

Topline Market Review

KSE-100 Index: 42,731 (-28 pts/-0.07%)

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



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

ASIAMONEY

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



Market ends 28pts down amid lackluster trading



KSE-100

Key Numbers

KSE-100 Index (Aug 8, 2018)	42,731.86
Change (Points)	(28.27)
Change (%)	-0.07%
YTD (Since Dec 29, 2017)	5.6%
KSE Mkt Cap. (Rs bn)	8,760
KSE Mkt Cap. (US\$ bn)	70.5
Total Volume (shares mn)	191.5
Total Value (Rs bn)	9.1
Total Value (US\$ mn)	73.2
Total Future Value (Rs bn)	2.2
Total Future Value (US\$ mn)	18.0

Source: PSX

Top 10 Traded Stocks

Symbol	Value (US\$mn)	Vol. (mn shares)	Closing (Rs)	Change (Rs)	Change
OGDC	13.1	10.6	152.9	0.5	0.4%
DGKC	5.1	5.2	123.1	(2.2)	-1.8%
ENGRO	4.3	1.5	346.8	3.0	0.9%
LUCK	3.9	0.9	548.5	(9.2)	-1.6%
SNGP	2.8	3.5	99.2	0.1	0.1%
PAEL	2.6	7.7	41.0	(0.5)	-1.1%
BAHL	2.2	3.3	83.6	1.2	1.4%
UBL	2.1	1.6	163.8	(1.3)	-0.8%
EPCL	2.1	7.3	34.9	0.4	1.2%
UNITY	2.0	7.1	34.8	1.7	5.0%

Source: PSX

- Pakistan equities ended marginally negative amid dull trading closing 28pts down. Lack of trigger and yesterday's decision of Election Commission of Pakistan (ECP) to put on hold result of 26 seats (9 National Assembly and 17 Provincial Assembly) including 2 NA seats where Prime Minister in waiting Imran Khan contested elections, kept investors skeptical about early formation of the Government.
- Interest was seen in OGDC where 10.6mn shares traded hands. The stock ended +0.4%.
- Cement sector came under pressure as no price increase was witnessed, contrary to yesterday's rumors of a possible increase of Rs10/bag. Resultantly, the sector took away 57pts from the index.
- Trading volumes and value were down 20% and 8%, respectively in today's session.
- Today marked the second highest foreign net selling of US\$16.5mn in 2018 YTD where foreigners sold E&Ps worth US\$7.9mn. Previously, foreigners were net sellers of US\$39mn in Apr 2018. In 2018 YTD, foreigners have sold US\$229mn worth of shares.

- Engro Powergen Qadirpur (EPQL) announced its 2Q2018 result today posting an EPS of Rs2.84 up 5% YoY. Increment in earnings was a result of improved margins up 2ppts YoY to 33% and massive increase in other income, up 40x times YoY. The company also announced a dividend per share of Rs1.5.
- The opposition parties held their first demonstration against alleged rigging which took place in General Elections 2018. The demonstration took place out of the Election Commission of Pakistan (ECP) by the newly formed 11-party grand oppositions alliance which is name as “Pakistan Alliance for Free and Fair Elections”.
- As per Dawn news, after two of the country’s largest private banks had their skirmishes with regulatory authorities in the United States, the State Bank of Pakistan moved to develop a more detailed “governance framework” for the overseas operations of all banks.
- As per news sources, expected Finance Minister of Pakistan from PTI-led government mentioned in various interviews that the govt. will offer profitable bonds to overseas Pakistanis. However, during the first 100 days no relief will be provided to the people as the govt. will implement its decisions and assign duties to responsible people.
- The Supreme Court set aside a decision of the Lahore High Court to restrain the Election Commission of Pakistan (ECP) from issuing the victory notification of Pakistan Tehreek-i-Insaf (PTI) Chairman Imran Khan from NA-131, Lahore, and ordering the returning officer to hold a recount of all ballot papers, as per Dawn.
- The Oil and Gas Regulatory Authority (Ogra) has awarded a license to Khyber Refinery (Pvt) Ltd to set up a new refinery in Khushalgarh, Khyber Pakhtunkhwa for five years.
- Lahore High Court’s Justice Shams Mehmood Mirza has recused himself from hearing a petition filed against the conviction and sentence of former premier Nawaz Sharif, his daughter Maryam Nawaz and son-in-law Safdar.

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.