

Topline Market Review

KSE-100 Index: 43,295 (-278pts/-0.6%)

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Pakistan equities slide amid rising political temperature



KSE-100

Key Numbers

KSE-100 Index (Feb 20, 2018)	43,294.95
Change (Points)	(277.72)
Change (%)	-0.64%
YTD (Since Dec 29, 2017)	7.0%
KSE Mkt Cap. (Rs bn)	8,972
KSE Mkt Cap. (US\$ bn)	81.2
Total Volume (shares mn)	169.7
Total Value (Rs bn)	7.8
Total Value (US\$ mn)	70.5
Total Future Value (Rs bn)	5.7
Total Future Value (US\$ mn)	51.9

Source: PSX

Top 10 Traded Stocks

Symbol	Value (US\$mn)	Vol. (mn shares)	Closing (Rs)	Change (Rs)	Change
OGDC	6.7	4.4	166.9	(0.3)	-0.2%
DGKC	5.5	4.3	140.3	0.2	0.1%
TRG	4.4	13.8	35.4	0.9	2.6%
DCL	3.4	14.1	26.9	1.0	3.8%
DFML	2.4	5.9	44.7	0.5	1.2%
ISL	2.4	2.3	116.2	(0.3)	-0.2%
SNGP	2.3	2.3	114.0	(1.3)	-1.2%
UBL	2.3	1.2	200.7	(1.6)	-0.8%
FFL	2.0	8.2	27.6	0.1	0.5%
PAEL	2.0	4.0	54.4	(0.3)	-0.6%

Source: PSX

- Pakistan's benchmark index continued to slide, falling 0.6% (278pts) to 43,295 level, given limited support due to rising political noise (former PM Nawaz Sharif's ongoing anti-judiciary rhetoric and PM Shahid Khaqan Abbasi's recent criticism of the Judiciary on the floor of National Assembly) and concern over Pakistan's possible inclusion in FATF's watchlist. Though, traded volumes d/d were up 34% while value was up 52%.
- Earnings season also failed to cheer investors as Dec 2017 quarter result of both NBP and DGKC fell short of investors' expectations. Though NBP's earnings fared better than street consensus, the bank skipped cash dividend on concerns of an expected outcome from huge pension liability. DGKC on the other hand booked a substantial one-time tax reversal in 2QFY18 which inflated its effective tax rate by 48% to 70%.
- Top 10 Index point decliners were HBL (-2.2%), HUBC (-2.2%), MCB (-1.2%), DAWH (-2.2%), BAHL (-1.8%), UBL (-0.8%), MLCF (-3.9%), NBP (-2.4%), FFC (-0.8%) & NML (-1.9%); withholding 226pts.

- Pakistan Tobacco Company (PAKT) announced its 4Q2017 result where the company reported revenues of Rs13.5bn, up 46% YoY primarily on the back of volumetric growth, we believe. Though margins contracted by 8ppts to 44% during the outgoing quarter, higher revenues led to bottom-line growth of 35% to Rs2.8bn (EPS Rs11). Along with the result, the company also announced cash dividend of Rs20/share (in addition to an interim dividend of Rs10/share).
- Al-Ghazi Tractors (AGTL) announced its 4Q2017 earnings of Rs835mn (EPS Rs14.4/share) mainly owing to 26% YoY increase in revenues. While margins declined by 2ppts to 27% in the outgoing quarter, higher revenues due to 27% volumetric growth (to around 6.4k units) supported net earnings.
- Pakistan has sent Adviser to Prime Minister on Finance Dr Miftah Ismail to Paris to plead its case at the ongoing session of the Financial Action Task Force (FATF) that is taking up a US-sponsored resolution to put Islamabad on a list of countries that financially aid terrorism.
- A parliamentary committee has taken notice of the government's policy of importing used cars that created confusion in the market, as thousands of cars are still stuck at the ports awaiting clearance. The Senate Standing Committee on Finance and Revenue has summoned the officials of Ministry of Finance, Ministry of Commerce and Federal Board of Revenue to give their viewpoint on the government's policy of importing used cars in next meeting.
- The Privatization Commission (PC) plans to privatize Pakistan International Airlines (PIA) and Pakistan Steel Mills (PSM) before the completion of the government tenure amid strong resistance by opposition parties.
- The Supreme Court (SC) has observed that three banned sugar mills in south Punjab will not be reopened. During the hearing of petitions filed by growers for the reopening of three relocated mills – Chaudhry Sugar Mills to Rahim Yar Khan, Haseeb Waqas Sugar Mills to Muzaffargarh and Ittefaq Sugar Mills to Bahawalpur – Chief Justice of Pakistan Mian Saqib Nisar said that the banned mills will not be reopened, but they may be asked to compensate the farmers.

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