



October
17, 2019

Benchmark index drops 382 points on renewed political concerns

Bourse dropped 382.53 points on Thursday to close at 33,898.56 points on weak political cues. Bears took over the control of benchmark as investors remained sidelined due to renewed political concerns after JUI-F rejected the PTI-government's proposal to hold talks before 31st October's Azadi March. JUI-F leader Fazlur Rehman has said he is persistent on his plans of marching towards Islamabad and demanding PM's resignation.

During the session, the index found its support and resistance at 33,836.97 and 34,361.45pts pts, respectively. The major laggards responsible for dragging down the market were HBL (-PKR 3.32), UBL (-PKR 3.61), MARI (-PKR 44.82), PPL (-PKR 1.73) and LUCK (-PKR 6.58), cumulatively shed 162 pts from the index.

Sector-wise, the commercial banks sector remained under pressure as the sector earnings fall short of analysts' estimates. Among major banks scrips, UBL lost PKR 3.61 from its share value followed by HBL (-PKR 3.32), MCB (-PKR 1.69), MEBL (-PKR 1.47) and ABL (-PKR 0.74).

The bourse witnessed the volumes of 137mn shares, against 151 mn shares a day before. The traded value clocked in at PKR 3.7bn. The advance to decline ratio remained in the favour of bears where 97 closed green, 206 scrips closed red and 21 remained unchanged.

Chemical sector was the top traded sector in today's session with the share volumes of 64.9mn shares followed by Technology & communication (8.0mn shares), Power generation & distribution (7.9mn shares), Cement (7.2mn shares), and Commercial banks (6.5mn shares).

News & Corporate Announcements:

MCB Bank Limited announced its financial results for 3QCY19 on the 17th of October 2019. The bank posted PAT of PKR 5.61 bn (EPS PKR 4.74) in third quarter on an unconsolidated basis, which is 23% YoY higher and remained flat on sequential basis. Bank also announced a cash dividend of PKR 4/sh for the quarter, taking 9MCY19 DPS to PKR 12.

Allied Bank Limited (ABL) announced its financial result for 3QCY19 where in the company reported EPS of PKR2.96 taking 9MCY19 earnings to PKR6.5/share, down 26% on YoY basis, along with the cash dividend of PKR2.0/sh.

Lotte Chemical Pakistan Ltd (LOTCHEM) announced its earnings for 3QCY19 that stood at PKR1.7bn (EPS: PKR1.11) down 5% QoQ and 18% YoY. The company also announced a cash dividend of PKR1.5/sh.

The State Bank of Pakistan (SBP) conducted an Open Market Operation on Thursday in which it injected Rs.55.00 Billion into the market for 1 Day.

The Foreign Office on Thursday said the upcoming visit of Turkish President Recep Tayyip Erdogan – earlier scheduled for October 23 – has been postponed.

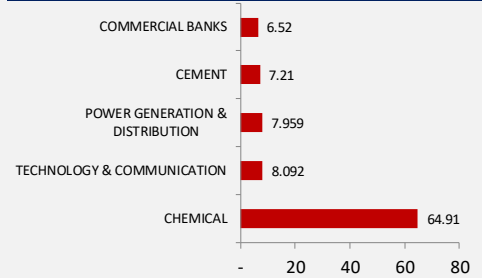
Britain and the European Union have a struck a new Brexit deal after days of intense back-and-forth negotiations between London and Brussels.

Market Highlights

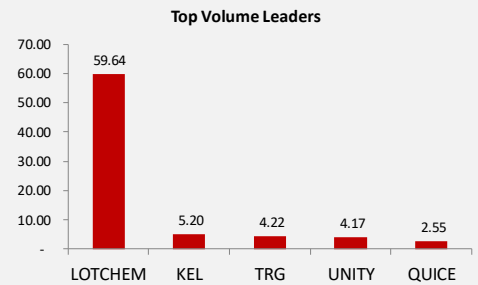
Current Index	33,898.56
Change	-382.53
Percent change	-1.13%
High	34,361.45
Low	33,836.97
Volume traded (mn shares)	107.7
Value traded (PKR mn)	3.276.

Source: PSX and AAH Research

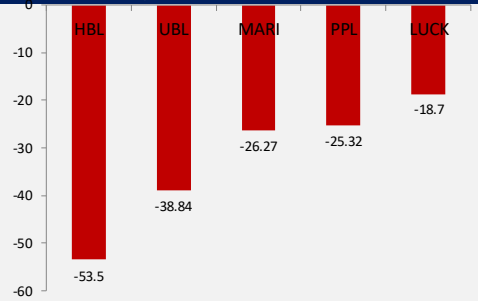
Top-5 Traded Sectors (mn shares)



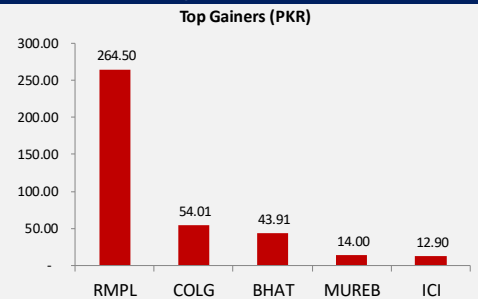
Top-5 Volume Leaders (mn shares)



Top-5 Index Movers (Points)



Top-5 Gainers (PKR)



Data Source: PSX

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DAILY CLOSING NOTE



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Rating Criteria

Rating - Expected Total Return
Buy - Greater than 10%
Hold - Neither Buy nor Sell
Sell - Less than and equal to -10%

Valuation Methodology

To arrive at our 12-months Price Target, ABA Ali Habib Research uses different valuation methods which include: 1). DCF methodology, 2). Relative valuation methodology, and 3). Asset-based valuation methodology. In this report, our PT is founded on FCF based DCF methodology.

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