

Topline Market Review

KSE-100 Index: 43,408 (-210pts/-0.48%)

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

Profit taking in Cements & Banks trimmed index

KSE-100	
Key Numbers	
KSE-100 Index (Mar 14, 2018)	43,407.72
Change (Points)	(210.36)
Change (%)	-0.48%
YTD (Since Dec 29, 2017)	7.3%
KSE Mkt Cap. (Rs bn)	9,065
KSE Mkt Cap. (US\$ bn)	82.0
Total Volume (shares mn)	198.4
Total Value (Rs bn)	6.8
Total Value (US\$ mn)	61.5
Total Future Value (Rs bn)	1.4
Total Future Value (US\$ mn)	12.5

Source: PSX

Top 10 Traded Stocks						
Symbol	Value (US\$mn)	Vol. (mn shares)	Closing (Rs)	Change (Rs)	Change	
HBL	4.3	2.4	200.1	(5.4)	-2.7%	
FFL	3.3	12.8	28.6	1.4	5.0%	
ENGRO	3.2	1.2	297.9	(3.6)	-1.2%	
LOTCHM	2.8	32.2	9.8	0.7	7.4%	
EFERT	2.6	4.2	70.0	(0.5)	-0.7%	
UBL	2.4	1.4	193.2	(0.3)	-0.2%	
PAEL	2.4	5.8	45.8	0.6	1.3%	
EPCL	2.4	8.7	30.1	0.1	0.4%	
AGP	2.4	2.9	88.6	(4.6)	-4.9%	
MFL	2.0	6.9	32.9	1.2	3.8%	

Source: PSX

- Pakistan stocks failed to maintain positive streak, as profit taking was witnessed in Banking and cement sector. Both sectors cumulatively eroded 140 points from the index points. Consequently, market closed at 43,408 index level, losing 210 points.
- Lotte chemicals (LOTCHM) gained investors attention and remained top volume leader with traded volume of 32mn shares, as PTA-PX margins has improved. Fauji Foods (FFL) and Engro Foods (EFOODS) went up by 5% and 2.3% as market rumors suggests expected rise in fresh milk prices (this will reduce packaged-loose milk price differential, resulting in higher packaged milk consumption, we believe).
- The broader market index witnessed rise of 30% in traded volume, however, value remained flat. The advance to decline ratio remained at 1.12 as 184 stocks closed in green zone and 164 in red zone.
- Top 5 stocks including PAKT (+3.2%), PPL (+0.8%), EFUG (+4.1%), DAWH (+0.8%) & INDU (+1.4%) added 55 points to the index gain, whereas stocks including HBL (-2.7%), LUCK (-1.6%), ENGRO (-1.2%), HUBC (-1.4%) & OGDC (-0.9%) , withheld 172 points from the index.

- EPCL notified exchange regarding financing structure of its expansion plan of PVC by 100k tons and debottlenecking by 50k tons. Total estimated Capex of the project is Rs7.6bn, out of which Rs5.4bn would be raised through right shares where share price of the proposed issue will not exceed Rs30 per share.
- HUM Network Limited (HMNL) notified exchange about incorporation of its wholly owned subsidiary HUM Mart Pvt. Limited, for which only board of director's approval is remaining.
- Chairman Pakistan Peoples Party (PPP) Bilawal Bhutto-Zardari nominated senator Sherry Rehman for the position of Leader of Opposition in Senate. If elected, Rehman would be the first woman Leader of the Opposition in the Senate.
- The Election Commission of Pakistan (ECP) hinted that they might seek help from FIA and intelligence agencies to probe alleged horse-trading in March 3 elections for 52 Senate seats. Representatives of different political parties in person or through counsels appeared before a five-member bench of the ECP to substantiate their claims of horse-trading in Senate polls.
- A three-judge bench headed by Chief Justice of Pakistan (CJP) Mian Saqib Nisar began hearing the suo moto case pertaining to laundered money in Swiss accounts. 'If the money was sent abroad without justification then it will be disastrous for the country', observed the chief justice.
- An inquiry into the defeat of the ruling Pakistan Muslim League-Nawaz (PML-N) candidates in the recently held Senate elections revealed that three of its allied party members from Jamiat Ulema-e-Islam-Fazl did not vote for the party.
- Supreme Court (SC) dismissed another petition of contempt of court against former Prime Minister Nawaz Sharif and Federal Minister for Railways Khawaja Saad Rafique.
- Global shares were mixed today as Asian markets took a hit from the abrupt departure of U.S. Secretary of State Rex Tillerson.

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.