

Topline Market Review

KSE-100 Index: 46,104 (+90pts/+0.2%)

Topline Research
research@topline.com.pk
Tel: +9221-35303330
Topline Securities, Pakistan



www.jamapunji.pk

ASIAMONEY
Best Local Brokerage House
Brokers Poll 2011-14, 2016-17



Best Local Brokerage House 2015-16

Cement rumors restrained market momentum

KSE-100	
Key Numbers	
KSE-100 Index (Apr 4, 2018)	46,103.61
Change (Points)	90.27
Change (%)	0.20%
YTD (Since Dec 29, 2017)	13.9%
KSE Mkt Cap. (Rs bn)	9,450
KSE Mkt Cap. (US\$ bn)	81.8
Total Volume (shares mn)	270.2
Total Value (Rs bn)	13.8
Total Value (US\$ mn)	119.3
Total Future Value (Rs bn)	3.1
Total Future Value (US\$ mn)	26.7

Source: PSX

Top 10 Traded Stocks						
Symbol	Value (US\$mn)	Vol. (mn shares)	Closing (Rs)	Change (Rs)	Change	
EPCL	7.2	22.8	36.6	(0.1)	-0.4%	
DGKC	5.7	4.0	165.5	(6.1)	-3.6%	
POL	5.2	0.9	685.7	(4.3)	-0.6%	
NML	4.2	3.0	161.3	2.4	1.5%	
ISL	4.1	3.7	126.6	0.8	0.6%	
ATRL	3.7	1.6	262.2	12.5	5.0%	
FFC	3.3	3.9	98.2	1.3	1.3%	
MLCF	3.1	4.6	77.0	0.8	1.1%	
LUCK	2.8	0.4	716.0	(6.0)	-0.8%	
NBP	2.8	6.1	52.0	2.4	4.8%	

Source: PSX

- Pakistan equities plodded in today's session after rumors circulated in market about delay in cement plant of DG Khan Cement (DGKC) owing to some technical issues. This led cement sector to close in red today, eroding 60 points from index gain.
- Refineries remained in limelight during the session as Mar 2018 Furnace oil sales numbers suggest resumption of furnace oil sales in Pakistan. Following this, Attock refinery (ATRL) and National refinery (NRL) closed at their upper caps. Resultantly, benchmark index closed at 46,104, gaining 90 points.
- Fertilizer stocks, Fauji fertilizer (FFC) and Engro Fertilizer (EFERT), gained 1.3% and 1% respectively, as urea sales during 1Q2018 is likely to post 46% YoY growth to 1.26mn tons.
- Market participation in terms of volumes fell by 4%, while value went up by 7% as investors preferred to trade in large cap stocks.
- Top five stocks UBL (+1.3%), HBL (+0.8%), NBP (+4.8%), BAFL (+3.9%) & FFC (+1.3%) added 122pts to the index gain whereas stocks including DGKC (-3.6%), OGDC (-0.9%), HUBC (-1.4%), LUCK (-0.8%) & ENGRO (-0.7%), withheld 97pts from the index.

- Ghandhara Nissan notified the exchange about launch of its locally assembled new 1 ton pickup i.e JAC Motors X200 truck in Pakistan, that would be used for distribution of goods in rural and urban areas. Production capacity of GHNL for this model is 5k units per annum on single shift basis.
- Miftah Ismail, the prime minister's adviser on finance, has said that the government will present the upcoming budget before it completes its tenure on May 31, 2018. In an interview to a news organization, Ismail said the government will not introduce any new development projects in the new budget.
- Prime Minister Shahid Khaqan Abbasi reportedly is likely to seek support from China during his upcoming visit to Beijing to sustain the depleting foreign exchange reserves of the country. PM will visit China within this month where he may look for Chinese assistance that can be in shape of parking some amount in central bank of Pakistan, as per official of the Ministry of Finance.
- According to news reports, the closure of three urea plants due to non-availability of gas could lead to shortage of the commodity besides price escalation in Kharif season.
- The Lahore High Court (LHC) has formed a third bench to hear petitions pertaining to contempt of court, filed against former prime minister Nawaz Sharif, his daughter Maryam Nawaz and other PML-N leaders.
- Asian stocks closed mixed today as the overnight bounce on Wall Street stalled. Recent concerns over trade tensions also persisted amid new China-U.S. trade developments.
- China quickly reacted at Trump administration plans to slap tariffs on US\$50bn in Chinese goods, retaliating with a list of similar duties on key U.S. imports including soybeans, planes, cars, whiskey and chemicals.

Analyst Certification and Disclosures

The research analyst(s), denoted by an “AC” on the cover of this report, primarily involved in the preparation of this report, certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject companies/securities/sectors and (2) no part of his/her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

Furthermore, it is stated that the research analyst or its close relative have neither served as a director/officer in the past 3 years nor received any compensation from the subject company in the past 12 months.

Additionally, as per regulation 8(2)(i) of the Research Analyst Regulations, 2015, we currently do not have a financial interest in the securities of the subject company aggregating more than 1% of the value of the company.

Rating System

Topline Securities employs three tier ratings system to rate a stock, as mentioned below, which is based upon the level of expected return for a specific stock. The rating is based on the following with time horizon of 12-months.

Rating	Expected Total Return
Buy	Stock will outperform the average total return of stocks in universe
Neutral	Stock will perform in line with the average total return of stocks in universe
Sell	Stock will underperform the average total return of stocks in universe

For sector rating, Topline Securities employs three tier ratings system, depending upon the sector’s proposed weight in the portfolio as compared to sector’s weight in KSE-100 Index:

Rating	Sector’s Proposed Weight in Portfolio
Over Weight	> Weight in KSE-100 Index
Market Weight	= Weight in KSE-100 Index
Under Weight	< Weight in KSE-100 Index

Ratings are updated daily to account for the latest developments in the economy/sector/company, changes in stock prices and changes in analyst’s assumptions or a combination of any of these factors.

Valuation Methodology

To arrive at our 12-months Target Price, Topline Securities uses different valuation methods which include: 1). Present value methodology, 2). Multiplier methodology, and 3). Asset-based methodology.

Research Dissemination Policy

Topline Securities endeavors to make all reasonable efforts to disseminate research to all eligible clients in a timely manner through either physical or electronic distribution such as email, fax mail etc. Nevertheless, all clients may not receive the material at the same time.

Disclaimer

This report has been prepared by Topline Securities and is provided for information purposes only. Under no circumstances this is to be used or considered as an offer to sell or solicitation of any offer to buy. While reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time, Topline Securities and/or any of its officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. This report is provided only for the information of professional advisers who are expected to make their own investment decisions without undue reliance on this report. Investments in capital markets are subject to market risk and Topline Securities accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors, who should seek further professional advice or rely upon their own judgment and acumen before making any investment. The views expressed in this report are those of Topline Research Department and do not necessarily reflect those of Topline or its directors. Topline as a firm may have business relationships, including investment-banking relationships, with the companies referred to in this report.

All rights reserved by Topline Securities. This report or any portion hereof may not be reproduced, distributed or published by any person for any purpose whatsoever. Nor can it be sent to a third party without prior consent of Topline Securities. Action could be taken for unauthorized reproduction, distribution or publication.