

May 3,
2019

Economy News

Tough Pak-IMF talks underway

Economy | **Negative**

Pakistan and the IMF are holding one of the toughest parleys for striking staff level agreement as the Fund staff asked FBR to move towards imposition of Value Added Tax (VAT) and abolishing all kinds of concessions, perks and privileges on sales tax, income tax and customs duty in a massive way. The major differences persisted over the fiscal adjustments as the IMF argues that the tax concessions on account of GST, Income Tax and Customs Duty must be abolished immediately in the coming budget and the government should move towards slapping the GST into VAT mode. | [Click for more info.](#)

IMF's nod awaited on medium-term economic targets

Economy | **Negative**

Pakistan is awaiting a consent of the IMF with the medium-term economic targets as the fund's team is currently on a visit to the country to conclude a financial support program, the de-facto finance ministry's head said on Thursday. | [Click for more info.](#)

Next budget to shift policy focus from imports, trading: adviser

Economy | **Neutral**

The next budget will shift government's policy focus from reliance on imports and trading towards exports-led growth, Prime Minister Adviser for Commerce said on Thursday. "The objective of the (next) budget and government policy is to change the direction of the economy towards the export-led growth," PM Adviser for Commerce Razak Dawood said. | [Click for more info.](#)

CPI-based inflation recorded at 8.8 percent in April on YoY basis

Economy | **Negative**

The Consumer Price Index (CPI) based inflation was recorded at 8.8 percent in April 2019 on year-on-year basis as compared with 9.4 percent in March 2019 and 3.7 percent in same month of 2018. | [Click for more info.](#)

July-March 2019: \$3.147 billion borrowed from foreign banks

Economy | **Neutral**

The Pakistan Tehreek-e-Insaf (PTI)-led government borrowed \$2.648 billion from foreign commercial banks in March, bringing the total to \$3.147 billion under this head in the current fiscal year (July-March) 2018-19, compared to \$1.722 billion during the same period of last year.. | [Click for more info.](#)

Reserves decline

Economy | **Neutral**

The country's total liquid foreign exchange reserves declined by some \$251 million during the last week due to external debt servicing. According to State Bank of Pakistan's (SBP) weekly report issued on Thursday, the total liquid foreign reserves held by the country stood at \$15.743 billion as on 26th April 2019 compared to \$15.994 billion as on 19th April 2019. | [Click for more info.](#)

Oil & Gas

Qatar agrees to supply LNG to Pakistan on low rates: sources

Gas | **Positive**

The government has convinced Qatar to supply 400 million cubic feet per day (MMBFD) of Liquefied Natural Gas (LNG) to Pakistan on low rates under fresh agreements, which would be signed in the near future, sources revealed on Thursday. | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	27,014.2	26,827.1	-187.1	-0.7%
KSE100	36,784.4	36,547.6	-236.8	-0.6%
KSE30	17,405.0	17,318.4	-86.6	-0.5%
KMI30	59,213.3	58,850.8	-362.4	-0.6%

Top Five Gainers

	Open	Close	Chg.	%
SFL	640.0	670.0	30.0	4.7%
PSMC	268.6	282.1	13.4	5.0%
SITC	300.0	308.8	8.8	2.9%
ABOT	492.3	500.0	7.7	1.6%
HINO	391.5	398.9	7.4	1.9%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
UNITY	13.4	12.6	-0.8	7.01
FFL	20.1	19.2	-1.0	6.97
MLCF	28.2	28.1	0.0	6.54
PIAA	6.0	5.5	-0.6	5.00
LOTCEM	16.3	15.8	-0.5	4.84

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Ind.	0.00	0.00	0.00
F-Corp.	3.97	-3.90	0.08
O/S Pak	0.59	-0.59	0.00
Net	4.56	-4.49	0.07
LIPI			
Indv.	12.47	-13.02	-0.55
Cos.	0.88	-0.88	0.00
Banks	0.48	-0.47	0.02
NBFC	0.21	0.00	0.21
M-Funds	0.77	-2.21	-1.44
Other	1.35	-0.01	1.33
Broker	3.15	-3.68	-0.52
Insur.	1.29	-0.41	0.88
Net	20.60	-20.67	-0.07

Source: NCCPL

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	61.75	-0.1%
Brent oil	USD/bbl.	70.49	-0.4%
Gold	USD/t oz.	1271.64	0.1%
Silver	USD/t oz.	14.62	-0.1%
Coal	USD/ton	72.15	0.8%
Steel Scrap (LME)	USD/ton	307.00	1.2%
Steel Rebar (LME)	USD/ton	466.00	-2.5%
USD/PKR	Interbank	141.49	0.0%

Source: Bloomberg/SBP

News Source: Local / Int'l Newspapers and websites

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Power

IMF seeks 25 percent increase in power tariff?

Power | **Positive**, Economy | **Negative**

International Monetary Fund (IMF) has reportedly positioned the federal government in a very difficult position by demanding an increase of 25 percent in power tariff with effect from July 1 2019 on the basis of zero losses. | [Click for more info.](#)

CCPA proposes new levy to increase revenue

Power | **Positive**

State-owned power buyer the Central Power Purchasing Agency (CPPA) has proposed the government to allow it to charge a new monthly fee of Rs2.3812/kilowatt from distribution companies to ramp up its revenue stream, The News learnt on Thursday. | [Click for more info.](#)

Autos

Honda raises two-wheeler prices

ATLH | **Positive**

Atlas Honda Ltd (AHL) on Thursday raised prices of various models for fourth time in current calendar by Rs400-2,000 effective for Wednesday onwards. Following the hike, CD-70, CD Dream and Pridor are now priced at Rs 70,900, Rs 74,900 and Rs 96,900, up by Rs 400 respectively. | [Click for more info.](#)

Banks

A Pakistani bank grows despite global slowdown

Banks | **Positive**

As banks around the world shut branches and lay off tellers, Pakistan's Faysal Bank is headed in the opposite direction in the hope that a drive into Islamic financial services will boost deposits and shareholder returns, reports foreign media. The Karachi-based lender plans to open 200 new branches offering Shariah-compliant deposit accounts in the next two years, and convert 40 regular branches to Islamic outlets this year, according to Chief Executive Officer Yousaf Hussain. | [Click for more info.](#)

Textile

Textile exporters face shortage of dye chemicals

Textile | **Negative**

Prices of intermediate dye chemicals have surged by more than 50 per cent after a blast at a Chinese firm supplying the key material to Pakistan has caused severe supply shortage. | [Click for more info.](#)

IDB president offers Pakistan second phase of MPS

Economy | **Neutral**

The visiting President of Islamic Development Bank (IDB), Dr Bandar MH Hajjar, on Thursday offered Pakistan to devise second phase of Membership Partnership Strategy (MPS) for helping Islamabad to develop its expertise in areas of textile and blue economy to become part of global value chains. | [Click for more info.](#)

Miscellaneous

Mohmand Dam's foundation laid: PM heaps praise on ex-CJP for raising awareness

Cement, Steel | **Positive**

Prime Minister Imran Khan along with former chief justice of Pakistan, Saqib Nisar Thursday performed the ground-breaking of the much-awaited Mohmand Dam at the project site on Swat River, about five kilometers upstream of Munda Headworks in Mohmand district. | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
PHILP - PSEI	8,065.2	63.67	0.80%
CHINA - Shanghai	3,078.3	15.84	0.52%
Taiwan - TWII	11,047.1	42.64	0.39%
INDIA - SENSEX	38,981.4	-50.12	-0.13%
US - S&P 500	2,917.5	-6.21	-0.21%
KSA - Tadawul	9,336.9	-25.06	-0.27%
US - Dow 30	26,307.8	-122.35	-0.46%
PAK (KSE-100)	36,547.6	-236.81	-0.64%
HK - Hang Seng	29,713.2	-231.00	-0.77%
INDONESIA - IDX	6,286.7	-87.75	-1.38%

Source: Investing.com

Board Meetings

Script	Day	Agenda	Time
AKBL	FRIDAY	1QA/c Mar-31, CY'19	11:00 AM
HCL	SATURDAY	3QA/c Mar-31, CY'19	9:00 AM

Source: PSX Announcement



No plans for privatising PIA, Senate told PIAA | Neutral

Senate was informed on Thursday that the government has no plans for privatizing Pakistan International Airlines and an improvement proposal was in offing to make the national carrier stand on its feet. | [Click for more info.](#)

Proposed AML, Economy | Neutral

Expressing serious concern over the proposed Anti-Money Laundering (AML) Amendment Bill and the Foreign Exchange Regulation Amendment Bill 2019, the National Assembly Standing Committee on Finance said that Advisor on Finance Dr Abdul Hafeez Sheikh, secretary finance and governor State Bank of Pakistan should attend the next meeting to address the concerns of the members. | [Click for more info.](#)

Political News

Pentagon expects China to establish military bases in Pakistan, other countries to protect OBOR

The US Defense Department expects China to establish more military bases around the world, including in Pakistan, to protect its investments in 'One Belt One Road' global infrastructure program, according to an official report released on Thursday. | [Click for more info.](#)

Shehbaz Sharif replaced by Rana Tanveer as PAC chairman

Rana Tanveer will now be chairing the Public Accounts Committee (PAC) in place of Shehbaz Sharif, announced Pakistan Muslim League-Nawaz (PML-N) on Thursday. | [Click for more info.](#)

International News

Asia Stocks Slip as Focus Shifts to Earnings, Jobs: Markets Wrap

Asian stocks slipped as investors turned their focus to earnings reports and the upcoming U.S. jobs data, while continuing to monitor developments in trade talks. The yen edged higher. | [Click for more info.](#)

Oil falls on surging U.S. output, set for second week of declines

Oil prices slipped on Friday, extending a steep fall from the previous session on surging U.S. output and an expected supply increase from producer club OPEC and putting crude on track for a second week of declines. | [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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