

March 4,
2019

Economy News

SECP allows foreign investors higher shareholding in PSX

PSX | Positive

The Securities and Exchange Commission of Pakistan (SECP), the apex regulator, has given the go-ahead for increasing the shareholding of foreign portfolio investors in the Pakistan Stock Exchange (PSX). Foreign individual and institutional investors may now buy, hold or trade PSX stocks up to maximum 20% of outstanding shares estimated at around 800 million. | [Click for more info.](#)

FATF pressure mounts

Economy | Negative

A recent warning to Pakistan by the Paris-based Financial Action Task Force (FATF) to deliver on its commitments to curb terror financing and money laundering risks to the global financial system has virtually put the country's entire machinery into an aggressive mode to show tangible progress within two months. | [Click for more info.](#)

Pakistan about to strike \$12 bn IMF loan deal

Economy | Positive

Pakistan will soon reach an agreement with the International Monetary Fund (IMF) on a potential bailout package worth \$12 billion (Dh44 billion) that will help Islamabad support its fledgling economy, improve foreign exchange reserves and overcome a balance of payment crisis, Khaleej Times reported on Saturday. | [Click for more info.](#)

Pakistan Banao Certificate: Govt eying to get \$300 to \$500m in three months

Economy | Positive

The PTI-led government has not imposed any bar on the Pakistanis having foreign accounts to invest in Pakistan Banao Certificate (PBC) as Islamabad is eyeing to pocket \$300 to \$500 million through this scheme till June this year. | [Click for more info.](#)

Government may exempt penalties on tax payments

Economy | Neutral

The government is considering an amnesty scheme to exempt default surcharge and penalties on tax payment of outstanding amounts, in a move to achieve over four trillion rupees annual revenue target, well-placed sources said on Saturday. | [Click for more info.](#)

Dollar supply to normalise as international flights resume

Economy | Positive

Resumption of currency trade with Dubai after a gap of three days is likely to improve dollar supply in the open market. The dollar traded at Rs140.50 in the open market on Feb 27, the day on which the Indian war planes crossed the line of control but started falling from the very next day to trade at Rs139.20 in the open market on Saturday. | [Click for more info.](#)

CPI, WPI and SPI witness uptrend

Economy | Neutral

The consumer price index (CPI) was recorded at 8.21 percent in February 2019 over February 2018, said Pakistan Bureau of Statistics (PBS). According to PBS CPI data released Friday, the CPI in February 2019 increased by 0.64 percent over January 2019, Wholesales Price Index (WPI) increased by 0.90 percent while Sensitive Price Index (SPI) increased by 2.21 percent. | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	28,506.7	28,852.0	345.3	1.2%
KSE100	39,054.6	39,539.0	484.4	1.2%
KSE30	18,777.2	19,022.0	244.8	1.3%
KMI30	65,510.0	66,233.5	723.4	1.1%

Top Five Gainers

	Open	Close	Chg.	%
PAKT	2,582.2	2,650.0	67.8	2.6%
WYETH	996.3	1,046.1	49.7	5.0%
BATA	1,599.0	1,633.5	34.5	2.2%
INDU	1,222.3	1,244.8	22.5	1.8%
MARI	1,311.7	1,333.5	21.8	1.7%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
BOP	12.7	12.8	0.1	8.84
OGDC	149.2	153.3	4.1	5.59
KEL	6.0	6.1	0.0	5.50
PAEL	24.0	24.3	0.2	4.45
PIBTL	10.5	10.7	0.3	4.37

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Ind.	0.01	-0.05	-0.04
F-Corp.	3.97	-6.04	-2.07
O/S Pak	1.51	-1.86	-0.35
Net	5.49	-7.95	-2.46
LIPI			
Indv.	35.94	-35.63	0.31
Cos.	3.73	-2.13	1.61
Banks	0.80	-2.42	-1.61
NBFC	0.35	-0.55	-0.19
M-Funds	4.12	-6.31	-2.19
Other	1.03	-1.87	-0.83
Broker	10.55	-9.10	1.45
Insur.	7.22	-3.30	3.93
Net	63.76	-61.29	2.46

Source: NCCPL

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	56.12	0.6%
Brent oil	USD/bbl.	65.39	0.5%
Gold	USD/t oz.	1297.10	0.3%
Silver	USD/t oz.	15.27	0.4%
Coal	USD/ton	84.00	0.0%
Steel Scrap (LME)	USD/ton	320.00	-0.1%
Steel Rebar (LME)	USD/ton	477.00	1.2%
USD/PKR	Interbank	138.69	-0.4%

Source: Bloomberg/SBP

News Source: Local / Int'l Newspapers and websites

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Oil & Gas

PRL to invest \$1b in setting up deep conversion refinery

PRL | Positive

Pakistan is all set to have its first 'deep conversion refinery' with estimated investment of \$1 billion in order to limit the production of furnace oil and comply with the government's directive to produce value-added petroleum products. | [Click for more info.](#)

ECC may review "need" of IFEM

Oil | Neutral

The Economic Coordination Committee (ECC) of the Cabinet headed by Finance Minister, Asad Umar, is likely to review the "need" of Inland Freight Equalization Margin (IFEM) after going through detailed report of Petroleum Division. | [Click for more info.](#)

Ogra sets new tariff for gas utilities with 23.37pc hike

SSGC, SNGP | Positive

The Oil and Gas Regulatory Authority (Ogra) Friday set on the higher side a new full gas cost price for both the utilities — Sui Northern and Sui Southern — at Rs623.62--631.86 per MMBTU for all consumer categories for estimated revenue requirement of ongoing financial year 2018-19. According to new gas tariff determination, of which a copy is available with The News, the regulator has worked out the new gas cost price of both the utilities at Rs623.62--631.86 per MMBTU from July 1, 2018 with increase of 21.76-23.37% per MMBTU if compared with current average gas sale tariff that stands at Rs512,17 per MMBTU. | [Click for more info.](#)

Review petition for ERR: Ogra approves Rs 75 billion extra revenue for gas utilities

SSGC, SNGP | Positive

The Oil and Gas Regulatory Authority (Ogra) has approved Rs 75 billion additional revenue for both gas companies - Sui Northern Gas Pipelines Limited (SNGPL) and Sui Southern Gas Company (SSGC) - in a review petition for ERR (Estimated Revenue Requirement) for the financial year 2018-19. | [Click for more info.](#)

Power

Power tariff needs 25.1pc hike to end losses to zero level

Power | Positive

The government has estimated that it will have to hike electricity tariff by 25.1 percent over the next four months (March to June), bringing it Rs16.24 per unit from the existing level of Rs12.98 per unit in order to bring down the flow of power sector losses at zero from July 1, 2019. | [Click for more info.](#)

First-ever Rs.200 billion Energy Sukuk issued

IPPs | Positive

In order to address the longstanding circular debt issue, the federal government on Friday issued the first-ever Pakistan Energy Sukuk-I (PSE-I) worth Rs.200 billion. The issuance of Shariah bond will provide the much needed liquidity to the power sector and help the government resolve the circular debt faced by Pakistan's economy. | [Click for more info.](#)

Heads may roll as Wapda causes \$753m loss in Tarbela-IV project

Power | Negative

The Investigation Committee (IC), constituted by the prime minister on losses incurred because of pre-mature inauguration of Tunnel-4 of Tarbela Dam, unanimously determined that the total loss occurred during the execution of the project comes to \$753.7 million (around Rs100 billion). | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
PAK (KSE-100)	39,539.0	484.40	1.2%
INDIA - SENSEX	36,063.8	196.37	0.6%
HK - Hang Seng	28,812.2	178.99	0.6%
CHINA - Shanghai	2,994.0	53.05	1.8%
Taiwan - TWII	10,389.2	12.12	0.3%
INDONESIA - IDX	6,499.9	56.54	0.9%
PHILP - PSEi	7,641.8	-63.72	-0.8%
KSA - Tadawul	8,540.0	47.25	0.6%
US - Dow 30	26,026.3	110.32	0.4%
US - S&P 500	2,803.7	19.20	0.7%

Source: Investing.com

Board Meetings

Scrip	Day	Agenda	Time
BOP	MONDAY	Ann. A/c Dec-31, CY'18	9:30 AM
GLAXO	MONDAY	Ann. A/c Dec-31, CY'18	11:30 AM
CHAS	TUESDAY	Ann. A/c Sep-30, MY'18	11:00 AM
UNIC	TUESDAY	Ann. A/c Dec-31, CY'18	11:00 AM
JSBL	TUESDAY	Ann. A/c Dec-31, CY'18	11:30 AM
PMRS	TUESDAY	Ann. A/c Sep-30, MY'18	11:30 AM
AGP	TUESDAY	Ann. A/c Dec-31, CY'18	2:30 PM
FATIMA	TUESDAY	Ann. A/c Dec-31, CY'18	2:30 PM
SHEL	WEDNESDAY	Ann. A/c Dec-31, CY'18	10:00 AM
BATA	WEDNESDAY	Ann. A/c Dec-31, CY'18	2:30 PM
PMPK	THURSDAY	Ann. A/c Dec-31, CY'18	2:00 PM
SKRS	THURSDAY	Ann. A/c Sep-30, MY'18	3:00 PM
AMBL	FRIDAY	Ann. A/c Dec-31, CY'18	11:00 AM
PRIC	FRIDAY	Ann. A/c Dec-31, CY'18	5:00 PM

Source: PSX Announcement



Cement

3.479 million tons dispatched: Cement sector posts 19.05 percent decline in February

Cement | Negative

Cement sector posted a double digit decline of 19.05 percent in the month of February compared with corresponding month last year. According to data released by the All Pakistan Cement Manufacturers Association (APCMA), the cement industry despatched 3.325 million tons in February 2019 against despatches of 3.479 million tons in February 2018. | [Click for more info.](#)

Cement exports to India suspended after 200pc hike in import duty

Economy | Negative

The export of cement to India has been suspended due to a 200pc increase in the import duty on all imports from Pakistan, following the growing tensions between Islamabad and New Delhi. | [Click for more info.](#)

Banks

Govt likely to remove 4% super tax levied on banks

Banks | Positive

The federal government is likely to withdraw 4% super tax imposed on banking companies for tax year 2018. Earlier, the banks had asked the government to withdraw the tax in the second supplementary finance bill unveiled in the third week of January. | [Click for more info.](#)

Sugar

FBR appoints teams at mills: Sugar production up by 70pc

Sugar | Positive

The FBR has invoked powers under Section 40-B of Sales Tax Act for posting its teams at all sugar mills for monitoring purposes on rotation basis after which the sugar production has gone up by 70 percent. The enforcement campaign has been launched against many sectors including sugar, real estate, mega retail and chain stores and other sectors such as fashion designers as well as cement sector. | [Click for more info.](#)

Miscellaneous

Govt set to extend Rs600 bn subsidised loan to textile sector

Textile | Positive

With a view to increase the investment in the textile sector and broaden the industrial base of the said sector, the government is set to extend subsidised loan credit to textile sector up to Rs600 billion under the Export Financing Scheme (EFS) and Long Term Financing Facility (LTFF). | [Click for more info.](#)

SBP asked to refund Rs7.2bn

Textile | Positive

The Federal Board of Revenue (FBR) has issued an advice to the State Bank of Pakistan (SBP) for making payment of sales tax refunds amounting to Rs7.236 billion to facilitate the exports. The payment will benefit 898 claimants involved in exports of textile, carpets, leather, sports goods, surgical instruments, rice, food items, machinery and other items. | [Click for more info.](#)

PM says laws being made to allow buildings to go as high like other worlds

Real Estate, Cement, Steel | Positive

Sharing his vision to see more green spaces in Pakistan and see buildings here go as high as like in other cities across the world, Prime Minister (PM Imran Khan) has said that they are in the process of making laws to make this possible. | [Click for more info.](#)



Political News

Saudi foreign minister postpones visits

Saudi Minister of State for Foreign Affairs Adel Al-Jubeir has postponed his visits to Pakistan and India due to the reluctance of the Modi administration to engage in dialogue. Diplomatic sources told Business Recorder that while efforts are under way to defuse the tension between the two nuclear neighbors by various regional and international powers, the reluctance of Modi government to engage in a political dialogue with Pakistan is yet to make any considerable progress. | [Click for more info.](#)

India unwilling to de-escalate: experts

Pakistan has in a very assertive way conveyed to India, through its military response to aerial intrusions earlier this week, that limited scale hostilities cannot be the 'new normal' between the arch rival neighbors, but India is unlikely to change its course at least in the near future. | [Click for more info.](#)

OIC concerned over violation of Pakistani airspace, Indian aggression

The OIC ministerial meeting that concluded on Saturday in Abu Dhabi expressed grave concern over violation of Pakistani airspace by India, affirmed Pakistan's right to self-defense and urged India to refrain from the threat or use of force. | [Click for more info.](#)

International News

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

Asian stocks rose with U.S. futures, and the yuan and Australian dollar advanced after a report that the U.S. and China are close to a trade deal that may end American tariffs. The dollar and Treasuries dipped. | [Click for more info.](#)

Oil rises as U.S.-China trade deal appears close, OPEC further cuts supply

Oil prices rose on Monday as supply tightened amid output cuts by producer club OPEC and as the United States and China were reported to be close to signing a trade deal that would end a tariff row that has slowed global economic growth. | [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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