



November  
23, 2020

## Economy News

### SBP likely to leave policy rate unchanged

#### Economy | Neutral

Pakistan's central bank is scheduled to meet on Monday (Nov 23) to determine the benchmark interest rate for the next two months at a time of rising Covid-19 cases in the country, dull economic activity, higher inflation reading and negative real interest rate. (ET) | [Click for more info.](#)

### Pakistan-IMF Talks on Restarting \$6 Billion Loan Stalled: FT

#### Economy | Neutral

Pakistan Prime Minister Imran Khan's refusal to introduce unpopular reforms has stymied talks with the International Monetary Fund to restart a \$6 billion loan, the Financial Times reported, citing unidentified senior government officials. An IMF team due to visit Islamabad in October has yet to arrive, as fund officials await signs that Pakistan is willing to take further steps to reduce its fiscal deficit, the report said, citing one of the people. (Bloomberg) | [Click for more info.](#)

### IMF talks focus on renewed tax thrust

#### Economy | Neutral

At a time when the economy is grappling with second wave of Covid-19, the International Monetary Fund has recommended a string of policy proposals from the rationalization of tax rates to withdrawal of tax exemption and removal of all distortions in the country's tax system. (Dawn) | [Click for more info.](#)

### IMF says SBP disburses Rs238bn among 2,958 SMEs so far

#### Economy | Neutral

The State Bank of Pakistan (SBP) has disbursed Rs 238 billion among 2,958 small and medium enterprises (SMEs) so far to incentivise businesses and avoid laying off their workers during the coronavirus pandemic, says the International Monetary Fund (IMF). (BR) | [Click for more info.](#)

### Pakistan secures \$800m in debt relief

#### Economy | Positive

Pakistan has so far secured \$800 million worth of debt freeze deals from 14 members of the richest club of G-20 countries, as it still awaits ratification by remaining six countries including Saudi Arabia and Japan involving \$1 billion transactions. (ET) | [Click for more info.](#)

### Pakistan improves rank on border trading index

#### Economy | Positive

Pakistan's rank on trading across border index jumped by 28 places in 2020 mainly due to considerably improved implementation of several measures under the Trade Facilitation Agreement (TFA) contributing to Ease of Doing Business. The Geneva-based World Trade Organisation's TFA implementation level reached to 79 per cent in November 2020 from 34pc in June, 2018, which has tangibly contributed to rise of Pakistan — from 136th position to 108th position — in the Global Fund's Annual Ease of Doing Business 2020 Report. (Dawn) | [Click for more info.](#)

### Govt plans new tax legislation

#### Economy | Negative

The Pakistan Tehreek-e-Insaf (PTI) government has planned to introduce a new legislation to withdraw income tax exemptions availed by the corporate sector to raise around Rs200 billion in additional taxes as part of its efforts to revive the stalled International Monetary Fund (IMF) programme. The government was considering either introducing a finance bill in the National Assembly or promulgating a presidential ordinance next month to satisfy the IMF's demand for additional tax measures, said sources in the Federal Board of Revenue (FBR). (ET) | [Click for more info.](#)

## Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	28,431.5	28,273.9	-157.7	-0.6%
KSE100	40,540.7	40,187.2	-353.5	-0.9%
KSE30	17,056.6	16,903.3	-153.3	-0.9%
KMI30	64,517.5	64,009.8	-507.8	-0.8%

## Top Five Gainers

	Open	Close	Chg.	%
PMPK	1,440.0	1,499.0	59.0	4.1%
WYETH	1,010.3	1,043.5	33.2	3.3%
KHTC	415.6	446.8	31.2	7.5%
HINO	408.6	423.7	15.1	3.7%
PRET	204.0	215.0	11.0	5.4%

## Top Five Volume Leaders

	Open	Close	Chg.	Vol.
UNITY	23.3	23.7	0.4	39.72
TRG	55.8	53.5	-2.2	14.17
MLCF	40.1	38.7	-1.4	10.12
EPCL	44.0	44.1	0.1	7.35
WTL	1.0	1.0	0.0	6.62

## Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	5.17	-0.01	2.85
F-Corporates	1.94	-2.74	-0.80
O/S Pakistanies	2.71	-2.51	0.20
<b>Net</b>	4.69	-5.27	-0.58
<b>LIPI</b>			
Individuals	40.14	-37.18	2.96
Companies	3.40	-2.90	0.50
Comm. Banks	2.43	-1.79	0.64
NBFC	0.02	-0.01	0.01
Mutual Funds	3.34	-5.31	-1.97
Other	0.95	-0.37	0.58
Brokers Proprietary	7.69	-9.24	-1.56
Insurance	1.83	-2.40	-0.57
<b>Net</b>	59.79	-59.20	0.58

## Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	42.15	1.0%
Brent oil	USD/bbl.	44.96	1.7%
Gold	USD/t oz.	1870.99	0.2%
Silver	USD/t oz.	24.18	0.5%
Coal	USD/ton	67.80	0.4%
Steel Scrap (LME)	USD/ton	317.50	-1.7%
Steel Rebar (LME)	USD/ton	491.50	-1.2%
USD/PKR	Interbank	161.02	0.3%

News Source: Local / Int'l Newspapers and websites

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## SBP warns of forced repatriation of overseas Pakistani workers

**Economy | Neutral**

The State Bank of Pakistan (SBP) has warned over possible forced repatriation of overseas workers that could create grave problems for the economy urging the government to evolve a comprehensive strategy to deal with the situation. (Dawn) | [Click for more info.](#)

## Oil & Gas

### Ogra to approach third party for gas meter testing

**Gas | Neutral**

Amid demand by gas utilities for increase in their prescribed price and meter rent by up to 123 per cent and 100pc, respectively, the Oil & Gas Regulatory Authority (Ogra) has decided to have testing of gas meters by independent third party, instead of gas companies themselves. (Dawn) | [Click for more info.](#)

### SSGC seeks increase in gas tariff by Rs78.95 per MMBTU

**SSGC | Negative**

The Sui Southern Gas Company Limited (SSGC) has sought an increase in cost of gas per MMBTU by Rs78.95 to a staggering Rs822.25 per MMBTU from Rs743.25 per MMBTU for the financial year 2020-21 and OGRA will hold a hearing tomorrow (Monday) amid severe opposition by other stakeholder particularly APTMA -- Sindh and Balochistan chapter. (The News) | [Click for more info.](#)

### Oil imports fall by 24.56pc in four months

**Oil | Positive**

Pakistan's oil imports declined by 24.56 percent in first four months (July to October) of the current fiscal year, easing pressure on the country's foreign exchange reserves. The country's oil imports were recorded at \$3.15 billion in July to October period of 2020-21 as compared to \$4.18 billion in corresponding period of the last year, showing decline of 24.56 percent, according to the latest data of Pakistan Bureau of Statistics (PBS). (The Nation) | [Click for more info.](#)

## Power

### For turning MoUs into amended PPAs: Govt, 47 IPPs set to embark upon crucial talks from tomorrow

**Power, IPPs | Neutral**

The crucial round of talks between the government and IPPs to turn the MoUs into amended Power Purchase Agreements (PPAs) will start from tomorrow (Tuesday) on Payment Mechanism of dues that has been finalised by top notches of the Power Division and finance ministry with the World Bank, a top official of the Power Division told. (The News) | [Click for more info.](#)

### Proposed agreements; IPPs still in the dark about templates

**IPPs | Negative**

Independent Power Producers (IPPs) are still in the dark about the templates of proposed agreements which will replace Memoranda of Understandings (MoUs) into PPAs and payment mode of agreed amount of Rs 400 billion. (BR) | [Click for more info.](#)

## Autos

### Domestic tractors manufacturing grows by 17.17pc in Q1

**AGTL, MTL | Positive**

Domestic tractors manufacturing during first quarter of current financial year have witnessed about 17.17 percent growth as compared the production of corresponding period of last year. (BR) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
INDIA - SENSEX	43,882.3	282.29	0.65%
PHILP - PSEI	7,169.8	172.17	2.46%
HK - Hang Seng	26,451.5	94.57	0.36%
CHINA - Shanghai	3,377.7	14.64	0.44%
KSA - Tadawul	8,588.2	9.75	0.11%
Taiwan - TWII	13,716.4	-5.99	-0.04%
INDONESIA - IDX	5,571.7	-22.40	-0.40%
US - S&P 500	3,557.5	-24.33	-0.68%
US - Dow 30	29,263.5	-219.75	-0.75%
PAK (KSE-100)	40,187.2	-353.52	-0.87%

### Board Meetings

Scrip	Day	Agenda	Time
QUICE	Thursday	1Q A/C - 30SEP20	10:30 AM
WAHN	Thursday	1Q A/C - 30SEP20	12:00 PM
SIEM	Thursday	ANN A/C - 30SEP20	1:00 PM
HINO	Friday	HY A/C - 30SEP20	10:00 AM
KEL	Friday	1Q A/C - 30SEP20	10:30 AM
ASC	Friday	1Q A/C - 30SEP20	11:15 AM
ARUJ	Friday	1Q A/C - 30SEP20	12:00 PM
DSL	Friday	1Q A/C - 30SEP20	3:30 PM
FZCM	Friday	1Q A/C - 30SEP20	3:30 PM
SSGC	Saturday	3Q A/C - 31MAR20	10:00 AM
SILK	Saturday	3Q A/C - 30SEP20	12:00 PM
EXIDE	Saturday	HY A/C - 30SEP20	3:00 PM

Source: PSX



## IMC to unveil 2021 Corolla

**INDU | Positive**

Indus Motor Company (IMC) is geared to introduce a fresh look to its flagship Toyota Corolla, the Corolla X Package, expected to roll out in January, a statement said on Friday. Despite being the most competitive locally-produced vehicle, Corolla offers top of the line performance and safety features, it added. (The News) | [Click for more info.](#)

## Cement

**Rs1tr activities generated in housing sector, PM told**

**Cement, Steel | Positive**

Prime Minister Imran Khan was informed on Friday that economic activities worth Rs1 trillion had been generated in Punjab through initiation of several housing and construction projects. According to the Prime Minister Office, Punjab Chief Secretary Jawad Rafique Malik told, construction work started on 44 million square feet of land in the province generated Rs1tr economic activities. (Dawn) | [Click for more info.](#)

## Banks

**Islamic banks' market share up**

**MEBL | Positive**

The market share of Islamic banking assets in the overall banking industry increased to 16 percent in the third quarter of 2020 from 13.8 percent a year ago, the State Bank of Pakistan's Islamic Banking Bulletin for July-September 2020 said on Friday. (The News) | [Click for more info.](#)

**State Bank announces new regulatory incentives**

**Banks | Positive**

The State Bank of Pakistan (SBP) has announced five regulatory relaxations to incentivize banks to finance low-cost and affordable housing. To support the provision of finance to this sector, the definition of low-cost housing finance used in current regulations for banks has been aligned with the definition used under the government mark-up subsidy facility for housing finance eligible under tiers one and two of housing finance. (ET) | [Click for more info.](#)

## Pharmaceutical

**ECC approves \$150m for purchase of Covid-19 vaccine**

**Pharmaceutical | Positive**

The Economic Coordination Committee of the Cabinet (ECC) Friday approved in principle, the provision of technical supplementary grant of US \$150 million for the purchase of the Covid-19 vaccine. (Pakobserver) | [Click for more info.](#)

## Textile

**Textile sector facing raw material shortage**

**Textile | Negative**

Textile exporters have urged the government to abolish customs and regulatory duties on the import of cotton yarn, citing that apparel and home textile sectors are facing shortage of basic raw material, which may lead to a drastic decline in textile exports. (ET) | [Click for more info.](#)

**Despite pandemic, knitwear exports pick up pace**

**Textile | Positive**

Knitwear and hosiery exports increased 12.3% year-on-year in the first four months (July-October) of current fiscal year despite the global economic disruption caused by the Covid-19 pandemic. This textile sub-sector earned the highest amount of foreign exchange worth \$1.183 billion for the country compared to earnings of \$1.053 billion in the same four-month period of previous year. (ET) | [Click for more info.](#)

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Source: PSX



## Sugar

**No pact between sugar dealers, Punjab govt to lift imported sugar**

Sugar | **Neutral**

No written agreement was made between sugar dealers and the Punjab government for lifting of imported sugar despite clear instructions of the Punjab cabinet to sign an agreement with the Sugar Dealers Association for lifting imported sugar and selling it in the market. (The News) | [Click for more info.](#)

**Millers threaten closures in face of cane shortages**

Sugar | **Negative**

The Pakistan Sugar Mills Association (PSMA) on Friday wrote a letter to the Ministry of Industries warning that the country's sugar mills could face closure as they face serious shortages of raw material. (Dawn) | [Click for more info.](#)

## Transportation

**Govt plans unbundling of several public entities**

PIAA, Economy | **Negative**

Adviser to the Prime Minister on Institutional Reforms Dr Ishrat Husain has announced unbundling of several state-owned enterprises, including Pakistan Railways, PIA and Pakistan Steel Mills, and involving the private sector to run these entities. (Dawn) | [Click for more info.](#)

**7,000 PIA employees to be relieved: Dr Ishrat Hussain**

PIAA | **Negative**

Adviser to the Prime Minister on Institutional Reforms and Austerity Dr Ishrat Hussain on Friday said the number of Pakistan International Airlines (PIA) employees will be brought down from 14,000 to 7,000. (The News) | [Click for more info.](#)

## Miscellaneous

**Plan to launch 5G technology by Dec 2022: minister**

Tech & Communication | **Positive**

This was stated by Amin-ul-Haq, Federal Minister for IT and Telecom while talking to the Daily Business Recorder after the conclusion of 2nd PMFA Appreciation Awards Ceremony organized by Pakistan Malaysia Friendship Association (PMFA) held at a local hotel the other day. He said the government was striving to launch 5G technology in the country by December 2022, adding that the ministry was also working on other digital payment solutions after the refusal of Paypal to come into Pakistan. (BR) | [Click for more info.](#)

**Two urea plants; Ministry under pressure to extend period of cheap RLNG supply**

FATIMA | **Neutral**

The Ministry of Energy is said to be under pressure to extend the period of cheap RLNG supply to two urea fertilizer plants, after November 2020, well-informed sources in Power Division told. (BR) | [Click for more info.](#)

## Political News

**Total lockdown if corona multiplies: PM Imran**

Prime Minister Imran Khan Sunday said the PDM would be responsible for consequences if they continued with their public gatherings despite a COVID-19 spike, and the government was forced to go for a lockdown. (The News) | [Click for more info.](#)



## International News

### **Pfizer, BioNTech seek approval for vaccine use in US**

US biotech giant Pfizer and German partner BioNTech sought approval on Friday to roll out their coronavirus vaccine early, a first step towards relief as surging infections prompt a return to shutdowns that traumatised nations and the global economy earlier this year. (Dawn) | [Click for more info.](#)

### **Asian shares rise on hopes for rapid vaccine rollout**

A broad gauge of Asian shares edged up to record highs on Monday morning as hopes for imminent coronavirus vaccines buoyed investor sentiment, but worries over the impact of economic lockdowns and uncertainty over U.S. stimulus capped gains. (Reuters) | [Click for more info.](#)

### **Oil prices extend gains on COVID vaccine hopes**

Oil prices extended their gains on Monday as traders were optimistic about a recovery in crude demand thanks to successful coronavirus vaccine trials, but price gains were contained by renewed lockdowns in several countries. (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%

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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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