



February  
27, 2019

## Stocks drop 128 points as tension at Indo-Pak border escalates

In a highly volatile trading session, KSE100 index dropped over 1,491 points in the midday before rebounding back to close with the loss of merely 128.98 points. Bourse opened the day with a negative note however, greater volatility was witnessed as the news relating downing of two Indian Air Force fighter jets hit the market. In retaliation of previous day's episode, PAF shot down two Indian fighter jets, which has further escalated the tension between two nuclear powers. During the day bourse found its support and resistance at 37,330.38 points and 38,857.90 points. The major laggards responsible for dragging down the market were MCB (-PKR 2.11), OGDC (-PKR 0.76), INDU (-PKR 42.92), KEL (-PKR 0.17) and HASCOL (-PKR 6.87), cumulatively shed 74.30 pts from the index.

Sector-wise, the cement sector remained under pressure due to the expected decline in exports if the tension with India extends. Among major cement scrips, ACPL lost PKR 3.21 from its share value followed by KOHC (-PKR 1.49), BWCL (-PKR 1.41) and DNCC (-PKR 1.00).

The bourse witnessed the volumes of 273.6mn shares, up by 69% DoD. The traded value clocked in at PKR 10.27bn. The advance to decline ratio remained in the favour of bears where 272 scrips declined, 67 scrips advanced and 8 remained unchanged.

Commercial banks sector was the top traded sector in today's session with the share volumes of 47.5mn shares followed Cement (33.0mn shares), Chemical (33.0mn shares), Power generation & distribution (24.3mn shares) and Technology & communication (18.3mn shares).

## News & Corporate Announcements:

Unity Foods Limited has reported profit after tax at Rs. 146 million for the half year ended December 31, 2018, as compared to losses of Rs. 48 million earned in same period last year. The company's EPS was stated at Rs. 0.87.

Standard Chartered Bank announced its financial earnings for the year ended December 31, 2018. Bank reported Profit after tax of Rs. 11.2 billion (EPS: Rs. 2.9), 36% higher YoY. The increase in earnings was due to higher total income which rose by 12% to Rs 28.5 billion, as well as lower non-interest expenses which fell by 4% to Rs. 11.2 billion

The State Bank of Pakistan released the Bid Pattern for today's MTB Auction. Auction Target is Rs.2,000 Billion against a maturing amount of Rs.2,063.481 Billion. SBP received bids worth Rs.528.928 Billion for 3 months while no bids were received for the 6 and 12 month T-Bills.

Prime Minister Imran Khan has said that Pakistan is again offering India a chance to engage in dialogue over Pulwama attack. "Better sense should prevail, We should sit and resolve our issues through dialogue."

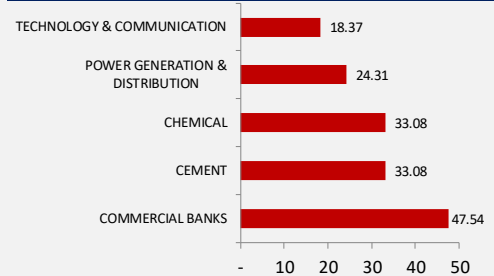
Two Indian Air Force (IAF) aircraft were shot down on Wednesday by the Pakistan Air Force (PAF) and Indian targets across the Line of Control (LoC) were struck by Pakistani fighter jets from within friendly airspace as the country's armed forces struck back after unprovoked Indian aggression a day earlier.

### Market Highlights

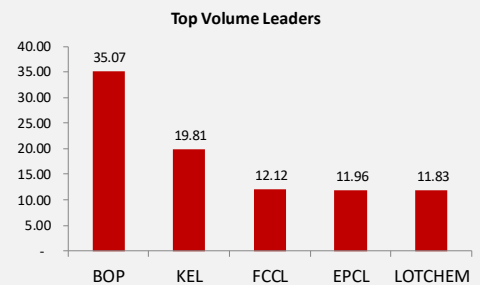
Current Index	38,692.69
Change	-128.98
Percent change	-0.33%
High	38857.90
Low	37330.38
Volume traded (mn shares)	178.8
Value traded (PKR mn)	8.512.

Source: PSX and AAH Research

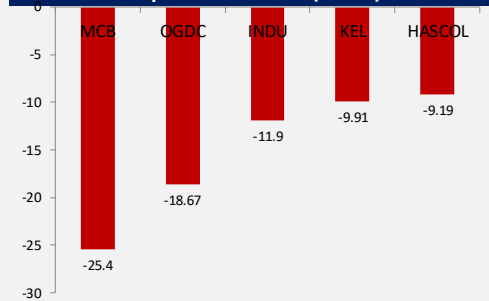
### Top-5 Traded Sectors (mn shares)



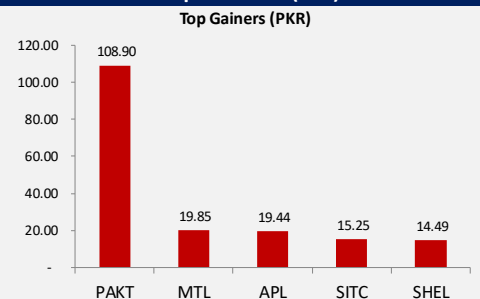
### Top-5 Volume Leaders (mn shares)



### 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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