

March 18,
2019

Economy News

Bailout package: new mission chief of IMF due on March 26 - Positive

Economy | Neutral

New mission chief of the International Monetary Fund (IMF) Ernesto Ramirez Rigo will be visiting Pakistan on March 26 to meet the Pakistani authorities and may hold discussions with them on a bailout package. Ernesto Ramirez Rigo has replaced Finger as new mission chief of the IMF. | [Click for more info.](#)

Investment-to-GDP ratio continuously declining: WB

Economy | Negative

Pakistan's investment-to-GDP ratio is low and has been continuously declining despite immense potential for profitable investments considering its strategic location and prospective market size, says the World Bank (WB). | [Click for more info.](#)

WB may cancel \$38m water loan

Economy | Negative

The World Bank has warned of cancelling its soft loan of \$38 million to support the management and development of water resources in the Indus River, after finding little progress on the project since its approval in 2008. | [Click for more info.](#)

Pakistan in talks with China for another \$2 bn deposits

Economy | Neutral

After the United Arab Emirates 'polite refusal' to grant over \$3 billion oil on deferred payment, Pakistan has geared up efforts to secure another \$2 billion deposits from China with the possibility of finalisation of arrangement this month. | [Click for more info.](#)

Pakistan, ADB agree to implement \$6bn loan program

Economy | Positive

Pakistan and Asian Development Bank (ADB) on Friday agreed in principle to kick-start implementation of three-year country partnership strategy (CPS) program with loan portfolio of \$6 billion for various economic sectors. | [Click for more info.](#)

BoP stability: Government to borrow \$1 billion from ITFC

Economy | Neutral

The government would borrow \$1 billion from International Islamic Trade Finance Corporation (ITFC) to ensure continued stability in the country's balance of payment (BoP) position. Spokesperson and Advisor to Finance Ministry, Dr Khaqan Hassan Najeeb stated that \$1 billion have been arranged from the ITFC to offset any impact of delay or non-availability of \$3 billion by the UAE. The government has worked to ensure \$1 billion from the ITFC which will be utilised in this fiscal year. | [Click for more info.](#)

Pakistan seeks \$500 million loan from ADB

Economy | Neutral

Pakistan has requested the Asian Development Bank (ADB) to approve a \$500 million loan in budgetary support before June this year, as it faces difficulties in retaining foreign exchange reserves because of mounting external financing needs. | [Click for more info.](#)

FDI drops 23% after completion of many CPEC projects

Economy | Negative

Foreign investment in different sectors of Pakistan's economy slowed down by 23% to \$1.62 billion in first eight months (Jul-Feb) of the current fiscal year 2018-19 following completion of several early harvest projects of the China-Pakistan Economic Corridor (CPEC). | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	28,437.4	28,174.0	-263.4	-0.9%
KSE100	38,808.6	38,307.0	-501.7	-1.3%
KSE30	18,425.9	18,151.2	-274.7	-1.5%
KMI30	63,907.8	62,724.9	-1182.9	-1.9%

Top Five Gainers

	Open	Close	Chg.	%
PMPK	3,687.5	3,859.0	171.5	4.7%
SHEZ	421.1	441.0	20.0	4.7%
SRVI	745.0	756.1	11.1	1.5%
SHFA	209.2	218.3	9.1	4.3%
MARI	1,293.3	1,299.9	6.6	0.5%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
BOP	14.4	13.9	-0.5	38.57
KEL	5.9	5.7	-0.2	17.03
UNITY	14.2	13.6	-0.6	6.25
LOTCEM	14.3	13.9	-0.4	4.00
OGDC	142.9	142.2	-0.7	3.91

Portfolio Investments – Net Position

	Buy	Sell	Net
FIPI			
F-Ind.	0.01	0.00	0.01
F-Corp.	5.16	-2.98	2.17
O/S Pak	1.15	-1.25	-0.10
Net	6.31	-4.24	2.08
LIPI			
Indv.	26.84	-27.31	-0.46
Cos.	1.49	-1.35	0.14
Banks	1.42	-2.18	-0.76
NBFC	0.29	0.00	0.28
M-Funds	3.79	-5.55	-1.76
Other	0.22	-0.42	-0.21
Broker	8.26	-8.04	0.22
Insur.	1.91	-1.44	0.47
Net	44.22	-46.30	-2.08

Source: NCCPL

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	58.28	-0.4%
Brent oil	USD/bbl.	67.03	-0.2%
Gold	USD/t oz.	1299.43	-0.2%
Silver	USD/t oz.	15.26	-0.2%
Coal	USD/ton	78.30	-0.6%
Steel Scrap (LME)	USD/ton	326.50	-0.2%
Steel Rebar (LME)	USD/ton	476.00	-1.0%
USD/PKR	Interbank	139.37	-0.1%

Source: Bloomberg/SBP

News Source: Local / Int'l Newspapers and websites

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Foreign loans: Govt to spend addl Rs400b on interest payment

Economy | **Negative**

The government would have to pay additional Rs400 billion on interest payment on foreign loans during ongoing fiscal year mainly due to the sharp depreciation in local currency and increase in interest rate. | [Click for more info.](#)

Current account deficit declines 22.5% to \$8.84b

Economy | **Positive**

The current account deficit (CAD) narrowed down 22.5% to \$8.84 billion in the first eight months (July-February) of current fiscal year 2019, reported the State Bank of Pakistan (SBP) on Friday. | [Click for more info.](#)

Oil & Gas

Oil imports increase 6.7pc to \$9.6bln in July-February

Economy | **Negative**

Oil imports soared 6.7 percent to \$9.618 billion in the first eight months of the current fiscal year of 2018/19 as rupee devaluation offset the benefits of price decline in international petroleum prices, although other key imports continued to show downward trend, official data revealed. | [Click for more info.](#)

LPG tax rationalization must without penalizing domestic players

BPL | **Positive**

There is a dire need to rationalize the taxes on domestically produced and imported LPG, as the cumulative taxes and duties of imported LPG are much lower. We are protecting imports and penalizing domestic players in this business. | [Click for more info.](#)

Industry gas supply likely to improve

SSGC | **Positive**

Gas supply to industries is likely to improve by the end of this month, Acting Managing Director Sui Southern Gas Company Ltd (SSGCL) Mohammad Wasim said on Friday. Addressing members of Site Association of Industry (SAI), the SSGCL official said closing down of gas supply to industries on Sundays is the utility's last option. | [Click for more info.](#)

Power

Power losses to zero: PD directed to prepare comprehensive plan

Economy | **Negative, Power | Positive**

Federal government is likely to increase power and gas tariffs by 25 per cent and 41 per cent respectively from next financial year on the basis of zero losses. | [Click for more info.](#)

Another power tariff hike on the cards

IPPs | **Positive**

The electricity users are likely to face further hike in power prices as the government is planning to increase electricity rates by Rs3.26 per unit in coming months in order to meet revenue requirements of power distribution companies (DISCOS). | [Click for more info.](#)

FCA mechanism: CPPA-G seeks Rs 1.23 per unit increase in Discos tariffs for February

IPPs | **Positive**

The Central Power Purchasing Agency Guaranteed (CPPA-G) has sought an increase of Rs 1.23 per unit in power Distribution Companies (Discos) tariffs for February 2019 under month Fuel Price Adjustment (FCA) mechanism. National Electric Power Regulatory Authority (Nepra) is scheduled to hold a public hearing on CPPA-G's tariff petition and take a final decision. | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
PAK (KSE-100)	38,307.0	-501.66	-1.29%
INDIA - SENSEX	38,024.3	269.43	0.71%
HK - Hang Seng	29,012.3	160.87	0.56%
CHINA - Shanghai	3,021.8	31.07	1.04%
Taiwan - TWII	10,439.2	90.59	0.88%
INDONESIA - IDX	6,461.2	47.92	0.75%
PHILP - PSEi	7,798.3	47.86	0.62%
KSA - Tadawul	8,563.4	-19.44	-0.23%
US - Dow 30	25,848.9	138.93	0.54%
US - S&P 500	2,822.5	14.00	0.50%

Source: Investing.com

Board Meetings

Script	Day	Agenda	Time
GSKCH	MONDAY	Ann. A/c Dec-31, CY'18	12:30 PM
PAKOXY	MONDAY	Ann. A/c Dec-31, CY'18	2:00 PM
PGCL	TUESDAY	Ann. A/c Dec-31, CY'18	10:00 AM
JSL	WEDNESDAY	Ann. A/c Dec-31, CY'18	12:15 PM
EFUL	THURSDAY	Ann. A/c Dec-31, CY'18	10:00 AM
LPL	THURSDAY	Ann. A/c Dec-31, CY'18	11:00 AM
PKGP	THURSDAY	Ann. A/c Dec-31, CY'18	12 NOON
EFUG	THURSDAY	Ann. A/c Dec-31, CY'18	12:30 PM

Source: PSX Announcement



Autos

Used car imports plummet by 74pc

Autos | Positive

Following government's Jan 15 decision to mandate payment of duties and taxes on imports of used cars in foreign exchange to be arranged by Pakistani nationals themselves or local recipients supported by bank encashment, imports of used cars plummeted by 74 per cent in February — lowest in the last five years. | [Click for more info.](#)

Tractor production decreases 29pc in seven months FY19

MTL, AGTL | Negative

Tractor production in the country during the first seven months of the current financial year (FY19) witnessed a decrease of 29.18pc as compared to the corresponding period of last year. | [Click for more info.](#)

Cement

FDI in cement industry decreases by 18pc

Cement | Negative

The foreign direct investment (FDI) in Pakistan's cement sector and construction industry decreased by 18 percent during the eight months of current fiscal year as compared to last year. According to the data of State Bank of Pakistan (SBP), the country received investments of \$1.35 billion from July 2018 to February 2019 as compared to \$1.75 billion during the same period last year. | [Click for more info.](#)

Miscellaneous

A call to divert dirty cargo to PIBT

PIBTL | Positive

Pakistan's consumption of imported coal is projected to rise by a little more than a quarter to between 20 and 22 million tonnes in five years as new cement capacity and power plants based on (imported) coal gradually become operational. The country's current coal imports are estimated to increase to over 16m tonnes by the close of the present financial year from around 13m tonnes a year ago, according to Sharique Azim Siddiqui, the chief executive officer of Pakistan International Bulk Terminal (PIBT). | [Click for more info.](#)

Senate panel recommends Rs200b GIDC recovery in six installments

Fertilizer | Neutral

A parliamentary panel on Friday recommended that the government should recover the outstanding gas infrastructure development cess (GIDC) in six installments from defaulter business tycoons who have got a tax relief of Rs200 billion. | [Click for more info.](#)

TPL Insurance & TPL Life collaborate with Soneri Bank

TPLI, SNBL | Positive

TPL Insurance and TPL Life are Pakistan's leading enterprises in innovative insurance business and have signed a 'Master Agency Agreement' with the prestigious Soneri Bank Limited. The partnership will provide customers with coverage of vehicles by TPL Insurance, while their life-risks will be covered through the TPL Life Bancassurance product. | [Click for more info.](#)

Textile exports inch up

Textile | Positive

Pakistan's textile and clothing exports rose by two per cent year-on-year to \$8.9 billion in the first eight months of current fiscal year, the Pakistan Bureau of Statistics (PBS) reported on Friday. | [Click for more info.](#)



FBR estimates tax gap of ST, IT at 65 percent, 57 percent respectively

Economy | Negative

The FBR has initially worked out the tax gap of 65 percent in sales tax on national level. The estimated tax gap of income tax has been calculated at 57 percent. The estimated figures of tax gap have been worked out by the FBR on the basis of sectoral analysis of different sectors including sugar, cement and steel, they added. | [Click for more info.](#)

No raids on business premises: FBR chairman

Economy | Positive

Federal Board of Revenue (FBR) Chairman Dr Jehanzaib Khan said on Saturday there would be no raid on business premises and the show cause notices already issued in this respect will be withdrawn. | [Click for more info.](#)

US, UK, China top in export of country's products

Economy | Neutral

The United States of America (USA) remained the top export destinations of the Pakistani products during the first seven months of the current fiscal year, followed by United Kingdom and China. The total exports to the USA during July-January (2018-19) were recorded at \$2.364 billion against the exports of \$2.237 billion during July-January (2017-18), showing an increase of 5.68 percent during the period, according to State Bank of Pakistan (SBP). | [Click for more info.](#)

Govt. for facilitating border trade with Iran

Economy | Positive

Consensus to this effect was developed in a meeting between Minister for Finance Asad Umar and Iranian Foreign Investment Company (IFIC) Managing Director Hassan Abghari, stated a press release issued by the finance ministry. The minister informed the IFIC MD that Pakistan wanted great economic engagement with Iran and assured him of Pakistan's support to facilitate bilateral trade. | [Click for more info.](#)

Political News

ATC fails to file charge sheet against TLP leadership

A Special Anti-Terrorism Court (ATC) could not file a charge sheet against Tehreek-e-Labbaik Pakistan (TLP) chief Allama Khadim Hussain Rizvi, Pir Afzal Qadri and others for making speeches against national institutions and hooliganism during protests and extended the judicial remand of all accused until March 30. | [Click for more info.](#)

International News

Oil dips on weak economic outlook, but OPEC-led cuts still support

Oil prices dipped early on Monday, weighed down by concerns that a global economic downturn may dent fuel consumption. However, crude markets remain broadly supported by supply cuts led by producer group OPEC and by aggressive sanctions by the United States against Iran and Venezuela. | [Click for more info.](#)

Asia Stocks Mixed With Fed in Focus; Bonds Steady: Markets Wrap

Stocks in Asia struggled for traction on Monday as traders turned their focus to this week's Federal Reserve policy meeting. Treasuries steadied. | [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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