

October
17, 2019

Economy News

High debt levels to persist until FY24, says IMF

Economy | Negative

The International Monetary Fund (IMF) on Wednesday projected Pakistan's primary deficit to turn positive one per cent of GDP in the FY21 from a negative 0.5pc in FY20 but said the country's debt levels are likely to remain elevated at above 65.4pc until FY24 despite continuous decline. The Fiscal Monitor 2019 put the budget deficit at 8.8pc of the GDP in 2019 with projection for FY20 at 7.4pc as IMF-supported programme comes into force. The fiscal deficit is likely to go down to 5.4pc of GDP in FY21, followed by 3.9pc in FY22 and 2.8pc in FY23. It will then stay at 2.6pc of GDP in FY24. (Dawn) | [Click for more info.](#)

IMF predicts Pak economic turnaround from 2020

Economy | Positive

The International Monetary Fund (IMF) has estimated increase in economic growth for Pakistan after the year 2020. During a press conference here on Wednesday, Deputy Director Research of the IMF, Gian Milesi-Ferretti, observed that Pakistan has started implementing an ambitious programme with the IMF. "There's a need for a substantial fiscal adjustment. The deficit over the last year has exceeded expectations," he said. (The News) | [Click for more info.](#)

Tax collection under one umbrella: IMF to recommend National Tax Collection Agency

Economy | Neutral

The visiting IMF team is all set to recommend to the government for setting up a National Tax Collection Agency for the purpose of filing and collection of all taxes of federal and provincial domains under one umbrella. (The News) | [Click for more info.](#)

Pakistan hopes to satisfy IMF in upcoming review meeting

Economy | Neutral

Pakistan hopes to satisfy International Monetary Fund (IMF) on the first review under extended fund facility (EFF) that would be discussed later this month. "IMF mission for the first review is expected to reach Islamabad in the last week of the ongoing month," said an official of the ministry of finance. He hoped that government had achieved major targets set by IMF under EFF during first quarter (July to September) of the current fiscal year. (The Nation) | [Click for more info.](#)

IMF team to take up host of issues with Razak today

Economy | Neutral

Commerce Advisor's Special Assistant on Make in Pakistan, trade with Afghanistan including APTTA and on-going challenges to the manufacturing industry, Ali S Habib will also be part of the Commerce Division team for talks with the IMF delegation. The Fund team, sources said, will discuss the issues related to current account deficit, trade deficit, exports, imports and trade with China. (BR) | [Click for more info.](#)

Rs1.2trn put in SBP as reserves to avoid lending, NA panel told

Economy | Neutral

Pakistan borrowed 84 percent of its total economy, which is around \$300 billion, and put Rs 1.2 trillion in the State Bank of Pakistan as reserves to avoid commercial lending, meet the government expenditures and bridge fiscal deficit. Federal Minister for Planning, Development and Reform Khuro Bakhtyar informed this to the National Assembly Standing Committee on Planning. The minister said that 50 percent of new debt, which is obtained by the PTI government, is being spent on paying interest (Rs 2 trillion) of previous borrowing. (BR) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	24,624.7	24,813.3	188.6	0.8%
KSE100	34,083.5	34,281.1	197.6	0.6%
KSE30	16,007.7	16,039.5	31.8	0.2%
KMI30	54,609.6	54,857.6	248.0	0.5%

Top Five Gainers

	Open	Close	Chg.	%
NESTLE	5,365.0	5,565.0	200.0	3.7%
COLG	1,950.0	2,025.0	75.0	3.8%
BHAT	836.7	878.5	41.8	5.0%
JLICL	310.0	325.5	15.5	5.0%
SITC	277.4	288.7	11.3	4.1%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
KEL	4.0	4.0	0.0	11.83
WTL	1.1	1.1	0.1	11.80
UNITY	10.9	10.8	-0.1	10.20
LOTCEM	16.0	16.3	0.2	8.79
FCCL	15.4	15.3	-0.1	3.82

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.02	-0.01	0.02
F-Corporates	2.82	-5.20	-2.38
O/S Pakistanies	1.66	-1.12	0.54
Net	4.50	-6.32	-1.83
LIPI			
Individuals	26.73	-25.50	1.23
Companies	1.65	-1.01	0.65
Comm. Banks	1.41	-0.69	0.72
NBFC	0.04	-0.02	0.02
Mutual Funds	2.39	-2.55	-0.15
Other	0.27	-0.08	0.19
Brokers Proprietary	7.80	-7.42	0.37
Insurance	0.60	-1.80	-1.20
Net	40.90	-39.08	1.83

Source: NCCPL

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	52.96	-0.7%
Brent oil	USD/bbl.	59.04	-0.6%
Gold	USD/t oz.	1488.88	-0.1%
Silver	USD/t oz.	17.36	20.6%
Coal	USD/ton	66.85	0.1%
Steel Scrap (LME)	USD/ton	238.00	-1.2%
Steel Rebar (LME)	USD/ton	404.00	0.2%
USD/PKR	Interbank	156.25	0.0%

Source: Bloomberg/SBP

News Source: Local / Int'l Newspapers and websites

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Tax department posts 32pc growth in revenue in 1Q

Economy | Positive

A regional tax office posted 32 percent jump in revenue collection to Rs26.43 billion in the first quarter of the current fiscal year as tax rates on non-compliance increased during the period, sources said on Wednesday. (The News) | [Click for more info.](#)

\$14.5 billion worth Saudi projects underway in Pakistan

Economy | Positive

Work has started on \$14.5 billion worth of Saudi energy and petroleum projects in Pakistan, Omar Ayub Khan, federal minister for power and petroleum, told Arab News in an interview. (PT) | [Click for more info.](#)

Miscellaneous

Naya Pakistan Housing Programme: Over 1.5 million people registered to get houses

Cement, Steel | Neutral

Over 1.5 million people have registered with the National Database Registration Authority (Nadra) in different cities of the country to get their own houses under Naya Pakistan Housing Programme. (The News) | [Click for more info.](#)

TPL Insurance partners with Askari Bank

TPS | Positive

TPL Insurance, Pakistan's first direct insurance company, is pleased to announce its strategic partnership with Pakistan's leading commercial and retail banking institution Askari Bank Ltd. The partnership aims at exploring new business opportunities in the Auto Finance sector and providing customers of Askari Bank with Auto Insurance solutions. (BR) | [Click for more info.](#)

SECP proposes legal amendments to boost IPOs

Capital Market | Neutral

The Securities and Exchange Commission of Pakistan (SECP) on Wednesday proposed legal amendments to encourage companies to raise capital from the primary equity market that saw an average three initial public offerings (IPO) a year in the last three years. (The News) | [Click for more info.](#)

Political News

Imran offers, Fazl rejects talks on march

Prime Minister Imran Khan on Wednesday appointed Defence Minister Pervez Khattak to hold talks with Maulana Fazlur Rehman on his 'Azadi march', but the offer was immediately repudiated by the Jamiat Ulema-e-Islam-Fazl (JUI-F) chief. (ET) | [Click for more info.](#)

International News

Asia Stock Futures Mixed; Treasuries Advance: Markets Wrap

Asian stocks were set for a mixed start Thursday as investors gauged a weak U.S. consumer report that triggered a rally in Treasuries. U.S. equities earlier edged lower. (Bloomberg) | [Click for more info.](#)

Oil prices fall as data points to huge build in U.S. stocks

Oil prices slid on Thursday after industry data showed a larger-than-expected build-up in stocks in the United States, adding to concerns that demand for oil around the world may weaken amid further signs of a global economic slowdown. (Reuters) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
PAK (KSE-100)	34,281.1	197.56	0.58%
HK - Hang Seng	26,664.3	160.35	0.61%
INDIA - SENSEX	38,599.0	92.90	0.24%
PHILP - PSEI	7,915.3	74.99	0.96%
Taiwan - TWII	11,162.8	51.03	0.46%
KSA - Tadawul	7,518.4	36.84	0.49%
INDONESIA - IDX	6,169.6	11.43	0.19%
US - S&P 500	2,989.7	-5.99	-0.20%
CHINA - Shanghai	2,978.7	-12.33	-0.41%
US - Dow 30	27,002.0	-22.82	-0.08%

Source: Bloomberg

Board Meetings

Scrip	Day	Agenda	Time
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
LOTCEM	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



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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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