



September  
10, 2020

## Economy News

### Pakistan remains 'challenging environment' for FDI

#### Economy | Negative

Despite increased, positive rhetoric regarding foreign investment in the country, the incumbent Pakistan Tehreek-e-Insaf (PTI) government has found it slow going in its attempts to broaden the tax base and reform the taxation system as it remained embroiled in the country's immediate finance needs to offset a balance of payments crisis. As a result, Pakistan remains a challenging environment for foreign investors despite having a relatively open foreign investment regime. (ET) | [Click for more info.](#)

### Japanese businessmen unveil \$100m investment plan for Pakistan

#### Economy | Positive

Pak-Japan Business Council (PJBC) is keen to invest at least \$100 million in industrial zones in Pakistan in line with the interest of Japanese government and private sector to strengthen bilateral economic cooperation, its top official said. (The News) | [Click for more info.](#)

### Auction Result: SBP Sells T-Bills worth Rs.363.61 Billion

#### Economy | Neutral

The State Bank of Pakistan (SBP) conducted an auction on Wednesday in which it sold Market Treasury Bills (MTBs) worth Rs.363.61 billion for 3, 6 and 12 months. Auction target was Rs.300.00 billion against a maturing amount of Rs.493.70 billion. Cut off yield for 3, 6 and 12 months were 7.1399, 7.18 and 7.3 percent, unchanged from the previous auction. (Mettis) | [Click for more info.](#)

### Pakistan, UAE sign anti-money laundering pact

#### Economy | Neutral

Pakistan on Wednesday signed an agreement with the UAE to combat money laundering and terror financing. Under the memorandum of understanding (MoU), Pakistan's Financial Monitoring Unit and the UAE's Financial Intelligence Unit (FIU) would enhance cooperation by exchanging information. (ET) | [Click for more info.](#)

### Steel Mills, Pakistan Petroleum among 19 entities to be privatized: Soomro

#### Economy | Positive

Privatization Minister Muhammad Mian Soomro has said that Pakistan Steel Mills (PSM), Mari Petroleum Company Limited (MPCL), Pakistan Petroleum Limited (PPL) and Convention Centre Islamabad are among the 19 state-owned entities that will be privatized. "The government has set a target of Rs100 billion revenue from the privatization of these entities this year," he said. (PT) | [Click for more info.](#)

### Govt. accumulates another Rs.182 billion loan in a week

#### Economy | Neutral

The government of Pakistan has accumulated Rs.181.95 billion during the week ended August 28, 2020, which brings its total net retirement for ongoing fiscal year FY2021 to Rs.160.06 billion. As of prior week, the government had retired a net sum of Rs.342.02 billion. (Mettis) | [Click for more info.](#)

## Oil & Gas

### Govt collects Rs142.977bn oil, gas royalty in 21 months

#### Oil & Gas | Neutral

The government has collected around Rs 142.977 billion royalty from Exploration and Production (E&P) companies operating in different oil and gas producing districts across the country, during a period of 21-months. (BR) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	29,796.3	29,862.6	66.3	0.2%
KSE100	41,985.2	42,022.3	37.1	0.1%
KSE30	17,839.6	17,825.0	-14.6	-0.1%
KMI30	67,729.1	67,416.3	-312.9	-0.5%

### Top Five Gainers

	Open	Close	Chg.	%
NESTLE	6,498.3	6,582.0	83.7	1.3%
ILTM	962.2	1,030.0	67.8	7.0%
SIEM	554.7	592.7	38.0	6.8%
JLICL	473.6	508.2	34.6	7.3%
NATF	276.1	296.8	20.7	7.5%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
HASCOL	21.4	21.2	-0.3	75.62
PTC	10.3	11.3	0.9	63.04
PIBTL	13.0	13.1	0.2	57.24
WTL	1.3	1.4	0.1	37.67
TRG	58.7	60.9	2.3	32.41

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	-0.06	-0.05
F-Corporates	1.29	-1.87	-0.59
O/S Pakistanies	8.53	-9.21	-0.68
<b>Net</b>	9.82	-11.13	-1.31
<b>LIPI</b>			
Individuals	117.39	-113.92	3.47
Companies	5.34	-6.47	-1.13
Comm. Banks	5.15	-4.06	1.09
NBFC	0.67	-0.50	0.17
Mutual Funds	4.77	-5.83	-1.07
Other	1.38	-1.30	0.09
Brokers Proprietary	24.65	-24.81	-0.16
Insurance	1.71	-2.86	-1.15
<b>Net</b>	161.05	-159.74	1.31

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	38.05	3.5%
Brent oil	USD/bbl.	40.79	2.5%
Gold	USD/t oz.	1946.84	0.8%
Silver	USD/t oz.	26.98	1.2%
Coal	USD/ton	56.25	0.4%
Steel Scrap (LME)	USD/ton	310.00	0.0%
Steel Rebar (LME)	USD/ton	461.00	-1.5%
USD/PKR	Interbank	166.53	0.0%

News Source: Local / Int'l Newspapers and websites

Research Team

[research@abaalihabib.com](mailto:research@abaalihabib.com)

Aba Ali Habib Securities (Pvt) Limited  
(021) 32429665, Ext. 106

REP-055

## Govt for speedy setting up of LNG terminals

### Gas | Positive

The federal cabinet on Wednesday directed the petroleum and defence ministries to remove all hurdles within 30 days to facilitate setting up and operationalisation of two additional liquefied natural gas (LNG) processing terminals in the private sector. (Dawn) | [Click for more info.](#)

## New E&P blocks to yield results in 3-5 years

### Oil & Gas | Neutral

New oil and gas exploration blocks in the country are expected to yield results in three to five years, petroleum ministry officials said on Wednesday. Government under the Petroleum Policy 2012 offered incentives for exploration of oil and gas in the country. (The News) | [Click for more info.](#)

## Power

### Cabinet ratifies ECC's decision to discharge pending liabilities of Power Division

#### Power | Neutral

Federal cabinet has ratified the decision of Economic Coordination Committee (ECC) for discharging liabilities of the power division related to M/s Karkey arbitration in International Center for Settlement of Investment Disputes (ICSID) by approving a technical supplementary grant worth \$1,415,090.15. According to sources, the federal cabinet has ratified the decision of ECC dated 18th August, 2020 in order to discharge the unresolved liabilities related to M/s Karkey Karadeniz Elektrik Uretim (KKEU) arbitration in ICSID against Islamic Republic of Pakistan. (PT) | [Click for more info.](#)

## Data submitted by DISCOs significantly fudged: Nepra

### KEL | Negative

Data submitted by the distribution companies (DISCOs) to the National Electric Power Regulatory Authority (NEPRA) is significantly fudged, said Performance Evaluation Report 2018-19 of the Authority. Accordingly, NEPRA took serious actions and legal proceedings against PESCO, IESCO, MEPCO and K-Electric were initiated due to non-compliance with Performance Standards and Codes of Conduct and also due to misreporting of data. (BR) | [Click for more info.](#)

## Fertilizer

### Engro Fertilizers, MCB introduce first 'electronic bank guarantee solution' in Pakistan

#### EFERT | Neutral

Engro Fertilizers Ltd and MCB Bank Ltd have partnered to accelerate the digitisation of financial products by developing Pakistan's first-ever solution to electronically manage bank guarantees. (PT) | [Click for more info.](#)

## Miscellaneous

### ECC okays subsidised power for export sectors

#### Textile | Positive

The Economic Coordination Committee (ECC) of the Cabinet on Wednesday approved subsidised electricity and gas rates for export-oriented sectors and rejected a move to impose a ban on export of potatoes. (Dawn) | [Click for more info.](#)

## Private sector borrows a net sum of Rs 970 mln in a week

### Banks | Neutral

The non-government sector has borrowed a net sum of Rs.970.34 million during the week ended August 28, 2020, which brings the cumulative net retirement for ongoing fiscal year FY2021 to Rs.160.97 billion. The net retirement as of prior week was recorded at Rs.161.94 billion. (Mettis) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
US - Dow 30	27,940.5	439.58	1.60%
US - S&P 500	3,399.0	67.12	2.01%
PAK (KSE-100)	42,022.3	37.06	0.09%
KSA - Tadawul	8,079.7	-9.80	-0.12%
Taiwan - TWII	12,608.6	-54.98	-0.43%
CHINA - Shanghai	3,254.6	-61.79	-1.86%
INDONESIA - IDX	5,149.4	-94.69	-1.81%
PHILP - PSEi	5,932.8	-101.19	-1.68%
HK - Hang Seng	24,468.9	-155.41	-0.63%
INDIA - SENSEX	38,193.9	-171.43	-0.45%

### Board Meetings

Scrip	Day	Agenda	Time
ARM	THURSDAY	ANN A/C - 30JUN20	9:30 AM
MFL	THURSDAY	ANN A/C - 30JUN20	11:30 AM
PPP	FRIDAY	ANN A/C - 30JUN20	10:45 AM
FML	FRIDAY	ANN A/C - 30JUN20	6:00 PM
GIL	TUESDAY	ANN A/C - 30JUN20	11:00 AM
HRPL	WEDNESDAY	ANN A/C - 30JUN20	11:00 AM
KAPCO	THURSDAY	ANN A/C - 30JUN20	10:30 AM

Source: PSX



## Tobacco exports increase 137.53pc in July 2020

**PAKT | Positive**

The exports of tobacco from the country witnessed an increase of 137.53 percent during the first month of ongoing financial year 2020-21 as compared to the exports of corresponding period of last year. The tobacco exports from the country were recorded at US \$ 2.171 million during July 2020 against the exports of \$0.914 million during July 2019, showing growth of 137.53 percent, according to the Pakistan Bureau of Statistics (PBS). (BR) | [Click for more info.](#)

## ECC forms committee to issue 5G licence in Pakistan

**Tech & Communication | Positive**

The Economic Coordination Committee has formed a committee for finalising the process of licence issuance of 5G technology in Pakistan on Wednesday. (Pakobserver) | [Click for more info.](#)

## International News

### Asian Stocks to Track U.S. Gains as Tech Rebounds: Markets Wrap

Asian stocks were primed for gains Thursday after U.S. equities rebounded from a three-day rout, with buyers pushing the tech-heavy Nasdaq 100 to its best day since April. The dollar steadied after declines. (Bloomberg) | [Click for more info.](#)

### Oil prices slip as growing stockpiles signal bumpy fuel demand recovery

Oil futures fell in early trade on Thursday, paring overnight gains, on worries about fuel demand after data showed U.S. crude stockpiles rose last week, rather than dropping as expected, and COVID-19 cases continued to rise around the world. (Reuters) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
US - Dow 30	27,940.5	439.58	1.60%
US - S&P 500	3,399.0	67.12	2.01%
PAK (KSE-100)	42,022.3	37.06	0.09%
KSA - Tadawul	8,079.7	-9.80	-0.12%
Taiwan - TWII	12,608.6	-54.98	-0.43%
CHINA - Shanghai	3,254.6	-61.79	-1.86%
INDONESIA - IDX	5,149.4	-94.69	-1.81%
PHILP - PSEi	5,932.8	-101.19	-1.68%
HK - Hang Seng	24,468.9	-155.41	-0.63%
INDIA - SENSEX	38,193.9	-171.43	-0.45%

### Board Meetings

Scrip	Day	Agenda	Time
ARM	THURSDAY	ANN A/C - 30JUN20	9:30 AM
MFL	THURSDAY	ANN A/C - 30JUN20	11:30 AM
PPP	FRIDAY	ANN A/C - 30JUN20	10:45 AM
FML	FRIDAY	ANN A/C - 30JUN20	6:00 PM
GIL	TUESDAY	ANN A/C - 30JUN20	11:00 AM
HRPL	WEDNESDAY	ANN A/C - 30JUN20	11:00 AM
KAPCO	THURSDAY	ANN A/C - 30JUN20	10:30 AM

Source: PSX



## Disclaimer

This report has been prepared by Aba Ali Habib Securities and is provided for information purposes only. Under no circumstances this is to be used or considered as an offer to sell or solicitation of any offer to buy. While reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time, Aba Ali Habib Securities and/or any of its officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. This report is provided only for the information of professional advisers who are expected to make their own investment decisions without undue reliance on this report. Investments in capital markets are subject to market risk and Aba Ali Habib Securities accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents.

In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors, who should seek further professional advice or rely upon their own judgment and acumen before making any investment. The views expressed in this report are those of Aba Ali Habib Securities' Research Department and do not necessarily reflect those of the company or its directors. Aba Ali Habib as a firm may have business relationships, including investment- banking relationships, with the companies referred to in this report. Aba Ali Habib Securities or any of its officers, directors, principals, employees, associates, close relatives may act as a market maker in the securities of the subject company, may have a financial interest in the securities of the subject company to an amount exceeding 1% of the value of the securities of the subject company, may serve or may have served in the past as a director or officer of the subject company, may have received compensation from the subject company for corporate advisory services, brokerage services or underwriting services or may expect to receive or intend to seek compensation from the subject company for the aforesaid services, may have managed or co-managed a public offering, take-over, buyback, delisting offer of securities or various other functions for the subject company.

All rights reserved by Aba Ali Habib Securities. This report or any portion hereof may not be reproduced, distributed or published by any person for any purpose whatsoever. Nor can it be sent to a third party without prior consent of Aba Ali Habib Securities. Action could be taken for unauthorized reproduction, distribution or publication.

## 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.

## Analyst Certification <sup>AC</sup>

The research Analyst(s) hereby certify that the views about the company/companies and the security/securities discussed in this report accurately reflect his or her or their personal views and that s/he has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendation or views in this report. The analyst(s) is/are principally responsible for preparation of this research report and that s/he or his/her close relative/family member doesn't own 1% or more of a class of common equity securities of the following company/companies covered in this report.

## THE TEAM

### CEO

Zahid Ali Habib  
[Zahid@abaalihabib.com](mailto:Zahid@abaalihabib.com)  
(021) 32425022

### RESEARCH TEAM

**Contact:** (021) 32429665, Ext. 106

Mohammad Zubair - Research Analyst  
[zubair@abaalihabib.com](mailto:zubair@abaalihabib.com)

Radha Krishan Khatri – Research Analyst  
[rk.khatri@abaalihabib.com](mailto:rk.khatri@abaalihabib.com)

Ayesha Abid – Research Analyst  
[ayesha.abid@abaalihabib.com](mailto:ayesha.abid@abaalihabib.com)

### SALES TEAM

Zaheer Ahmed - Head of Institutional Sales  
[Zaheer.ahmed@abaalihabib.com](mailto:Zaheer.ahmed@abaalihabib.com)  
(021) 32418693-94

Salman Ahmed - Head of Retail Sales  
(021) 32412491

Syed Khalid Ahmed - Equity Trader  
[Syedkhalid@abaalihabib.com](mailto:Syedkhalid@abaalihabib.com)  
(021) 32429664

Muhammad Faisal - Equity Trader  
[faisal@abaalihabib.com](mailto:faisal@abaalihabib.com)  
(021) 32464835

### Office (PSX Building)

Room # 419, 419 A & 421, 4<sup>th</sup> Floor, Pakistan Stock Exchange, I.I. Chundrigarh Road, Karachi  
Contact: 021-32429665  
Cell: [+92 3312766771](tel:+923312766771)



[https://twitter.com/Aba\\_Ali\\_Habib](https://twitter.com/Aba_Ali_Habib)



<https://www.facebook.com/aah162>



<https://www.linkedin.com/company/aba-ali-habib-securities/>