



April 1,  
2019

## Benchmark index drops over 294 points as SBP resorts to tightening

Performance in bourse remains muted on Monday, shedding 294.49 points as SBP raised policy rate by 50 bps to 10.75% in March MPC meeting. Recent hike crowned the SBP as the most aggressive central bank in the region with 500 bps hikes in the last 12 months. Investors' interest in bourse remained weak on Monday as March monetary policy statement highlights further inflationary pressure coupled with elevated concerns on twin deficits. Concerns on the increase in the cost of doing business due to the recent rise in prices of petroleum product lead to underperformance of key manufacturing sectors. During the day bourse found its support and resistance at 38,211.08 points and 38,649.34 points. The major laggards responsible for dragging down the market were PPL (-PKR 2.99), LUCK (-PKR 11.74), ENGRO (-PKR 4.73), BAHL (-PKR 1.66) and DAWH (-PKR 2.37), cumulatively shed 138.67 ppts from the index.

Sector-wise, the cement sector remained under pressure as the weaker rupee and concerns of declining export share in Afghan market override the impact of lower coal prices. Among major cement scrips, LUCK lost PKR 11.74 from its share value followed by CHCC (-PKR 1.82), DGKC (-PKR 1.66), MLCF (-PKR 1.45 and KOHC (-PKR 1.33).

The bourse witnessed the volumes of 65mn shares, while the traded value clocked in at PKR 2.8bn. The advance to decline ratio remained in the favour of bears where 220 scrips declined, 59 scrips advanced and 16 remained unchanged.

Vanaspati & allied industries sector was the top traded sector in today's session with the share volumes of 15.1mn shares followed Commercial banks (10.2mn shares), Cement (7.3mn shares), Power generation & distribution (6.0mn shares) and Oil & gas marketing companies (5.5mn shares).

## News & Corporate Announcements:

HUBC has notified in its letter to PSX that the board of directors has decided to issue right shares of 12.10% at the price of PKR 50 which includes PKR 40 premium per share. The quantum of the issue is 140,000,000 ordinary shares. The purpose of the issuance of the right share is to increase stake in China Power Hub Generation Company (CPHGC) from 26% to 47.5%.

Systems Limited announced its financial result for the year ended on December 31, 2018. The unconsolidated EPS of the company for the 4QCY18 clocked in at PKR 3.6 against EPS of PKR 0.98 SPLY. While the CY18 EPS of the company clocked in at PKR 9.01 against of EPS of PKR 4.24 SPLY. The company also announced a DPS of PKR 2 and 10% bonus shares.

Fatima Fertilizer Company Limited announced its financial result for the year ended on December 31, 2018. The company reported earnings per share of PKR 1.83 in 4QCY18 against EPS of PKR 1.86 SPLY. CY18 EPS of the company clocked in at PKR 6.32 against of EPS of PKR 5.04 SPLY. FATIMA also declared a cash dividend of PKR 1.75 for the period.

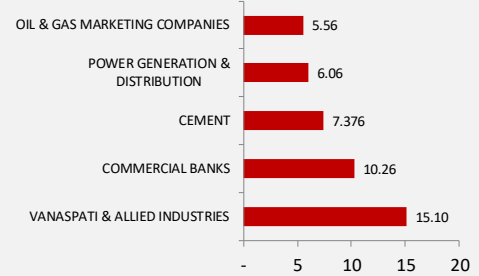
The Supreme Court ordered former president Pervez Musharraf to appear before a special court, hearing a treason case against him on May 2, or he would lose the right of defence in the case.

### Market Highlights

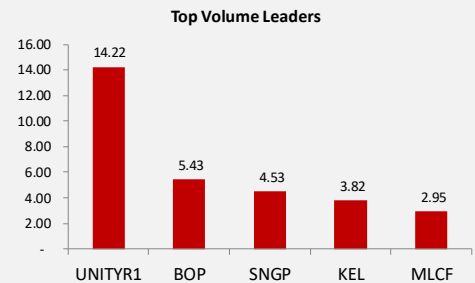
Current Index	38,354.85
Change	-294.49
Percent change	-0.76%
High	38649.34
Low	38211.08
Volume traded (mn shares)	39.69
Value traded (PKR mn)	2.520.

Source: PSX and AAH Research

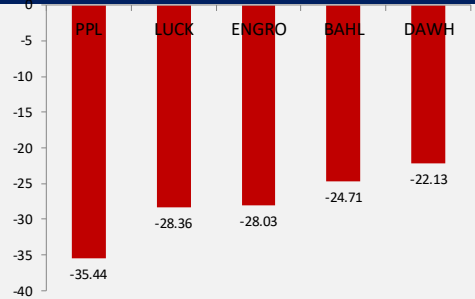
### Top-5 Traded Sectors (mn shares)



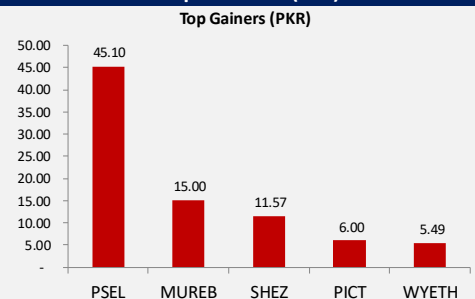
### Top-5 Volume Leaders (mn shares)



### 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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