



February
18, 2019

Despite Saudi surprises, regional tension weigh on stocks

KSE-100 index continues its bearish trend into the third week, drops 267.20 points on Monday despite numerous agreement worth USD 20bn between the Kingdom of Saudi Arabia and Pakistan. Crown Prince, Mohammad Bin Salman, arrived on Sunday on a two-day official visit where he announced to increase investment stake in Pakistan to USD 20 bn in petroleum, energy, petrochemicals, finance, foods and other sectors. Despite these positive surprises, regional tension with neighbouring countries weighed on investors' sentiments. In addition, buying activity remained muted as FATF is to decide the fate of Pakistan's listing/de-listing from the greylist.

During the day bourse found its support and resistance at 40,000.11 points and 40,654.65 points. The major laggards responsible for dragging down the market were LUCK (-PKR 8.15), UBL (-PKR 1.73), DGKC (-PKR 4.4), MCB (-PKR 134) and DAWH (-PKR 2.76), cumulatively shed 94.6 ppts from the index.

Sector-wise, the cement sector remained under pressure throughout the trading session. Among major cement scrips, LUCK lost PKR 8.15 from its share value followed by DGKC (-PKR 4.40), BWCL (-PKR 3.31) and MLCF (-PKR 2.22).

The bourse witnessed the volumes of 98.8mn shares, up by 6.2% DoD. The traded value clocked in at PKR 4.7bn. The advance to decline ratio remained in the favour of bears where 228 scrips declined, 78 scrips advanced and 22 remained unchanged.

Cement sector was the top traded sector in today's session with the share volumes of 13.7mn shares followed Commercial banks (11.2mn shares), Power generation & distribution (11.0mn shares), Food & personal care products (9.8mn shares) and Chemical (7.9mn shares).

News & Corporate Announcements:

Pakistan State Oil has announced its financial result for the half-year ended on 31st December 2018. The company's 2QFY19 earnings stand at Rs.4.2 billion (EPS: Rs.10.86), down from Rs.8.5 billion recorded the same period last year.

On arrival of Crown Prince of Saudi Arabia, country looks forward to an overall investment worth \$21 billion, including \$7 billion in the short term (1-2 Years), of which \$4 billion is allocated for 2 RLNG plants, \$2 billion for ACWA Power and \$1 billion goes to the Saudi Fund for Pakistan.

The federal government has released Rs 319.3 billion against the total allocation of Rs 675 billion under its Public Sector Development Programme (PSDP) 2018-19 for various ongoing and new schemes.

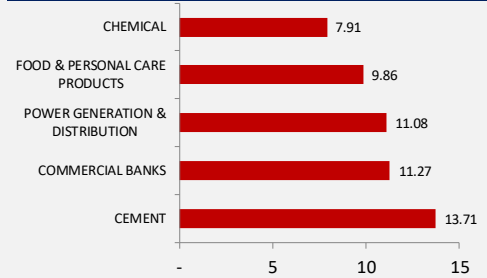
Financial Action Task Force (FATF)'s plenary meeting is currently taking place in Paris and will continue for another 4 days to deliberate on Pakistan's progress on anti-money laundering actions recommended by the Force.

Market Highlights

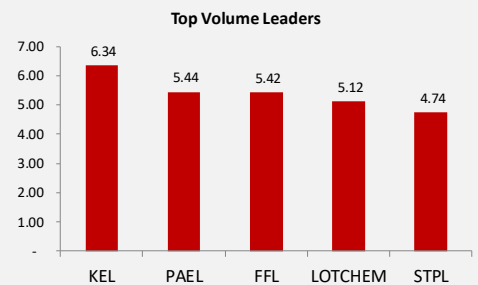
| | |
|---------------------------|-----------|
| Current Index | 40,219.47 |
| Change | -267.20 |
| Percent change | -0.66% |
| High | 40654.65 |
| Low | 40000.11 |
| Volume traded (mn shares) | 57.94 |
| Value traded (PKR mn) | 3.748. |

Source: PSX and AAH Research

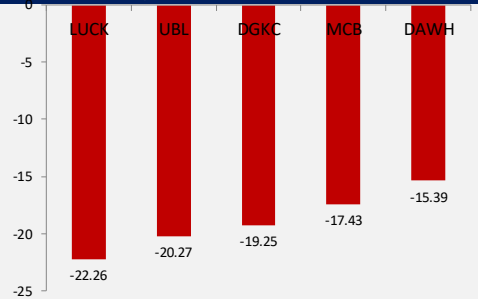
Top-5 Traded Sectors (mn shares)



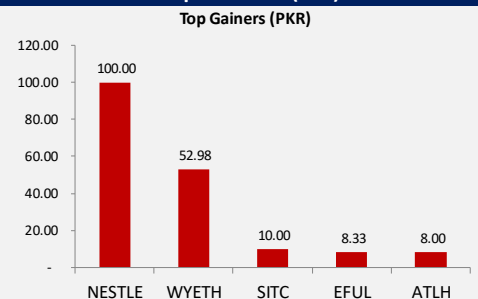
Top-5 Volume Leaders (mn shares)



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.

Analyst Certification ^{AC}

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