

October  
28, 2019

## Economy News

**SECP removes regulatory impediments for futures brokers**

Capital Markets | **Positive**

The Securities and Exchange Commission of Pakistan (SECP) has notified amendments in the Futures Brokers (Licensing & Operations) Regulations, 2018. The amendments have been introduced to bring business efficiency, remove regulatory impediments and create a more pro-growth regulatory regime for futures brokers. (BR) | [Click for more info.](#)

**Govt to waive tax, duties on Eurobonds, Sukuk**

Economy | **Positive**

The federal government has decided to waive income tax and duties for those investing in Eurobonds and Sukuk as per its medium-term note programme (MTN). As per clause 75 of the schedule, any international government institution, private company, firm, association of persons or resident could be given tax exemption on income or interest against any loan agreement, foreign currency instrument, government scheme or treasury receipts. (ET) | [Click for more info.](#)

**Getting Pakistan out of FATF greylist: PM approves new strategy**

Economy | **Positive**

The Prime Minister, Imran Khan, formally approved a new strategy for implementation of 27 conditions of the Paris-based Financial Action Task Force (FATF) to get Pakistan out of its grey list. Imran chaired a high level meeting of the whole economic team as well as representatives of business community here on Saturday. (The News) | [Click for more info.](#)

**FATF grey list: Govt decides to fulfil remaining conditions till Dec 2**

Economy | **Positive**

The government authorities have decided to fulfil remaining conditions of the Financial Action Task Force (FATF) till Dec 2 to come out of its 'grey list'. About seizure and freezing of all assets and properties of banned outfits Jamatud Dawa (JuD) and Jesh-e-Mohammed (JeM) in Punjab, the FATF has asked Pakistan to get approved the Freezing and Seizure Ordinance, 2019 from the Punjab Assembly and making it an Act, according to sources. (The News) | [Click for more info.](#)

**IMF sends mission to Pakistan for performance review**

Economy | **Neutral**

Amid uncertain political situation, the International Monetary Fund (IMF) has dispatched a review mission to evaluate Islamabad's performance on implementation of a bailout package, as Pakistan hopes to secure the next tranche of nearly \$460 million. (ET) | [Click for more info.](#)

**Govt to seek nod from IMF to issue Rs200bn sukuk**

Economy, Power | **Positive**

The government is to seek International Monetary Fund's (IMF's) nod for issuance of fresh Sukuks worth Rs 200 billion meant to reduce the stock of historic circular debt, well-informed sources told. IMF's Review Mission is expected to reach Islamabad on November 28, 2019 to evaluate implementation on targets agreed by the Government of Pakistan for \$ 6 billion facility. (BR) | [Click for more info.](#)

**For the first time in history, Pakistan to export electricity to two countries in the World**

Power | **Positive**

A new proposal by Pakistani officials could bring much needed energy to people in Kyrgyzstan and Tajikistan during the frigid winters in a long-planned project that will also see Central Asian energy go to Afghanistan and Pakistan (ToI) | [Click for more info.](#)

[info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	24,537.8	24,457.7	-80.2	-0.3%
KSE100	33,762.5	33,657.5	-105.0	-0.3%
KSE30	15,783.9	15,737.9	-46.0	-0.3%
KMI30	54,742.3	54,769.4	27.1	0.0%

### Top Five Gainers

	Open	Close	Chg.	%
BATA	1,420.0	1,471.3	51.3	3.6%
SRVI	651.0	683.6	32.6	5.0%
SIEM	650.0	682.5	32.5	5.0%
DLL	196.6	203.5	6.9	3.5%
ICI	500.0	506.5	6.5	1.3%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
PIBTL	9.1	10.1	1.0	35.59
WTL	1.0	1.1	0.0	24.31
LOTCEM	16.3	16.4	0.1	11.17
BOP	9.2	9.5	0.3	11.12
UNITY	10.2	10.3	0.1	5.65

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.01	-0.05	-0.04
F-Corporates	1.29	-2.18	-0.89
O/S Pakistanies	1.69	-1.44	0.25
<b>Net</b>	2.99	-3.67	-0.69
<b>LIPI</b>			
Individuals	34.62	-32.96	1.66
Companies	1.03	-1.35	-0.32
Comm. Banks	0.66	-0.68	-0.02
NBFC	0.06	-0.01	0.06
Mutual Funds	2.45	-2.59	-0.14
Other	0.36	-0.19	0.16
Brokers Proprietary	10.34	-10.20	0.14
Insurance	0.48	-1.34	-0.86
<b>Net</b>	50.00	-49.32	0.69

Source: NCCPL

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	56.57	-0.2%
Brent oil	USD/bbl.	61.95	-0.1%
Gold	USD/t oz.	1505.74	0.1%
Silver	USD/t oz.	18.08	0.2%
Coal	USD/ton	67.15	-2.1%
Steel Scrap (LME)	USD/ton	240.50	0.6%
Steel Rebar (LME)	USD/ton	407.50	0.6%
USD/PKR	Interbank	156.06	0.0%

Source: Bloomberg/SBP

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

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## Pakistan unlikely to meet debt reduction targets

### Economy | **Negative**

The government may not achieve most of its targets set in the medium-term debt reduction strategy due to current high public debt levels amid addition of \$14 billion to the external public debt in current fiscal year, said the Ministry of Finance on Friday. | [Click for more info.](#)

## NA panel doubts FBR missed target due to low imports

### Economy | **Neutral**

A parliamentary panel has expressed doubts about the Federal Board of Revenue (FBR)'s claim of missing the revenue collection target due to import compression and also suspected that even the 16% increase in collection against the target of 44% growth was the result of blocking tax refunds and high inflation. (ET) | [Click for more info.](#)

## Oil & Gas

### ExxonMobil to help build LNG terminal in Pakistan

#### Gas | **Positive**

After getting a liquefied natural gas (LNG) supply contract from private-sector consumers, US energy giant ExxonMobil is planning to build the third LNG terminal in Karachi as a joint-venture partner. Now, in a new venture with Energas consortium, the US firm is going to invest in setting up an LNG terminal in Pakistan. (ET) | [Click for more info.](#)

### First Shale gas, oil well to be drilled in December

#### OGDC | **Positive**

The Oil and Gas Development Company Limited (OGDCL) has planned to start drilling activities in potential areas of Sindh in December this year for exploration of Shale gas and oil deposits identified almost five years ago | [Click for more info.](#)

### Govt invites bids to procure five LNG cargoes for Jan shipment

#### Gas | **Neutral**

State-owned importer Pakistan LNG Limited (PLL) has invited bids from international suppliers for the supply of five liquefied natural gas (LNG) cargoes of 140,000 cubic meters each for January next year on a delivered ex-ship basis at the Port Qasim. (The News) | [Click for more info.](#)

### Relief for CNG consumers in the pipeline

#### Gas | **Neutral**

United Gas Distribution Company (UGDC), a private entity, is all set to bring its own ship carrying LNG of 1,30,000 cubic meters and provide its product to CNG satiations at comparatively cheaper rates and the CNG price will tumble more by Rs6-8 per liter. The CNG consumers will continue to have relief of Rs6-8 per liter for 65-75 days from November end onward as the LNG cargo imported by UGDC will take the said days to be consumed. Meanwhile, private company will arrange another LNG vessel. (The News) | [Click for more info.](#)

### North-South gas pipeline project in doldrums

#### Gas | **Negative**

Pakistan has conveyed to Russia that it would not award multibillion-dollar projects to US-sanctioned entities as such a move had already resulted in hampering progress on the North-South gas pipeline project. The \$2 billion North-South gas pipeline project hit snags following Russia's failure in providing a sanctions-free entity to implement the project. (ET) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
US - Dow 30	26,958.1	152.53	0.57%
INDIA - SENSEX	39,058.1	37.67	0.10%
KSA - Tadawul	7,913.3	25.92	0.33%
CHINA - Shanghai	2,954.9	14.01	0.48%
US - S&P 500	3,022.6	12.26	0.41%
Taiwan - TWII	11,296.1	-24.02	-0.21%
PHILP - PSEi	7,922.5	-28.48	-0.36%
INDONESIA - IDX	6,252.3	-87.30	-1.38%
PAK (KSE-100)	33,657.5	-105.02	-0.31%
HK - Hang Seng	26,667.4	-130.56	-0.49%

Source: Bloomberg

### Board Meetings

Scrip	Day	Agenda	Time
GGGL	MONDAY	1Q A/C - 30SEP19	9:00 AM
FFC	MONDAY	3Q A/C - 30SEP19	9:30 AM
GGL	MONDAY	1Q A/C - 30SEP19	9:30 AM
DAWH	MONDAY	3Q A/C - 30SEP19	10:00 AM
ITTEFAQ	MONDAY	Annual A/c - 30Jun19	10:00 AM
KCL	MONDAY	1Q A/C - 30SEP19	10:30 AM
ATLH	MONDAY	1Q A/C - 30SEP19	11:00 AM
BWHL	MONDAY	1Q A/C - 30SEP19	11:00 AM
DEL	MONDAY	1Q A/C - 30SEP19	11:00 AM
FDIBL	MONDAY	1Q A/C - 30SEP19	11:00 AM
GLAXO	MONDAY	3Q A/C - 30SEP19	11:00 AM
IBLHL	MONDAY	1Q A/C - 30SEP19	11:00 AM
ISIL	MONDAY	1Q A/C - 30SEP19	11:00 AM
PPP	MONDAY	1Q A/C - 30SEP19	11:00 AM
TPLI	MONDAY	3Q A/C - 30SEP19	11:00 AM
ESBL	MONDAY	1Q A/C - 30SEP19	11:30 AM
SAPL	MONDAY	3Q A/C - 30SEP19	11:30 AM
MFL	MONDAY	1Q A/C - 30SEP19	12:00 PM
MERIT	MONDAY	1Q A/C - 30SEP19	12:00 PM
PIOC	MONDAY	1Q A/C - 30SEP19	12:00 PM
TOWL	MONDAY	1Q A/C - 30SEP19	12:00 PM
POWER	MONDAY	1Q A/C - 30SEP19	12:30 PM
ANL	MONDAY	1Q A/C - 30SEP19	1:00 PM
CSAP	MONDAY	1Q A/C - 30SEP19	1:00 PM
POML	MONDAY	1Q A/C - 30SEP19	1:00 PM
TGL	MONDAY	1Q A/C - 30SEP19	1:00 PM
PREMA	MONDAY	1Q A/C - 30SEP19	1:30 PM
KAPCO	MONDAY	1Q A/C - 30SEP19	2:00 PM
WAHN	MONDAY	1Q A/C - 30SEP19	2:00 PM
JSCL	MONDAY	3Q A/C - 30SEP19	2:15 PM
BUXL	MONDAY	1Q A/C - 30SEP19	2:30 PM
ICI	MONDAY	1Q A/C - 30SEP19	2:30 PM
SCBPL	MONDAY	3Q A/C - 30SEP19	2:30 PM
BYCO	MONDAY	1Q A/C - 30SEP19	3:00 PM
DADX	MONDAY	1Q A/C - 30SEP19	3:30 PM
IGIHL	MONDAY	3Q A/C - 30SEP19	3:30 PM
FECTC	MONDAY	1Q A/C - 30SEP19	4:00 PM
SITC	MONDAY	1Q A/C - 30SEP19	4:00 PM
SEARL	MONDAY	1Q A/C - 30SEP19	4:00 PM
SYS	MONDAY	1Q A/C - 30SEP19	4:15 PM
GOC	MONDAY	1Q A/C - 30SEP19	4:30 PM
SMCPL	MONDAY	1Q A/C - 30SEP19	5:00 PM
ADMM	MONDAY	1Q A/C - 30SEP19	6:30 PM

Source: PSX Announcement



## Autos

**Cars, motorcycles & rickshaws: MoI&P to formulate first EV policy**

**Autos | Neutral**

Ministry of Industries and Production (MoI&P) has reportedly decided to formulate first Electric Vehicles (EV) Policy for cars, motorcycles and Rickshaws etc instead of only for cars without hurting existing industry which is already in trouble. (BR) | [Click for more info.](#)

**Cash-strapped auto industry seeks output tax exemption**

**Autos | Neutral**

The country's struggling auto industry has sought exemption from payment of output tax as the companies are facing major liquidity constraints due to piling up of sales tax refunds. This submission was made by Indus Motor Company Limited (IMC) Chief Executive Officer Ali Asghar Jamali in a letter to Federal Board of Revenue (FBR) Chairman Syed Shabbar Zaidi. (BR) | [Click for more info.](#)

## Banks

**Islamic banking's share in bank assets increases to 14.4 percent**

**BIPL, MEBL | Positive**

The share of Islamic Banking Institutions (IBIs) in banking sector's asset increased to 14.4 percent during the first half of the current calendar year, State Bank of Pakistan (SBP) reported. According the latest report of SBP, the IBIs contribution in total assets flows during January-June 2019 was the highest in the last three years, indicating growing significance of IBIs. (PT) | [Click for more info.](#)

## Miscellaneous

**Talks between traders, FBR fail to make headway**

**Economy | Negative**

The dialogue between the All Pakistan Anjuman-e-Tajran (APAT) and the Federal Board of Revenue on Sunday over the Computerised National Identity Cards (CNIC) condition failed to make headway as the former decided to continue with its shutter-down strike scheduled for October 29 and 30. (ET) | [Click for more info.](#)

**Pak tycoons willing to take over Reko Diq**

**Economy | Positive**

Pakistan's top business tycoons have offered to take over the disputed copper and gold deposit that was once explored by Barrick Gold Corp. and Antofagasta Plc, according to people familiar with the matter. (The News) | [Click for more info.](#)

**PM defers axle load policy for a year**

**Economy | Positive**

Prime Minister Imran Khan has asked the Frontier Works Organisation to defer the implementation of axle load condition in a move to appease the agitating traders protesting against the government's documentation drive. (Dawn) | [Click for more info.](#)

**In Pakistan, export orders worth millions at risk as containers seized ahead of Azadi March**

**Economy | Negative**

Pakistan Textile Exporters Association (PTEA) Chairman Sohail Pasha has expressed grave concern over large-scale confiscation of export goods-laden containers by the law enforcement agencies in different cities of Pakistan to block main roads ahead of Azadi March by opposition parties. (ET) | [Click for more info.](#)



## Cut in oil, ghee prices: PVMA puts forth Conditions

UNITY, POML | **Negative**

Pakistan Vanaspati Manufacturers Association (PVMA) has reportedly linked the reduction in edible oil/ghee prices with relief in taxes and axle load, well-informed sources in the Commerce Division told. (BR) | [Click for more info.](#)

## Govt to ask IMF about fixed tax regime for traders

Economy | **Neutral**

Pakistan's top tax machinery has linked approval of a fixed tax regime for small to medium traders with prior approval of the International Monetary Fund's review mission, which is scheduled to arrive here on Sunday. On Oct 28, the IMF mission — headed by Ernesto Ramirez Rigo — will start review of Pakistan's first quarter (July-September) performance as part of the \$6 billion Extended Fund Facility (EFF). (Dawn) | [Click for more](#)

## PM asks team to help create new job opportunities; Construction sector, small businesses in focus

Cement, Economy | **Neutral**

Prime Minister Imran Khan on Saturday directed his economic team that construction sector and small business promotion and facilitation should be its primary focus for economic activity and employment creation in the country. (BR) | [Click for more info.](#)

## Political News

### US looking for fresh start in ties with Pakistan

The Trump administration believes in extensive high-level engagements for rebuilding its ties with Pakistan, replacing the structured dialogue introduced by the Obama administration, says a senior US official. | [Click for more info.](#)

### Azadi March kicks off from Karachi

The Jamiat Ulema-e-Islam-Fazl (JUI-F) Azadi March led by Maulana Fazlur Rehman set out on Sunday from Karachi's Sohrab Goth area towards Islamabad. Thousands of people, including madrassa students, are participating in the march. In addition, convoys of political parties, including the PPP, PML-N, ANP and others joined the march. (The News) | [Click for more info.](#)

### Second bail in 48 hours: Nawaz freed for now

The Islamabad High Court (IHC) on Saturday approved the interim bail of former prime minister Nawaz Sharif on medical grounds until Tuesday in the Al-Azizia reference. (The News) | [Click for more info.](#)

### Instructions to India, Pakistan on Kashmir: US wants normalcy restored; militants curtailed

The US has once again asked India to share a roadmap for the restoration of political and economic normalcy in Kashmir following the restrictions that have been imposed for over three months. (The News) | [Click for more info.](#)

## International News

### Stocks in Asia Muted, U.S. Treasuries Hold Losses: Markets Wrap

Stocks in Asia began the week with subdued trading Monday after the S&P 500 Index climbed toward a record. Ten-year Treasury yields held near five-week highs. (Bloomberg) | [Click for more info.](#)

### Oil holds steady as Russia reaffirms commitment to output cuts

Oil prices were steady on Monday, holding on to strong gains last week, after Russia affirmed its commitment to a deal with OPEC producers to keep production in check and support prices. (Reuters) | [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%

## 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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