



June 19,  
2019

## Economy News

### WB agrees to lend \$918 million

#### Economy | Positive

Pakistan and World Bank Tuesday signed loan agreement worth \$ 918 million for three projects. The World Bank on June 14 approved a package of \$518 million for two projects in support of Pakistan's ambitious efforts to raise revenue and reduce compliance cost with a goal of providing better services to the people. The \$400 million Pakistan Raises Revenue Project will support the Federal Board of Revenue's (FBR) focus to create a sustainable increase in Pakistan's domestic tax revenue. The project will assist in simplifying the tax regime and strengthening tax and customs administration. (BR) | [Click for more info.](#)

### High-powered body to draw up economic plan

#### Economy | Neutral

The government has formed a high-powered body also comprising military authorities to formulate development and economy-oriented policies of the country. The cabinet also approved the formation of the Commission of Inquiry aimed at ascertaining how foreign debts swelled to Rs24,000 billion in the last decade during two successive governments of the Pakistan Muslim League-Nawaz (PML-N) and Pakistan Peoples Party (PPP). The commission will be headed by National Accountability Bureau (NAB) deputy chairman Hussain Asghar. (Dawn) | [Click for more info.](#)

### FDI plunges 49pc in July-May

#### Economy | Negative

The foreign direct investment (FDI) sharply declined by 49 per cent during the first 11 months of the current fiscal year reflecting the uncertain macro-economic conditions, the State Bank of Pakistan (SBP) reported on Tuesday. According to data released by the central bank, the total FDI fell to \$1.606 billion during the July-May period of the outgoing fiscal year compared to \$3.161bn in the same period last year. (Dawn) | [Click for more info.](#)

### Government to raise Rs7.1trln through T-bills, bonds in June-August

#### Economy | Neutral

The State Bank of Pakistan will auction Rs7.1 trillion worth of Market Treasury Bills (MTBs) and Pakistan Investment Bonds (PIBs) in June to August 2019 to plug budget holes. (The News) | [Click for more info.](#)

### Trade deficit shrinks amid stagnant exports

#### Economy | Positive

The country's trade deficit during first 11 months of the current fiscal year fell by 13.62 per cent to \$29.207 billion compared to \$33.812bn during the same period last year. (Dawn) | [Click for more info.](#)

### Exports, imports witness decline in May

#### Economy | Neutral

The country's exports during May 2019 witnessed a decline of 1.72 percent and decreased from \$2.14 billion to \$2.10 billion against the exports of May 2018, said Pakistan Bureau of Statistics (PBS). According to the PBS, over the period the country's imports also registered a negative growth of 12.8 percent from \$5.7 billion to \$5.04 billions. (BR) | [Click for more info.](#)

## Power

### Two power plants' sell-off reviewed

#### Power, Economy | Neutral

The privatization process for Balloki and Haveli Bahadur power plants, owned by the National Power Parks Management Company, is expected to be completed during next four months and bidding will be held in October. (Dawn) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	25,657.5	25,360.0	-297.5	-1.2%
KSE100	35,168.8	34,681.7	-487.1	-1.4%
KSE30	16,594.5	16,354.9	-239.7	-1.4%
KMI30	56,304.6	55,245.9	-1058.7	-1.9%

### Top Five Gainers

	Open	Close	Chg.	%
PAKT	2,569.0	2,592.7	23.7	0.9%
SUTM	187.0	196.2	9.2	4.9%
PGCL	104.2	109.4	5.2	5.0%
STJT	90.3	94.8	4.5	5.0%
TOWL	84.2	88.4	4.2	5.0%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
MLCF	26.4	25.3	-1.1	14.73
TRG	17.8	16.9	-0.8	7.33
PIBTL	8.6	8.6	0.0	5.56
KEL	4.3	4.1	-0.2	4.83
EPCL	28.1	27.5	-0.6	3.65

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.01	-0.12	-0.11
F-Corporates	0.32	-4.07	-3.75
O/S Pakistanies	2.01	-1.03	0.99
<b>Net</b>	2.34	-5.21	-2.87
<b>LIPI</b>			
Individuals	30.72	-27.13	3.59
Companies	1.90	-1.17	0.73
Comm. Banks	1.45	-0.23	1.21
NBFC	0.01	-0.01	0.00
Mutual Funds	0.93	-3.63	-2.70
Other	0.13	-0.26	-0.13
Brokers Proprietary	6.82	-7.04	-0.23
Insurance	1.77	-1.38	0.39
<b>Net</b>	43.72	-40.85	2.87

Source: NCCPL

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	54.04	0.3%
Brent oil	USD/bbl.	62.11	0.0%
Gold	USD/t oz.	1343.65	-0.2%
Silver	USD/t oz.	14.96	-1.0%
Coal	USD/ton	61.80	-0.3%
Steel Scrap (LME)	USD/ton	290.00	-1.7%
Steel Rebar (LME)	USD/ton	469.00	-0.6%
USD/PKR	Interbank	156.72	-0.2%

Source: Bloomberg/SBP

News Source: Local / Int'l Newspapers and websites

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## Autos

### Atlas Group signs JV accord with DID Group

ATLH | **Positive**

Atlas Group and DID Group (DID) Tuesday signed an agreement to establish a new joint venture to manufacture quality competitive motorcycle Chains in the country. (BR) | [Click for more info.](#)

## Miscellaneous

### No deemed duty, oil lifting if refineries fail to upgrade operations

ATRL, NRL | **Negative**

The government has asked the existing refineries that it has decided not to lift the furnace oil and will also to do away with the deemed duty if they did not upgrade themselves. (The News) | [Click for more info.](#)

### Searle may buy OBS Pakistan

SEARL | **Positive**

The board of directors of Searle Pakistan Ltd has authorised the management to explore the feasibility/viability of potentially investing in/acquiring (directly or indirectly) OBS Pakistan (Pvt) Ltd, the company informed the PSX in a notice on Tuesday. (Dawn) | [Click for more info.](#)

### Reinsurance business: Measures to reduce outflow of foreign exchange discussed

Economy | **Neutral**

The Securities and Exchange Commission of Pakistan (SECP), held a roundtable in Karachi to discuss measures to reduce outflow of foreign exchange pertaining to reinsurance business through optimizing local risk retention. (BR) | [Click for more info.](#)

### Cigarette makers support FED

Tobacco | **Neutral**

Cigarettes manufacturers on Tuesday supported the Federal Board of Revenue (FBR) for levying advance federal excise duty through Finance Bill 2019/20 saying that it would help in the documentation of the economy and discourage smuggling. (The News) | [Click for more info.](#)

## Political News

### Transaction through fake account a big crime: CJP

Chief Justice of Pakistan (CJP) Asif Saeed Khosa on Tuesday indicated that criminal cases will be reduced to zero in the Supreme Court (SC) in the next few weeks, remarking fake accounts cannot be opened without the willingness of bank officials, therefore, transaction through fake accounts is a big offence. (The News) | [Click for more info.](#)

## International News

### Oil extends gains amid Middle East tensions, U.S.-China trade deal hopes

Oil prices climbed on Wednesday, extending sharp gains from the previous session on rekindled hopes for a U.S.-China trade deal and on continued tensions in the Middle East after tanker attacks there last week. (Reuters) | [Click for more info.](#)

### Stocks Gain in Asia on Trade, Stimulus Optimism: Markets Wrap

Asian stocks rose, building on gains in global shares amid optimism over progress in the U.S.-China trade war and indications of more stimulus from the European Central Bank. Treasuries steadied and oil extended its advance. (Bloomberg) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
US - Dow 30	26,465.5	353.01	1.35%
HK - HangSeng	27,498.8	271.61	1.00%
INDIA - SENSEX	39,046.3	85.55	0.22%
INDONESIA - IDX	6,257.3	66.81	1.08%
Taiwan - TWII	10,566.7	36.20	0.34%
US - S&P 500	2,917.8	28.08	0.97%
KSA - Tadawul	9,000.4	24.80	0.28%
PHILP - PSEi	7,922.0	13.05	0.17%
CHINA - Shanghai	2,890.2	2.54	0.09%
PAK (KSE-100)	34,681.7	-487.10	-1.38%

Source: Bloomberg

### Board Meetings

Script	Day	Agenda	Time
MUBT	THURSDAY	HY A/C - 31Dec19	10:00 AM
EXIDE	SATURDAY	ANNA/C - 31Mar19	12:00 NOON

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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