



October  
16, 2019

## Economy News

### Pakistan to remain on FATF grey list till February

#### Economy | Neutral

The Financial Action Task Force (FATF) has decided in principle that Pakistan will remain on its grey list till next February and directed Islamabad to take 'extra measures' for 'complete' elimination of terror financing and money laundering. (Dawn) | [Click for more info.](#)

### PTI gov't's efforts to widen tax base partially successful

#### Economy | Neutral

The government's attempts to broaden the tax base by using information technology tools have remained partially successful due to the administrative problems being faced by the Pakistan Revenue Automation Limited (PRAL) and the poor quality of data gathered from various sources. (ET) | [Click for more info.](#)

### IMF keeps macroeconomic projections unchanged

#### Economy | Neutral

The International Monetary Fund (IMF) has kept Pakistan's macroeconomic projections unchanged in its World Economic Outlook report but has showed a slight increase in the unemployment rate, indicating the impact of slowing economy. (ET) | [Click for more info.](#)

### Framework for managing risks of trade-based money laundering and terror financing issued; SBP takes major step in the midst of FATF parley

#### Economy | Positive

In a major move to curb trade related Money Laundering (ML)/ Terrorist Financing (TF), the State Bank of Pakistan (SBP) on Tuesday issued "Framework for Managing Risks of Trade Based Money Laundering and Terrorist Financing". Under the framework, SBP has advised banks for strict monitoring and enhanced due diligence of all trade related transactions. (BR) | [Click for more info.](#)

### Foreign investors spend Rs5.5bln on CSR activities

#### Economy | Neutral

The Overseas Investors Chamber of Commerce and Industry (OICCI) member companies spent Rs5.5 billion during 2018-19 and directly benefited 5.8 million people across Pakistan as part of their corporate social responsibility (CSR) activities. (The News) | [Click for more info.](#)

### Government to issue bonds ahead of \$1b repayment next month

#### Economy | Positive

Top global banks have placed bids for getting a contract to structure Pakistan's upcoming sovereign bonds that the government wants to issue to raise a couple of billion dollars ahead of a bullet repayment of \$1 billion next month. The government has received a very encouraging response as top European, American and Chinese banks have submitted technical and financial bids for the contract of financial advisers to float sovereign bonds. (ET) | [Click for more info.](#)

### Implementation of Pak-China FTA-II from December

#### Economy | Positive

Advisor to PM on Commerce Abdul Razzaq Dawood has said the implementation on the much-awaited revised China-Pakistan Free Trade Agreement Phase 2 (FTA-II) would start from December 2019, under which China will immediately eliminate tariffs on 313 most priority tariff lines of Pakistan's export interest. (PT) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	24,669.2	24,624.7	-44.5	-0.2%
KSE100	34,186.3	34,083.5	-102.7	-0.3%
KSE30	16,089.7	16,007.7	-82.0	-0.5%
KMI30	54,933.3	54,609.6	-323.8	-0.6%

### Top Five Gainers

	Open	Close	Chg.	%
UPFL	6,426.0	6,747.0	321.0	5.0%
COLG	1,900.0	1,950.0	50.0	2.6%
BHAT	850.0	892.5	42.5	5.0%
SIEM	660.2	685.0	24.8	3.8%
MTL	740.1	749.6	9.5	1.3%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
WTL	1.1	1.1	0.0	18.28
FCCL	14.8	15.4	0.5	14.26
LOTCEM	16.0	16.0	0.0	8.67
EPCL	28.1	28.3	0.1	7.30
UNITY	10.7	11.0	0.3	5.32

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.02	-0.02	0.00
F-Corporates	2.42	-4.41	-1.99
O/S Pakistanies	1.62	-1.37	0.25
<b>Net</b>	4.06	-5.79	-1.73
<b>LIPI</b>			
Individuals	32.68	-28.53	4.16
Companies	0.58	-0.79	-0.21
Comm. Banks	2.29	-0.32	1.97
NBFC	0.02	-0.04	-0.03
Mutual Funds	1.45	-3.98	-2.52
Other	0.31	-0.17	0.14
Brokers Proprietary	9.86	-12.11	-2.25
Insurance	1.94	-1.47	0.47
<b>Net</b>	49.13	-47.40	1.73

Source: NCCPL

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	52.99	0.3%
Brent oil	USD/bbl.	58.93	0.3%
Gold	USD/t oz.	1482.90	0.1%
Silver	USD/t oz.	17.44	0.2%
Coal	USD/ton	66.75	0.1%
Steel Scrap (LME)	USD/ton	241.00	0.6%
Steel Rebar (LME)	USD/ton	403.00	-0.5%
USD/PKR	Interbank	156.24	0.1%

Source: Bloomberg/SBP

News Source: Local / Int'l Newspapers and websites

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## Oil & Gas

**Pakistan cancels huge 10-year LNG tender: Reuters**

**Gas | Neutral**

State-owned Pakistan LNG has cancelled a tender to buy liquefied natural gas over a 10-year period and may turn to the spot market instead, two sources familiar with the matter told Reuters on Tuesday. The company issued the tender in early June to import 240 LNG cargoes of 140,000 cubic metres each for delivery over 10 years for the country's second LNG terminal. (Dawn) | [Click for more info.](#)

**Hydrocarbon reserves discovered**

**OGDC | Positive**

The Oil and Gas Development Company (OGDC) on Tuesday announced gas and condensate discovery at its exploratory well Togh-01, which is located in Kohat, Khyber Pakhtunkhwa. A statement said the well had flowed 4.1 mmcf of gas and 50 bpd of condensate. The OGDC as operator holds 50 percent stake, Mari Petroleum Company Limited (MPCL) with 33.33 percent stake and Saif Energy Limited (SEL) holds 16.67 percent stake in the joint venture of Kohat EL, which made the discovery. (The News) | [Click for more info.](#)

## Power

**SHC dismisses SSGCL suit against KE**

**KEL | Positive**

Sindh High Court (SHC) has dismissed the Suit for recovery and damages worth Rs55.70 billion, filed by Sui Southern Gas Company Limited (SSGCL) against K-Electric (KE), formerly known as Karachi Electric Supply Company Limited. (BR) | [Click for more info.](#)

**ECNEC approves revised land acquisition cost for Dasu Hydropower Project**

**Power | Neutral**

The National Assembly's Standing Committee on Water Resources on Tuesday was informed that the Executive Committee of National Economic Council (ECNEC) has approved the revised land acquisition cost for Dasu Hydropower Project worth Rs37 billion. (PT) | [Click for more info.](#)

## Autos

**In Pakistan, carmakers dismisses talk of plant shutdown**

**Autos | Neutral**

Owing to a slump in the auto sector, Indus Motor Company (IMC) and Honda Atlas Cars will continue their non-production days but will not completely shut down their plants. (ET) | [Click for more info.](#)

## Banks

**MCB Bank Limited to sell off its financial services arm**

**MCB | Neutral**

MCB Bank Limited has decided to 'dispose' off its wholly owned subsidiary MCB Financial Services Limited (MCBFSL) to ISE Towers REIT Management Company Limited, the bank said. (PT) | [Click for more info.](#)

## Miscellaneous

**Pakistan's textile millers demand removal of cotton import duty**

**Textile | Neutral**

All Pakistan Textile Mills Association (Aptma) Chairman Dr Amanullah Kassim Machiara has urged the government to remove import duty from cotton as the industry has spent \$1.5 billion on the import of 5.5 million bales due to 35% crop shortfall in the country this year. (ET) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	38,506.1	291.62	0.76%
US - Dow 30	27,024.8	237.44	0.89%
Taiwan - TWII	11,111.8	44.85	0.41%
INDONESIA - IDX	6,158.2	31.29	0.51%
US - S&P 500	2,995.7	29.53	1.00%
CHINA - Shanghai	2,991.1	-16.84	-0.56%
HK - Hang Seng	26,503.9	-17.92	-0.07%
PHILP - PSEi	7,840.3	-43.98	-0.56%
PAK (KSE-100)	34,083.5	-102.73	-0.30%
KSA - Tadawul	7,481.5	-117.53	-1.55%

Source: Bloomberg

### Board Meetings

Scrip	Day	Agenda	Time
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
BCML	THURSDAY	ANNUAL A/C - 30SEP19	10:00 AM
ABOT	THURSDAY	3Q A/C - 30SEP19	11:00 AM
ABL	THURSDAY	3Q A/C - 30SEP19	11:00 AM
LOTCHEM	THURSDAY	3Q A/C - 30SEP19	11:00 AM
MCB	THURSDAY	3Q A/C - 30SEP19	11:00 AM
BIPLS	THURSDAY	3Q A/C - 30SEP19	12:00 PM
PAKT	THURSDAY	3Q A/C - 30SEP19	2:00 PM
BOP	THURSDAY	3Q A/C - 30SEP19	3:00 PM
FCEPL	THURSDAY	3Q A/C - 30SEP19	3:00 PM
EFERT	FRIDAY	3Q A/C - 30SEP19	9:30 AM
BILF	FRIDAY	1Q A/C - 30SEP19	10:00 AM
INIL	FRIDAY	1Q A/C - 30SEP19	10:00 AM
PMPK	FRIDAY	3Q A/C - 30SEP19	10:30 AM
TRIPF	FRIDAY	3Q A/C - 30SEP19	10:30 AM
HAL	FRIDAY	1Q A/C - 30SEP19	11:00 AM
NATF	FRIDAY	1Q A/C - 30SEP19	3:00 PM
BAFL	FRIDAY	3Q A/C - 30SEP19	6:00 PM
BNWM	SATURDAY	1Q A/C - 30SEP19	11:30 AM
SPL	SATURDAY	1Q A/C - 30SEP19	5:00 PM
JDMT	SUNDAY	1Q A/C - 30SEP19	1:00 PM

Source: PSX Announcement



## Reko Diq challenge; Govt looking for out-of-court settlement

Economy | **Positive**

The government is exploring the possibility of an out-of-court settlement of Reko Diq issue with the Adviser to Prime Minister on Finance Hafeez Sheikh and Attorney General for Pakistan (AGP) Anwer Mansoor Khan in London for a meeting with the company's board. (BR) | [Click for more info.](#)

## Falling raw material imports could lead to further slowdowns ahead, says Razak

Economy | **Negative**

Commerce Adviser Abdul Razak Dawood said on Tuesday that raw material imports are plummeting, sending a wave of concern through the business community that industrial production is set to slow down further in the coming months. (Dawn) | [Click for more info.](#)

## Chinese port operator to make fresh Rs38 bn investment

Economy | **Positive**

The Prime Minister, Imran Khan, has reiterated the government's commitment to facilitate investment and ease of doing business for economic growth and employment generation. The group managing director apprised the prime minister of Hutchison Port Holdings' fresh investment into Pakistan approximating \$240 million that will increase the group's total investment in Pakistan to \$1 billion. (The News) | [Click for more info.](#)

## 400 govt depts face possible closure: 'Don't look to govt for jobs'

Economy | **Negative**

Addressing the second Deans International Conference of Engineering Institutions here, the minister said the government could not provide jobs to the public adding that 400 government departments were going to be disbanded. (The News) | [Click for more info.](#)

## Political News

### Modi says will stop water from flowing into Pakistan

At an election rally in India's Haryana state, prime minister Narendra Modi said that India would not allow "its share" of river water to flow to Pakistan. (BR) | [Click for more info.](#)

### Riyadh urged to resolve row with Tehran thru talks

Continuing with his endeavour to facilitate rapprochement between Saudi Arabia and Iran, Prime Minister Imran Khan on Tuesday met Saudi King Salman bin Abdulaziz Al Saud and Crown Prince Mohammad bin Salman to encourage a negotiated settlement of disputes with Iran. (Dawn) | [Click for more info.](#)

### No talks with govt until Imran steps down: Fazl

Emir Jamiat Ulema-e-Islam-Fazl (JUI-F) Maulana Fazlur Rehman on Tuesday ruled out any possibility of holding talks with the government unless Prime Minister Imran Khan steps down and a ground is prepared for an early election. (BR) | [Click for more info.](#)



## International News

### **IMF warns global outlook 'precarious,' no room for policy mistakes**

The world economy is slowing to its weakest pace since the global financial crisis, as the US-China trade war and other factors like Brexit undercut business confidence and investment, the IMF said Tuesday. (BR) | [Click for more info.](#)

### **Asian Stocks Push Higher on Earnings, Brexit Hope: Markets Wrap**

Asian stocks followed their U.S. peers higher Wednesday as earning season got underway and the U.K. moved closer to a Brexit deal with the European Union, potentially reducing risks for the global economy. (Bloomberg) | [Click for more info.](#)

### **Oil prices edge higher on potential Brexit deal; OPEC signals of possible cuts**

Oil prices rose on Wednesday, tracking gains in equities, as investors pinned hopes on a potential Brexit deal between Britain and the European Union and on signals from OPEC and its allies that further supply curbs could be possible. (Reuters) | [Click for more info.](#)



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**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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