

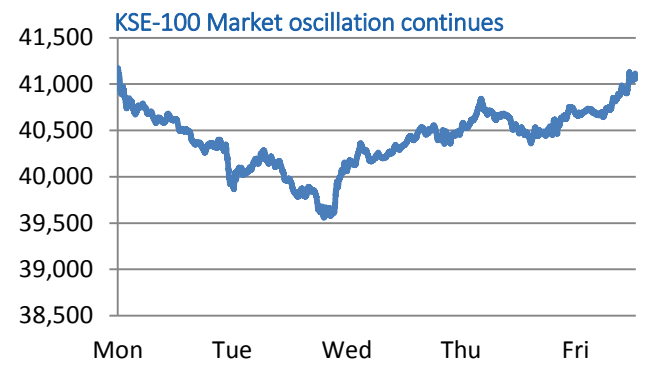


The Week in Review

For the period Oct 30, 2017 – Nov3, 2017

News This Week

- CPI inflation inches down to 3.8% in October
- Foreign reserves decline USD59.3mn
- S&P reaffirms credit ratings
- First quarter service trade deficit soars to USD1.2bn
- Lucky Cement increases in stake in JV with KIA Motors
- Petrol price goes up by PKR2.49
- Circular debt reaches PKR450bn, PAC told



Stock Market Overview

- Stock market remained volatile throughout the week, however the benchmark KSE100 index almost remained flattish, a decrease of 41pts WoW to 41,064pts. Political uncertainty coupled with deteriorating economic indicators has hampered the market participation as evident from a decrease in ADT by 12.7%WoW. Foreign investors remained net seller in the week, exhibiting an outflow of USD30.7mn.
- ATlh, FFC, MARI, PPL and OGDC were the major gainers while FML, PAEL, TRG, PIBTL, and CHCC were the major losers in the benchmark KSE-100 this week.

KSE-100: Market oscillation continues

Date	Open	High	Low	Close	Change	Vol (mn)
30-Oct-17	41,168	41,173	40,259	40,324	-1.9%	99
31-Oct-17	40,303	40,324	39,557	39,617	-1.8%	139
1-Nov-17	39,663	40,559	39,617	40,454	2.1%	117
2-Nov-17	40,509	40,842	40,353	40,499	0.1%	117
3-Nov-17	40,507	41,116	40,453	41,064	1.4%	115

Market Review

Stock market remained volatile throughout the week, however the benchmark KSE100 index almost remained flattish, a decrease of 41pts WoW to 41,064pts. Political uncertainty coupled with deteriorating economic indicators has hampered the market participation as evident from a decrease in ADT by 12.7%WoW. Foreign investors remained net seller in the week, exhibiting an outflow of USD30.7mn.

During the week, Dawood Hercules finalized to offload its ownership of 15% in HUBCO to KAPCO at a price of PKR109.86/sh. With regard to Lucky Cement, the company in its latest notification announced to increase investment in KIA Motors to 70% from 60% along with an investment in development of additional 50MW Wind Farm project. Also, the Federal Government increased the prices for MS and HSD by PKR2.49/litre and PKR5.19/litre, respectively for November.

On the macro front, country's foreign exchange reserves have declined again this week by USD59.3mn on the back of external debt servicing. Additionally, the FBR missed its revenue collection target by over PKR21bn in October owing to irregularities in administration. On the other hand, S&P maintained the country's "B" credit rating on the back of macroeconomic stability and growth prospects. Moreover, CPI for October clocked in at 3.8%YoY/0.7%MoM, which was below the street consensus of 4.1%.

Outlook

Now that the result season is over, we expect the market to remain volatile with limited participation throughout the next week. However, the direction of foreign portfolio investment and political uncertainty may dictate market course.

News This Week

Economic highlights & Data points

CPI inflation inches down to 3.8% in October | (The News): Annual consumer price inflation inched down to 3.8% in October as compared to 3.9% in the previous month and 4.2% in October a year earlier. Pakistan Bureau of Statistics (PBS) recorded consumer price inflation at 0.7% month-on-month in October as compared to an increase of 0.6% in the previous month and increase of 0.8% in October 2016.

Foreign reserves decline USD59.3mn | (BR): The country's liquid foreign reserves declined slightly USD59.3mn during the last week due to external debt servicing. The country's total foreign reserves declined to USD19.843bn as on October 27, 2017, compared to USD19.902bn as on October 20, 2017.

FBR misses revenue collection target | (Dawn): The tax collection by the Federal Board of Revenue (FBR) in October missed its target by over PKR21bn. The FBR expects to receive a few billion rupees in days ahead. The shortfall was recorded despite the fact that the FBR delayed the payment of PKR12.5bn sales tax refunds in October.

S&P reaffirms credit ratings | (BR): The global rating agent Standard & Poor's Global Ratings (S&P) in its report Monday affirmed Pakistan's "B" long-term and short-term sovereign credit ratings. The outlook for the long-term ratings remains stable. Affirmation of Pakistan's rating reflects that economic prospects remain favorable and external and fiscal metrics of the country will not worsen materially from their current level.

First quarter service trade deficit soars to USD1.2bn | (BR): The country's services trade posted a deficit of USD1.2bn during the first quarter of this fiscal year (FY18), mainly due to higher imports. Economists said rising import bill and slow growth in exports have resulted in a massive surge in services trade deficit during the initial months of this fiscal year. The country is expecting some inflows under the Coalition Support Fund (CSF) from the United State.

Sector and Corporate highlights

Kapco to acquire stake in Hubco for PKR22bn | (Dawn): Dawood Hercules has finalised a share purchase agreement with KotAddu Power Company (Kapco) to offload its entire shareholding of 172.58mn shares (14.9%) in Hub Power Company (Hubco) at PKR109.86 per share.

Lucky Cement increases in stake in JV with KIA Motors | (Tribune): Buoyed by returns and growth of auto sector, Lucky Cement announced to increase investment in its JV with KIA Motors by PKR2bn. Its total investment in KIA Lucky Motors Pakistan Limited will be now PKR14bn. Meanwhile LUCK has also announced to increase investment in a wind power project up to PKR720mn for development of an additional 50MW Wind Farm.

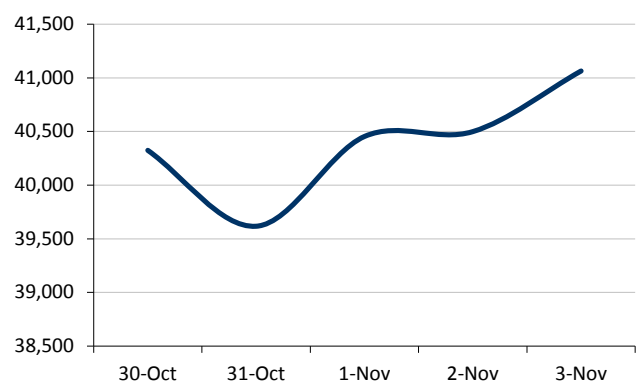
Petrol price goes up by PKR2.49 | (BR): Federal government on Tuesday increased the prices of petroleum prices for month of November. According to notification, price of motor spirit (petrol) has been increased by PKR2.49/litre and high speed diesel (HSD) by PKR5.19/litre in monthly review for November.

Circular debt reaches PKR450bn, PAC told | (The News): The Ministry of Energy on Wednesday admitted before the Public Accounts Committee (PAC) that circular debt has reached at the level of PKR450bn and the ministry was facing line losses of over PKR200bn, while PKR214bn worth of electricity was being stolen annually.

Ogra to probe complaint that Shell, Total, PSO added manganese to gasoline | (BR): Country's state oil and gas regulator said on Thursday it will investigate a complaint that fuel suppliers including local subsidiaries of Shell and Total as well as Pakistan State Oil (PSO) have added manganese to their gasoline. Honda Motor Co's Pakistan subsidiary, Honda Atlas Cars (Pakistan) Ltd., filed the complaint, saying the harmful additive appeared to be damaging the engines in its vehicles.

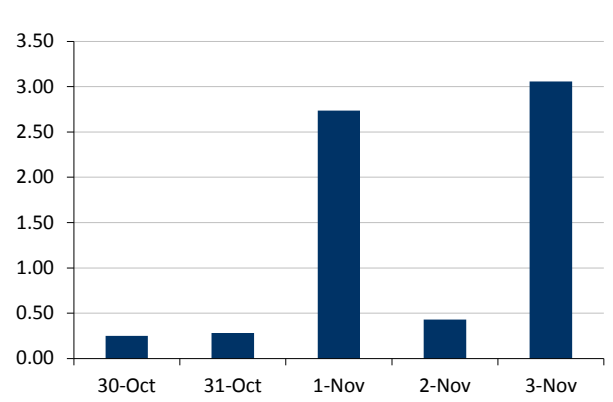
Stock Market – Last week in pictorals

Chart 1: KSE-100 Index



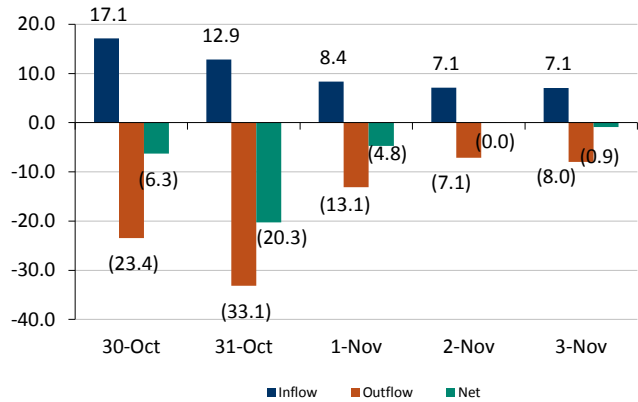
Source: PSX

Chart 2: KSE Advance/Decline Ratio



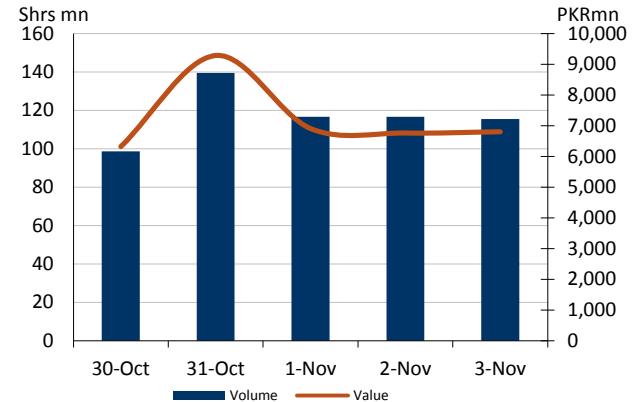
Source: PSX

Chart 3: Pak Foreign Portfolio Flows (US\$m; US\$=PKR105)



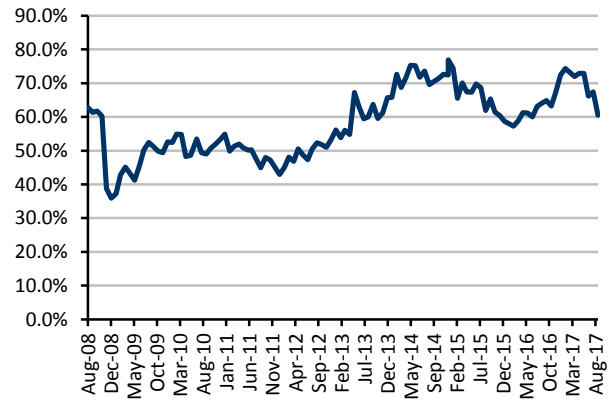
Source: NCCPL

Chart 4: KSE- Volumes & Values



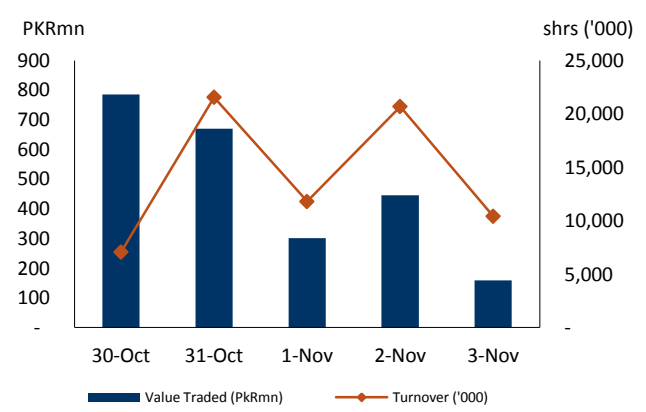
Source: PSX

Chart 5: Price to Money Ratio



Source: NCCPL

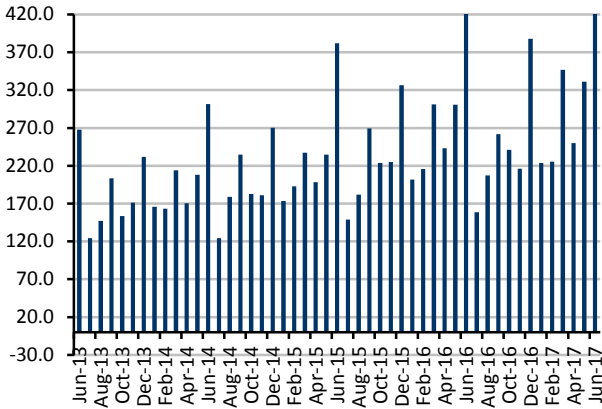
Chart 6: Off market activity



Source: PSX

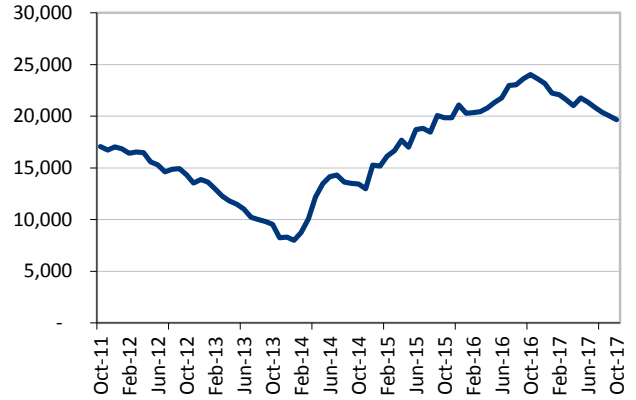
Economy Watch

Chart 7: Revenue Collection (PKRbn)



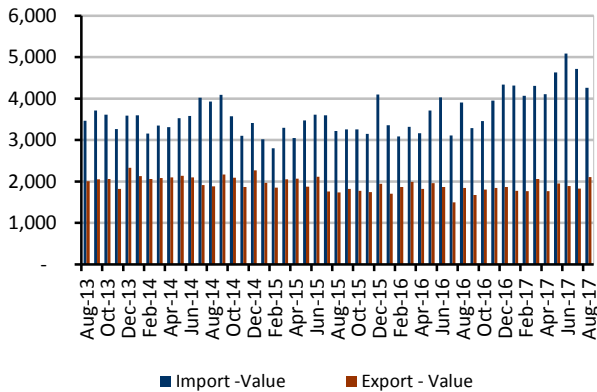
Source: SBP

Chart 8: Forex Reserves (US\$mn)



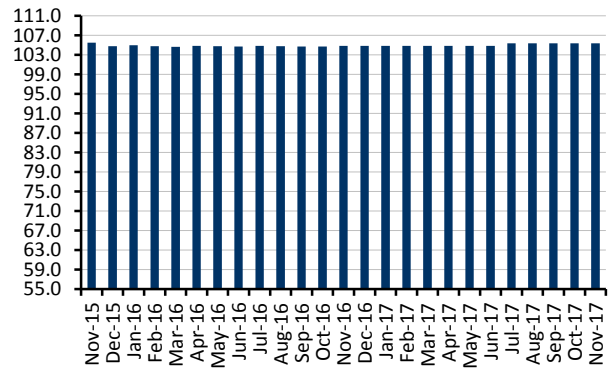
Source: SBP

Chart 9: Import & Export (US\$mn)



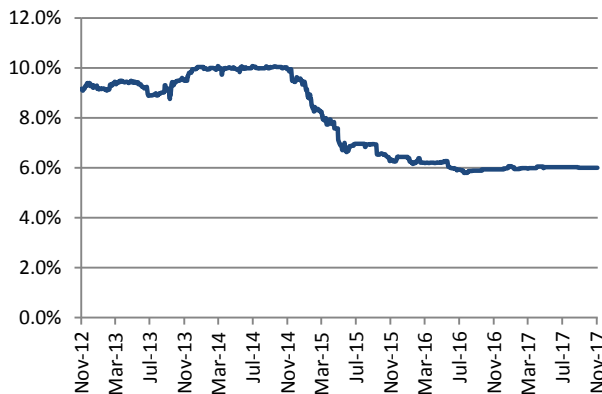
Source: SBP

Chart 10: Foreign Exchange Rate (PKR/US\$)



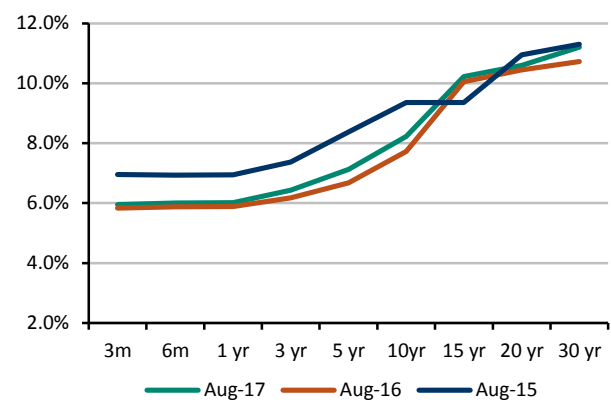
Source: SBP

Chart 11: 6-mth T-Bill Yield (%)



Source: SBP

Chart 12: Yield Curve (%)

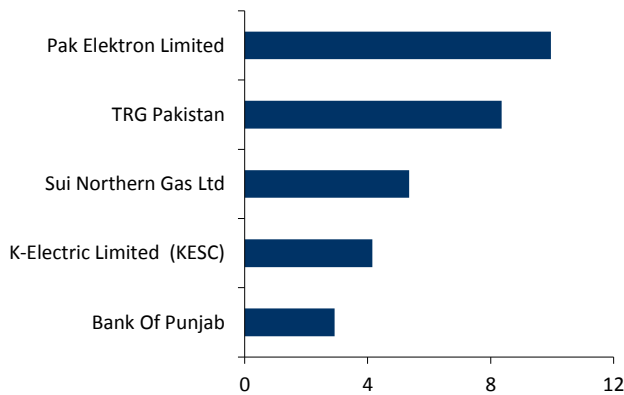


Source: SBP

Stock Market Synopsis

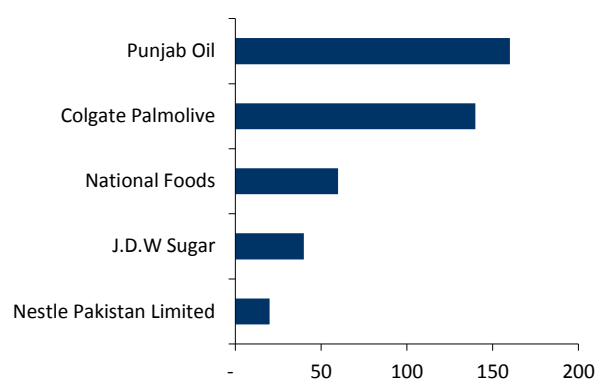
	Last week	This Week	%Change	1M	3M	12M
Mkt. Cap (US \$ bn)	80.4	80.4	0.1%	81.9	92.4	80.9
Avg. Dly T/O (mn. shares)	134.5	117.4	-12.7%	146.8	161.7	280.6
Avg. Dly T/O (US\$ mn.)	66.6	68.5	2.8%	72.0	78.3	130.8
No. of Trading Sessions	5.0	5.0	0.0	24.0	64.0	252.0
KSE 100 Index	41,105.4	41,064.0	-0.1%	41,115.8	47,084.3	41,974.5
KSE ALL Share Index	29,344.4	29,359.2	0.1%	29,642.9	33,162.0	28,696.3

Chart 13: KSE-100 Active Issues (ADTO-million shares)



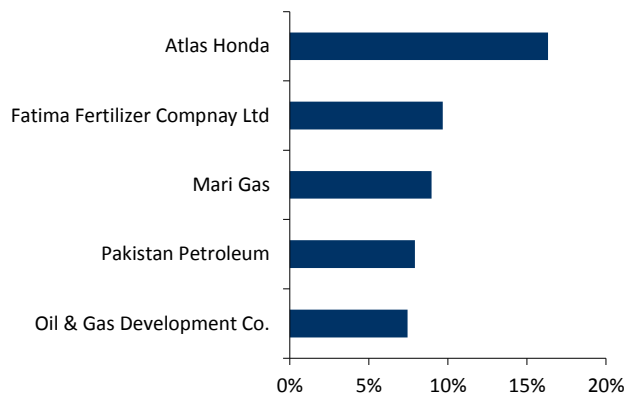
Source: PSX

Chart 14: KSE-100 Least Traded Issues (ADTO- shares)



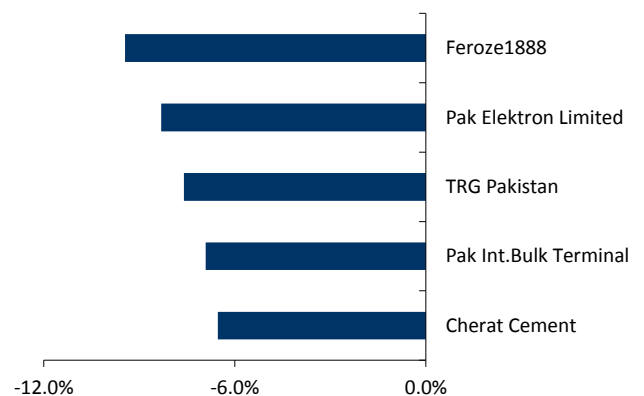
Source: PSX

Chart 15: KSE-100 Top Gainer (% change)



Source: PSX

Chart 16: KSE-100 Top Losers (% change)



Source: PSX

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