



June 20,  
2019

## Economy News

July-May CA deficit down 29 percent YoY

Economy | **Positive**

The country's current account deficit sharply declined by 29 percent during the first 11 months of this fiscal year (FY19), supported by higher remittance inflows and lower goods import bill. The country's current account posted a deficit of \$12.678 billion in the period from July-May of this fiscal year compared to \$17.928 billion in the same period of last fiscal year (FY18), depicting a decline of \$5.248 billion. The cumulative deficit of goods, services and income sector also reported 10 percent or \$4 billion decline. (BR) | [Click for more info.](#)

SBP sells Rs3.763bn worth of MTBs

Economy | **Neutral**

The State Bank of Pakistan sold Rs3.763 billion worth of short-term government papers at an auction on Wednesday, with the yields remained unchanged. (The News) | [Click for more info.](#)

## Power

KE's proposal on additional power under consideration

KE | **Positive**

The Power Division is reportedly considering the proposal of KE for additional power of 123.5 MW from the national grid in place of "expensive" power of M/s Tapal Energy. This emergent situation is being discussed at the ministry in the light of a letter written by the National Electric Power Regulatory Authority (Neptra). (BR) | [Click for more info.](#)

Govt to balance unpaid claims of Discos with outstanding loans

IPPs | **Positive**

The government on Wednesday decided to adjust an estimated Rs86 billion worth of unpaid industrial support package claims of power distribution companies with their outstanding loans. The ECC further directed the officials to recommend measures to settle approximately Rs30 billion of industrial support package claims of the privately-held K-Electric. The power division of the ministry energy briefed the committee about cash and non-cash settlement for the power sector. (The News) | [Click for more info.](#)

Pakistan Energy Sukuk-II worth Rs200bn due next week

IPPs, PSO | **Positive**

The government is likely to launch the second Islamic bonds 'Pakistan Energy Sukuk-II' worth Rs200 billion during the next week – the issuance which was initially planned in May to help pay off arrears in the power sector grappling with losses. (The News) | [Click for more info.](#)

## Miscellaneous

ECC approves tax relief for ship importers

Economy | **Positive**

In order to revive and strengthen the shipping sector of Pakistan, the Economic Coordination Committee (ECC) of the Cabinet on Wednesday approved, in principle, the proposal of the Ministry of Maritime Affairs to provide tax relief on import of ships. (PT) | [Click for more info.](#)

Advance tax divides tobacco growers

Tobacco | **Neutral**

Khyber Pakhtunkhwa's growers are divided over the imposition of Rs300 per kg advance tax on green tobacco as one of the groups representing the growers has claimed that the additional tax will increase farmer's burden whereas the other pointed out that the tax has not been imposed on the growers. (Dawn) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	25,360.0	25,360.6	0.6	0.0%
KSE100	34,681.7	34,656.1	-25.6	-0.1%
KSE30	16,354.9	16,351.3	-3.5	0.0%
KMI30	55,245.9	55,435.4	189.4	0.3%

### Top Five Gainers

	Open	Close	Chg.	%
NESTLE	6,752.3	6,849.0	96.7	1.4%
HINO	315.0	329.9	14.9	4.7%
MARI	1,013.6	1,028.4	14.8	1.5%
BATA	1,316.5	1,330.0	13.5	1.0%
WAHN	207.2	217.2	10.0	4.8%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
MLCF	25.3	25.4	0.1	14.13
BOP	9.5	9.2	-0.3	12.82
WTL	0.8	0.8	0.0	9.59
TRG	16.9	16.7	-0.3	4.44
SNGP	70.3	71.9	1.6	3.13

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.01	0.00	0.01
F-Corporates	2.94	-2.48	0.46
O/S Pakistanies	0.78	-1.11	-0.34
<b>Net</b>	3.72	-3.59	0.13
<b>LIPI</b>			
Individuals	22.61	-21.65	0.96
Companies	1.08	-1.19	-0.11
Comm. Banks	1.32	-0.84	0.48
NBFC	0.13	-0.06	0.07
Mutual Funds	0.94	-1.67	-0.73
Other	0.28	-0.08	0.20
Brokers Proprietary	5.26	-5.79	-0.52
Insurance	0.91	-1.40	-0.49
<b>Net</b>	32.52	-32.66	-0.13

Source: NCCPL

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	54.41	1.2%
Brent oil	USD/bbl.	62.53	1.1%
Gold	USD/t oz.	1378.93	1.4%
Silver	USD/t oz.	15.23	0.5%
Coal	USD/ton	62.10	0.5%
Steel Scrap (LME)	USD/ton	292.00	0.7%
Steel Rebar (LME)	USD/ton	470.00	0.2%
USD/PKR	Interbank	157.04	0.2%

Source: Bloomberg/SBP

News Source: Local / Int'l Newspapers and websites

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MORNING BRIEFING



## Retailers unauthorized to set prices of imported products

**Food, Economy | Neutral**

Retailers will be bound to sell certain imported stuffs on prices determined by the importers instead of with price tags of their own, tax experts said on Wednesday, interpreting the money bill for the next fiscal year. (The News) | [Click for more info.](#)

## Ease of doing business: Govt to review all federal, provincial business regulations

**Economy | Neutral**

The government has decided to "review" all federal and provincial business regulations with a view to rationalize, modernize and automate them. In this connection, a letter with the subject of "ease of doing business [EoDB] reforms – survey of all registrations, licenses, permits, fees, taxes, NOCs etc.", has been sent to several departments by the Prime Minister's Office (Board of Investment or Bol). (The News) | [Click for more info.](#)

## Political News

### Fazl says holding meetings to lock Islamabad down

Jamiat Ulema-e-Islam-Fazal (JUI-F) chief Maulana Fazlur Rehman called for street agitation against the current government and its policies. The JUI-F chief said the incumbent government is fake and his political party would launch countrywide protests against it. Fazl added he is holding consultative meetings to decide on locking down the capital and further deliberations on street agitations were expected in the upcoming All Parties Conference (APC). (The News) | [Click for more info.](#)

### In-house change, removal of Senate chief discussed with Bilawal: Maryam

Pakistan Muslim League-Nawaz (PML-N) vice-president Maryam Nawaz has criticised the PTI-led government on its failures on all fronts, including economic front. Referring to her recent meeting with Bilawal Bhutto Zardari, Maryam said, "We discussed various issues including an in-house change and removal of Senate chairperson Sadiq Sanjrani." (BR) | [Click for more info.](#)

## International News

### Fed leaves key rate unchanged

The Federal Reserve left its key interest rate unchanged Wednesday but signaled that it's prepared to start cutting rates if needed to protect the US economy from trade conflicts and other threats. The Fed kept its benchmark rate which influences many consumer and business loans in a range of 2.25 per cent to 2.5pc, where it's been since December. (Dawn) | [Click for more info.](#)

### Oil prices rise as U.S. stockpiles drop, OPEC agrees meeting date

Oil prices rose over 1 percent on Thursday as official data showed U.S. crude stocks fell more than expected and as OPEC and other producers finally agreed a date for a meeting to discuss output cuts. (Reuters) | [Click for more info.](#)

### Treasuries Extend Gains on Fed; Gold Hits '13 High: Markets Wrap

Treasuries extended gains, while Asian stocks were mixed after the Federal Reserve struck a dovish tone in its latest policy statement. The dollar weakened against all major peers. (Bloomberg) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
HK - Hang Seng	28,202.1	703.37	2.56%
Taiwan - TWII	10,775.3	208.60	1.97%
PHILP - PSEi	8,017.0	94.97	1.20%
INDONESIA - IDX	6,339.3	81.93	1.31%
INDIA - SENSEX	39,112.7	66.40	0.17%
US - Dow 30	26,504.0	38.46	0.15%
CHINA - Shanghai	2,917.8	27.65	0.96%
US - S&P 500	2,926.5	8.71	0.30%
PAK (KSE-100)	34,656.1	-25.60	-0.07%
KSA - Tadawul	8,936.3	-64.17	-0.71%

Source: Bloomberg

### Board Meetings

Scrip	Day	Agenda	Time
MUBT	THURSDAY	HY A/C - 31Dec19	10:00 AM
EXIDE	SATURDAY	ANN A/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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