



March 4,
2019

Banking scrips lift index 210 points higher as inflation hints rate hike

KSE 100 index initiated the trading week on a positive note as India's war obsession wears off. Benchmark gained 210.72 points during the trading session to close at 39,749.74 points. Major support to the index was provided by banking scrips as investors foresee interest rate hike in upcoming MPC meeting after the Feb'19 inflation surged to 8.2%. Investors' sentiments strengthened as government's focus turns toward usual affairs of the economy after a week-long border tension.

During the day bourse found its support and resistance at 39,499.36 points and 39,841.74 points. The major scrips responsible for pulling the market higher were HBL (+PKR 2.50), BOP (+PKR 1.00), UBL (+PKR 2.24), PSO (+PKR 5.58) and EFERT (+PKR 1.40), cumulatively adding 120.34 ppts to the benchmark index.

Sector-wise, commercial banks sectors remained in the limelight as market participant expect an interest rate hike in March MPC. Among major banking scrips, HBL gained PKR 2.5 in its share value followed by MEBL (+PKR 2.49), UBL (+PKR 2.24), ABL (+PKR 1.40) and BOP (+PKR 1.00).

The bourse witnessed the volumes of 168mn shares, up by 23% DoD. The traded value clocked in at PKR 5.8bn. The advance to decline ratio remained in the favour of bulls where 183 scrips advanced, 127 scrips advanced and 26 remained unchanged.

Commercial banks sector was the top traded sector in today's session with the share volumes of 102.3mn shares followed Technology & communication (7.9mn shares), Engineering (6.0mn shares), Cement (5.2mn shares) and Oil & gas marketing companies (4.6mn shares).

News & Corporate Announcements:

BOP announced its financial results for 4Y18Q. The company's EPS for the 4QCY18 clocked in at PKR 0.80 against LPS of PKR 3.32 SPLY. While CY18 EPS of the company clocked in at PKR 2.86 against of LPS of PKR 1.62 SPLY. Bank also announced a cash dividend of PKR 0.75 per share.

GLAXO announced its financial results for 4Y18Q. The company's EPS for the 4QCY18 clocked in at PKR 4.36 against EPS of PKR 2.4 SPLY. While CY18 EPS of the company clocked in at PKR 10.23 against of EPS of PKR 9.36 SPLY. The company also announced a cash dividend of PKR 7 per share.

PMPK has notified the PSX in its letter that the company has decided to close its factory at Kotri, Pakistan. The decision is consistent with the company's overall goal to achieve operational efficiency.

PSO in its letter to the PSX has announced that the company has received PKR 60bn from power sector companies as a partial settlement against receivables outstanding.

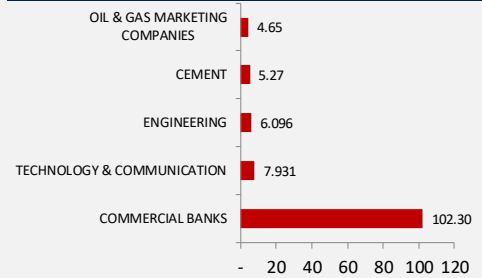
The Civil Aviation Authority (CAA) has proposed the softening of the aviation policy in order to welcome new players aspiring to jump into Pakistan's airspace by doubling the time required for starting operations by a new airline.

Market Highlights

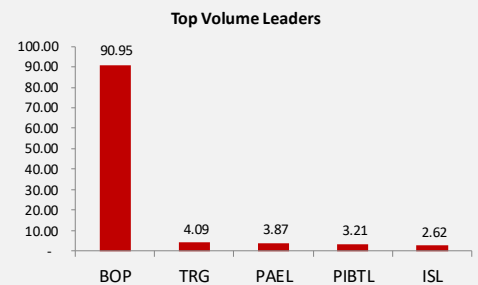
Current Index	39,749.74
Change	210.72
Percent change	0.53%
High	39841.74
Low	39499.36
Volume traded (mn shares)	141.7
Value traded (PKR mn)	4.977.

Source: PSX and AAH Research

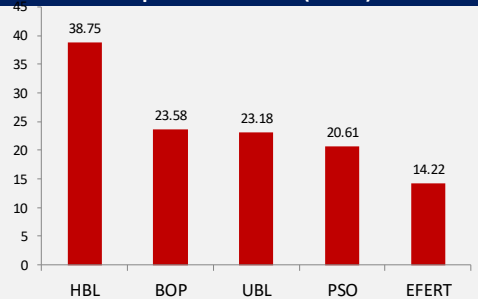
Top-5 Traded Sectors (mn shares)



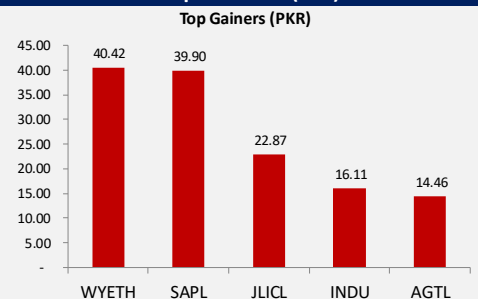
Top-5 Volume Leaders (mn shares)



Top-5 Index Movers (Points)



Top-5 Gainers (PKR)



Data Source: PSX

Research Team

research@abaalihabib.com

Aba Ali Habib Securities (Pvt) Limited

(021) 32429665, Ext. 106

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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THE TEAM

CEO

Zahid Ali Habib
Zahid@abaalihabib.com
(021) 32425022

RESEARCH TEAM

Contact: (021) 32429665, Ext. 106

Mohammad Zubair - Research Analyst
zubair@abaalihabib.com

Zoha Amjad – Research Analyst
Zoha.amjad@abaalihabib.com

Ayesha Abid – Research Analyst
ayesha.abid@abaalihabib.com

SALES TEAM

Zaheer Ahmed - Head of Equity Sales & Business Dev.
Zaheer.ahmed@abaalihabib.com
(021) 32418693-94

Hafsa Kamani- Assistant Manager Equity Sales
Hafsa.Kamani@abaalihabib.com
(021) 32431925

Syed Khalid Ahmed - Equity Trader
Syedkhalid@abaalihabib.com
(021) 32429664

Muhammad Faisal - Equity Trader
faisal@abaalihabib.com
(021) 32464835

Karachi Office

Room # 419, 419 A & 421, 4th Floor, Pakistan Stock Exchange, I.I. Chundrigarh Road, Karachi

Contact: 021-32429665

Cell: [+92 3312766771](tel:+923312766771)



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