



May 6,
2019

Central Bank governor's resignation send jitters through market

After a depressive week, KSE-100 index continues its downward trajectory owing to economic uncertainty, lost another 517 points to settle at 35,605.42 points. Investors preferred to stay sidelines due to lack of clarity on economic front as IMF bailout talks continue. Additionally resignation of SBP and FBR heads spurred uncertainty in bourse, which ultimately broke the 36K technical support level opening up a larger downside.

During the session, the index found its support and resistance at 35,570.38 and 36,191.43 pts, respectively. The major scrips responsible for dragging the index down were LUCK (-PKR 16.62), UBL (-PKR 5.1), HUBC (-PKR 1.7), PPL (-PKR 5.49) and ENGRO (-PKR 1.04) cumulatively eroded 213.16 points.

Top traded scrips of the day were Maple Leaf Cement (MLCF -4.78%), Bank of Punjab (BOP -1.65%) and Unity foods Limited (UNITY -5.46%), with the volume of 6.43 mn shares, 5.69 mn shares and 4.19 mn shares traded respectively.

Sector wise, cements and banks remained destructive throughout the trading session. Among some of the scrips LUCK/MLCF/PIOC/BOP/UBL lost PKR 4.17/4.78/3.32/1.73/2.45 in their share value.

The ready market witnessed a trading activity with a volume of 71.4 mn shares as compared to the previous session of 64.3mn shares, slightly increased by 12% DoD with a value of PKR 2.86 bn.

On the sector front, activity was mainly concentrated in cement with a volume of 14.75 mn, followed by commercial bank (11.66 mn), engineering (6.06 mn), fertilizer (4.40 mn) and vanaspati and allied industries (4.19 mn).

News & Corporate Announcements:

The State Bank of Pakistan plans to raise Rs.4,750 Billion from auction of government PIBs and MTB during May-July 2019. The Central Bank has set the auction target of Rs.4,100 Billion for short term Market Treasury Bills (MTB) and Rs.650 Billion for longer term Pakistan investment bonds (PIB).

As per the letter issued to PSX, Colgate-Palmolive intends to acquire up to 12 million shares (21%) of Colgate-Palmolive (Pakistan) Limited via Agreement and up to 3.5 million shares (up to 6.08%) via Public Offer.

President Arif Alvi appointed Dr. Reza Baqir to post of State Bank of Pakistan governor for a period of three years in pursuance of Section 10(3) of the State Bank of Pakistan Act 1956.

The Pakistan Tehreek-e-Insaf (PTI) has decided to challenge the decision of its rival Pakistan Muslim League – Nawaz (PML-N) to appoint Maryam Nawaz Sharif as one of the party's 16 vice-presidents.

The government has withheld the notification of Ahmed Mujtaba Memon's appointment as the Federal Board of Revenue (FBR) chairman and his case will now be reviewed by a ministerial committee.

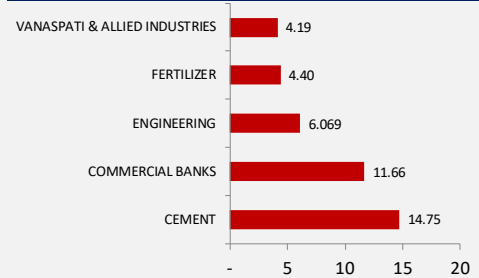
National Electric Power Regulatory Authority (NEPRA) has admitted the application of ENI New Energy Pakistan (Private) Limited (ENEP) for consideration of grant of generation license for its proposed Photovoltaic (PV) based Solar Power generation facility.

Market Highlights

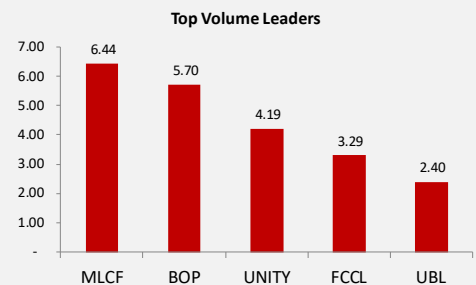
Current Index	35,605.42
Change	-517.53
Percent change	-1.43%
High	35,570.38
Low	36,191.43
Volume traded (mn shares)	54.35
Value traded (PKR mn)	2.86

Source: PSX and AAH Research

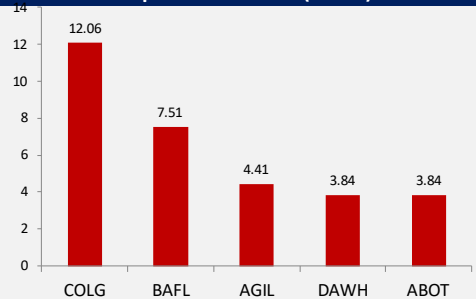
Top-5 Traded Sectors (mn shares)



Top-5 Volume Leaders (mn shares)



Top-5 Index Movers (Points)



Top-5 Gainers (PKR)



Data Source: PSX

Research Team

research@abalihabib.com

Aba Ali Habib Securities (Pvt) Limited

(021) 32429665, Ext. 106



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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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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

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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