



September
23, 2020

Economy News

Fundamental rights: FATF laws being deemed violative

Economy | Neutral

Three laws related to Financial Action Task Force (FATF) passed in a joint session of the Parliament are deemed violative of basic fundamental rights enshrined in the Constitution, and to suppress dissenting voices of the legal fraternity and human right activists. The federal government claims that these amendments in the FATF-related laws are aimed at streamlining the existing Anti-Money Laundering (AML) law and bring it in line with international standards prescribed by FATF and will reflect government's firm resolve to strengthen its AML regime. (BR) | [Click for more info.](#)

IMF urges Pakistan to further cap limits on short-term borrowings

Economy | Neutral

The International Monetary Fund (IMF) is looking to further the constraints on short-term borrowings for filling the budgetary gap arising from the expectations that Pakistan's gross financing needs will be 1.5 per cent higher to its gross domestic product than the previous estimates. (PT) | [Click for more info.](#)

Govt. borrowing expands by Rs 14 billion in a week

Economy | Neutral

The government of Pakistan has accumulated Rs.14.21 billion during the week ended September 11, 2020, which brings its total net retirement for ongoing fiscal year FY2021 to Rs.126.59 billion. As of prior week, the government had retired a net sum of Rs.140.8 billion. (Mettis) | [Click for more info.](#)

Oil & Gas

Tax break for LPG firms proposed

BPL | Positive

The Petroleum Division has proposed a framework for the liquefied petroleum gas (LPG) market comprising tax incentives, price deregulation, subsidised supply to poor households and a five-year tax holiday for infrastructure developers for sustainable fuel supply. The framework also offers incentives for setting up LPG plants and tax break to LPG producers. Under the proposed framework, the LPG producer price will not be fixed. (ET) | [Click for more info.](#)

Russia eager to invest \$1.7bn in Karachi-Lahore gas pipeline

Gas | Positive

Russian Ambassador Danila V. Ganich on Tuesday said that Russia is eager to invest \$1.7 billion in the Karachi-Lahore gas pipeline. "While the volume of trade has been promising at \$500 million, trade cooperation has not corresponded to its potential. The low level of direct commercial ties and insufficient knowledge about each other's business practices, capabilities and language barriers continue to hamper progress in this much-needed area," the Ambassador lamented. (PT) | [Click for more info.](#)

PM reviews gas situation for winter

Gas | Neutral

Prime Minister Imran Khan on Tuesday was informed that owing to the reduction in local production and difference of prices between local and imported gas, full cooperation of all the provinces was required to meet the demand of gas during the next few months. (Dawn) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	29,961.1	29,734.2	-226.9	-0.8%
KSE100	42,174.1	41,828.9	-345.2	-0.8%
KSE30	17,889.9	17,696.6	-193.2	-1.1%
KMI30	67,859.0	67,186.4	-672.5	-1.0%

Top Five Gainers

	Open	Close	Chg.	%
IDYM	505.0	542.9	37.9	7.5%
MUREB	628.5	663.1	34.6	5.5%
NESTLE	6,900.0	6,920.0	20.0	0.3%
FEROZ	386.9	406.8	20.0	5.2%
MFFL	244.8	263.2	18.4	7.5%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
HASCOL	21.6	20.9	-0.6	31.36
ASL	15.5	16.4	0.9	30.90
UNITY	18.4	18.0	-0.4	29.80
PRL	21.4	21.0	-0.3	28.63
KEL	4.3	4.1	-0.1	28.58

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	-0.12	-0.12
F-Corporates	0.73	-3.55	-2.82
O/S Pakistanies	4.86	-5.23	-0.37
Net	5.59	-8.90	-3.31
LIPI			
Individuals	81.22	-79.69	1.53
Companies	5.01	-5.96	-0.95
Comm. Banks	3.27	-1.49	1.77
NBFC	0.48	-0.02	0.46
Mutual Funds	3.70	-5.79	-2.09
Other	0.97	-0.53	0.43
Brokers Proprietary	17.71	-18.18	-0.47
Insurance	3.20	-0.57	2.63
Net	115.54	-112.23	3.31

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	39.80	1.2%
Brent oil	USD/bbl.	41.72	0.7%
Gold	USD/t oz.	1900.21	-0.6%
Silver	USD/t oz.	24.40	-1.3%
Coal	USD/ton	56.85	0.1%
Steel Scrap (LME)	USD/ton	295.00	0.0%
Steel Rebar (LME)	USD/ton	454.50	0.4%
USD/PKR	Interbank	166.50	0.1%

News Source: Local / Int'l Newspapers and websites

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REP-055

MORNING BRIEFING



Power

No MoUs till payment of dues, IPPs tell govt

Power | Neutral

In a new development, Independent Power Producers (IPPs) that signed MoUs with the government to mutually alter the Power Purchase Agreements (PPAs) have refused to sign final agreements unless and until the government clears their dues which run into Rs300-400 billion. (The News) | [Click for more info.](#)

Autos

Millat Tractors' authorized capital likely to increase to PKR 750 million

MTL | Neutral

The Board of Directors of Millat Tractors Limited in its meeting held on September 16, 2020, has recommended an increase in the authorized capital of the company from Rs. 500 million to Rs. 750 million for their approval in the upcoming Annual General Meeting to be held on October 26, 2020. (Mettis) | [Click for more info.](#)

Miscellaneous

Govt allows rise in prices of 94 life-saving drugs

Pharmaceutical | Positive

The federal cabinet on Tuesday approved increase in prices of 94 life-saving drugs to ensure their availability in the market, and brought down the price of Remdesivir 100mg injection, used in Covid-19 treatment, from Rs10,873 to Rs8,244. (Dawn) | [Click for more info.](#)

Exporters forced to cut production amid gas shortages –

Textile | Negative

As textile exporters continue to face gas shortages, Sindh Government Spokesperson and Adviser to Chief Minister Barrister Murtaza Wahab on Tuesday urged the federal government to immediately resolve gas shortage issues being faced by Karachi-based industrialists. (Dawn) | [Click for more info.](#)

ECC to take up removal of duties on textile items

Textile | Positive

The government has called a meeting of the Economic Coordination Committee (ECC) of the Cabinet to approve the removal of additional custom and regulatory duties on a number of textile items and consider waiving guarantee fee on about \$5.7 billion Chinese loans for nuclear power plants. (Dawn) | [Click for more info.](#)

GI tag to basmati: Govt initiates consultation to contest India's application at EU

MFL | Neutral

The government has initiated consultations with legal counsels to contest India's filing of an application to tag at the European Union (EU) for basmati rice. Secretary Commerce Sualeh Faruqi confirmed that India has challenged Pakistan's GI law at the European Union. Pakistan exports 500,000 to 700,000 tons of basmati rice to various countries. Out of that, 200,000 to 250,000 tons are shipped to European countries. The European Union is a massive destination for local rice exporters and therefore it is a crucial issue for Pakistan. (BR) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
US - Dow 30	27,288.2	140.48	0.52%
US - S&P 500	3,315.6	34.51	1.05%
PHILP - PSEI	5,894.3	-15.04	-0.25%
CHINA - Shanghai	3,274.3	-42.64	-1.29%
KSA - Tadawul	8,244.8	-46.53	-0.56%
INDONESIA - IDX	4,934.1	-65.27	-1.31%
Taiwan - TWII	12,645.5	-149.61	-1.17%
HK - Hang Seng	23,716.9	-233.84	-0.98%
INDIA - SENSEX	37,734.1	-300.06	-0.79%
PAK (KSE-100)	41,828.9	-345.22	-0.82%

Board Meetings

Scrip	Day	Agenda	Time
FHAM	WEDNESDAY	ANN A/C - 30JUN20	11:00 AM
TRSM	WEDNESDAY	ANN A/C - 30JUN20	11:30 AM
HMM	WEDNESDAY	ANN A/C - 30JUN20	12:30 PM
RUPL	WEDNESDAY	ANN A/C - 30JUN20	12:30 PM
KML	WEDNESDAY	ANN A/C - 30JUN20	2:00 PM
BYCO	WEDNESDAY	ANN A/C - 30JUN20	3:00 PM
ASL	WEDNESDAY	ANN A/C - 30JUN20	3:30 PM
FSWL	THURSDAY	ANN A/C - 30JUN20	9:00 AM
FIL	THURSDAY	ANN A/C - 30JUN20	9:30 AM
BERG	THURSDAY	ANN A/C - 30JUN20	10:00 AM
BCML	THURSDAY	ANN A/C - 30JUN20	10:30 AM
RCML	THURSDAY	ANN A/C - 30JUN20	10:30 AM
NCPL	THURSDAY	ANN A/C - 30JUN20	11:30 AM
AWWAL	THURSDAY	ANN A/C - 30JUN20	12:00 PM
ELSM	THURSDAY	ANN A/C - 30JUN20	12:00 PM
IBLHL	THURSDAY	ANN A/C - 30JUN20	12:00 PM
SFL	THURSDAY	ANN A/C - 30JUN20	12:00 PM
FEROZ	THURSDAY	ANN A/C - 30JUN20	12:30 PM
JDMT	THURSDAY	ANN A/C - 30JUN20	12:30 PM
PRWM	THURSDAY	ANN A/C - 30JUN20	12:30 PM
TOMCL	THURSDAY	ANN A/C - 30JUN20	12:30 PM
KASBM	THURSDAY	ANN A/C - 30JUN20	1:00 PM
NAGC	THURSDAY	ANN A/C - 30JUN20	1:00 PM
SAZEW	THURSDAY	ANN A/C - 30JUN20	1:15 PM
PAKMI	THURSDAY	ANN A/C - 30JUN20	2:00 PM
GADT	THURSDAY	ANN A/C - 30JUN20	2:30 PM
PMI	THURSDAY	ANN A/C - 30JUN20	3:00 PM
KOHE	THURSDAY	ANN A/C - 30JUN20	3:00 PM
SAPT	THURSDAY	ANN A/C - 30JUN20	4:00 PM

Source: PSX



Tax reforms: APAT announces countrywide agitation against PTI govt

Economy | **Negative**

Rejecting the CNIC-based invoicing condition, the All Pakistan Anjuman-e-Tajran (APAT) has announced to launch a countrywide agitation against the ruling Pakistan Tehreek-e-Insaf (PTI) government for its alleged failure to introduce tax reforms and providing a 'conducive' working environment to traders who are considered as the backbone of the country. (BR) | [Click for more info.](#)

International News

Asian stocks set to gain after Wall Street's tech bounce

Asian stocks were set to open higher on Wednesday after tech-fueled Wall Street gains although focus is shifting to renewed U.S.-Sino tensions, which could weigh on investor sentiment. (Reuters) | [Click for more info.](#)

Oil Resumes Drop With Demand Uncertainty Keeping Investors Wary

Oil resumed declines amid concern a resurgent coronavirus will lead to more demand-sapping restrictions, while an industry report gave a mixed picture of the supply situation in the U.S. (Bloomberg) | [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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