

Topline Market Review

KSE-100 Index: 42,995 (+84pts/+0.20%)

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

Market ends flat on value buying

KSE-100	
Key Numbers	
KSE-100 Index (Feb 27, 2018)	42,994.96
Change (Points)	83.94
Change (%)	0.20%
YTD (Since Dec 29, 2017)	6.2%
KSE Mkt Cap. (Rs bn)	8,988
KSE Mkt Cap. (US\$ bn)	81.3
Total Volume (shares mn)	144.9
Total Value (Rs bn)	6.8
Total Value (US\$ mn)	61.6
Total Future Value (Rs bn)	2.1
Total Future Value (US\$ mn)	18.9

Source: PSX

Top 10 Traded Stocks						
Symbol	Value (US\$m)	Vol. (mn shares)	Closing (Rs)	Change (Rs)	Change (%)	
PAEL	6.5	14.8	48.6	(1.0)	-2.1%	
TRG	3.1	9.2	37.0	(0.4)	-1.1%	
DGKC	3.0	2.3	141.7	4.9	3.6%	
EFERT	2.4	3.8	68.6	0.4	0.6%	
UBL	2.2	1.3	190.7	(3.7)	-1.9%	
NML	2.0	1.4	156.8	(1.1)	-0.7%	
SEARL	2.0	0.6	358.0	(0.4)	-0.1%	
LUCK	1.8	0.3	589.2	(1.1)	-0.2%	
FFL	1.6	6.9	26.3	0.0	0.2%	
SSGC	1.3	4.0	35.5	1.0	2.9%	

Source: PSX

- Pakistan market saw another volatile day, where benchmark index traded in ~500points range. Late buying by value buyers led market to close at 42,994 index level, up 84 points after touching an intraday low of 42,607.
- The market managed to close positive as investors sentiment buoyed on selection of Punjab Chief Minister Shahbaz Sharif as PML-N's interim party president. This was decided in today's Central Working Committee (CWC) which was called following a Supreme Court ruling ordering the removal of Nawaz Sharif as party chief.
- Bullish activity was seen in cement sector which contributed +34 points to index today, owing to dip in international coal prices to US\$94/ton as well as investors' bet on robust sales in the outgoing month. The market saw low trading activity with volumes going down by 14% and value declining by 5% due to absence of major trigger.
- UBL (-1.9%), DAWH (-1.9%), MUREB (-5%), NATF (-5%) & NBP (-1.5%) withheld 79 points from the index whereas MCB (+1.8%), HBL (+1%), PAKT (+4.8%), PPL (+1.2%) & DGKC (+3.5%), added 136 points to the index.

- PML-N bigwigs, during a meeting called to choose an interim party president, elected Nawaz Sharif as "[the party's] Quaid (leader) for life. Punjab Chief Minister Shahbaz Sharif was elected unopposed as the acting president of PML-N after Nawaz proposed his name to loud applause.
- Chief Justice of Pakistan (CJP) Mian Saqib Nisar stressed that he as well as the other Supreme Court judges are devoid of any political inclination. "We have no political agenda," said Justice Nisar while hearing a suo motu case regarding a hike in prices of medicines.
- Nishat Chunian Power (NCPL) announced its 2QFY18 result where the company reported flat revenues of Rs3.8bn. While gross margins improved from 27% to 31.6% during the outgoing quarter on back of improved thermal efficiency, we believe. Resultantly earnings were up 15% YoY to Rs849mn (EPS Rs2.3).
- Nishat Chunian (NCL) disclosed 2QFY18 financial results today announcing earnings of Rs794mn (EPS Rs3.3/share), up 163% YoY. Revenue grew by 10% YoY while gross margins improved by 3ppts to 17% in 2QFY18. Growth in earnings was further supported by lower effective tax rate (7.4% vs. 17.7%).
- A senior United States National Security Council official has been quietly visiting the federal capital amid reports that both sides are giving 'behind-the-scenes' efforts aimed at fixing the strains in ties more chances to avoid a complete breakdown of the increasingly dysfunctional relationship.
- The Taliban has called for direct talks with the United States (US) to find a "peaceful solution" to the conflict in Afghanistan, in an apparent policy reversal after months of escalating attacks.
- Advisor to PM on Finance Miftah Ismail has brushed off concerns that economic growth will suffer because of the country's re-inclusion on a terrorist financing watch list, and lashed out against the United States for seeking to "embarrass" the nation.

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.