



April 1,
2019

Economy News

'Brokers model' on the anvil

PSX | **Positive**

The framework is expected to give leverage to small brokers and enhance their retail network whereas the large corporate brokers would concentrate on inviting listings in the stock market. The new framework will be taken to the SECP Policy Board for consultations on April 11. The model will also help capital market players in the country to adopt best international practices as well as meet certain criteria of FATF requirements. | [Click for more info.](#)

Rupee plunges to 143.5 in open market

Economy | **Negative**

The rupee further lost its value against the US dollar in the open market on Saturday as speculation mounted that the currency would settle at around Rs145 in the inter-bank market by the time Pakistan inked a loan agreement with the International Monetary Fund (IMF) later next month. | [Click for more info.](#)

For \$12 bn IMF bailout: MPC or new body to determine dollar-rupee exchange rate

Economy | **Neutral**

In a bid to comply with the IMF conditions for \$12 billion bailout package, the government has agreed in principle to either authorize the existing Monetary Policy Committee (MPC) or establish a high-powered institution to determine the dollar-rupee exchange rate. The IMF had asked Pakistan to shift from the managed exchange rate to market-based flexible exchange rate. | [Click for more info.](#)

IMF team to arrive in Pakistan on April 1, Senate body told

Economy | **Neutral**

A team of the International Monetary Fund (IMF) is visiting Pakistan from April 1 to review the working and methodologies of the Pakistan Bureau of Statistics (PBS), informed Statistics Secretary Shaista Sohail. | [Click for more info.](#)

FBR faces massive shortfall of Rs317 bn

Economy | **Negative**

The FBR's tax shortfall has gone up to Rs317 billion in first nine months (July-March) period of the current fiscal year as the tax collection machinery collected Rs2,681 billion against the desired target of Rs2,998 billion. | [Click for more info.](#)

Policy rate hiked to 10.75 percent

Economy | **Negative, Banks** | **Positive**

The State Bank of Pakistan (SBP) on Friday hiked the key policy rate by 50 basis points (bps) to 10.75 percent. Rising inflationary pressure on the economy, higher fiscal and current account deficit and massive government borrowing from the SBP are the factors that have compelled the Monetary Policy Committee (MPC) to further tighten the monetary policy stance for the next two months. | [Click for more info.](#)

SBP reserves fall 3.14% to \$8.56b

Economy | **Negative**

The foreign exchange reserves held by the central bank decreased 3.14% on a weekly basis, according to data released by the State Bank of Pakistan (SBP) on Thursday. | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	28,167.2	28,279.3	112.1	0.4%
KSE100	38,553.0	38,649.3	96.4	0.3%
KSE30	18,213.4	18,259.5	46.1	0.3%
KMI30	63,012.2	63,314.0	301.8	0.5%

Top Five Gainers

	Open	Close	Chg.	%
NESTLE	7,032.0	7,191.8	159.8	2.3%
BATA	1,652.1	1,698.0	45.9	2.8%
SAPL	811.0	833.0	22.0	2.7%
SRVI	643.5	665.0	21.5	3.3%
WYETH	945.6	966.5	20.9	2.2%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
UNITYR1	2.4	2.7	0.3	25.27
BOP	12.9	13.0	0.1	9.53
KEL	5.5	5.6	0.1	7.67
ASL	9.9	10.5	0.6	5.03
FCCL	19.4	20.0	0.6	4.90

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Ind.	0.05	-0.04	0.01
F-Corp.	4.89	-3.79	1.10
O/S Pak	2.71	-2.19	0.51
Net	7.64	-6.01	1.63
LIPI			
Indv.	36.21	-39.64	-3.43
Cos.	1.81	-1.70	0.11
Banks	3.03	-2.05	0.98
NBFC	0.01	-0.30	-0.29
M-Funds	3.58	-3.33	0.25
Other	1.14	-1.02	0.12
Broker	15.70	-15.06	0.64
Insur.	2.89	-2.90	-0.02
Net	64.37	-66.00	-1.63

Source: NCCPL

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	60.47	0.5%
Brent oil	USD/bbl.	68.03	1.4%
Gold	USD/t oz.	1292.41	0.0%
Silver	USD/t oz.	15.17	0.3%
Coal	USD/ton	73.25	-5.1%
Steel Scrap (LME)	USD/ton	320.74	-0.1%
Steel Rebar (LME)	USD/ton	481.64	0.0%
USD/PKR	Interbank	140.89	0.3%

Source: Bloomberg/SBP

News Source: Local / Int'l Newspapers and websites

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MORNING BRIEFING

Experts term government's estimate of 5.6 percent fiscal deficit 'unrealistic' Economy | **Negative**

The government's estimate of 5.6 percent fiscal deficit for the current fiscal year in the medium term macro economic framework is "flatly unrealistic" as it would be impossible to limit below 6.5 percent of the GDP. This was the consensus on an anecdotal survey of independent economists carried out by Business Recorder on condition of anonymity. | [Click for more info.](#)

Imran Khan-led govt. eyes revenue boost through increased taxes Economy | **Negative**

In the budget for 2019-20, the federal government may increase the tax rate imposed on petroleum products, abolish exemption of withholding tax on the cottage industry, impose sales tax on various items and introduce uniform value added tax to generate revenue. In addition to other steps, it may add Rs150 billion new taxes under the sales tax only. | [Click for more info.](#)

Pakistan's govt sanctions Rs417.4b for development spending Economy | **Negative**

The government sanctioned Rs417.4 billion for development spending in first nine months of the current fiscal year and releases are expected to come to a grinding halt, except for political pet schemes, in the last quarter due to a worsening fiscal position. | [Click for more info.](#)

Oil & Gas

Petrol price goes up by Rs6 per litre

OMC | **Positive**, Economy | **Negative**

The federal government on Sunday increased oil prices by up to Rs6 per litre for the month of April in line with fluctuation in global oil prices. In a summary moved to petroleum division on March 29, Oil and Gas Regulatory Authority (Ogra) had proposed that the price of high speed diesel be increased by Rs11. 17 per litre (10 per cent) and petrol by Rs11.98 per litre (12.8 per cent) for April. | [Click for more info.](#)

Govt directs PSO to use rail for fuel transportation

PSO | **Positive**

The government of Pakistan Tehreek-e-Insaf (PTI) has stepped in to break the cartel of private oil suppliers and has directed state-run Pakistan State Oil (PSO) to use Pakistan Railways for fuel transportation as it offers up to 26% lower fares compared to transportation through a pipeline and road. | [Click for more info.](#)

TMB, Byco enter into agreement

BYCO | **Positive**

Telenor Microfinance Bank has partnered with Byco Petroleum Pakistan Ltd (Byco) to provide Easypaisa services and fuel payment solutions at all Byco fuelling stations located throughout Pakistan, a statement said on Friday. | [Click for more info.](#)

Saudi Arabia, Malaysia offer LNG at cheaper rates: minister

Gas | **Positive**

The price of Liquefied Natural Gas (LNG) as per the 2016 deal signed with Qatargas for 15 years at 13.37 percent of Brent is considerably more expensive than what is available at spot rates today. Saudi Arabia and Malaysia offered LNG at relatively cheaper rates and the government is weighing its options on the matter. | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
HK - Hang Seng	29,051.4	276.15	0.96%
US - Dow 30	25,928.7	211.22	0.82%
INDIA - SENSEX	38,672.9	127.19	0.33%
Taiwan - TWII	10,641.0	104.78	0.99%
PAK (KSE-100)	38,649.3	96.39	0.25%
CHINA - Shanghai	3,090.8	95.81	3.20%
PHILP - PSEi	7,920.9	44.53	0.57%
KSA - Tadawul	8,819.4	30.60	0.35%
US - S&P 500	2,834.4	18.96	0.67%
INDONESIA - IDX	6,468.8	-12.03	-0.19%

Source: Investing.com

Board Meetings

Scrip	Day	Agenda	Time
PAKRI	WEDNESDAY	Ann. A/c Dec-31, CY'18	10:00 AM
HASCOL	WEDNESDAY	Ann. A/c Dec-31, CY'18	11:00 AM
SRVI	WEDNESDAY	Ann. A/c Dec-31, CY'18	11:30 AM
AICL	WEDNESDAY	Ann. A/c Dec-31, CY'18	12:00 PM
PKGI	THURSDAY	Ann. A/c Dec-31, CY'18	10:00 AM
PAEL	THURSDAY	Ann. A/c Dec-31, CY'18	11:30 AM
PINL	FRIDAY	Ann. A/c Dec-31, CY'18	11:00 AM
WAVES	FRIDAY	Ann. A/c Dec-31, CY'18	11:00 AM
CSIL	FRIDAY	Ann. A/c Dec-31, CY'18	4:30 PM
PIL	FRIDAY	Ann. A/c Dec-31, CY'18	4:30 PM

Source: PSX Announcement



Power

KE seeking to get additional 500MW from K2, K3

KEL | Positive

Karachi Electric (KE) is negotiating an additional 500-MW from K2 and K3 nuclear power projects to meet its growing electricity demand, well informed sources told Business Recorder. M/s Shanghai Electric Power (SEP) and M/s Abraaj are also using their influence to get clearance for transfer of 66.4 per shares (for \$ 1.7 billion) prior to Prime Minister Imran Khan's forthcoming visit to China during the last week of next month. | [Click for more info.](#)

Neelum Jhelum project attains maximum generation capacity

Power | Positive

As water flows increase with the onset of summer, the Neelum Jhelum hydropower project (NJHP) touched its maximum generation capacity of 969 megawatt once again on Friday. All four units have started running on full load (installed capacity) of 242.25 megawatt each. | [Click for more info.](#)

Autos

Honda raises cars' prices

HCAR | Positive

Honda Atlas Cars (Pakistan) limited (HACPL) has increased prices of its different variants from Rs 65000 to Rs 85000 from April 1 due to currency devaluation. According to the company, it did not pass on any impact of last exchange rate variation to customers with the hope of rupee stabilization. | [Click for more info.](#)

Pak Suzuki to hike prices of four-wheelers by Rs10,000 to Rs100,000

PSMC | Positive

Pak Suzuki Motor Company (PSMC) will raise prices across various car models between Rs10,000 and Rs100,000 effective from April 1 to mitigate the impact of high production cost and rupee depreciation, analysts said on Saturday. It is the second increase in prices during the current year. In January, Pak Suzuki raised prices of four-wheelers and motorcycles. | [Click for more info.](#)

Cement

Cement manufacturers call for anti-dumping duty on Iranian cement

Cement | Positive

The cement manufacturers have urged the government for cutting production cost and placing anti-dumping duty on the Iranian cement, which has not only affected the local consumption but has also snatched the Afghan market from Pakistan mainly due to its low cost. | [Click for more info.](#)

Miscellaneous

PM Imran announces Rs162b development package for Karachi

Economy | Positive

Prime Minister Imran Khan – on a two-day visit to Karachi – announced a Rs162 billion development package for the port city on Saturday. The government has proposed 18 new projects for the metropolis, out of which 10 projects focus on the transportation and infrastructure needs of the city. The premier also said a campaign to conserve water will be launched. | [Click for more info.](#)

PM aide calls for formulating textile policy targeting new markets

Textile | **Positive**

The Pakistan Tehreek-e-Insaf (PTI) government is committed to creating a business-friendly policy for the textile sector, said Adviser to Prime Minister on Commerce Abdul Razak Dawood. Addressing the first meeting of the task force, formed to formulate the third textile policy for 2019-2024 on Saturday, he reaffirmed that the government would support and facilitate the textile sector, which was vital for the country's economy. | [Click for more info.](#)

APTMA suggests imposition of 200pc duty on Indian products

Economy | **Neutral**

Following the imposition of 200pc duty by India on all items exported from Pakistan, the All Pakistan Textile Mills Association (APTMA) has suggested Advisor to Prime Minister on Commerce Abdul Razaq Dawood to impose a similar duty on all products originated in or exported from India. | [Click for more info.](#)

World Bank suspends \$200 million Balochistan integrated water project

Economy | **Negative**

The World Bank (WB) has suspended \$200 million "Balochistan Integrated Water Resource Management and Development (BIWRMD)" project due to lack of progress in managing the project, disbursing funds, proceeding with the civil works, and fiduciary control. | [Click for more info.](#)

Ehsas, Sehat Insaf Card will be extended to Sindh: PM Imran

Economy | **Neutral**

Prime Minister Imran Khan has announced that the Pakistan Tehreek-e-Insaf (PTI)-led federal government will extend its poverty alleviation project, 'Ehsas', and public healthcare initiative, 'Sehat Insaf Card', to Sindh. | [Click for more info.](#)

Political News

18th Amendment turned Centre into a pauper

Prime Minister Imran Khan has said "after the 18th Amendment, the federation has become bankrupt. He said at the start of every fiscal year the centre has to face fiscal shortfall to the tune of Rs 600 billion due to debt servicing, federal transfers to the provinces, and defence budget that leaves nothing for development." He said he is a democratic leader not king to distribute handouts. | [Click for more info.](#)

PM Imran forms expert groups to implement NAP

Prime Minister Imran Khan said on Thursday the implementation of the National Action Plan (NAP) was the foremost priority of his government and formed expert working groups to ensure seamless coordination and implementation of every aspect of the plan. | [Click for more info.](#)

International News

Stocks Gain, Yen Dips as China Eases Growth Worry: Markets Wrap

Stocks in Asia climbed with U.S. equity futures and Treasuries slipped as evidence of a pick-up in China's manufacturing eased concerns about the global economic slowdown. | [Click for more info.](#)

Oil prices rise, adding to biggest quarterly gain in 10 years

Oil prices rose on Monday, adding to gains in the first quarter when the major benchmarks posted their biggest increases in nearly a decade, as concerns about supplies outweigh fears of a slowing global economy. | [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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