

November  
13, 2020

## Economy News

**Structural benchmarks; Talks with IMF under way**

**Economy | Negative**

Negotiations on the implementation timing of politically challenging structural benchmarks particularly power sector reforms, tax reforms and amendments to Nepra and SBP acts are underway with the International Monetary Fund (IMF). The release of second tranche under the \$6 billion Extended Fund Facility (EFF) remains at risk till an agreement on the second quarterly mandatory review is reached with the IMF. (BR) | [Click for more info.](#)

**PM for special initiatives to attract overseas Pakistanis' investment for win-win situation**

**Economy | Neutral**

Prime Minister Imran Khan on Thursday said with the country's major economic indicators showing positive trends, there was a need to take special initiatives and offer incentives to attract investment from expatriates, who according to some estimates owned dollars equal to Pakistan's Gross Domestic Product (GDP), for a win-win situation. The NPCs issued by the SBP for overseas and resident Pakistanis with declared assets abroad offer "very attractive expected rates of 5.5 to 7 percent" on dollar investment and "9.5 to 11 percent" on rupee. (BR) | [Click for more info.](#)

**Forex reserves rise to \$19.9bln**

**Economy | Positive**

Pakistan's foreign exchange reserves rose \$553 million, or 2.85 percent, in the week ended November 6 mainly on the back of official inflows, the central bank reported on Thursday. The country's foreign exchange reserves stood at \$19.906 billion, compared with \$19.353 billion in the previous week. The forex reserves held by the State Bank of Pakistan (SBP) increased \$558 million to \$12.740 billion. (The News) | [Click for more info.](#)

**Remittances increase 27pc to \$9.4bln in July-October**

**Economy | Positive**

Remittances rose around 27 percent to \$9.4 billion during the first four months of the current fiscal year of 2020/21 as the foreign exchange incentives continued to encourage use of official channels for funds transfer, the central bank said on Thursday. (The News) | [Click for more info.](#)

## Power

**WAPDA seeks Rs2 per unit hike in hydel power tariff**

**Power | Neutral**

National Electric Power Regulatory Authority (NEPRA) has completed its hearing on an application of the Water and Power Development Authority (WAPDA), seeking Rs2 per unit increase in hydel power tariff. According to sources in the power sector, if NEPRA grants approval on the request of WAPDA, then the price of hydel power price will go up from Rs5.67 per unit to Rs7.67 per unit. (PT) | [Click for more info.](#)

**Interest on loans; Nepra terms recovery from consumers 'a crime'**

**Power | Neutral**

National Electric Power Regulatory Authority (Nepra) on Thursday termed recovery of interest on loans from consumers a crime and refused to become a party to it. This ruling was given by Chairman Nepra, Tauseef H. Farooqi during a public hearing on a tariff petition filed by Wapda hydroelectric for FY 2020-21 for supply of power from Wapda power stations. He also refused to allow an amount of Rs 11 billion as interest on loans raised by Water and Power Development Authority (Wapda) from banks to pay Net Hydel Profit (NHP) to provinces. (BR) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

|         | Open     | Close    | Chg.    | %     |
|---------|----------|----------|---------|-------|
| KSE All | 28,864.2 | 28,448.2 | -416.0  | -1.4% |
| KSE100  | 41,197.3 | 40,564.6 | -632.8  | -1.5% |
| KSE30   | 17,367.3 | 17,061.3 | -306.0  | -1.8% |
| KMI30   | 66,104.5 | 64,977.6 | -1126.9 | -1.7% |

### Top Five Gainers

|       | Open    | Close   | Chg. | %    |
|-------|---------|---------|------|------|
| ILTM  | 1,327.9 | 1,427.5 | 99.6 | 7.5% |
| WYETH | 1,017.0 | 1,093.2 | 76.3 | 7.5% |
| SUTM  | 366.6   | 390.0   | 23.4 | 6.4% |
| SYS   | 317.2   | 335.6   | 18.5 | 5.8% |
| ATLH  | 480.0   | 498.0   | 18.0 | 3.8% |

### Top Five Volume Leaders

|       | Open | Close | Chg. | Vol.  |
|-------|------|-------|------|-------|
| UNITY | 23.1 | 22.4  | -0.8 | 29.69 |
| SNBL  | 9.4  | 10.0  | 0.6  | 22.54 |
| TRG   | 55.9 | 53.2  | -2.8 | 19.63 |
| MLCF  | 41.4 | 40.0  | -1.5 | 18.39 |
| ASC   | 20.8 | 20.1  | -0.7 | 17.49 |

### Portfolio Investments – Net Position

| FIPI                | Buy   | Sell   | Net   |
|---------------------|-------|--------|-------|
| F-Individuals       | 1.80  | -0.01  | 0.45  |
| F-Corporates        | 4.70  | -5.35  | -0.64 |
| O/S Pakistanies     | 5.36  | -5.34  | 0.02  |
| <b>Net</b>          | 10.07 | -10.69 | -0.62 |
| <b>LIPI</b>         |       |        |       |
| Individuals         | 64.02 | -62.41 | 1.62  |
| Companies           | 3.35  | -3.05  | 0.30  |
| Comm. Banks         | 4.60  | -1.96  | 2.65  |
| NBFC                | 0.75  | -1.21  | -0.45 |
| Mutual Funds        | 2.44  | -8.01  | -5.56 |
| Other               | 0.26  | -0.28  | -0.02 |
| Brokers Proprietary | 16.33 | -15.79 | 0.54  |
| Insurance           | 2.11  | -0.55  | 1.56  |
| <b>Net</b>          | 93.88 | -93.26 | 0.62  |

### Commodity Outlook

|                   | Unit      | Close   | % chg. |
|-------------------|-----------|---------|--------|
| Crude oil         | USD/bbl.  | 41.12   | -0.8%  |
| Brent oil         | USD/bbl.  | 43.53   | -0.6%  |
| Gold              | USD/t oz. | 1876.83 | 0.6%   |
| Silver            | USD/t oz. | 24.28   | 0.0%   |
| Coal              | USD/ton   | 67.00   | 1.4%   |
| Steel Scrap (LME) | USD/ton   | 311.00  | 1.6%   |
| Steel Rebar (LME) | USD/ton   | 477.50  | 2.9%   |
| USD/PKR           | Interbank | 158.50  | -0.1%  |

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

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## Autos

**IMC shuts plant for three days on parts shortage**

**INDU | Negative**

A leading Japanese automaker has announced to stop production for three days due to non-availability of parts, while assemblers and vendors are opting for costly air shipments of parts and accessories due to huge delays caused by congestion at ports all over Asia. He said arrival of imported parts is facing delays of two weeks due to ongoing port congestion all over Asia, forcing assemblers and vendors to go for air lift of inputs to avert any disruption in production lines of vehicles. (Dawn) | [Click for more info.](#)

**Tractor production increase 13.02pc in 4 months**

**AGTL, MTL | Positive**

The production of farm tractors in the country witnessed an increase of 13.02 percent to 15,234 units during first four months of current financial year 2020-21, against the production of 13,478 units in same period of last year. (BR) | [Click for more info.](#)

## Cement

**FCCL expects double-digit growth in cement despatches this year**

**FCCL | Positive**

The management of Fauji Cement Company Limited (FCCL) is expecting a double-digit growth in cement despatches for the financial year 2019-20 (FY21), it was revealed during a corporate briefing. An additional 2.5MW solar capacity will also come online during 3QFY21 (Jan-2021), taking total capacity to 17.5MW. (PT) | [Click for more info.](#)

## Chemicals

**Ghani Chemicals signs Long-Term Agreement with Engro Polymer & Chemicals for supply of gases**

**EPCL, GGL | Positive**

Ghani Chemical Industries Limited (GCIL), a subsidiary company of Ghani Global Holdings Limited has signed a Long Term Supply Agreement with Engro Polymer & Chemicals Limited (EPCL) on November 12, 2020 for the Supply of Oxygen and Nitrogen Gases for a period of 15 years from April 2021. As a result, sales of GCIL will further increase by approximately 86 Tons — 105 Tons per day. (Mettis) | [Click for more info.](#)

**Imports of agricultural chemicals increase 5.94pc**

**Chemicals | Neutral**

The import of agricultural chemicals during three months of current financial year increased by 5.94 percent as compared to the imports of corresponding period of last year. The surge in the imports of agriculture inputs like fertilizers, pesticides and insecticides was mainly attributed with the preparation of land for the cultivation of major and minor crops of Rabi season. (BR) | [Click for more info.](#)

## Sugar

**'Sugar cartel will not be able to raise prices anymore': Difficult days over, says PM Imran Khan**

**Sugar | Negative**

Prime Minister Imran Khan on Thursday said that in future there would be no crisis of sugar and wheat, as comprehensive planning has been thrashed out in this regard. The prime minister said exports had increased by 24 percent, no addition was made to loans during the last four months and Pakistan's current account had gone surplus in the last quarter after 17 years. (The News) | [Click for more info.](#)

### World Indices

|                  | Last     | Chg.    | Chg. % |
|------------------|----------|---------|--------|
| CHINA - Shanghai | 3,338.7  | -3.52   | -0.11% |
| PHILP - PSEi     | 7,024.3  | -11.22  | -0.16% |
| KSA - Tadawul    | 8,434.9  | -14.76  | -0.17% |
| US - S&P 500     | 3,537.0  | -35.65  | -1.00% |
| Taiwan - TWII    | 13,221.8 | -40.41  | -0.30% |
| INDONESIA - IDX  | 5,458.6  | -50.91  | -0.92% |
| HK - Hang Seng   | 26,169.4 | -57.60  | -0.22% |
| INDIA - SENSEX   | 43,357.2 | -236.48 | -0.54% |
| US - Dow 30      | 29,080.2 | -317.46 | -1.08% |
| PAK (KSE-100)    | 40,564.6 | -632.77 | -1.54% |

### Board Meetings

| Scrip | Day       | Agenda          | Time     |
|-------|-----------|-----------------|----------|
| JOPP  | Monday    | 1QA/C - 30SEP20 | 11:30 AM |
| HCAR  | Wednesday | HYA/C - 30SEP20 | 11:00 AM |

Source: PSX



## Sugar mills to pay 11pc markup on delayed payments

Sugar | **Negative**

The Cane Commissioner Punjab has warned the sugar mills that they will be bound to pay 11 percent mark-up on payments to growers if delayed over 15 days. (BR) | [Click for more info.](#)

## Banks

### State Bank cuts eCIB reflection time for corporate borrowers

Banks | **Neutral**

State Bank of Pakistan (SBP) has reduced the reflection period of written off/waived loans and advances for corporate borrowers in the Electronic Credit Information Bureau (eCIB) of the central bank from 15 years to 10 years, it said on Thursday. (The News) | [Click for more info.](#)

## Pharmaceutical

### Govt aims to boost pharma exports

Pharmaceutical | **Neutral**

Pakistan has finally decided to capitalise on the opportunity created due to Covid-19 pandemic and is aiming to increase pharma exports by \$1 billion annually to \$5bn in five years. "Since the pandemic, we have started manufacturing and exporting Remdesivir injections. Moreover, demand for medicines and personal protective equipment has increased across the globe, and we are exporting these items," Drug Regulatory Authority of Pakistan (Drap) CEO Dr Asim Rauf said. (Dawn) | [Click for more info.](#)

### PM approves funds for purchase of Covid-19 vaccine

Pharmaceutical | **Positive**

Prime Minister Imran Khan has approved specific funding for the advance purchase of the Covid-19 vaccine, according to a statement released by the Ministry of National Health Services Regulation on Thursday. (PT) | [Click for more info.](#)

## Miscellaneous

### Govt likely to complete spectrum auction this fiscal

Tech. & Communication | **Positive**

The government is expected to complete the auction of additional radio frequencies to mobile phone operators during the current fiscal year, in a bid to let them offer fast speed and expand services, officials said on Thursday. The officials informed the advisory committee formed for the auction about developments on the sale of available spectrum of next generation mobile services. (The News) | [Click for more info.](#)

### Country's textile hub to utilise 80,000 power looms as sector revived

Textile | **Positive**

Faisalabad is currently experiencing a financial boom with the operationalisation of 50,000 power looms and expecting the opening of another 30,000 units. Known as the country's textile hub, Faisalabad, for the first time after 1990, has seen a massive economic growth following a high demand of export items and the government's recently announced incentive of supplying electricity to the industrial sector at reduced rates. (PT) | [Click for more info.](#)

### LSM posts 4.81pc growth

Economy | **Positive**

Large scale manufacturing (LSM) sector posted 4.81 percent year-on-year growth during the first quarter of the current fiscal year of 2020/21 as cement industry showed double-digit increase and consumer demand rebounded after coronavirus lockdown, official data showed on Thursday. (The News) | [Click for more info.](#)



## International News

### Asian stocks dip as virus spread tamps vaccine hopes

Stocks in Asia were poised to pull back after markets in the United States and Europe sold off on concerns over rising coronavirus infections. (Reuters) | [Click for more info.](#)

### Oil falls as COVID-19 spike stokes fuel demand fears; still set for big weekly gain

Oil prices fell in early trade on Friday as a spike in the number of COVID-19 infections raised fears for the global economy and near-term fuel demand, but remained on track for a second straight weekly gain amid hopes for a vaccine. (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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