



September
9, 2020

Economy News

Remittances set to fall: Fitch

Economy | Neutral

The Fitch Ratings forecasts Pakistan's current account to widen to 1.7 percent of the GDP in the fiscal year 2021, in part as remittances fall and offset gains from lower oil prices. The rating agency in its special report, "APAC remittances and the coronavirus shock" stated that remittances set to decline in 2020 despite recovery in recent months. Pakistan has reduced its current account deficit, from a high of 6.1 percent of the GDP in the fiscal year ending June 2018 (FY18) to 1.1 percent in fiscal year 2020. (BR) | [Click for more info.](#)

Pakistan's exports to Afghanistan decrease 43.61pc during July 2020

Economy | Negative

Pakistan's exports of goods and services to Afghanistan witnessed decrease of 43.61 percent during the first month of current financial year (2020-21) as compared to the corresponding period of last year, State Bank of Pakistan (SBP) reported. The overall exports to Afghanistan were recorded at US \$ 61.255 million during July 2020 against exports of US \$ 108.642 million during July 2019, showing negative growth of 43.61 percent, SBP data revealed. (BR) | [Click for more info.](#)

Oil & Gas

Priority gas rights obsolete as all provinces face shortages

Gas | Neutral

Warning of an impending serious gas shortage, the federal government on Tuesday said the Article 158 of the Constitution that promised priority rights to gas producing provinces was becoming irrelevant and all stakeholders would have to reach a consensus on a workable way forward. (Dawn) | [Click for more info.](#)

Power

Govt-owned power plants: Payables to be settled at par with settlement with IPPs

Power | Neutral

The federal government has reportedly decided to settle payables of government-owned power plants amounting to Rs 357 billion as of June 2020 at par with settlement with Independent Power Producers (IPPs). The government has also decided that return on equity of the Quaid-e-Azam Solar Park should also be included for reduction to 17 per cent rupee-based Internal Rate of Return (IRR) recalculated using USD rate of Rs 148/ USD, similar treatment to other government IPPs. (BR) | [Click for more info.](#)

Dysfunctional power plants: Closure approved by cabinet

Power | Negative

According to the minister, inefficient power plants are being shut down. Under the cabinet's decision, the plants of 1479MW capacity are being shut down immediately while other dysfunctional plants of 1460MW would be shut down by September 2020. He also said that Prime Minister Imran Khan had directed the Islamabad inspector general of police and the Interior Ministry to ensure SECP official Sajid Gondal's recovery through coordination with the "concerned stakeholders". (BR) | [Click for more info.](#)

Asia Energy tariff approved

PSO | Positive

The Pakistan State Oil (PSO) sponsored independent power producer (IPP), Asia Energy Pvt Ltd has been granted a 25-year levelized tariff of Rs6.1449/kWh for its 30MW solar power plant being setup in Punjab with proposed cost of \$22 million. (The News) | [Click for more info.](#)

Pakistan Stock Exchange Overview

| | Open | Close | Chg. | % |
|---------|----------|----------|--------|-------|
| KSE All | 29,962.8 | 29,796.3 | -166.5 | -0.6% |
| KSE100 | 42,295.8 | 41,985.2 | -310.6 | -0.7% |
| KSE30 | 17,998.7 | 17,839.6 | -159.1 | -0.9% |
| KMI30 | 68,036.6 | 67,729.1 | -307.4 | -0.5% |

Top Five Gainers

| | Open | Close | Chg. | % |
|-------|---------|---------|-------|------|
| RMPL | 8,300.0 | 8,550.0 | 250.0 | 3.0% |
| JLICL | 441.4 | 473.6 | 32.2 | 7.3% |
| ISIL | 386.3 | 415.0 | 28.7 | 7.4% |
| SYS | 285.1 | 306.5 | 21.4 | 7.5% |
| NATF | 256.8 | 276.1 | 19.3 | 7.5% |

Top Five Volume Leaders

| | Open | Close | Chg. | Vol. |
|--------|------|-------|------|--------|
| HASCOL | 23.2 | 21.4 | -1.7 | 134.04 |
| PIBTL | 13.2 | 13.0 | -0.2 | 66.01 |
| POWER | 10.9 | 10.4 | -0.5 | 58.05 |
| PRL | 24.0 | 22.3 | -1.8 | 38.87 |
| BYCO | 9.1 | 10.0 | 0.9 | 37.28 |

Portfolio Investments – Net Position

| FIPI | Buy | Sell | Net |
|---------------------|--------|---------|--------|
| F-Individuals | 0.05 | -0.04 | 0.00 |
| F-Corporates | 3.40 | -4.32 | -0.93 |
| O/S Pakistanies | 10.15 | -9.25 | 0.90 |
| Net | 13.59 | -13.62 | -0.03 |
| LIPI | | | |
| Individuals | 162.15 | -146.97 | 15.18 |
| Companies | 7.94 | -21.74 | -13.80 |
| Comm. Banks | 11.17 | -8.75 | 2.42 |
| NBFC | 0.92 | -0.31 | 0.60 |
| Mutual Funds | 6.15 | -5.63 | 0.52 |
| Other | 0.96 | -1.21 | -0.25 |
| Brokers Proprietary | 34.00 | -38.60 | -4.60 |
| Insurance | 1.37 | -1.41 | -0.05 |
| Net | 224.67 | -224.64 | 0.03 |

Commodity Outlook

| | Unit | Close | % chg. |
|-------------------|-----------|---------|--------|
| Crude oil | USD/bbl. | 36.76 | -7.6% |
| Brent oil | USD/bbl. | 39.78 | -5.3% |
| Gold | USD/t oz. | 1932.03 | -0.1% |
| Silver | USD/t oz. | 26.67 | -0.6% |
| Coal | USD/ton | 56.05 | -1.4% |
| Steel Scrap (LME) | USD/ton | 310.00 | 1.0% |
| Steel Rebar (LME) | USD/ton | 468.00 | 1.0% |
| USD/PKR | Interbank | 166.45 | 0.3% |

News Source: Local / Int'l Newspapers and websites

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REP-055

MORNING BRIEFING



Autos

Kia Lucky Motors Starts Double-Shift Schedule to Meet Rising Demand

LUCK | Positive

Lucky Cement, a company owned by Yunus Brothers Group (YBG) released their annual report yesterday that spoke ambitiously of the progress that they have made in the 2019-20 financial year. (Propakistani) | [Click for more info.](#)

BAIC is Launching the D20 Sedan in Pakistan for the Price of a Cultus

SAZEW | Positive

BAIC is a Chinese automaker that began operations in Pakistan in 2018, following the acquisition of Sazgar Engineering Works' greenfield status under the auto policy 2016-21. Since that time, the only major appearance that they made with their products was at the PAPS 2020 expo at Lahore, with vehicles such as the D20 hatch-back, the X25 crossover and the BJ40 off-road SUV. (Propakistani) | [Click for more info.](#)

Toyota Launches Fortuner TRD in Pakistan

INDU | Positive

Toyota Indus Motor Company (IMC) has introduced a brand new variant in the Fortuner lineup. The said variant is the Toyota Fortuner TRD. The new trim level offers some cosmetic improvements over the pre-existing Fortuner trims, namely the G, the VVT-i and the Sigma 4. (Propakistani) | [Click for more info.](#)

Pak Suzuki Announces Up to Rs. 1 Million Price Increase for its Cars

PSMC | Positive

Pak Suzuki Motor Company (PSMC) is evidently on the path of breaking all records pertaining to price hikes, as the company has just gone on to bump up the prices of their vehicles, again. (Propakistani) | [Click for more info.](#)

Miscellaneous

National Foods Ltd's net profits jump by 20% YoY in FY20

NATF | Positive

National Foods Limited has reported a 20.43% YoY increase in net profits to Rs 1.65 billion for FY20. Whereas, in the corresponding period last year, the company's net profits stood at Rs 1.37 billion. (Mettis) | [Click for more info.](#)

Govt processing sugar import to meet emerging shortages

Sugar | Neutral

The government is processing fast the import of 300,000 metric tons of sugar so that there is no shortage, as predicted at the official level, of the sweetener by the end of the current month or early October if the supply was not augmented from abroad. (The News) | [Click for more info.](#)

International News

Thai rubber prices hit near 3-year high on global demand

Thailand's benchmark rubber prices rallied and nearly reached a three-year high this month as global demand rose and China's economy recovered, a Thai official said on Tuesday.. (BR) | [Click for more info.](#)

Stock Selloff to Reignite in Asia After U.S. Slide: Markets Wrap

Asian stocks looked set to resume declines after heavy losses on Wall Street and worries that a Covid-19 vaccine could be delayed. The dollar and Treasuries climbed. (Bloomberg) | [Click for more info.](#)

Oil Extends Losses After First Sub-\$40 Close Since Mid-June

Oil extended losses after its biggest one-day drop in more than two months as growing doubts over the strength of the global demand recovery along with continued weakness in stocks soured market sentiment. (Bloomberg) | [Click for more info.](#)

World Indices

| | Last | Chg. | Chg. % |
|------------------|----------|---------|--------|
| PHILP - PSEI | 6,034.0 | 98.18 | 1.65% |
| Taiwan - TWII | 12,663.6 | 62.16 | 0.49% |
| KSA - Tadawul | 8,089.5 | 39.40 | 0.49% |
| HK - Hang Seng | 24,624.3 | 34.69 | 0.14% |
| CHINA - Shanghai | 3,316.4 | 23.83 | 0.72% |
| INDONESIA - IDX | 5,244.1 | 13.87 | 0.27% |
| INDIA - SENSEX | 38,365.4 | -51.88 | -0.14% |
| US - S&P 500 | 3,331.8 | -95.12 | -2.78% |
| PAK (KSE-100) | 41,985.2 | -310.56 | -0.73% |
| US - Dow 30 | 27,500.9 | -632.42 | -2.25% |

Board Meetings

| Scrip | Day | Agenda | Time |
|-------|-----------|-------------------|----------|
| DYNO | WEDNESDAY | ANN A/C - 30JUN20 | 3:00 PM |
| TPLP | WEDNESDAY | ANN A/C - 30JUN20 | 3:00 PM |
| ARM | THURSDAY | ANN A/C - 30JUN20 | 9:30 AM |
| MFL | THURSDAY | ANN A/C - 30JUN20 | 11:30 AM |
| PPP | FRIDAY | ANN A/C - 30JUN20 | 10:45 AM |
| FML | FRIDAY | ANN A/C - 30JUN20 | 6:00 PM |
| GIL | TUESDAY | ANN A/C - 30JUN20 | 11:00 AM |
| HRPL | WEDNESDAY | ANN A/C - 30JUN20 | 11:00 AM |
| KAPCO | THURSDAY | ANN A/C - 30JUN20 | 10:30 AM |

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.

Analyst Certification ^{AC}

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