

Topline Market Review

KSE-100 Index: 43,510 (+271pts/+0.6%)

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

Positive momentum continues; stocks close +271 points

KSE-100	
Key Numbers	
KSE-100 Index (Mar 1, 2018)	43,510.39
Change (Points)	270.94
Change (%)	0.63%
YTD (Since Dec 29, 2017)	7.5%
KSE Mkt Cap. (Rs bn)	9,046
KSE Mkt Cap. (US\$ bn)	81.8
Total Volume (shares mn)	211.9
Total Value (Rs bn)	10.3
Total Value (US\$ mn)	93.5
Total Future Value (Rs bn)	3.7
Total Future Value (US\$ mn)	33.6

Source: PSX

Top 10 Traded Stocks						
Symbol	Value (US\$mn)	Vol. (mn shares)	Closing (Rs)	Change (Rs)	Change	
DGKC	14.7	10.9	149.5	5.8	4.0%	
ENGRO	7.3	2.6	308.1	7.4	2.5%	
PAEL	3.7	8.3	49.0	0.1	0.3%	
LUCK	3.3	0.6	630.8	30.0	5.0%	
ISL	2.8	2.5	121.5	1.3	1.1%	
PKGS	2.7	0.5	571.0	9.4	1.7%	
FCCL	2.3	9.7	26.2	1.2	5.0%	
DFML	1.9	4.7	45.6	2.2	5.0%	
ASL	1.9	9.8	21.5	0.7	3.5%	
MLCF	1.9	3.1	67.5	3.4	5.0%	

Source: PSX

- Pakistan stocks closed positive for the third consecutive session, with the benchmark index gaining 271 points to settle at 43,510 level as investor confidence is gradually returning following prospect of timely senate elections, improving US-PAK relations and Ministry of Finance having an action plan to tackle external account weakness. Resultantly, healthy participation was seen where volume was up 40% and value was up 44%.
- Investors scuttled to take position in cement stocks as they cheered news of increase in North cement prices (further hike in prices expected in coming months). Resultantly a number of cement stocks including LUCK, CHCC, FCCL, MLCF, KOHC and PIOC hit upper limits. The sector cumulatively contributed 176 points to index gain.
- Top 5 stocks LUCK (+5%), ENGRO (+2.5%), DGKC (+4%), FCCL (+5%) & MLCF (+5%) added 190 points to the index, while ,Top 5 detractors were PAKT (-5%), MARI (-2.2%), PPL (-0.6%), POL (-0.9%) & THALL (-2.7%) which withheld 77 points from the index.

- Unity Foods (UNITY) reported loss of Rs36mn in outgoing quarter as the company booked cost related to issue of right shares. The company is preparing to start commercial production from end of this month and raw material (Soyabean Seeds) in this regard has been procured. The company further disclosed that its solvent extraction plant located at Kotri has crushing capacity of 450 tons per day and 300 ton capacity to produce pelletizing feed products per day. UNITY's state of art edible oil refinery located at Karachi having capacity of 150 tons per day have started operations.
- Dawood Hercules (DAWH) Informed the bourse that it has received financing of Rs6bn in form of rated ,over-the counter, listed secured Sukuk bond placed through private placement, for a period of five years.
- Pak Suzuki Motor Company (PSMC) has increased prices of different variants for second time this year by Rs20k per unit. The new prices will be applicable from today. PSMC has also introduced new minor changes to its Wagon R model.
- The government will be borrowing \$7 billion in the remaining months of the current fiscal year to bridge the widening current account deficit, acknowledged senior officials of Finance Ministry. The official of State Bank of Pakistan (SBP) agreed with the committee members that Pakistan's external financing requirements will be around \$15.5 billion to \$17 billion for the current fiscal year and stated, "We are going to the peak in the current fiscal year but things will ease from the next fiscal year with slowdown in China-Pakistan Economic Corridor (CPEC)-related imports. The State Bank of Pakistan (SBP) stated adequate measures have been put in place to manage the problem; however, their impact will be visible in six months.
- Moody's Investors Service says that its outlook for banks in Pakistan (B3 stable) is stable over the next 12-18 months. The outlook is driven by an accelerating economy and stable funding, while also taking into account the banks'" large holdings of low-rated government bonds, modest capital levels and high asset risks.
- The government is mulling issuing international bonds by June to generate \$ 3 billion to meet external debt servicing requirements, said minister of state on finance.

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.