



November
18, 2020

Economy News

PSX sets up debt securities platform

Capital Market | Positive

Pakistan Stock Exchange (PSX) achieved a major milestone in enabling and developing a vibrant trading platform for debt securities like treasury bills, Pakistan Investment Bonds (PIBs) and Sukuk ahead of a likely massive debt-based fundraising by the government for low-cost housing, construction and other projects. (ET) | [Click for more info.](#)

Foreign inflows in T-bills rise

Economy | Positive

Net foreign investment in the treasury bills as of Nov 16 amounted to \$16 million reflective of growing confidence in government-backed securities, latest data released by the State Bank of Pakistan (SBP) showed on Tuesday. (Dawn) | [Click for more info.](#)

Govt, IMF to discuss how to move ahead

Economy | Neutral

Adviser to Prime Minister on Finance and Revenue Dr Abdul Hafeez Shaikh has said an International Monetary Fund (IMF) mission will be arriving in Pakistan in the next few weeks, and discussions will be structured how to move ahead on revenue mobilisation and power sector reforms. The adviser also revealed that fiscal deficit during the four months of the current fiscal year stood at Rs758 billion. (BR) | [Click for more info.](#)

NA panel passes CPEC Authority bill with majority

Economy | Neutral

The National Assembly Standing Committee on Planning and Development on Tuesday cleared the China-Pakistan Economic Corridor (CPEC) Authority Bill 2020 with majority despite members belonging to the opposition parties strongly opposed the bill. (The News) | [Click for more info.](#)

Pakistan achieves trade surplus of \$210 million with Italy in 2019-20

Economy | Positive

Pakistan has achieved a trade surplus of \$210 million with Italy during the year 2019-20 as the bilateral trade kept on increasing despite COVID-19 and lockdowns. In Fiscal Year (FY) 2019-20, Pakistan's exports to Italy stood at \$731 million and imports at \$521 million. (The Nation) | [Click for more info.](#)

Oil & Gas

Petroleum Division looks to split gas utilities

SSGC, SNGP | Neutral

With imported gas burdening state-run gas utilities, the Petroleum Division is now seeking the go-ahead from the Cabinet Committee on Energy (CCoE) for appointing a transaction adviser to split the utilities facing higher losses on account of unaccounted for gas (UFG). Sui Northern Gas Pipelines (SNGPL) and Sui Southern Gas Company (SSGC) are facing UFG of 11-17%, which is much higher than international standards. According to the Petroleum Division, the two companies face a cumulative loss of Rs50 billion every year due to theft and gas leakage. (ET) | [Click for more info.](#)

Power

Govt mulls single electricity tariff

Power | Neutral

With potential losses surging to Rs5.2 trillion, mainly in the power sector, the government has decided to introduce a single electrify tariff by eliminating tariff slabs and subsidy by July next year. (ET) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	28,412.7	28,490.0	77.3	0.3%
KSE100	40,504.8	40,652.7	147.9	0.4%
KSE30	17,006.7	17,114.3	107.6	0.6%
KMI30	64,527.6	64,867.4	339.8	0.5%

Top Five Gainers

	Open	Close	Chg.	%
ILTM	1,534.6	1,635.0	100.4	6.5%
NESTLE	6,400.0	6,489.0	89.0	1.4%
PMRS	526.6	555.0	28.4	5.4%
ISIL	360.0	387.0	27.0	7.5%
KHTC	345.9	371.8	25.9	7.5%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
TRG	52.5	52.6	0.1	9.91
BIPL	10.1	10.0	-0.1	8.77
SNBL	9.9	10.0	0.1	8.68
PRL	18.1	18.3	0.2	8.32
UNITY	22.5	22.8	0.3	7.86

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	48.21	0.00	47.88
F-Corporates	1.58	-3.35	-1.77
O/S Pakistanies	2.41	-2.91	-0.50
Net	4.30	-6.27	-1.97
LIPI			
Individuals	32.96	-34.43	-1.47
Companies	2.93	-1.85	1.08
Comm. Banks	1.29	-1.64	-0.35
NBFC	2.69	-2.68	0.00
Mutual Funds	2.56	-1.17	1.38
Other	0.50	-0.14	0.37
Brokers Proprietary	8.72	-9.07	-0.35
Insurance	2.29	-0.98	1.30
Net	53.93	-51.96	1.97

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	41.43	0.2%
Brent oil	USD/bbl.	43.75	-0.2%
Gold	USD/t oz.	1880.38	-0.5%
Silver	USD/t oz.	24.49	-1.1%
Coal	USD/ton	66.90	0.1%
Steel Scrap (LME)	USD/ton	315.50	0.0%
Steel Rebar (LME)	USD/ton	491.50	1.1%
USD/PKR	Interbank	158.35	0.0%

News Source: Local / Int'l Newspapers and websites

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REP-055



Offshore procurement contractors of energy projects; 1.4pc minimum tax exemption under study

Power | **Neutral**

The Federal Board of Revenue (FBR) is seriously considering granting exemption of 1.4 percent minimum tax for the offshore procurement contractors of the China-Pakistan Economic Corridor (CPEC) energy projects. Sources told Business Recorder here on Tuesday that the issue was discussed at the FBR during the last meeting of pending taxation issues of the CPEC energy projects. (BR) | [Click for more info.](#)

Autos

Govt mulls 50% tax break for EVs

Autos | **Positive**

Briefing the National Assembly Standing Committee on Industries and Production on Tuesday, the minister shared that the government had planned to waive 50% of taxes applicable to the production of 1,800cc electric and hybrid cars. He revealed that 25% of taxes on cars having engine capacity of more than 1,800cc would be waived as well. "In addition, the government will waive the fee for registration and annual renewal for electric vehicles," he said. (ET) | [Click for more info.](#)

Automobile sector; Functioning licences granted to six new entrants, NA body told

Autos | **Positive**

Federal Minister for Industries and Production Hammad Azhar on Tuesday said the government had tried to create competition in the automobile sector by granting functioning licenses to six new entrants. M/s Kia Lucky Motors Pvt Ltd, M/s United Motors (Pvt) Ltd, M/s Regal Automobile Industries Ltd, M/s Foton JW Auto Park (PVT) Ltd, M/s Master Motors Ltd and M/s Hyundai Nishat Motor (Pvt) Ltd were the new entrants with total on ground investment of \$476 million. (BR) | [Click for more info.](#)

Banks

Debt securities; Bank Alfalah first bank designated as market maker by PSX

BAFL | **Positive**

Pakistan Stock Exchange (PSX) and Bank Alfalah on Tuesday signed an agreement at a ceremony held at PSX trading hall. Under this agreement, Bank Alfalah has now become the country's first commercial bank designated as a market maker for debt securities at Pakistan Stock Exchange. (BR) | [Click for more info.](#)

Profitability of the banking sector may come under stress in 2HCY20: SBP

Banks | **Negative**

The profitability of the banking sector may come under stress in the next half of the year, mainly, from prevailing low interest rate environment. (Mettis) | [Click for more info.](#)

Miscellaneous

PM allows pre-booking of coronavirus vaccine

Pharmaceutical | **Positive**

Pakistan has approached two coronavirus vaccine manufacturers after Prime Minister Imran Khan allowed authorities to pre-book the vaccine. Dr Nausheen Hamid said the federal government has shortlisted two major pharmaceutical companies for the supply of Covid vaccine. However, the government has not revealed the names of the vaccine manufacturers yet. (PT) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	43,952.7	314.73	0.72%
PAK (KSE-100)	40,652.7	147.92	0.37%
KSA - Tadawul	8,572.7	46.09	0.54%
Taiwan - TWII	13,593.0	41.18	0.30%
PHILP - PSEi	6,959.1	41.09	0.59%
INDONESIA - IDX	5,529.9	35.07	0.64%
HK - Hang Seng	26,415.1	33.42	0.13%
CHINA - Shanghai	3,339.9	-7.07	-0.21%
US - S&P 500	3,609.5	-17.38	-0.48%
US - Dow 30	29,783.4	-167.09	-0.56%

Board Meetings

Scrip	Day	Agenda	Time
HCAR	Wednesday	HYA/C - 30SEP20	11:00 AM
HACC	Friday	LA/C - 30SEP20	10:30 AM
EXIDE	Monday	LA/C - 30SEP20	3:00 PM

Source: PSX



Avanceon incorporates a new wholly owned subsidiary in the State of Qatar AVN | **Positive**

Avanceon Limited has incorporated a new wholly owned subsidiary in the State of Qatar with the name "Avanceon QFZ LLC" as a limited liability Company under the Companies Regulations of Qatar Free Zones Authority, with RegistrationNo. FZA 194. (Mettis) | [Click for more info.](#)

Steelmakers demand check on duty-free imports

Steel | **Neutral**

Pakistan Association of Large Steel Producers has asked the government to take note of duty-free imports of steel products by the companies affiliated with CPEC projects in sheer violence of rules and regulations. (Dawn) | [Click for more info.](#)

GSP+ scheme of EU; Country faces prospect of suspension

Economy | **Negative**

Pakistan may reportedly face possible suspension of trade incentives available under Generalized System of Preferences plus (GSP+) scheme of European Union (EU) if any "coercive" action is taken against France. According to a reported agreement signed on a plain paper between the representatives of Government of Pakistan (GoP) and Tehreek-e- Labbaik Pakistan (TLP), the French ambassador may be expelled from Pakistan in two or three months, through a decision of Parliament, Pakistani ambassador to France recalled and a boycott of French products. (BR) | [Click for more info.](#)

Dialogue begins on trade, APTTA, PTA

Economy | **Neutral**

The Adviser to Prime Minister on Commerce and Investment, Abdul Razak Dawood led an official delegation to Afghanistan from 16-17 November 2020, for discussions on bilateral trade, Afghanistan-Pakistan Transit Trade Agreement (APTTA), Preferential Trade Agreement (PTA) and investment-related matters between the two countries. (BR) | [Click for more info.](#)

Political News

Opposition invited for electoral reforms

Prime Minister Imran Khan on Tuesday said a constitutional amendment bill would be tabled in the parliament, suggesting the show of hands for the Senate election to eliminate the chances of corruption. (The News) | [Click for more info.](#)

International News

Asia stocks set for sluggish start after Wall Street declines

Asian equities were set for a sluggish open on Wednesday, tracking a lower Wall Street session as concerns over rising coronavirus cases and fresh lockdowns dampened the euphoria from vaccine trial breakthroughs. (Reuters) | [Click for more info.](#)

Oil Dips After Industry Reports Rising U.S. Crude Stockpiles

Oil pared gains after an industry report showed growing U.S. crude supplies, adding to uncertainty over the OPEC+ alliance's output plans for next year. (Bloomberg) | [Click for more info.](#)

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Source: PSX



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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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