



September  
14, 2020

## Economy News

### Asia-Pacific Joint Group meeting on Sept 15

#### Economy | Neutral

A crucial meeting of the Asia-Pacific Joint Group of the Financial Action Task Force (FATF) is scheduled for September 15 and 16 to review Pakistan's measures against money laundering. However, some important bills regarding the anti-money laundering - vital for Pakistan's removal from the FATF grey list - are facing blockage in parliament due to the opposition, which is demanding to take them into confidence before their passage. The recommendations will be put before the FATF on October 16. (ET) | [Click for more info.](#)

### Pakistan, IMF at loggerheads over financing of budget deficit

#### Economy | Neutral

The International Monetary Fund (IMF) and Pakistani authorities are at loggerheads over financing of the yawning budget deficit for the current fiscal year as the Fund is asking for slashing down the budget deficit as well as the gross financing requirements. (The News) | [Click for more info.](#)

### FATF-related, other bills likely to be tabled in NA, Senate

#### Economy | Neutral

A fresh session of the National Assembly will commence on Monday (today), while the Senate session will start on Tuesday (tomorrow) in which the Financial Action Task Force (FATF) and other important bills are likely to be tabled. (Dawn) | [Click for more info.](#)

### Pakistan prepares to pay \$27m to Broadsheet after London accounts frozen

#### Economy | Neutral

The Pakistani government has issued instructions to United National Bank's London office to make a payment of around \$27 million to Broadsheet after the company moved the London High Court and obtained freezing orders on monies kept in bank accounts in London linked with the Government of Pakistan. (The News) | [Click for more info.](#)

### Pakistan, China to sign development agreement today

#### Economy | Positive

Pakistan and China to sign development agreement of the First China Pakistan Economic Corridor's (CPEC) Rashakai Special Economic Zone (SEZ) on Monday at the Prime Minister House, Islamabad. (BR) | [Click for more info.](#)

### Foreign investors exploring opportunities in Pakistan

#### Economy | Positive

Various foreign investors are showing deep interest in Pakistan due to multidimensional potential of the country. Australian business magnate Andrew Forrest who has a whopping net worth of \$14.8 billion is the Group Chairman of Fortescue Metals Group on his second visit to Pakistan met Prime Minister Imran Khan, Commerce Minister Abdul Razak Dawood and Chairman BOI Atiq Bokhari last week in Islamabad and expressed desire to invest tens of billions of dollars in Pakistan in Green Technology Projects. (The News) | [Click for more info.](#)

### Public Offering Regulations; SECP may relax requirements for sell-off of govt entities

#### Economy | Neutral

The Securities and Exchange Commission of Pakistan (SECP) Friday announced that the Commission may relax any of the requirements of the Public Offering Regulations, 2017 for privatization of government-owned entities by Privatization Commission through capital market. (BR) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	30,380.4	30,246.2	-134.2	-0.4%
KSE100	42,647.4	42,530.7	-116.7	-0.3%
KSE30	18,096.7	18,071.1	-25.5	-0.1%
KMI30	68,399.5	67,986.9	-412.6	-0.6%

### Top Five Gainers

	Open	Close	Chg.	%
UPFL	12,900.0	13,500.0	600.0	4.7%
SAPT	829.9	882.0	52.1	6.3%
HINO	579.3	622.8	43.4	7.5%
MEHT	421.4	453.0	31.6	7.5%
ATLH	422.0	448.0	26.0	6.2%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
HASCOL	21.2	22.1	0.9	61.14
BYCO	12.0	11.3	-0.7	54.64
PIBTL	13.7	13.6	-0.1	25.76
KEL	4.2	4.2	0.1	20.73
PACE	3.6	3.9	0.3	16.89

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.08	-0.02	0.06
F-Corporates	1.44	-4.34	-2.90
O/S Pakistanies	6.97	-7.08	-0.10
<b>Net</b>	8.49	-11.43	-2.94
<b>LIPI</b>			
Individuals	90.64	-91.44	-0.79
Companies	4.51	-2.60	1.92
Comm. Banks	2.96	-4.73	-1.77
NBFC	0.16	-0.06	0.10
Mutual Funds	6.67	-5.30	1.37
Other	0.40	-0.61	-0.21
Brokers Proprietary	20.47	-19.68	0.79
Insurance	2.43	-0.90	1.54
<b>Net</b>	128.26	-125.31	2.94

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	37.33	0.1%
Brent oil	USD/bbl.	39.83	-0.6%
Gold	USD/t oz.	1940.55	-0.3%
Silver	USD/t oz.	26.73	-0.5%
Coal	USD/ton	56.65	0.0%
Steel Scrap (LME)	USD/ton	301.00	-1.0%
Steel Rebar (LME)	USD/ton	461.00	-0.2%
USD/PKR	Interbank	166.16	-0.3%

News Source: Local / Int'l Newspapers and websites

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REP-055



## Pakistan seeks relief over \$5.8bn fine in Reko Diq lease case

### Economy | Neutral

Pakistan is seeking the reversal of a \$5.8 billion penalty imposed by an international tribunal for denying a mining lease to an Australian company, saying that paying the fine would hinder its handling of the coronavirus pandemic. Reko Diq town in Balochistan's Chagai district is famed for its mineral wealth, including gold and copper. (Dawn) | [Click for more info.](#)

## Oil & Gas

### North-South Gas Pipeline Project: Financing plan ready, govt to be majority owner

#### Gas | Positive

In a welcoming development, a new financing plan has been prepared for construction and execution of 1,100km North-South Gas Pipeline Project (NSGPP), with the Government of Pakistan being the majority owner. The Finance Division has over Rs302 billion collected in the head of Gas Infrastructure Development Cess (GIDC) whereas the government entities will have to collect over Rs517 billion from various sectors of economy in 24 installments. The Petroleum Division will invest in the project from the GIDC funds. (The News) | [Click for more info.](#)

### ECC defers decision on LPG PL rate

#### Gas | Neutral

The Economic Coordination Committee (ECC) of the Cabinet has deferred decision on rate of Petroleum Levy (PL) on Liquefied Petroleum Gas (LPG) and directed Petroleum Division to consult Law Division. Sharing the details, sources said, Finance Division conveyed directions for collection of non-tax revenue of Rs.2 billion as Petroleum Levy on LPG under Finance Bill for Fiscal Year 2017-18. However, Finance Division did not give directions for applicable unit rate of PL (e.g. Rs. per Metric Ton). (BR) | [Click for more info.](#)

## Power

### Distribution licence: KE says proposed modification contrary to SC order

#### KEL | Neutral

Karachi Electric (KE) has termed proposed modification in its distribution licence contrary to Supreme Court order and against public interest, well-informed sources told Business Recorder. National Electric Power Regulatory Authority (Neptra) has proposed modification in KE licence and will conduct a public hearing within next few days on this issue. (BR) | [Click for more info.](#)

### Cabinet may approve revised draft agreements with IPPs

#### IPPs | Neutral

The federal cabinet is likely to approve revised draft agreements with the Independent Power Producers (IPPs) and government owned IPPs along with mode of payment to clear their receivables of hundreds of billions of rupees on Tuesday (tomorrow). According to sources, the financial impact of agreements with IPPs, government owned IPPs and closure of old power plants would be around Rs 1000 billion over a period of seven to 10 years. (BR) | [Click for more info.](#)

## Autos

### Honda to Skip 6th-Gen & Launch the 7th Generation Honda City in Pakistan

#### HCAR | Positive

Honda Atlas is all set to introduce the 7th generation Honda City to Pakistan. Initially, there were rumors that the company was going to replace the current City of the Pakistani Market with the 6th generation City. However, as per the reports, the company perhaps has better plans after all. (Propakistani) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
HK - Hang Seng	24,503.3	189.77	0.78%
US - Dow 30	27,665.6	131.06	0.48%
INDONESIA - IDX	5,016.7	125.25	2.56%
KSA - Tadawul	8,203.6	68.41	0.84%
PHILP - PSEi	5,968.0	65.57	1.11%
CHINA - Shanghai	3,260.4	25.53	0.79%
INDIA - SENSEX	38,854.6	14.23	0.04%
US - S&P 500	3,341.0	1.78	0.05%
Taiwan - TWII	12,676.0	-15.80	-0.12%
PAK (KSE-100)	42,530.7	-116.68	-0.27%

### Board Meetings

Script	Day	Agenda	Time
BILF	MONDAY	ANN A/C - 30JUN20	10:00 AM
BWHL	MONDAY	ANN A/C - 30JUN20	11:00 AM
IBFL	MONDAY	ANN A/C - 30JUN20	4:00 PM
AVN	TUESDAY	HY A/C - 30SEP18	10:30 AM
GIL	TUESDAY	ANN A/C - 30JUN20	11:00 AM
HACC	TUESDAY	ANN A/C - 30JUN20	11:00 AM
SURC	TUESDAY	ANN A/C - 30JUN20	11:00 AM
BCL	TUESDAY	ANN A/C - 30JUN20	11:30 AM
MODAM	TUESDAY	ANN A/C - 30JUN20	4:00 PM
HRPL	WEDNESDAY	ANN A/C - 30JUN20	11:00 AM
MTL	WEDNESDAY	ANN A/C - 30JUN20	11:30 AM
ILP	WEDNESDAY	ANN A/C - 30JUN20	2:00 PM
MERIT	WEDNESDAY	ANN A/C - 30JUN20	4:00 PM
KAPCO	THURSDAY	ANN A/C - 30JUN20	10:30 AM
DGKC	THURSDAY	ANN A/C - 30JUN20	11:00 AM
POML	THURSDAY	ANN A/C - 30JUN20	11:00 AM
TPLT	THURSDAY	ANN A/C - 30JUN20	11:00 AM
MUGHAL	THURSDAY	ANN A/C - 30JUN20	11:30 AM
PIBTL	THURSDAY	ANN A/C - 30JUN20	2:30 PM
SPEL	THURSDAY	ANN A/C - 30JUN20	4:00 PM
PPVC	FRIDAY	ANN A/C - 30JUN20	9:30 AM
DCR	FRIDAY	ANN A/C - 30JUN20	10:30 AM
GRYL	FRIDAY	ANN A/C - 30JUN20	11:00 AM
ICL	FRIDAY	ANN A/C - 30JUN20	11:00 AM
NML	FRIDAY	ANN A/C - 30JUN20	11:00 AM
TPL	FRIDAY	ANN A/C - 30JUN20	11:00 AM
PIM	FRIDAY	ANN A/C - 30JUN20	3:00 PM
SKRS	FRIDAY	3Q A/C - 30SEP18	3:00 PM
SMBL	FRIDAY	MULTI. PERIOD	3:00 PM
GOC	FRIDAY	ANN A/C - 30JUN20	3:30 PM
BERG	THURSDAY	ANN A/C - 30JUN20	10:00 AM
BUXL	SATURDAY	ANN A/C - 30JUN20	10:00 AM

Source: PSX



## Toyota is Bringing the New Corolla Cross in Pakistan

INDU | Positive

Reports have surfaced that Indus Motor Company (IMC) is planning to launch the brand new variant of Toyota Corolla in the Pakistani market. The car would be the Toyota Corolla Cross, a compact crossover SUV and it will directly compete with the likes of Honda Vezel, HR-V, and the Toyota C-HR. (Propakistani) | [Click for more info.](#)

## Banks

### Islamic banking assets grow 8.1pc in April-June

MEBL | Positive

The asset base of Islamic banking industry (IBI) grew by 8.1 per cent to reach to Rs3,633 billion while deposits jumped 9.5pc to Rs2,946bn during April-June, said a report issued by the State Bank of Pakistan on Friday. Similarly, 'financing and investments (net)' recorded a quarterly increase of 15.5pc and reached Rs2,597bn whereas while surging 20.8pc year-on-year. (Dawn) | [Click for more info.](#)

### PMRC & BOP enter into mortgage refinance agreement

BOP | Positive

Pakistan Mortgage Refinance Company and The Bank of Punjab has join hands together for providing and promoting affordable mortgage finance in the country. (Pakobserver) | [Click for more info.](#)

## Fertilizer

### SHC bars collecting GIDC from two firms

Fertilizer | Positive

A court of law has barred the government from recovering Gas Infrastructure Development Cess's (GIDC) dues worth billions of rupees from fertiliser manufacturing units set up on guaranteed supply of gas at a fixed price for 20 years. The court is scheduled for the next hearing on September 29. A leading analyst recalled that two fertiliser making units namely Engro Enven and Fatima Fertilizer were set up on guaranteed supply of feed stock gas at a fixed price of \$0.7 per mmbtu. The other fertiliser manufacturing units, including Engro's old fertiliser making unit and others are subject to pay GIDC dues and that is why they are in negotiations with the government to expand the time period for the payment to over 10 years from two years at present. (ET) | [Click for more info.](#)

## Sugar

### TCP issues sugar tender

Sugar | Neutral

The Trading Corporation of Pakistan (TCP) has issued an international tender to purchase 100,000 tonnes of white sugar, European traders said on Friday. The tender closes on Sept 15. The sugar is sought from worldwide origins. A previous tender from the TCP for 100,000 tonnes of sugar had closed on Sept 8. (Dawn) | [Click for more info.](#)

## Miscellaneous

### IATA team satisfied with PIA operational safety report

PIAA | Positive

A team of the International Air Transport Association (IATA) Operational Safety Audit has expressed satisfaction on the interim report of the Pakistan International Airlines (PIA), noting improvements in the national carrier's operation safety measures compared with the previous audit report of 2018. According to the interim audit report, the national carrier's administration has completed 98.5 per cent parameters, whereas, the remaining part was due to be addressed. (ET) | [Click for more info.](#)



## Govt to facilitate rice sector

**MATCO | Positive**

The Punjab government is giving 50 percent subsidy on the micronutrients and is committed to introduce more measures to facilitate rice sector. (The News) | [Click for more info.](#)

## Over 137pc rise in exports of tobacco recorded

**Tobacco | Positive**

National Assembly Speaker Asad Qaiser's efforts for tobacco farmers over the last two years have yielded results with an increase in export of over 137 percent of the produce in the first month of the ongoing financial year after withdrawal of advance tax on tobacco leaf. (BR) | [Click for more info.](#)

## SMEs manage to fulfill export orders

**Economy | Neutral**

The small and medium enterprises (SMEs) in the auto sector have managed to secure and deliver foreign orders, amid a lockdown fuelled by the Covid-19 outbreak. (ET) | [Click for more info.](#)

## International News

### Asian shares on firm footing as vaccine trials resume

Asian shares started higher on Monday as hopes of a coronavirus vaccine were rekindled after AstraZeneca resumed its phase-3 trial while sentiment was still cautious ahead of a big week of central bank meetings in UK, Japan and the United States. (Reuters) | [Click for more info.](#)

### Oil mixed as storm threatens U.S. gulf production

Oil prices were mixed on Monday with U.S. crude rising as a tropical storm in the Gulf of Mexico forced rigs to shut down, but the gains were kept in check by wider concerns about excess supply and falling demand for fuels. (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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