



November
30, 2020

Economy News

Capital market; Hafeez to set up body to resolve taxation issues

Economy | Positive

In a major move to attract investment in the stock market, Adviser to the Prime Minister on Finance and Revenue, Abdul Hafeez Shaikh will constitute a committee to resolve taxation-related issues pertaining to the capital market including stock market, mutual funds, and real estate investment trust (REIT). (BR) | [Click for more info.](#)

Digital accounts; Pakistan receives near \$2m daily: SBP chief

Economy | Positive

Digital Account is a major initiative of State Bank of Pakistan, in collaboration with commercial banks operating in Pakistan. These accounts provide innovative banking solutions for millions of Non-Resident Pakistanis (NRPs) seeking to undertake banking, payment, and investment activities in Pakistan. Commenting on the success of the product at the dinner attended by Pakistani diaspora in Dubai, SBP Governor Dr Reza Baqir said, "Pakistan has been receiving close to \$2 million daily through these digital accounts with approximately \$100 million inflow since launch. (BR) | [Click for more info.](#)

FY-21 tax collection target; SAPM hints at downward revision

Economy | Neutral

The Special Assistant to the Prime Minister (Minister of State) on Revenue, Dr Waqar Masood, has hinted at downward revision in revenue collection target of Rs4.9 trillion for 2020-2021, and withdrawal of corporate income tax exemptions before the next federal budget. (BR) | [Click for more info.](#)

ADB loan to prop up reserves

Economy | Positive

The Asian Development Bank (ADB) on Friday approved a \$300 million loan to supplement Pakistan's foreign exchange reserves that are being built through borrowing, taking its total policy lending to \$900 million in the past five months. The ADB has approved the \$300 million policy-based loan to help promote macroeconomic stability in Pakistan by facilitating improved trade competitiveness and export diversification, according to a statement issued by the Manila-based lending agency after its board meeting. (ET) | [Click for more info.](#)

Pakistan, S Arabia agree to deepen economic ties

Economy | Positive

Pakistan and Saudi Arabia have agreed on further deepening bilateral trade and economic cooperation including in the field of energy, the Foreign Office said. (BR) | [Click for more info.](#)

Fiscal, trade deficit up, inflation lowered

Economy | Positive

Pakistan's remittances have surged by 26.5 percent, foreign direct investment (FDI) by 9.1 percent and tax revenues by 4.5 percent during the first four months (July-Oct) of the current fiscal year. The country's budget deficit rose to Rs484 billion or 1.1 percent of GDP in the first four months against Rs286 billion or 0.7 percent of GDP, so the budget deficit witnessed an upsurge by Rs198 billion in the current fiscal year so far. The CPI based inflation stood at 8.9 percent so far while it was 10.3 percent in the same period of last fiscal year. Exports came down by 10.3 percent and imports reduced by 4 percent. The non-tax revenue slashed down by 15.2 percent. (The New) | [Click for more info.](#)

Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	28,796.3	28,719.6	-76.7	-0.3%
KSE100	41,031.0	40,807.1	-223.9	-0.5%
KSE30	17,294.8	17,159.8	-135.0	-0.8%
KMI30	66,361.3	65,731.7	-629.6	-0.9%

Top Five Gainers

	Open	Close	Chg.	%
RMPL	8,400.0	8,600.0	200.0	2.4%
COLG	2,850.0	2,928.3	78.3	2.7%
WYETH	1,030.0	1,107.3	77.3	7.5%
SAPL	767.5	810.3	42.8	5.6%
MTL	970.9	1,004.6	33.8	3.5%

Top Five Volume Leaders

	Open	Close	Chg.	Vol.
UNITY	24.8	25.5	0.6	53.46
TRG	58.3	62.1	3.8	46.02
KEL	3.8	3.8	0.0	23.11
MLCF	39.6	39.0	-0.6	19.87
HUMNL	6.5	6.8	0.3	19.81

Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	5.65	-0.03	0.88
F-Corporates	0.95	-2.90	-1.95
O/S Pakistanies	8.66	-7.58	1.08
Net	9.65	-10.52	-0.87
LIPI			
Individuals	97.30	-95.27	2.04
Companies	6.73	-5.70	1.03
Comm. Banks	0.93	-1.34	-0.41
NBFC	0.03	-0.02	0.00
Mutual Funds	9.30	-12.54	-3.24
Other	0.94	-0.89	0.05
Brokers Proprietary	23.94	-24.02	-0.08
Insurance	2.29	-0.82	1.48
Net	141.46	-140.59	0.87

Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	45.53	-0.4%
Brent oil	USD/bbl.	48.18	0.8%
Gold	USD/t oz.	1787.79	-1.5%
Silver	USD/t oz.	22.57	-3.6%
Coal	USD/ton	80.95	13.9%
Steel Scrap (LME)	USD/ton	316.00	0.0%
Steel Rebar (LME)	USD/ton	488.50	0.4%
USD/PKR	Interbank	159.57	0.2%

News Source: Local / Int'l Newspapers and websites

Research Team

research@abaalihabib.com

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

REP-055

MORNING BRIEFING



Foreign investors pull out \$471.7m from Pakistan's debt market

Economy | Negative

Foreign investors pulled out \$471.7 million from Pakistan's debt market in five months as lower interest rates and Covid resurgence weighed down their investment appetite, the central bank's data showed. (The News) | [Click for more info.](#)

Stable exchange rate 'to ease inflation'

Economy | Neutral

The federal government on Friday predicted a stable exchange rate in the near term, which implies no major rupee devaluation, and also said that the economic growth remained persistent but the outlook was mixed due to the second wave of the coronavirus pandemic. In its monthly Economic Outlook report, the Ministry of Finance said the inflation was expected to further ease to around 8.5% this month and inflation pressures may also subside owing to a stable exchange rate. In October, the inflation was recorded at 8.9%. (ET) | [Click for more info.](#)

Oil & Gas

Petrol prices may be revised upward

Oil | Neutral

Federal government may revise prices of petroleum products upward from December 1st following surge in the price of crude globally. The demand in crude oil is increasing on the news of successful coronavirus vaccine. The average crude oil price increased by 0.24 percent internationally in three months (September-November 2020), market experts said. (BR) | [Click for more info.](#)

Govt mulls equity swap to cut debt

PSO, OGDC, MARI, PPL | Neutral

The government is mulling over a plan to hire an external auditor for conducting evaluation to reduce circular debt of Pakistan State Oil (PSO) under an equity swap arrangement. Earlier, PSO proposed the transfer of government shares in the company to Mari Petroleum, Oil and Gas Development Company (OGDC) and Pakistan Petroleum Limited (PPL) under the equity swap arrangement. According to the plan, the equity swap will help clear Rs100 billion worth of circular debt of the state-run oil marketing company. PSO proposed the transfer of 8% shares to Mari Petroleum, 15% shares to OGDC and 5% shares to PPL. (ET) | [Click for more info.](#)

Gas deficit starts haunting masses: CPPs to be closed down for two months to attain 70mmcd gas

Gas | Neutral

With the view to cope with gas shortfall, the government has decided to close down the RLNG supply to captive power plants (CPPs) for two months of December and January to attain 70 mmcf gas for 60 days but, in return, the industry will be provided electricity at 7.5 cents per unit. Industry will be provided reduced tariff against the electricity that it was getting through captive power plants. (The News) | [Click for more info.](#)

Transmission network; SNGPL seeks Rs139m to complete work in Karak

SNGP | Neutral

The Sui Northern Gas Pipeline Limited (SNGPL) has sought Rs 139 million to complete the ongoing development work in Karak district (KP) to lay a transmission network. In its Estimated Revenue Requirement (ERR) for financial year 2020-2021, the federal government and the provincial government have decided to invest Rs 9 billion in development, and provision of gas in Karak, in phases, to bring down the UFG percentage there. (BR) | [Click for more info.](#)

World Indices

	Last	Chg.	Chg. %
HK - Hang Seng	26,894.7	75.23	0.28%
CHINA - Shanghai	3,408.3	38.58	1.14%
US - Dow 30	29,910.4	37.90	0.13%
INDONESIA - IDX	5,783.3	23.42	0.41%
Taiwan - TWII	13,867.1	21.43	0.15%
KSA - Tadawul	8,708.6	15.12	0.17%
US - S&P 500	3,638.4	8.70	0.24%
INDIA - SENSEX	44,149.7	-110.02	-0.25%
PHILP - PSEi	6,791.5	-136.29	-1.97%
PAK (KSE-100)	40,807.1	-223.94	-0.55%

Board Meetings

Scrip	Day	Agenda	Time
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
YOUW	Sunday	1Q A/C - 30SEP20	3:00 PM
FRCL	Monday	1Q A/C - 30SEP20	11:30 AM
SPLC	Monday	1Q A/C - 30SEP20	12:00 PM
KOSM	Monday	1Q A/C - 30SEP20	2:00 PM
FPJM	Tuesday	MULTI-PERIOD	2:30 PM

Source: PSX



Gas pipeline control given to Russia

Gas | **Neutral**

In a major effort to foster strategic partnership, Pakistan has agreed to give management control of Pakistan Stream Gas Pipeline (PSGP) project to Russia through a special purpose company. The Russian president had also expressed keen interest in the project that would supply imported gas to Punjab as both sides considered the scheme an opportunity to boost economic and strategic relationship. (ET) | [Click for more info.](#)

Power

K-Electric granted leave to appeal, notices issued to respondents

KEL | **Neutral**

The Supreme Court on Friday issued notices to the Power Division of Ministry of Energy and the National Electric Power Regulatory Authority (Nepra) regarding recovery of Industrial Support Package (ISPA) by K-Electric from its industrial consumers. (BR) | [Click for more info.](#)

Bank

Bank margins continue to improve

Banks | **Positive**

Banking spread - the difference between interest rate that banks take from borrowers and the rate that banks pay to depositors - improved for the second consecutive month in October 2020, meaning banks' profit margins have gone up. (ET) | [Click for more info.](#)

Miscellaneous

Textile sector; CCoE approves power supply at cents 7.5/kWh for 2 months

Textile | **Neutral**

The Cabinet Committee on Energy (CCoE) is said to have approved supply of electricity to textile sector at cents 7.5/kWh for two months from December 1, 2020 subject to closure of captive power plants. The decision was taken during discussion, on natural gas load management during 2020-21. In December 2020, total consumption will be 2,126 MMCFD whereas shortfall will be around 61 MMCFD; in January 2021, consumption will be 2,321 MMCFD and expected shortfall will be 250 MMCFD. The CNG sector and captive power plants will face complete closure during next two months. (BR) | [Click for more info.](#)

Pakistan Steel lays off 4,544 employees

Economy | **Neutral**

The Pakistan Steel Mills (PSM) sacked 4,544 employees, including the Divisional and Assistant Managers, PSM spokesperson confirmed on Friday. The management confirmed that officials belonging to category 2,3, and 4 pay groups have been dismissed from their jobs. (The News) | [Click for more info.](#)

Italy may set up textile machinery plant

Economy | **Neutral**

Italian Ambassador to Pakistan Andreas Ferrarese has agreed to arrange a virtual meeting between Pakistani and Italian investors to discuss the setting up of a state-of-the-art textile machinery manufacturing plant at the Allama Iqbal Special Economic Zone. (ET) | [Click for more info.](#)

Private sector hurt by massive govt borrowing: experts

Economy | **Neutral**

The government's massive borrowing of Rs1.940 trillion from the banking sector against budgeted Rs338 billion to finance the fiscal deficit has crowded out credit to the private sector during the fiscal year 2019-2020, according to the experts. (BR) | [Click for more info.](#)



Political News

Govt-opposition face-off: Battle on to hold, stop rally today

The efforts by the opposition parties' alliance to hold a public meeting in Multan on Monday (today) and the counter-measures by the government authorities to thwart the opposition plans. (The News) | [Click for more info.](#)

International News

UK regulator set to approve Covid-19 vaccine next week

Britain is set to approve the Covid-19 vaccine developed by BioNTech SE and Pfizer Inc next week and deliveries would begin within hours of the authorisation, the Financial Times reported on Saturday. The first immunisations using the BioNTech and Pfizer vaccine could take place from December 7, the FT said, citing unnamed sources. (ET) | [Click for more info.](#)

Dollar plumbs two-year low as Fed comes in to focus

The dollar fell to a more than two-year low on Monday and is set to log its largest monthly fall since July, as a combination of vaccine optimism and bets on more monetary easing in the United States drives investors out of the world's reserve currency. | [Click for more info.](#)

Oil prices slip in cautious trading ahead of OPEC+ meeting

Oil prices fell about 1% on Monday amid investor jitters ahead of an OPEC+ meeting to decide whether the producers' group will extend large output cuts to balance global markets. (Reuters) | [Click for more info.](#)

Stocks Swing as Record Month Nears End; Oil Slips: Markets Wrap

Stocks in Asia swung from gains to losses along with U.S. and European equity futures as investors monitored progress on the path to a coronavirus vaccine on the final day of a record month for global equities. Oil retreated. (Bloomberg) | [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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THE TEAM

CEO

Zahid Ali Habib
Zahid@abaalihabib.com
(021) 32425022

RESEARCH TEAM

Contact: (021) 32429665, Ext. 106

Mohammad Zubair - Research Analyst
zubair@abaalihabib.com

Radha Krishan Khatri – Research Analyst
rk.khatri@abaalihabib.com

Ayesha Abid – Research Analyst
ayesha.abid@abaalihabib.com

SALES TEAM

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

Salman Ahmed - Head of Retail Sales
(021) 32412491

Syed Khalid Ahmed - Equity Trader
Syedkhalid@abaalihabib.com
(021) 32429664

Muhammad Faisal - Equity Trader
faisal@abaalihabib.com
(021) 32464835

Office (PSX Building)

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



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