



October  
18, 2019

## Economy News

### Government expects to avert FATF blacklisting

#### Economy | Positive

Backed by longtime ally China, Pakistan is confident it will avert blacklisting over terrorism financing by a global watchdog on Friday but it will not be completely off the hook until it proves it is genuinely severing ties with Islamist militants, officials and analysts said. "The main challenge for Pakistan is to convince the FATF that it is taking complete and irreversible steps against terrorist financing," Michael Kugelman, deputy director Asia Program at the Wilson Center thinktank, told Reuters by email. (BR) | [Click for more info.](#)

### IMF satisfied with 35 percent reduction in trade deficit

#### Economy | Positive

The International Monetary Fund (IMF) has expressed satisfaction over the reduction in trade deficit of Pakistan by around 35 percent in first quarter (July to September) of the current fiscal year. An official of the commerce ministry informed that Pakistani officials briefed the Fund on the measures taken to control the soaring trade deficit of the country. IMF was told that Pakistan's trade deficit was recorded at \$5.73 billion in July to September period of the year 2019-2020 as compared to \$8.79 billion in the corresponding period of last year, showing reduction of 34.85 percent. (The Nation) | [Click for more info.](#)

### SBP signals extended pause on interest rate hikes

#### Economy | Neutral

Pakistan must balance the risk of a slowing economy with its desire to lower the inflation rate, its central bank governor Reza Baqir said, signaling an extended pause in the interest rate-hike cycle. The "balance of risks" is shifting as the pace of economic growth slows, Baqir said in an interview with Bloomberg in Washington. (The News) | [Click for more info.](#)

### Q1 FDI falls as Chinese inflows ebb

#### Economy | Negative

Foreign Direct Investment (FDI) posted a decline of 3 percent during the first quarter of this fiscal year (FY20) owing to lower inflows from China. According to the State Bank of Pakistan (SBP), the country fetched FDI amounting to \$ 542 million in July-September of FY20 compared to \$ 559.4 million in the same period of last fiscal year (FY19), depicting a decline of \$ 17.3 million. During the period under review, FDI inflows stood at \$ 763 million against the outflow of \$ 221 million. (BR) | [Click for more info.](#)

### Foreign private investment jumps 51pc

#### Economy | Positive

Foreign private investment increased by 51 per cent to \$564.8 million in the first quarter of this fiscal year, up from \$374m in same period of 2018. Meanwhile, foreign direct investment (FDI) edged lower by 3.1pc to \$542.1m during July-Sept, as compared to \$559.4m in same quarter last year. (Dawn) | [Click for more info.](#)

### Forex reserves rise to \$15.142bln

#### Economy | Positive

The total liquid foreign exchange reserves of the country have increased by \$149.7 million to \$15.142 billion by week ended October 11, 2019 as compared with \$14.992 billion a week ago, State Bank of Pakistan (SBP) said on Thursday. The reserves held by State Bank witnessed increase of \$56.1 million to \$7.813 billion by week ended October 11 as compared with \$7.757 billion. (The News) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	24,813.3	24,590.0	-223.3	-0.9%
KSE100	34,281.1	33,898.6	-382.5	-1.1%
KSE30	16,039.5	15,822.2	-217.3	-1.4%
KMI30	54,857.6	54,200.1	-657.5	-1.2%

### Top Five Gainers

	Open	Close	Chg.	%
RMPL	6,835.5	7,100.0	264.5	3.9%
COLG	2,025.0	2,079.0	54.0	2.7%
BHAT	878.5	922.4	43.9	5.0%
MUREB	674.0	688.0	14.0	2.1%
ICI	491.3	504.2	12.9	2.6%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
LOTCEM	16.3	16.6	0.3	59.65
KEL	4.0	3.9	-0.1	5.20
TRG	16.1	16.2	0.1	4.22
UNITY	10.8	10.7	-0.1	4.17
QUICE	3.5	3.7	0.1	2.55

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.04	-0.05	-0.01
F-Corporates	1.69	-1.72	-0.03
O/S Pakistanies	1.28	-0.91	0.37
<b>Net</b>	3.01	-2.68	0.33
<b>LIPI</b>			
Individuals	22.79	-21.76	1.03
Companies	0.61	-1.02	-0.41
Comm. Banks	0.89	-0.40	0.49
NBFC	0.00	0.00	0.00
Mutual Funds	1.20	-2.35	-1.16
Other	0.27	-0.11	0.17
Brokers Proprietary	6.90	-7.07	-0.17
Insurance	0.41	-0.69	-0.27
<b>Net</b>	33.07	-33.40	-0.33

Source: NCCPL

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	53.92	0.0%
Brent oil	USD/bbl.	59.75	-0.3%
Gold	USD/t oz.	1492.03	0.0%
Silver	USD/t oz.	17.53	-0.1%
Coal	USD/ton	67.20	0.5%
Steel Scrap (LME)	USD/ton	238.00	0.0%
Steel Rebar (LME)	USD/ton	404.00	0.0%
USD/PKR	Interbank	156.12	-0.1%

Source: Bloomberg/SBP

News Source: Local / Int'l Newspapers and websites

Research Team

[research@abaalihabib.com](mailto:research@abaalihabib.com)

Aba Ali Habib Securities (Pvt) Limited

(021) 32429665, Ext. 106



## Power

**K-Electric to set up 900MW RLNG power plant at Bin Qasim Power Complex KEL | Positive**

In order to be self-sufficient in the generation of Re-gasified Natural Gas (RLNG), Karachi Electric Limited (KEL) is planning to setting up a 900 MW RLNG power plant at its Bin Qasim Power Complex with an up-gradation of associated transmission infrastructure along with the construction of four grids. (Mettisglobal) | [Click for more info.](#)

## Miscellaneous

**CCP declares MNC's dairy product fit for children**

**FOOD | Positive**

The Competition Commission of Pakistan (CCP) has declared that a dairy milk product of a multinational food company is in line with the applicable food standards and contains nutritional qualities which may be beneficial for a child's wellbeing and fulfils relevant food standard requirements. (BR) | [Click for more info.](#)

**Provinces' poor response spoils drive against benami properties**

**Economy | Neutral**

The Pakistan Tehreek-i-Insaf government's much trumpeted drive against benami asset holders has received a setback in the first three months of the current year due to lacklustre response from the provinces, Dawn has learnt from reliable sources. (Dawn) | [Click for more info.](#)

**FBR is a burden on country: SC judge**

**Economy | Neutral**

The Supreme Court on Thursday expressed its displeasure over the performance of the Federal Board of Revenue (FBR), observing that the tax collection body was a burden on the country. (ET) | [Click for more info.](#)

## Political News

**JUI-F chief rejects talks offer by govt**

Jamiat Ulema-e-Islam-Fazl (JUI-F) chief Maulana Fazlur Rahman has rejected the talks offer made by the government and said they can engage in dialogues only after the resignation of the rulers. (The News) | [Click for more info.](#)

**Open for dialogue, but won't allow chaos: Khattak**

Defence Minister Pervez Khattak, who has been entrusted by the ruling Pakistan Tehreek-i-Insaf (PTI) with the task of engaging the opposition parties ahead of their planned anti-government march, has said they are open for a dialogue, but warned that they will not allow anyone to create chaos in the country. (Dawn) | [Click for more info.](#)

## International News

**Asia Stocks Eye Three-Month High Before China Data: Markets Wrap**

Asian stocks headed for their highest close since July on Friday after U.S. shares edged closer to a record. The dollar traded near its weakest since before August's trade-war turmoil amid diminishing demand for havens. (Bloomberg) | [Click for more info.](#)

**Oil prices steady, all eyes on data seen showing China GDP growth slowdown**

Oil prices were stable on Friday ahead of data that analysts say could show China, the world's largest oil consumer, just recorded its weakest quarter of economic growth in nearly three decades, dragged down by a trade dispute with the United States. (Reuters) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	39,052.1	453.07	1.17%
HK - Hang Seng	26,848.5	184.21	0.69%
KSA - Tadawul	7,635.8	117.45	1.56%
Taiwan - TWII	11,186.9	24.05	0.22%
US - Dow 30	27,025.9	23.90	0.09%
PHILP - PSEi	7,930.6	15.25	0.19%
INDONESIA - IDX	6,181.0	11.42	0.19%
US - S&P 500	2,998.0	8.26	0.28%
CHINA - Shanghai	2,977.3	-1.38	-0.05%
PAK (KSE-100)	33,898.6	-382.53	-1.12%

Source: Bloomberg

### Board Meetings

Scrip	Day	Agenda	Time
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
BAFL	FRIDAY	3Q A/C - 30SEP19	1:00 PM
BOP	FRIDAY	3Q A/C - 30SEP19	3:00 PM
NATF	FRIDAY	1Q A/C - 30SEP19	3:00 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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## THE TEAM

### CEO

Zahid Ali Habib  
[Zahid@abaalihabib.com](mailto:Zahid@abaalihabib.com)  
(021) 32425022

### RESEARCH TEAM

**Contact:** (021) 32429665, Ext. 106

Mohammad Zubair - Research Analyst  
[zubair@abaalihabib.com](mailto:zubair@abaalihabib.com)

Ayesha Abid – Research Analyst  
[ayesha.abid@abaalihabib.com](mailto:ayesha.abid@abaalihabib.com)

### SALES TEAM

Zaheer Ahmed - Head of Equity Sales & Business Dev.  
[Zaheer.ahmed@abaalihabib.com](mailto:Zaheer.ahmed@abaalihabib.com)  
(021) 32418693-94

Syed Khalid Ahmed - Equity Trader  
[Syedkhalid@abaalihabib.com](mailto:Syedkhalid@abaalihabib.com)  
(021) 32429664

Muhammad Faisal - Equity Trader  
[faisal@abaalihabib.com](mailto:faisal@abaalihabib.com)  
(021) 32464835

### Office (PSX Building)

Room # 419, 419 A & 421, 4<sup>th</sup> Floor, Pakistan Stock Exchange, I.I. Chundrigarh Road, Karachi

Contact: 021-32429665

Cell: [+92 3312766771](tel:+923312766771)



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