



April 8,
2019

Benchmark index slides ~600 points as economic concerns continue to haunt investors

Benchmark tumbles 599.90 points at the start of week as macroeconomic indicators depicts deteriorating economic outlook in FY19-20. Recent World Bank report on economic outlook of South Asian countries forecasts Pakistan's GDP growth to decelerate at 2.7% and inflation to escalate to 13% in FY20. This coupled of expected debt payment of USD 3 billion in April-June and snail pace progress in IMF talks left the investors' confidence shaken. Heavy selling in almost all major sectors was partly due to resurging political uncertainty. KSE100 index float between with its sessional low and high of 36,738.96 and 37,552.90 points.

Sector-wise, the cement sector remained under pressure as it is the first and direct victim of economic slowdown, as the decline in cement dispatches is already evident. Among major cement scrips, LUCK lost PKR 20.90 from its share value followed by BWCL (-PKR 5.58), ACPL (-PKR 4.49), DGKC (-PKR 4.15) and KOHC (-PKR 3.34).

The bourse witnessed the volumes of 106mn shares, while the traded value clocked in at PKR 4.0bn. The advance to decline ratio remained in the favour of bears where 265 scrips declined, 57 scrips advanced and 15 remained unchanged.

Cement sector was the top traded sector in today's session with the share volumes of 20.2mn shares Power generation & distribution (13.3mn shares), Commercial banks (12.4mn shares), Vanaspati & allied industries (9.9mn shares) and Technology & communication (9.3mn shares).

News & Corporate Announcements:

The ECC approved the proposal of Communication Division to provide Technical Supplementary Grant amounting to Rs.500 million for the construction of Additional Carriageway on Torkham-Jalalabad Road under Prime Minister's Program for Reconstruction of Afghanistan.

Minister for National Health Services (NHS) Aamer Mehmood Kiani has said that 226 medicines worth tens of millions of rupees, manufactured by 59 companies, have been confiscated by the government over the last few days.

Pakistan's economic growth, after reaching an 11-year high of 5.8 per cent in FY18, is expected to see a decline over the next two years, the World Bank has predicted. GDP growth will decelerate to 3.4pc in fiscal year 2018-19 and further drop to 2.7pc in FY20 as fiscal and monetary policies are tightened to address macroeconomic imbalances.

The Lahore High Court granted Punjab Assembly Opposition Leader Hamza Shahbaz pre-arrest bail till April 17 and restrained the National Accountability Bureau (NAB) from arresting him in cases pertaining to ownership of assets beyond means.

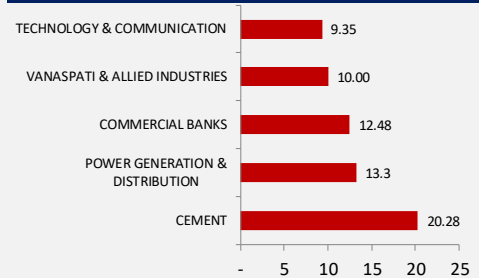
SBP Conducted an OMO on Monday, April 8, 2019, in which it mopped up Rs.21 billion from the market for 4 days.

Market Highlights

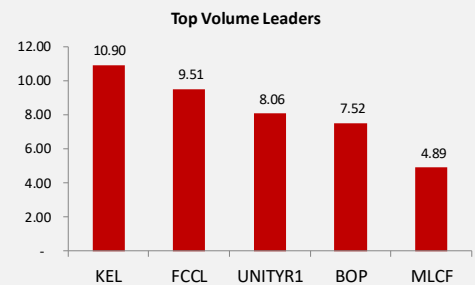
Current Index	36,921.91
Change	-599.90
Percent change	-1.60%
High	37552.90
Low	36738.96
Volume traded (mn shares)	73.33
Value traded (PKR mn)	3.641.

Source: PSX and AAH Research

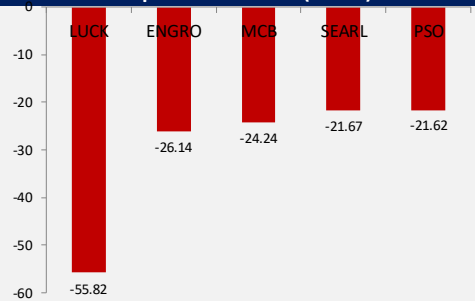
Top-5 Traded Sectors (mn shares)



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}

The research Analyst(s) hereby certify that the views about the company/companies and the security/securities discussed in this report accurately reflect his or her or their personal views and that s/he has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendation or views in this report. The analyst(s) is/are principally responsible for preparation of this research report and that s/he or his/her close relative/family member doesn't own 1% or more of a class of common equity securities of the following company/companies covered in this report.

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