

Topline Market Review

Market Up 240 pts/ 0.59% to close at 40,711 pts

Topline Research
research@topline.com.pk
Tel: +9221-35303330, Ext: 133
Topline Securities, Pakistan



www.jamapunji.pk Best Local Brokerage House 2015-16

ASIAMONEY

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



PSX Cheers New Year To Close In Green: Up 240 points



KSE-100

Key Numbers	
KSE-100 Index (Jan 1, 2018)	40,711.04
Change (Points)	239.56
Change (%)	0.59%
YTD (Since Dec 29, 2017)	0.6%
KSE Mkt Cap. (Rs bn)	8,572
KSE Mkt Cap. (US\$ bn)	77.6
Total Volume (shares mn)	118.3
Total Value (Rs bn)	4.5
Total Value (US\$ mn)	40.6
Total Future Value (Rs bn)	2.7
Total Future Value (US\$ mn)	24.1

Source: PSX

Top 10 Traded Stocks

Symbol	Value (US\$mn)	Vol. (mn shares)	Closing (Rs)	Change (Rs)	Change
TRG	4.2	15.1	30.8	1.2	3.9%
ENGRO	3.6	1.4	280.3	5.6	2.0%
EPCL	2.4	9.5	28.0	(0.6)	-2.1%
ATRL	2.0	0.9	239.8	5.7	2.4%
ISL	2.0	2.1	109.2	2.8	2.6%
PAEL	1.6	3.6	49.9	2.4	5.0%
DGKC	1.5	1.2	136.3	2.6	2.0%
DSL	1.4	14.0	11.0	1.0	9.7%
HBL	1.4	0.9	174.0	6.9	4.1%
DCL	1.3	8.2	18.0	0.7	3.8%

Source: PSX

- PSX witnessed a volatile session today as the index initially saw pressure making an intraday low of 40,169 (-302pts/0.74%) before bouncing back to 40,711 index level posting index gain of 240 points/0.6% from the last trading session. This sharp recovery can be attributed to lower than expected inflation number for December of 4.57%.
- Trading activity remained dull as banks remained shut for all sort of public dealing today. Volumes were down 51% d/d to 118.3mn.sh while value was down 52% to Rs4.5bn. TRG on back of active retail participation and DOST Steel on announcement of successful plant trial run, were amongst the volume leaders today.
- Top index point contributors were HBL (+4.1%), ENGRO (+2%), BAHF (+3.2%), UBL (+1.1%) & KAPCO (+3.8%) that added 205pts while stocks including PAKT (-5%), MCB (-1.2%), ABOT (-4.2%), HUBC (-0.8%) & NATF (-5%) held back 80pts.
- On the sector front; Commercial Banks added 158pts, OMC added 26pts, whereas Tobacco were down by 28pts & Pharmaceuticals by 19pts.

Important News, Views & Corporate Announcements

- December inflation came in at 4.57%, which is below our expectations of 4.8%. On monthly basis, inflation is down 10bps in December as against expectations of mild rise of 10bps. Lower food prices likely led to low monthly inflation numbers.
- The Supreme Court accepted on Monday around a dozen petitions challenging Nawaz Sharif's appointment as the Pakistan Muslim League-N president and issued notices to the respondents. A three-member bench headed by Chief Justice Saqib Nisar took up the 13 petitions against Nawaz's party presidency, The petitions, challenging specific clauses of the recently passed Elections Act 2017, state that Nawaz's appointment as party president is in violation of Political Parties Order and the Constitution. As the hearing went under way, the Chief Justice remarked that the petitions are political in nature. He also observed that Parliament is the supreme body of lawmaking in the country, adding that the court will strictly move as per law.
- Pakistan Petroleum (PPL) informed the bourse of Tight gas discovery from well Naushahro Feroz XI located in Naushahro Freoz Block.
- Pakistani Suzuki Motors (PSMC) sent a letter to its dealers, notifying them of upward revision in car prices w.e.f from 1 Jan, 2018. The company increased prices of Mehran, Ravi, and Bolan variants by 10k (~1%). The company increased prices of Wagon R variants by 20K (~2%) to pass on the impact of recent Rs devaluation on its cost.
- International Steel (ISL) has raised prices of its products to pass on increase in cost of its raw material.
- United States (US) President Donald Trump on Monday began the new year by accusing Pakistan of giving Washington "nothing but lies and deceit". The US president tweeted that Islamabad thinks of US leaders as "fools". He said Washington had "foolishly given Pakistan more than \$33 billion in aid over the last 15 years."In turn, he claimed that Pakistan had given "safe haven to the terrorists we hunt in Afghanistan, with little help". "No more," he added.

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.