

June 21,
2019

Economy News

Threat of FATF blacklist averted

Economy | Positive

Pakistan has survived from falling into the blacklist at Financial Action Task Force (FATF) with the support of more than three countries at the plenary review meeting held in USA. "This is certainly a positive development that there is no imminent threat of blacklisting (by the FATF) due to crucial support from Turkey, China and Malaysia," an official was quoted as saying by Anadolu Agency. But, he added, Pakistan had to meet the FATF deadline -- January 2019 -- to complete its action plan aimed at fully blocking the money laundering and other financial loopholes. (The News) | [Click for more info.](#)

Senate committee rejects Finance Bill, asks SBP to freeze dollar at Rs150 and interest rate at 12pc

Economy | Negative

The Senate Standing Committee on Finance on Thursday rejected with majority vote the Finance Bill 2019 which envisages increase in taxes and prices, maintaining that it will badly burden the masses. (Dawn) | [Click for more info.](#)

Reserves decrease

Economy | Negative

The liquid foreign exchange reserves held by the State Bank of Pakistan (SBP) decreased by \$203 million to \$7.604 billion during the week ending 14 June 2019. (BR) | [Click for more info.](#)

Oil & Gas

OGDCL, PPL get exploration licences

OGDC, PPL | Positive

The government has granted licences to the state-run Pakistan Petroleum Limited (PPL) and Oil and Gas Development Company Limited (OGDCL) by executing petroleum concession agreement (PCA) and exploration licence over three exploration blocks in Sindh and Balochistan. (The News) | [Click for more info.](#)

Power

KE given additional 150MW of power from national grid

KE | Positive

The federal government has started the supply of 150MW to K-Electric from national grid to bridge the shortfall after signing a Sale Purchase Agreement (SPA) recently approved by the Economic Coordination Committee (ECC) of the Cabinet. With the addition of 150MW, the total supply from national grid to the KE has reached 800 MW. The SPA between KE and Tapal Energy (Private) Limited (TEPL) for supply of 126 MW electricity expired on June 19, 2019. (BR) | [Click for more info.](#)

Fertilizer

Urea import to create supply glut in overstocked market

Fertilizer | Negative

The government's decision to import 100,000 tons urea is bound to further glut the fertilizer market, doubling the levels of monthly average closing inventory more than normal. Import process initiated by federal government will bring average monthly closing inventory of July-December 2019 period to the growing level of 442,000 tons. To check the price of fertilizer and maintain its supplies at a stable level across the country, at least 200,000 tons of urea should be in excess of demand in the market. (The News) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	25,360.6	25,520.8	160.2	0.6%
KSE100	34,656.1	34,995.9	339.8	1.0%
KSE30	16,351.3	16,545.7	194.4	1.2%
KMI30	55,435.4	56,223.5	788.1	1.4%

Top Five Gainers

	Open	Close	Chg.	%
UPFL	5,170.0	5,399.0	229.0	4.4%
SAPT	1,219.9	1,280.0	60.1	4.9%
COLG	2,051.0	2,100.0	49.0	2.4%
INDU	1,125.5	1,155.0	29.5	2.6%
SFL	628.3	654.0	25.8	4.1%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
SMBL	0.6	0.7	0.0	19.37
WTL	0.8	0.8	0.0	17.18
JSL	11.7	11.4	-0.3	10.44
PAEL	21.5	22.4	0.9	10.17
MLCF	25.4	26.1	0.8	9.89

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	-0.03	-0.03
F-Corporates	1.18	-2.25	-1.07
O/S Pakistanies	0.99	-0.91	0.09
Net	2.17	-3.19	-1.02
LIPI			
Individuals	28.87	-27.41	1.46
Companies	1.67	-1.76	-0.09
Comm. Banks	1.05	-0.68	0.37
NBFC	0.12	-0.05	0.07
Mutual Funds	1.47	-1.97	-0.49
Other	0.76	-0.40	0.37
Brokers Proprietary	7.92	-7.70	0.22
Insurance	0.74	-1.64	-0.90
Net	42.61	-41.60	1.02

Source: NCCPL

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	56.65	5.4%
Brent oil	USD/bbl.	64.84	0.6%
Gold	USD/t oz.	1403.49	1.1%
Silver	USD/t oz.	15.47	0.3%
Coal	USD/ton	63.00	1.4%
Steel Scrap (LME)	USD/ton	290.00	-0.7%
Steel Rebar (LME)	USD/ton	470.00	0.0%
USD/PKR	Interbank	157.08	0.0%

Source: Bloomberg/SBP

News Source: Local / Int'l Newspapers and websites

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Miscellaneous

Revival of zero-rating not feasible, PM tells textile barons

Textile | **Negative**

Prime Minister Imran Khan on Thursday told the textile industry that the government was ready to resolve its genuine concerns but revival of zero-rating regime was no more an option in the current situation. The government has withdrawn the zero-rated regime for five sectors — textile, leather, carpets, sports and surgical goods — and imposed a standard sales tax rate of 17pc on all items. (Dawn) | [Click for more info.](#)

Government decides not to impose ban on sugar export

Sugar | **Positive**

The federal government has decided not to impose ban on export of sugar despite 30 per cent increase in prices in domestic market and "unreliable" stocks data shared with Cane Commissioners. (BR) | [Click for more info.](#)

Government fixes March 2020 as deadline for registration of Rs40,000 bearer bonds

Economy | **Neutral**

The government on Thursday gave investors of Rs40,000 bearer prize bond a deadline of March 31, 2020 to register their holdings, a statement said. (The News) | [Click for more info.](#)

Political News

No request for talks with Pakistan: India

Responding to media queries relating to Prime Minister Modi's response to Imran Khan's congratulatory message on the grand win in general elections, India's Ministry of External Affairs (MEA) on Thursday morning made it clear there was no request made to the Pakistan side for talks. (The News) | [Click for more info.](#)

International News

Asia Stocks Dip at End of Best Week Since January: Markets Wrap

Asian stocks dipped on Friday, giving up a slice of their biggest weekly gain since January, after the S&P 500 Index closed at a record high. Treasury yields held above 2%. (Bloomberg) | [Click for more info.](#)

Oil prices extend gains amid Middle East tensions, rate cut hopes

Oil prices rose on Friday, with Brent crude heading for its first weekly gain in five weeks on tensions in the Middle East after Iran shot down a U.S. military drone and on hopes for a drop in U.S. interest rates that may stimulate global growth. (Reuters) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
CHINA - Shanghai	2,987.1	69.32	2.38%
INDIA - SENSEX	39,601.6	488.89	1.25%
HK - HangSeng	28,550.4	348.29	1.24%
PAK (KSE-100)	34,995.9	339.79	0.98%
US - S&P 500	2,954.2	27.72	0.95%
US - Dow 30	26,753.2	249.17	0.94%
Taiwan - TWII	10,785.0	9.67	0.09%
PHILP - PSEi	8,022.4	5.41	0.07%
INDONESIA - IDX	6,335.7	-3.56	-0.06%
KSA - Tadawul	8,869.7	-66.56	-0.74%

Source: Bloomberg

Board Meetings

Script	Day	Agenda	Time
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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