



November  
26, 2020

## Economy News

### \$19.85m grant deal inked with WB

**Economy | Positive**

The government of Pakistan and the World Bank Wednesday signed grant agreement "Covid-19 Response, Recovery and Resilience in Education Project" worth \$19.85 million. (BR) | [Click for more info.](#)

### Expats deposit Rs16 bn in Roshan Pakistan Digital accounts

**Economy | Positive**

Governor State Bank of Pakistan Dr Reza Baqir has revealed that Pakistani expats deposited \$100 million (approx Rs16 billion) in Roshan Pakistan Digital accounts since its launching. (The News) | [Click for more info.](#)

### Businesses, factories cannot be shut: PM Imran Khan

**Economy | Positive**

Addressing the Pakistan Strategy Dialogue under the auspices of the World Economic Forum (WEF), Imran Khan said Pakistan is concerned about the increase in coronavirus cases, but it cannot afford a lockdown in businesses and factories. The prime minister said, "We are taking steps to ensure that the economy is not affected. Unlike the lockdown, we have banned unnecessary public gatherings and identified areas affected by corona and introduced smart lockdown. (The News) | [Click for more info.](#)

### No quick end to economic damage after Covid-19 vaccine: UNCTAD

**Economy | Neutral**

Despite growing confidence that an end to health pandemic is in sight, a report released by the United Nations Conference on Trade and Development (UNCTAD) has warned that a viable Covid-19 vaccine will not contain the economic damage. (Dawn) | [Click for more info.](#)

### Bilateral project financing dries up

**Economy | Negative**

Pakistan has received \$3.2 billion in foreign loans during the first four months of the current fiscal year, as project lending from bilateral sources, including China, has almost dried up. There were almost no disbursements of loans from Japan, Saudi Arabia and China, except for the unplanned \$1 billion that Pakistan secured from Beijing as Safe deposits deal to repay an equal amount of the Saudi debt four months ahead of the schedule. (ET) | [Click for more info.](#)

### Fears of Pakistan losing job market to India grow after UAE visa ban

**Economy | Negative**

The United Arab Emirates (UAE) has suspended issuance of work or employment visas to 13 Muslim-majority countries including Pakistan, a move people associated with recruitment agencies warn could negatively affect the country's economy. In fact, since the ban came into effect on 18 of November, one recruitment agency alone in Rawalpindi has lost 3,000 jobs which have now been diverted to India by its client. (ET) | [Click for more info.](#)

## Oil & Gas

### OGDCL discovers gas reserves

**OGDC | Positive**

The Oil and Gas Development Company Limited (OGDCL), as operator (100 percent) of Lakhirud Exploration Licence, has discovered gas from its Exploratory Well Lakhirud X-1, which is located in Musa Khel district, Balochistan, a statement said on Wednesday. The structure of Lakhirud X-1 was drilled and tested using OGDCL's in-house expertise, it added. (The News) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	28,058.9	28,445.7	386.9	1.4%
KSE100	39,863.4	40,377.5	514.2	1.3%
KSE30	16,751.7	17,016.4	264.7	1.6%
KMI30	63,526.4	65,003.8	1477.4	2.3%

### Top Five Gainers

	Open	Close	Chg.	%
COLG	2,800.0	2,850.0	50.0	1.8%
MARI	1,306.1	1,353.2	47.0	3.6%
PAKT	1,500.0	1,540.0	40.0	2.7%
IDYM	462.3	496.9	34.7	7.5%
SYS	328.1	352.3	24.2	7.4%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
FFBLR	6.3	5.4	-0.9	28.57
TRG	52.0	55.2	3.2	21.16
UNITY	23.6	23.2	-0.4	20.85
HASCOL	13.3	13.9	0.5	13.28
FFBL	20.3	19.8	-0.5	7.94

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	2.26	-0.02	-1.45
F-Corporates	1.99	-5.02	-3.02
O/S Pakistanies	5.88	-5.27	0.61
<b>Net</b>	7.89	-10.31	-2.42
<b>LIPI</b>			
Individuals	73.98	-73.42	0.57
Companies	4.07	-4.33	-0.26
Comm. Banks	2.90	-2.53	0.37
NBFC	0.01	-0.01	0.00
Mutual Funds	7.39	-7.69	-0.30
Other	2.04	-1.73	0.31
Brokers Proprietary	18.20	-16.95	1.25
Insurance	2.00	-1.51	0.49
<b>Net</b>	110.60	-108.18	2.42

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	45.71	1.8%
Brent oil	USD/bbl.	48.61	1.6%
Gold	USD/t oz.	1807.56	0.0%
Silver	USD/t oz.	23.36	0.4%
Coal	USD/ton	78.60	0.4%
Steel Scrap (LME)	USD/ton	319.50	0.2%
Steel Rebar (LME)	USD/ton	186.50	-61.6%
USD/PKR	Interbank	159.77	-0.7%

**News Source:** Local / Int'l Newspapers and websites

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**REP-055**

MORNING BRIEFING



## PPL allowed continuing production from Sui mining lease for another six months

**PPL | Positive**

Pakistan Petroleum Limited (PPL) has been allowed to continue production from the Sui mining lease for another period of six months with effect from the expiry of the existing lease period on 30th November 2020. (Mettis) | [Click for more info.](#)

## Govt to hike power, gas prices in phases

**Gas, Power | Negative**

The federal government has announced that it will have to hike the power and gas tariffs in the country in a phased manner in order to enable gas companies to recover their receivables in the next four to five years. "The previous [PML-N] government did not allow an increase in the gas tariff which resulted in an increase in the shortfall of the gas companies – Sui Northern Gas Pipeline Limited (SNGPL) and Sui Southern Gas Company Limited (SSGC) – by Rs192 billion. (ET) | [Click for more info.](#)

## Govt suggests using telecom model

**Gas | Neutral**

Policymakers have expressed the desire that gas companies should follow the model of telecom sector in an effort to operate in a competitive market, improve efficiency and reduce losses. At present, the two public gas utilities are posting high losses, which have worried policymakers, who are considering splitting the companies to control revenue bleeding. Losses of the gas utilities range from 11-17%. According to the Petroleum Division, the monopoly of the gas companies is causing an annual loss of Rs50 billion. (ET) | [Click for more info.](#)

## Deeper gas crisis on the cards

**Gas | Neutral**

With the winter season aggravating every day, the country is heading towards a severe gas crisis as 100pc state owned companies -- Pakistan LNG Terminal Limited (PLTL) and Pakistan LNG Limited (PLL) have refused to finalize the Inter-User Agreement (IUA) making the private LNG imports impossible knowing the fact that the private sector alone can solve the gas crisis and solve it fast by utilizing the unused capacity of the government and 150 mmcf additional capacity of PGPC terminal. (The News) | [Click for more info.](#)

## Power

### Expensive energy 'biggest' problem, WEF told

**Power | Neutral**

Prime Minister Imran Khan has described expensive energy as the "biggest" problem in Pakistan as the cost of energy is 25 percent more than in competitors India and Bangladesh" that has impeded industrialization owing to the power agreements signed in the past." (BR) | [Click for more info.](#)

### RLNG-fired power plants; Sell-off plan faces difficult situation

**Power | Neutral**

The privatisation of Re-gasified Liquefied Natural Gas (RLNG)-fired power plants is reportedly in hot water due to IPPs current issues and inordinate delay in other prerequisites. Sharing details, sources said transaction structure for the privatisation of two RLNG power plants established by National Power Parks Management Company Limited (NPPMCL) was approved by the Cabinet Committee on Privatisation (CCoP) in its meeting held on September 18, 2019. (BR) | [Click for more info.](#)

## World Indices

	Last	Chg.	Chg. %
PAK (KSE-100)	40,377.5	514.17	1.29%
HK - Hang Seng	26,669.8	81.55	0.31%
KSA - Tadawul	8,688.8	52.62	0.61%
US - S&P 500	3,629.7	-5.76	-0.16%
INDONESIA - IDX	5,679.3	-21.78	-0.38%
CHINA - Shanghai	3,362.3	-40.49	-1.19%
Taiwan - TWII	13,738.8	-68.30	-0.49%
PHILP - PSEi	7,001.5	-107.16	-1.51%
US - Dow 30	29,872.5	-173.77	-0.58%
INDIA - SENSEX	43,828.1	-694.92	-1.56%

## 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



## Power generation licence sought

Power | **Neutral**

China Overseas Ports Holding Company (COPHC) has approached the National Electric Power Regulatory Authority (NEPRA) for the grant of a generation licence to Gwadar Free Zone Company for 8.75MW diesel-fired power plant, an application submitted by COPHC said on Wednesday. (The News) | [Click for more info.](#)

## Autos

Auto sales likely to increase 60pc YoY in FY21

Autos | **Neutral**

The country's auto industry sales are likely to grow 60pc in the current fiscal year (FY2020-21), with total sales expected to clock in at 201,000 units, including those of new entrants Lucky Motor Corporation (formerly KIA Lucky Motors), Hyundai Nishat and used imported cars. (PT) | [Click for more info.](#)

## Fertilizer

Fertilizer offtake increases by 43.6% in Oct'20

Fertilizer | **Positive**

Total nutrient offtake during October 2020 was about 386 thousand nutrient tonnes which increased by 43.6 percent over the same timeframe of 2019. Nitrogen offtake increased by 107.1 percent while phosphate offtake decreased by 12.3 percent. Potash offtake increased by 47.7 percent over October 2019. (Mettis) | [Click for more info.](#)

Urea offtake registers a whopping increase of 240% YoY in Oct'20

Fertilizer | **Positive**

Urea offtake witnessed a substantial rise of 240.4 percent during the month of October 2020, standing at 413 thousand tonnes as compared to the same period of last year. This high increase is attributed to a very low offtake (121 thousand tonnes) during the same time frame of last year (2019) due to high prices of urea and uncertainty in the market about waiving off Gas Infrastructure Development Cess (GIDC). (Mettis) | [Click for more info.](#)

Sale of DAP declines by 15.3% in Oct'20

Fertilizer | **Neutral**

The total DAP offtake during the month of October 2020 was nearly 229 thousand tonnes, showing a decline of 15.3 percent over October 2019. (Mettis) | [Click for more info.](#)

Fertiliser industry demands tax exemptions

Fertilizer | **Neutral**

Fertiliser Manufacturers of Pakistan Advisory Council (FMPAC) has asked the government to exempt the fertiliser industry from the income and sales tax laws introduced through Finance Act 2020 as the farmers would face the burden of this clause. (Dawn) | [Click for more info.](#)

## Miscellaneous

ASTL targeting 55% to 65% capacity utilization for FY21

ASTL | **Positive**

Amreli Steels Limited (ASTL) conducted its analyst briefing session yesterday where the management discussed Company's latest financial performance as well as future roadmap. To recall, ASTL reported Rs 1.12 billion worth of net losses for FY20, against meagre profits of Rs 32.82 million earned in FY19. (Mettis) | [Click for more info.](#)



## Containers transporting sugar to Afghanistan; SC dismisses collectorate's plea

### Sugar | Neutral

The Supreme Court Wednesday dismissed Customs Collectorate appeal to stop containers that were transporting sugar to Afghanistan. A three-judge bench, headed by Justice Umar Ata Bandial, which heard Customs Collectorate appeal against the Sindh High Court verdict, accepting the request dismissed the plea as withdrawn. (BR) | [Click for more info.](#)

## Authorities faces legal challenge on tax concession for Naya Pakistan certificates

### Economy | Neutral

The government will face a legal challenge in giving tax advantage to investors of Naya Pakistan certificates without amending the relevant laws, sources said on Wednesday. The government announced a deduction of 10 percent withholding tax on profit derived on Naya Pakistan Certificates (NPC), which will be final tax liability for investors. However, such provision is not available in the main tax statute – Income Tax Ordinance 2001. (The News) | [Click for more info.](#)

## NPF ratio of IBI well below overall banking industry ratio

### Banks | Neutral

According to State Bank of Pakistan's Islamic Banking Bulletin for the quarter ended September 2020, asset quality indicators of IBI are healthier than conventional banking. Non-performing financing ratio to financing (gross) and net NPFs to net financing marginally increased from 3.3 percent and 0.7 percent by end June 2020 to 3.7 and 0.9 percent, respectively by end September 2020. (BR) | [Click for more info.](#)

## BIPL Securities receives PAI from AKD Securities to acquire more than 77.12% voting shares – Neutral

### BIPLS | Positive

BIPL Securities has received a notice of Public Announcement of Intention (PAI) from Topline Securities on behalf of AKD Securities to acquire more than 77.12% voting shares of the company beyond the thresholds prescribed under section 111 of the Securities Act, 2015. (Mettis) | [Click for more info.](#)

## International News

### Failure to get Brexit deal will wipe out 2pc off UK output: OBR

Failure by Britain and the European Union to agree a free trade deal would wipe an extra two per cent off the United Kingdom's economic output while driving up inflation, unemployment and public borrowing, official forecasts showed on Wednesday. (Dawn) | [Click for more info.](#)

### Oil extends gains on surprise U.S. inventory draw amid vaccine rally

U.S. oil rose for a fifth day on Thursday as a surprise drop in crude inventories extended a rally driven by hopes that vaccines would end the coronavirus pandemic and revive fuel demand. (Reuters) | [Click for more info.](#)

### Asian shares slip as investors pause for breath after massive rally

Asian shares dipped slightly on Thursday as the hot run up in global markets took a breather, with investors switching their focus from vaccine hopes to disappointing U.S. jobs data and new COVID-19 lockdowns. (Reuters) | [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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