiscal year. POL products that showed positive growth include kerosene oil the production of which increased by 35.35 per cent during the period under review, Pakistan Bureau of Statistics (PBS) reported. (PT) | [Click for more info.](#)

Pakistan-Russia JCC on NSGP project planned for next month

Gas | Positive

The Petroleum Division plans to hold 8th session of Pakistan-Russia JCC on North South Gas Pipeline (NSGP) project next month (December 2020). (BR) | [Click for more info.](#)

SNGPL to contest OGRA's cut in UFG charges

SNGP | Neutral

The Oil and Gas Regulatory Authority (Ogra) and Sui Northern Gas Pipelines Limited (SNGPL) are all set for a legal battle in the wake of a major reduction in unaccounted-for-gas (UFG) charges announced by the regulator for liquefied natural gas (LNG) consumers. UFG is defined as loss and leakage of gas in systems of gas distribution companies, which are then charged from consumers. However, Ogra recently reduced the UFG rate to 6.3% while notifying LNG prices for November 2020. Earlier, Ogra had allowed 11-17% UFG recovery to the gas utilities on the distribution of LNG to the consumers. (ET) | [Click for more info.](#)

Import of costly LNG to hit masses, double circular debt: PEW

Gas | Neutral

The Pakistan Economy Watch (PEW) on Sunday said that the government is importing costly gas which will affect the masses and industrial sector. PEW President Dr Murtaza Mughal said that expensive gas import contracts have been finalised at rates ranging between 16 to 18 per cent of Brent crude rates while gas purchased by the previous government was around 13pc. He said that the former government purchased gas at a lower price despite a stable market while now it is being purchased at a higher cost when the market is down. (PT) | [Click for more info.](#)

Power

Govt mulls circular debt tax to offset fiscal pressure

Power | Neutral

The government is planning to impose circular debt tax on industrial electricity consumers in a bid to reduce the gigantic Rs2.2 trillion of outstanding dues in the power sector, people familiar with the matter said on Saturday. The Federation of Pakistan Chambers of Commerce and Industry (FPCCI) warned the government against imposing circular debt tax on businesses, asking it to instead curtail transmission and distribution losses and implement power sector reforms. (The News) | [Click for more info.](#)

Turning MoUs with IPPs into revised PPAs: Five Master Agreements finalized

IPPs | Positive

In a major development, the government has finalised templates of Five Master Agreements for turning MOUs signed with IPPs installed under power policies 1994, 2002, and 2006 into legal, amended power purchase agreements. (The News) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
US - Dow 30	29,479.8	399.64	1.37%
INDIA - SENSEX	43,443.0	85.81	0.20%
KSA - Tadawul	8,501.6	66.68	0.79%
Taiwan - TWII	13,273.3	51.55	0.39%
US - S&P 500	3,585.2	48.14	1.36%
PAK (KSE-100)	40,569.4	4.80	0.01%
INDONESIA - IDX	5,461.1	2.46	0.05%
HK - Hang Seng	26,156.9	-12.52	-0.05%
CHINA - Shanghai	3,310.1	-28.58	-0.86%
PHILP - PSEi	6,969.9	-54.38	-0.77%

Board Meetings

Scrip	Day	Agenda	Time
JOPP	Monday	1Q/A/C - 30SEP20	11:30 AM
HCAR	Wednesday	/A/C - 30SEP20	11:00 AM
HACC	Friday	/A/C - 30SEP20	10:30 AM
EXIDE	Monday	/A/C - 30SEP20	3:00 PM

Source: PSX



Cement

Construction and real estate industry; Imarat Group lucratively brings Turkish giant to invest in Pakistan

Cement | Positive

Chairman Imarat Group of Companies Shafiq Akbar successfully hosted a grand event at Islamabad's five star hotel. The event saw delegates from both Turkey and Spain, government officials, dignitaries, and people from the business community all sharing a major stake in the real estate and construction sector. (BR) | [Click for more info.](#)

Sugar

Sugar mills begin production

Sugar | Positive

The new stock is expected to curb the price of the commodity and tame the inflation in Pakistan. "More than 20 sugar mills have started crushing sugarcane in the past one week or 10 days in Sindh...out of total 30-31 mills in the province," Sindh Abadgar Board (SAB) Vice President Syed Mahmood Nawaz Shah said. (ET) | [Click for more info.](#)

Banks

Second wave raises threat of defaults

Banks | Negative

Banks in Pakistan remained resilient and profitable during the Covid-19 period, however, the second wave of the pandemic in the country poses a threat of increase in borrowers defaulting on returning loans to banks. (ET) | [Click for more info.](#)

Private sector retires Rs49.4bln debt in July-Oct

Banks | Neutral

Private sector has retired a massive Rs49.4 billion in the first four months of the current fiscal year compared to Rs6.7 billion in the correspondent period a year earlier, the central bank's latest data showed. (The News) | [Click for more info.](#)

Miscellaneous

Pakistan exporting \$100m worth of Covid products

Pharmaceutical | Positive

Minister for Science and Technology Fawad Chaudhry has said Pakistan has become self-sufficient in manufacturing Covid-19 related material thanks to the efforts of its scientists, engineers and technicians. Separately, in his address at the launching ceremony of a new model of ventilator, the minister said Pakistan is now exporting coronavirus related products worth 100 million dollars. (ET) | [Click for more info.](#)

Mega development package announced

Cement, Steel | Positive

Vowing to bring the Balochistan province at par with other areas of the country, Prime Minister Imran Khan on Friday announced a mega development package for the provision of basic facilities like electricity, gas, water and Internet in its nine southern districts. (BR) | [Click for more info.](#)

World Bank sets targets for Punjab

Economy | Neutral

The Punjab government needs to enhance cooperation between the three provincial tax authorities to facilitate compliance, tackle tax evasion and reduce the cost of tax collection in a bid to capture its potential tax revenue, stated a World Bank report. (ET) | [Click for more info.](#)



Political News

G-B Legislative Assembly elections: PTI leads

The ruling Pakistan Tehreek-e-Insaf (PTI) is leading in 10 out of 23 constituencies as Gilgit-Baltistan legislative assembly elections concluded Sunday, according to unofficial results. (BR) | [Click for more info.](#)

Pakistan hopes Biden will adopt balanced approach towards region

Pakistan's Permanent Representative to United Nations Munir Akram has expressed the hope that United States, under the leadership of President-elect Joe Biden, will adopt a balanced approach towards India and Pakistan, and help prevent an all-out confrontation that threatens the region. (ET) | [Click for more info.](#)

International News

World's largest free trade deal signed

Fifteen Asia-Pacific countries on Sunday signed the world's biggest free trade deal, seen as a huge coup for China in extending its influence. The Regional Comprehensive Economic Partnership (RCEP) includes 10 Southeast Asian economies along with China, Japan, South Korea, New Zealand and Australia, with members accounting for around 30 percent of global GDP. (BR) | [Click for more info.](#)

G-20 agrees on framework for more debt relief

The Group of 20 nations, representing the world's biggest economies, announced Friday that low-income countries hardest hit by the fallout of the coronavirus pandemic could potentially get an extension on their debt payments beyond mid-2021, and in the most severe cases, a debt write-off. (Dawn) | [Click for more info.](#)

Stocks gain as vaccine shields second wave worries

Asia's stock markets opened higher on Monday, as vaccine optimism offset worries about rising coronavirus cases in Europe and new lockdowns in the United States, while oil prices and risk-exposed currencies also edged higher. (Reuters) | [Click for more info.](#)

Oil prices edge up on hopes OPEC+ maintains supply curbs

Oil prices edged up in early Asian trade on Monday, recouping some losses from the previous session as hopes that OPEC+ will continue to curb output offset concerns of weaker fuel demand amid rising COVID-19 cases and higher production from Libya. (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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