

May 2,  
2019

## Economy News

### Brokers reject new SECP model

#### PSX | Neutral

The Securities and Exchange Commission of Pakistan (SECP) has failed to implement 'the brokers' model' in the Pakistan Stock Exchange (PSX) after stockbrokers rejected the idea fearing that it would lead to place the market in few hands. | [Click for more info.](#)

### PSX warns brokers to abide by short-selling rules

#### PSX | Negative

Pakistan Stock Exchange (PSX) has issued a notice warning stockbrokers against violation of short-selling rules but brokers fear that the move will likely reduce volumes in the market. The notice issued by the PSX directed all trading right entitlement certificate (TREC) holders to comply with clause 13.5.2 of PSX Regulations relating to execution of blank sale in deliverable futures contract (DFC) market. | [Click for more info.](#)

### IMF briefed on tax amnesty, privatisation, power, gas tariffs

#### Economy | Neutral

The talks with International Monetary Fund (IMF) team focused on briefing on tax amnesty scheme by the Federal Board of Revenue, privatisation programme, power and gas tariffs, and the government's policies. Pakistan will have to submit its fresh plan on privatisation front in order to strike a deal with the visiting IMF mission as the first round of technical talks has begun this week but nothing is so far finalised. | [Click for more info.](#)

### Hafeez positive after IMF meeting, says talks to yield fruit

#### Economy | Positive

Advisor to Prime Minister on finance, Dr Abdul Hafeez Shaikh, has said that he is hopeful that the talks on bailout package with International Monetary Fund (IMF) will turn out to be successful. "Initial negotiations have taken place with IMF. The mission was apprised regarding the agenda of economic reforms", he said, adding that the talks will continue for few more days. | [Click for more info.](#)

### Serious disconnect in policy and practice

#### Economy | Neutral

As ruling and opposition parties slug it out on petty issues revolving around personalities of Nawaz Sharif, Asif Ali Zardari and Imran Khan, the leadership seems to have lost sight of the existential challenges that the country currently faces. Compliance with the conditions of the global Financial Action Task Force (FATF) and passing the mutual evaluation (ME) of the Asia Pacific Group (APG) – a regional body of FATF – represents one of those grave challenges. | [Click for more info.](#)

### Trade with China: Safety valve in BoP clause ensured

#### Economy | Positive

Pakistan has ensured a safety valve in the balance of payments clause under the FTA with China which would allow Pakistan to raise tariffs during periods of balance of payments difficulty, official sources told Business Recorder. An increase of 10 percent in the protected list of Pakistan agreed during phase I of CPFTA has been raised to 25% (that comes to around 1760 tariff lines and covers 37 percent of Pakistan's imports from China), sources said, adding that 25% includes sensitive list of 1410 items (20%) and a list of 350 items given Margin of Preference (MOP) on the applicable rates (5%). | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	27,076.6	27,014.2	-62.4	-0.2%
KSE100	37,026.3	36,784.4	-241.8	-0.7%
KSE30	17,564.2	17,405.0	-159.2	-0.9%
KMI30	60,030.4	59,213.3	-817.2	-1.4%

### Top Five Gainers

	Open	Close	Chg.	%
PMPK	3,348.0	3,498.9	150.9	4.5%
NESTLE	7,630.0	7,750.0	120.0	1.6%
ILTM	1,800.0	1,850.0	50.0	2.8%
BHAT	751.9	789.5	37.6	5.0%
PAKT	2,604.9	2,633.9	29.0	1.1%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
UNITY	13.5	13.4	-0.1	12.36
PAEL	23.2	22.8	-0.4	9.34
BOP	12.6	12.4	-0.2	6.33
MUGHAL	32.8	32.1	-0.7	6.02
PIOC	27.4	27.0	-0.4	5.91

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Ind.	0.00	-0.02	-0.02
F-Corp.	5.65	-3.54	2.11
O/S Pak	1.33	-1.08	0.26
Net	6.98	-4.64	2.35
<b>LIPI</b>			
Indv.	24.01	-23.64	0.37
Cos.	1.85	-1.31	0.54
Banks	0.95	-0.24	0.70
NBFC	0.29	-0.02	0.28
M-Funds	1.48	-6.19	-4.71
Other	1.66	-0.47	1.19
Broker	8.00	-7.73	0.26
Insur.	2.09	-3.06	-0.97
<b>Net</b>	<b>40.32</b>	<b>-42.67</b>	<b>-2.35</b>

Source: NCCPL

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	63.62	0.0%
Brent oil	USD/bbl.	72.16	0.0%
Gold	USD/t oz.	1274.93	-0.1%
Silver	USD/t oz.	14.67	0.0%
Coal	USD/ton	71.60	1.2%
Steel Scrap (LME)	USD/ton	309.95	0.6%
Steel Rebar (LME)	USD/ton	480.18	1.4%
USD/PKR	Interbank	141.51	0.0%

Source: Bloomberg/SBP

News Source: Local / Int'l Newspapers and websites

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## SBP says 7pc boost in GDP possible through digital finance by 2025

### Economy | Neutral

Pakistan could boost its gross domestic product (GDP) by seven percent over the next five to six years by tapping the full potential of digital finance services (DFS) by putting in place a robust ecosystem for the same, State Bank of Pakistan said in a paper published on Tuesday. | [Click for more info.](#)

## Budget deficit likely to touch record Rs2.7 trillion despite mini-budgets

### Economy | Negative

Pakistan budget deficit is expected to touch record Rs2.7 trillion in current fiscal year mainly due to massive shortfall in tax collection and increase in interest payment. The country's budget deficit would widen to Rs2.7 trillion in the current financial year, which would be equal to 7 percent of the gross domestic product (GDP). | [Click for more info.](#)

## Oil & Gas

### Federal cabinet defers fuel price-hike decision

#### OMCs | Neutral

In order to pass minimum burden on to the masses, the federal cabinet has deferred the decision to increase prices of petroleum products and has sent the summary of reviewing the taxes on POL products to the Economic Coordination Committee of the Cabinet. The Oil and Gas Regulatory Authority (Ogra) had recommended an increase of 15 per cent in the prices of POL products, following fluctuations in the international oil prices. | [Click for more info.](#)

### ExxonMobil keen to drill more offshore wells

#### OGDC, POL | Neutral

US energy giant ExxonMobil has expressed interest in drilling more offshore blocks in search for hydrocarbon reserves and is also looking to make investment in the liquefied natural gas (LNG) sector in Pakistan. At present, ExxonMobil is drilling an offshore well namely Kekra-I as part of a joint venture with Italy's Eni, Oil and Gas Development Company (OGDC) and Pakistan Petroleum Limited (PPL). | [Click for more info.](#)

## Power

### K-Electric directed to stop collection of GDDS charges

#### KEL | Neutral

The National Electric Power Regulatory Authority (Nepra) has taken notice of collection of Group Dedicated Distribution System (GDDS) charges by K-Electric without approval. It had received a complaint from a power distribution company consumer, who said he had been charged Rs550,000, which was not approved by Nepra. | [Click for more info.](#)

### Nepra accused of giving undue favour to IPPs

#### IPPs | Negative

National Electric Power Regulatory Authority (Nepra) has reportedly been accused of giving higher quarterly exchange rate indexation rate to the Independent Power Producers (IPPs). The IPPs established in accordance with different Power Policies, according to the Senate Standing Committee on Power, were given higher IRR which is being passed on to the consumer as tariff. | [Click for more info.](#)

### Power defaulters owe Rs244.8b in outstanding bills

#### Power | Negative

The 10 major electricity distribution companies have published names of 45,914 defaulters with outstanding bills of Rs1 million or more on their websites. The defaulters owe a total of Rs244.79 billion in outstanding dues. | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
PHILP - PSEi	7,952.7	55.70	0.71%
KSA - Tadawul	9,362.0	57.76	0.62%
CHINA - Shanghai	3,078.3	15.84	0.52%
INDONESIA - IDX	6,455.4	29.46	0.46%
Taiwan - TWII	10,967.7	28.67	0.26%
US - Dow 30	26,592.9	38.52	0.15%
US - S&P 500	2,945.8	2.80	0.10%
INDIA - SENSEX	39,031.6	-35.78	-0.09%
HK - Hang Seng	29,699.1	-193.70	-0.65%
PAK (KSE-100)	36,784.4	-241.83	-0.65%

Source: Investing.com

### Board Meetings

Script	Day	Agenda	Time
SIEM	THURSDAY	HYA/c Mar-31, MY'19	9:30 AM
AKBL	FRIDAY	1QA/c Mar-31, CY'19	9:30 AM

Source: PSX Announcement



## Renewable energy policy draft finalised by PD

**Power | Positive**

Power Division has finalised draft Renewable Energy Policy 2019 to be presented to the Federal Cabinet for approval, envisaging 25 percent of total generation capacity from Alternative and Renewable Energy Technologies (ARET) by 2025 and 30 percent by 2030. | [Click for more info.](#)

## Banks

### WorldRemit teams up with MCB Bank

**MCB | Positive**

Leading digital money transfer service WorldRemit has joined forces with MCB Bank (MCB) for digital money transfers to Pakistan, a statement said on Tuesday. Using the WorldRemit app or website, the statement said, Pakistanis living in over 50 countries including the UK, the United States and Canada, could now send money home instantly to over 1,400 MCB branches across urban and rural areas of the country. | [Click for more info.](#)

## Miscellaneous

### Insurance premium: proposal to abolish 1 percent Federal Insurance Fee under study

**Insurance | Positive**

The budget makers are seriously considering a proposal to abolish one percent Federal Insurance Fee on insurance premium in coming budget (2019-20). In the Finance Act 1989 the Federal Insurance Fee (FIF) was levied @ 1% on premium paid on all types of insurance. The SECP has proposed withdrawal of one percent Federal Insurance Fee on insurance premium on all types of insurance under Finance Act 1989. | [Click for more info.](#)

### PIA warned of suspension in shares' trading on financial non-disclosure

**PIAA | Negative**

Pakistan Stock Exchange (PSX) on Tuesday warned the PIA to comply with the financial disclosure laws till the mid of the current month to avert suspension of trading in its shares in the capital market. The stock exchange advised the PIA to rectify the defaults till May 21, 2019 to avoid immediate suspension in the interest of investors. | [Click for more info.](#)

### Avanceon Ltd unveils new digital arm

**ANN | Positive**

Avanceon Ltd, a leading industrial automation, process control and systems integration solutions provider, on Tuesday pulled the curtain on its future strategy Mission 2020 and its new subsidiary Octopus Digital. | [Click for more info.](#)

### Footwear exports rise by 11.4pc in 3 quarters

**BATA, SERV | Positive**

The footwear exports from the country witnessed an increase of 11.42 percent during the first three quarters of the current fiscal year as compared to the corresponding period of last year. Pakistan exported footwear worth \$90.068 million during July-March (2018-19) against the exports of \$80.834 million during July-March (2017-18), showing a growth of 11.42 percent, according to the latest data of Pakistan Bureau of Statistics (PBS). | [Click for more info.](#)

### Privatisation: ECC may again place PSM on active list today

**Economy | Neutral**

The Econ-omic Coordination Committee (ECC) is likely to again place Pakistan Steel Mills (PSM) on the active list of privatisation Thursday (today). | [Click for more info.](#)



## Burkina Faso shows interest in direct import of rice from Pakistan

**MFL | Positive**

Ambassador of Burkina Faso has evinced interest in direct import of rice from Pakistan. Ambassador Souleymane Kone shared his views during a visit to Rice Exporters Association of Pakistan (REAP) Karachi Office. | [Click for more info.](#)

## Political News

### Presidential system through referendum: Task impossible for present set-up, say experts

Can the government introduce presidential system in Pakistan simply by holding a referendum? The answer is no because holding of a public referendum to achieve any objective has become very difficult courtesy of the 18th Amendment. | [Click for more info.](#)

### JeM chief Masood Azhar added to UN terror list after China removes objections

The United Nations' 1267 Sanctions Committee on Wednesday placed Jaish-e-Mohammad (JeM) leader Masood Azhar on its global terror list after China removed its objection to his listing. | [Click for more info.](#)

## International News

### Oil dips as U.S. output hits record, but global markets remain tight

Oil prices dipped on Thursday after data showed record U.S. crude oil production, which resulted in a surge in stockpiles. Outside the United States, however, oil markets remained tense as all exemptions to U.S. sanctions on Iran expire, the political crisis in Venezuela escalates, and as producer club OPEC keeps withholding supply. | [Click for more info.](#)

### Asia Stocks Fall on Powell Remarks; Dollar Gains: Markets Wrap

Stocks in Asia opened lower on Thursday as U.S. equities fell after the Federal Reserve pushed back on market expectations that its next move would be a rate cut. The dollar advanced. | [Click for more info.](#)



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**Rating** - Expected Total Return  
**Buy** - Greater than 10%  
**Hold** - Neither Buy nor Sell  
**Sell** - Less than and equal to -10%

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