

October  
22, 2019

## Economy News

**IMF officials told; Taxation issues can be resolved within existing constitutional framework**

**Economy | Neutral**

Provincial tax authorities have informed the International Monetary Fund (IMF) that the federation and provinces can resolve their taxation related issues within the existing constitutional framework. (BR) | [Click for more info.](#)

**WB Ease of Doing Business report: Pakistan made progress on six reforms out of 10**

**Economy | Positive**

Pakistan could have shown improvement in eight indicators in World Bank's Ease of Doing Business (EODB) report 2020 instead of six if the country had undertaken reforms on two key fronts, including reforming district courts and disbursement of loans to the SME sector. (The News) | [Click for more info.](#)

**3.3pc growth in FY19, govt policies have started making an impact: Finance Ministry**

**Economy | Positive**

Ministry of Finance has said that the government's macroeconomic adjustment and demand management policies for stabilization have started making an impact as visible in the moderate growth of 3.3 percent in the FY2019. As well as introduction of a host of measures to bring down inflation, jack up economic activities, strengthening of social security net, increase in employment opportunities and containment of fiscal and trade deficits. (BR) | [Click for more info.](#)

**NAB forms panel to allay businessmen's reservations**

**Economy | Positive**

A week after the federal cabinet refused to exclude businessmen from the purview of the National Accountability Bureau, the anti-corruption watchdog on Monday set up a six-member 'advisory' committee of businessmen to address their concerns. (ET) | [Click for more info.](#)

## Oil & Gas

**First iron ore from Chagai put on sale**

**PPL | Neutral**

State-owned Bolan Mining Enterprises has put the first lot of 10,000 metric tons from a Balochistan district for sale on ex-mine basis, an official said on Monday. Bolan Mining Enterprises (BME) – a joint venture between Pakistan Petroleum Limited (PPL) and government of Balochistan – started mining of iron ore from its mining lease at Pachinkoh in Chagai. (The News) | [Click for more info.](#)

**Termination of contract with PGPC terminal: Govt can't take over control of LNG terminal for 90 days**

**Gas | Neutral**

Even after the termination of the contract by state owned Pakistan LNG Terminal Limited on October 14 with LNG terminal of Pakistan Port Gas Consortium Limited (PGPC), the government cannot take over the control of terminal as had been suggested by PLTL and the operation of terminal by PGPC will continue. (The News) | [Click for more info.](#)

**Imran invites joint investments under CPEC**

**Power | Neutral**

Prime Minister Imran Khan on Monday expressed support for joint investments in various sectors under the China-Pakistan Economic Corridor (CPEC), as he inaugurated the 1,320-megawatt China Hub Power Generation Plant in Balochistan. (PT) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	24,453.8	23,984.5	-469.3	-1.9%
KSE100	33,870.2	33,084.7	-785.4	-2.3%
KSE30	15,828.6	15,431.5	-397.2	-2.5%
KMI30	54,589.5	53,274.6	-1314.8	-2.4%

### Top Five Gainers

	Open	Close	Chg.	%
NESTLE	5,764.2	6,000.0	235.8	4.1%
ATLH	305.0	320.0	15.0	4.9%
JLCL	325.5	335.7	10.2	3.1%
SHFA	221.6	227.0	5.4	2.4%
SHSML	101.4	106.5	5.1	5.0%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
KEL	3.9	3.7	-0.2	11.20
LOTCEM	16.1	15.9	-0.2	9.89
BOP	9.8	9.1	-0.7	8.00
FCCL	15.0	14.2	-0.7	7.55
UNITY	10.4	9.8	-0.6	6.25

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.01	0.00	0.00
F-Corporates	3.65	-3.00	0.66
O/S Pakistanies	2.21	-1.81	0.40
<b>Net</b>	5.87	-4.81	1.06
<b>LIPI</b>			
Individuals	36.85	-38.80	-1.94
Companies	7.24	-8.54	-1.30
Comm. Banks	1.42	-0.57	0.85
NBFC	0.04	-0.01	0.03
Mutual Funds	2.91	-2.34	0.57
Other	0.26	-0.33	-0.06
Brokers Proprietary	13.41	-14.47	-1.07
Insurance	3.27	-1.41	1.86
<b>Net</b>	65.41	-66.47	-1.06

Source: NCCPL

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	53.32	0.0%
Brent oil	USD/bbl.	58.94	0.0%
Gold	USD/t oz.	1484.46	0.0%
Silver	USD/t oz.	17.55	-0.1%
Coal	USD/ton	67.25	0.1%
Steel Scrap (LME)	USD/ton	240.50	0.6%
Steel Rebar (LME)	USD/ton	405.00	0.0%
USD/PKR	Interbank	156.12	0.0%

Source: Bloomberg/SBP

**News Source:** Local / Int'l Newspapers and websites

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## Power

**Shanghai Electric to invest \$4bn in Thar power plants**

**KEL, Power | Positive**

Shanghai Electric, a Chinese company, will invest \$4 billion for the establishment of two more 1,320MW power plants at Thar Coal Block-I, Radio Pakistan reported. As per details, a seven-member delegation of Shanghai Electric called on Sindh Chief Minister Syed Murad Ali Shah at the Chief Minister's House on Monday to discuss the projects. (PT) | [Click for more info.](#)

## Banks

**Tax amnesty drives healthy growth in bank deposits**

**Banks | Positive**

Banking sector maintained its growth trajectory during the first half of 2019 on account of decent increase in deposits thanks to the amnesty scheme, according to the State Bank of Pakistan's (SBP) latest report on Monday. (Dawn) | [Click for more info.](#)

**Private sector financing may continue to fall on slowdown**

**Banks | Negative**

Private sector financing may continue to ebb in the ongoing second half of 2019 on an expected economic slowdown, but risk-averse banks are likely to remain unhurt as they bet on government papers amid high interest rate earnings, the central bank said on Monday. (The News) | [Click for more info.](#)

**Non-performing loans rise 13% to Rs768b in first half of 2019**

**Banks | Negative**

NPLs increased 13% to Rs768 billion during the first half of the current calendar year ended June 30, 2019, SBP said in Mid-Year Performance Review of the Banking Sector (January-June 2019 (Tribune) | [Click for more info.](#)

## Miscellaneous

**Buzdar approves Rs500m for 'Naya Pakistan Housing Project'**

**Cement | Positive**

Punjab Chief Minister Sardar Usman Buzdar has approved an allocation of Rs500 million for the Punjab Housing and Town Planning Agency. He gave the approval while presiding over a meeting here on Monday to review progress on 'Naya Pakistan Housing Project' for low-income persons. (BR) | [Click for more info.](#)

**Considerable progress on GSP Plus conventions**

**Economy | Neutral**

Pakistan has made progress in implementation of all the conventions needed to continue tax concessions for the country's exports in the 27-member block European Union, a commerce minister said on Monday. (The News) | [Click for more info.](#)

**Steel manufacturers demand ban on import via land routes**

**Steel | Neutral**

As the smuggling of steel items continues at Iran and Afghan borders under the garb of some "certain rules", the steel industry has demanded the government to allow the import of steel "only via sea ports". (PT) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	39,298.4	246.32	0.63%
US - Dow 30	26,827.6	57.44	0.21%
US - S&P 500	3,006.7	20.52	0.69%
INDONESIA - IDX	6,199.0	7.04	0.11%
HK - HangSeng	26,725.7	6.10	0.02%
PHILP - PSEi	7,891.1	5.90	0.07%
Taiwan - TWII	11,184.2	3.93	0.04%
CHINA - Shanghai	2,939.6	1.48	0.05%
KSA - Tadawul	7,764.1	-20.85	-0.27%
PAK (KSE-100)	33,084.7	-785.42	-2.32%

Source: Bloomberg

### Board Meetings

Scrip	Day	Agenda	Time
OTSU	TUESDAY	1Q A/C - 30SEP19	9:15 AM
JGICL	TUESDAY	3Q A/C - 30SEP19	10:00 AM
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Source: PSX Announcement



## Revival of PSM; Private sector to be given majority shares: official Economy | Neutral

Secretary Industries and Production Aamir Ashraf Khawaja on Monday revealed that Pakistan Steel Mills (PSM) will be revived by giving minority shares to the private sector with management control on the same pattern as Pakistan Telecommunication Company Limited (PTCL). He said work on PSM's revival plan has started on the basis of Public Private Partnership (PPP) and that the Financial Advisor for the transaction will be appointed next week. (BR) | [Click for more info.](#)

## DRAP seizes overpriced medicines in crackdown

### Pharma | Negative

The Drug Regulatory Authority of Pakistan (DRAP) on Monday seized stocks of overpriced medicines in various cities during a countrywide crackdown. (Tribune) | [Click for more info.](#)

## Losses, liabilities of PSM surge to Rs510b

### Economy | Negative

Overall losses and liabilities of Pakistan Steel Mills (PSM) have surged to Rs510 billion as the government has failed to revive the country's largest industrial unit. (The Nation) | [Click for more info.](#)

## Political News

### US envoy consults Russia, China, EU on ending Afghan war

The US negotiator whose talks with the Taliban was halted by President Donald Trump is meeting with Russia, China and European allies on ending Afghanistan's war, the State Department said on Monday. (ET) | [Click for more info.](#)

### Opposition says dialogue with govt possible after 'Azadi March'

Rahber Committee, a body formed to decide the opposition's anti-government strategy, has said that it could engage with the authorities if the October 31 'Azadi March' in Islamabad is allowed to be taken out without any obstacles. (ET) | [Click for more info.](#)

## International News

### Asia Stocks, U.S. Futures Climb on Trade Optimism: Markets Wrap

Most stocks in Asia gained Tuesday after U.S. equities advanced as positive signs emerged on trade talks and ahead of earnings from some of the world's biggest companies. (Bloomberg) | [Click for more info.](#)

### Oil prices edge up on U.S.-China trade optimism, but demand concerns cap

Oil prices steadied a little on Tuesday, supported by signs of progress in talks on resolving the U.S.-China trade dispute, but gains were contained by lingering anxiety a slowdown in the global economy could hurt crude demand. (Reuters) | [Click for more info.](#)

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Source: PSX Announcement



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**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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