

May 6,
2019

Economy News

FATF action plan implementation urgently requires a 'coordinator'

Economy | Neutral

Pakistan's compliance evaluation by the Asia Pacific Group (APG), a regional body of the global Financial Action Task Force (FATF), is only 10 days away. The government has reportedly prepared a list of actions in response to the 27-point FATF action plan. | [Click for more info.](#)

IMF asks Pakistan to maintain development spending

Economy | Neutral

The International Monetary Fund (IMF) has expressed the desire that Pakistan should "protect" its development spending at this year's level in the next budget, which will limit the government's options to achieve primary fiscal balance. | [Click for more info.](#)

Challenge for Pakistan is to sustain growth levels: ADB

Economy | Positive

Even with Pakistan's continually ballooning twin deficit, experts believe there is a silver lining for economic growth, which may soar by the end of Pakistan Tehreek-e-Insaf (PTI) government's tenure. The opinion is that a high growth rate seems fairly achievable, however, sustaining the level is the real challenge. | [Click for more info.](#)

Provinces resist IMF's demand of Rs430b cash surpluses

Economy | Negative

The International Monetary Fund (IMF) has sought over Rs430 billion cash surpluses from provinces in the next fiscal year – a demand that the federating units have termed unrealistic and linked any cash surplus with ability of the federal government to collect more taxes. | [Click for more info.](#)

Public debt surges Rs3.6tr to a hefty Rs27.8tr

Economy | Negative

The government has added Rs3.6 trillion in public debt as of end March, taking total stock to Rs27.8 trillion, which is not in line with Prime Minister Imran Khan's promise to reduce the debt pile by one-third at the end of his term. | [Click for more info.](#)

Government's helplessness against inflation challenge explained

Economy | Negative

Advisor to Prime Minister on Finance Dr Abdul Hafeez Shaikh has stated that there is a need to increase revenue collection in line with future requirements and reduce the budget deficit, adding that new measures and policies would have to be taken in budget for the next fiscal year. | [Click for more info.](#)

Oil & Gas

Govt allows Rs9.42 increase in petrol price

OMCs | Positive

The federal government on Saturday night allowed a massive increase in the prices of petroleum products, raising the price of petrol by Rs9.42 and kerosene by Rs7.46 per litre. The new prices of petrol and kerosene are Rs108.31 and Rs96.77, respectively. | [Click for more info.](#)

Govt hikes GST, PDL rates for POL products

Economy | Negative

The government has increased General Sales Tax (GST) and Petroleum Development Levy (PDL) rates for different products for May 2019. The government silently hiked the prices of POL products without making any formal announcements. | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	26,827.1	26,537.8	-289.3	-1.1%
KSE100	36,547.6	36,123.0	-424.7	-1.2%
KSE30	17,318.4	17,077.5	-240.9	-1.4%
KMI30	58,850.8	57,879.8	-971.0	-1.6%

Top Five Gainers

	Open	Close	Chg.	%
COLG	1,948.5	1,998.0	49.5	2.5%
ILTM	1,850.0	1,898.3	48.3	2.6%
BHAT	789.5	829.0	39.5	5.0%
SFL	670.0	703.5	33.5	5.0%
PSMC	282.1	296.2	14.1	5.0%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
UNITY	12.6	12.5	-0.1	9.06
FCCL	18.1	17.9	-0.3	3.17
BOP	12.4	12.1	-0.3	3.04
LOTCEM	15.8	15.6	-0.2	2.66
OGDC	140.7	138.3	-2.4	2.42

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	-0.02	-0.01
F-Corporates	4.74	-2.26	2.48
O/S Pakistanies	0.68	-0.44	0.24
Net	5.42	-2.72	2.70
LIPI			
Individuals	13.37	-12.12	1.24
Companies	1.41	-1.73	-0.32
Comm. Banks	1.10	-0.17	0.93
NBFC	0.05	0.00	0.05
Mutual Funds	0.91	-5.46	-4.55
Other	1.17	-0.36	0.81
Brokers Proprietary	2.48	-3.09	-0.61
Insurance	0.99	-1.24	-0.25
Net	21.48	-24.18	-2.70

Source: NCCPL

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	60.27	-2.7%
Brent oil	USD/bbl.	69.16	-2.4%
Gold	USD/t oz.	1283.02	0.3%
Silver	USD/t oz.	14.88	-0.4%
Coal	USD/ton	72.40	0.3%
Steel Scrap (LME)	USD/ton	300.00	-2.3%
Steel Rebar (LME)	USD/ton	471.00	1.1%
USD/PKR	Interbank	141.47	0.0%

Source: Bloomberg/SBP

News Source: Local / Int'l Newspapers and websites

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OMCs sales increase 14pc to 1.66 million tons in April

OMCs | Positive

The sales of both black and white oil products jumped 14 percent month-on-month to 1.66 million tons in April on the back of high furnace oil sales, though a slowdown in economic activity depressed demand by 11 percent on a year-on-year basis, a brokerage report said on Saturday. Furnace oil (FO) off-take in April jumped 48 percent month-on-month to 274,000 tons, while sales volumes of high speed diesel (HSD) and motor spirit (MS) volumes increased 13 percent and five, respectively. | [Click for more info.](#)

OGDC plans to form joint ventures with foreign firms

OGDC | Positive

Oil and Gas Development Company's (OGDC) board of directors chairman has unveiled a strategy for enhancing oil and gas production in a bid to lessen reliance on energy imports and cut a hefty import bill. | [Click for more info.](#)

OGDCL cancels multimillion dollar rig contract

OGDC | Neutral

The top management of Oil and Gas Development Company Limited (OGDCL) has cancelled a multimillion dollar contract awarded to a Chinese rig company and decided to give an advisement in the national and international media for getting best bids for the rig. | [Click for more info.](#)

FBR revokes suspension of Hascol's sales tax registration

HASCOL | Negative

The Federal Board of Revenue (FBR) on Friday deferred the suspension of sales tax registration of Hascol Petroleum Limited on a court order, giving the oil marketing company a temporary relief from an action against an alleged tax evasion. | [Click for more info.](#)

Power

IDB expresses interest in funding hydroelectric power projects

Power | Positive

The Islamic Development Bank (IDB) has expressed keen interest in financing hydroelectric power projects in Pakistan as the country needs cheap and affordable electricity for all. They discussed potential support for the development of a programme that would facilitate construction of hydroelectric power projects in Pakistan. | [Click for more info.](#)

Autos

MML rolls out Changan Karvaan

Autos | Positive

Master Motors Ltd (MML) has rolled out its first locally assembled vehicle Changan Karvaan in just 13 months, which is record time for any Greenfield auto manufacturing plant. | [Click for more info.](#)

Cement

Gas supply to cement manufacturer cut off

Cement | Negative

The ongoing drive against gas theft undertaken by Sui Northern Gas Pipelines Limited (SNGPL) in Khyber-Pakhtunkhwa (K-P) has begun damaging large industrial units, one of which has contacted the Prime Minister's Office for immediate relief. | [Click for more info.](#)

Punjab cabinet okays Rs5bn for Naya Pakistan housing project

Cement | Neutral

The Punjab cabinet on Friday approved release of Rs5 billion to the Punjab Housing and Town Planning Agency (PHATA) for Prime Minister's Naya Pakistan Housing Programme. | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
US - S&P 500	2,945.6	28.12	0.96%
Taiwan - TWII	11,096.3	91.81	0.83%
US - Dow 30	26,505.0	197.16	0.75%
CHINA - Shanghai	3,078.3	15.84	0.52%
HK - Hang Seng	30,081.6	137.37	0.46%
INDIA - SENSEX	38,963.3	-18.17	-0.05%
PHILP - PSEi	7,968.0	-33.59	-0.42%
INDONESIA - IDX	6,319.5	-54.96	-0.86%
PAK (KSE-100)	36,123.0	-424.68	-1.16%
KSA - Tadawul	9,179.0	-157.94	-1.69%

Source: Investing.com

Board Meetings

Script	Day	Agenda	Time
SASML	FRIDAY	HY A/c Mar-31, MY'19	11:30 AM
HCL	SATURDAY	3QA/c Mar-31, CY'19	9:00 AM

Source: PSX Announcement



Pharmaceutical

Govt reverses medicines price hike

Pharmaceutical | **Negative**

The government on Friday announced that they have decided to reverse the recent increase in medicine prices to provide a cumulative relief of Rs7 billion to the public. Companies who fail to comply with the government's directives will have to return the profits they have made over the past five months. | [Click for more info.](#)

Miscellaneous

Telecom, info services exports reach \$708.93mn

Telecom | **Positive**

Pakistan's exports of telecommunication, computer and information services have increased to \$708.93 million in the first eight months of the current fiscal year. The earning made through these exports during the corresponding period of fiscal year 2017-18 was \$520.04 million, Pakistan Bureau of Statistics (PBS) reported. | [Click for more info.](#)

Import of basic tanning chemicals: Government proposed to withdraw additional RD

BATA, SERV | **Positive**

The Pakistan Tanners Association (PTA) in its budget proposals for the year 2019-20 has demanded of the government to withdraw additional regulatory duty imposed on the import of various basic tanning chemicals vide SRO No 1035(I)/2017. | [Click for more info.](#)

Government will reduce duty on raw materials, says Dawood

Textile | **Positive**

Adviser to Prime Minister on Commerce, Textile, Industry and Production Abdul Razzak Dawood said on Saturday the government will reduce duty on raw materials but it will not reduce the same on finish goods. | [Click for more info.](#)

Meezan Bank, CDC join hands to provide Shares Custody Services

MEBL | **Positive**

Meezan Bank Limited has joined hands with Central Depository Company (CDC) to launch Shares Custody Services for its customers. | [Click for more info.](#)

IMF economist appointed SBP governor

Economy | **Positive**

In a late-night notification, the finance division formally announced that Dr Reza Baqir of the International Monetary Fund (IMF) has been appointed governor of the State Bank of Pakistan (SBP) to serve for a three-year term. | [Click for more info.](#)

FBR's taxpayer registration electronic system: Mobile numbers, email addresses of strangers used, FTO told

Economy | **Negative**

Pakistan Revenue Automation Limited (PRAL) CEO has reported to Federal Tax Ombudsman (FTO) that mobile phone numbers and email addresses of strangers have been used in FBR's taxpayer registration electronic system, in a complaint of massive irregularities and misuse of Active Taxpayer List (ATL) facility, causing huge revenue loss to the national exchequer. | [Click for more info.](#)



Political News

Pakistan cautions FATF against Indian designs

Pakistan on Friday sent a crystal clear message to the Financial Action Task Force (FATF) that its earlier warnings of India trying to politicise the ongoing proceedings of the Task Force needed to be taken seriously, as attempts were once again being made by the Modi government. | [Click for more info.](#)

'Intelligent' Asad Umar will return to cabinet soon, says PM

Prime Minister Imran Khan said on Friday the recent cabinet reshuffle was akin to a change in 'batting order', telling the media persons that former finance minister Asad Umar would re-join his team of ministers. (ET) [Click for more info.](#)

International News

Yuan Plunges, U.S. Stock Futures Drop on Trade War: Markets Wrap

China's yuan plunged the most in more than three years and equity markets were roiled after President Donald Trump's threat to increase tariffs on Chinese imports cast a cloud over talks this week that were expected to finalize a trade deal. (Bloomberg) | [Click for more info.](#)

Oil prices tumble by more than 2 percent after Trump announces new tariffs on Chinese goods

Oil prices tumbled by more than 2 percent on Monday after U.S. President Donald Trump on Sunday said he would sharply hike tariffs on Chinese goods this week, risking derailing months of trade talks between the world's two biggest economies. (Reuters) | [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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