



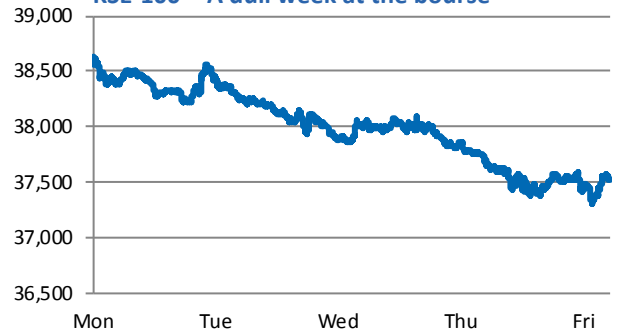
The Week in Review

For the period Apr 01, 2019 – Apr 05, 2019

News This Week

- Forex reserves rise to USD17.4bn
- Key interest rate hiked by 50bps
- Petrol, diesel prices up by PKR6/liter
- Inflation hits 9.4%, highest in five years
- Another amnesty scheme for non-filers planned
- Pakistan’s external debts to reach USD120bn
- Cement dispatches drop 6%YoY to 4.3mn tons in March
- Pak Suzuki increased prices by PKR10k to PKR100k
- Oil sales plunge 25%
- 1700cc & above: 10% FED to be withdrawn
- Suzuki Alto set to make a comeback

KSE-100 – A dull week at the bourse



Stock Market Overview

- Hike in DR by 50bps, increase in fuel prices by PKR6/liter and higher than expected inflation of 9.4% for Mar’19 dented the sentiments of market participants. Resultantly, KSE100 index closed at 37,522pts witnessing a decline of 1,112pts. Market participation remained dull during the week as evident from decrease in ADT and ADTV that decreased by 7.5%WoW and 20.4%WoW, respectively. Foreign investors were net sellers, exhibiting an outflow of USD3.7mn.
- PSEL, UNITY, SYS, NESTLE and POL were the major gainers while ASTL, PSMC, JLI, ARPL, and HCAR were the major losers in the benchmark KSE-100 this week.

KSE-100 – A dull week at the bourse

Date	Open	High	Low	Close	Change	Vol (mn)
1-Apr-19	38,634	38,649	38,211	38,355	-0.8%	66
2-Apr-19	38,423	38,558	37,932	38,036	-0.8%	145
3-Apr-19	38,051	38,119	37,855	38,023	0.0%	153
4-Apr-19	38,038	38,043	37,413	37,516	-1.3%	128
5-Apr-19	37,517	37,592	37,307	37,522	0.0%	102

Market Review

Hike in DR by 50bps, increase in fuel prices by PKR6/liter and higher than expected inflation of 9.4% for Mar'19 dented the sentiments of market participants. Resultantly, KSE100 index closed at 37,522pts witnessing a decline of 1,112pts. Market participation remained dull during the week as evident from decrease in ADT and ADTV that decreased by 7.5%WoW and 20.4%WoW, respectively. Foreign investors were net sellers, exhibiting an outflow of USD3.7mn.

During the week, as per the latest numbers released by APCMA, cement dispatches decreased by 7%YoY in Mar'19 to 4.3mn MT vs 4.7mn MT SPLY in the back drop of lower PSDP allocation. Moreover, PSMC and HCAR raised prices of different variants in the range of PKR10k-PKR100k to pass on the impact of rising costs. Also, PSMC is likely to commence production of Alto in the coming week to replace iconic Mehran. Additionally, the incumbent government is considering to withdraw the recently imposed 10% FED on the locally manufactured vehicles of 1700cc and above. Furthermore, the government approved import of 100k MT urea to avert shortfall of fertilizer in the country for summer crops. Also, HUBCO will be raising ~PKR7.0bn through right issue with an aim to increase its stake in 1,320MW coal-fired power project.

On the macro front, foreign exchange reserves held by the country increased to USD17.40bn from USD15.47bn due to inflows from China. Additionally, the government is mulling to introduce an amnesty scheme as an opportunity for non-filers to whiten their undeclared assets where the FBR eyeing to generate PKR300bn revenue from the proposed scheme. Reportedly, approval of IMF's bailout package to the country is contingent on the acquisition of clearance title from FATF.

Outlook

With the initiation of result season, we expect fundamentals to take the front seat and earning surprises of individual companies would dictate the direction of market. Additionally, continued PKR slippage would keep the bourse's performance under pressure.

News This Week

Economic highlights & data points

Forex reserves rise to USD17.4bn | (The News): Pakistan's foreign exchange reserves rose to USD17.4bn in the week ended March 29 from USD15.5bn in the previous week, the central bank said on Thursday. The reserves held by the SBP increased to USD10.5bn, compared with USD8.6bn in the preceding week.

Key interest rate hiked as economic slowdown continues | (Dawn): SBP hiked the key discount rate by 50bps on Friday, bringing it to 10.75%, while warning that the economy faced continuing headwinds. The higher rate becomes effective from April 1. The SBP also slashed its outlook on the growth rate for current fiscal year to 3.5%.

Petrol, diesel prices up by PKR6/liter | (The News) : The government on Sunday increased petrol and diesel prices by PKR6/liter each and LDO prices jacked up by PKR3/liter for April 2019 effective from Monday till midnight of April 30.

Inflation hits 9.4%, highest in five years | (Dawn): Inflation measured through consumer price index (CPI) surged to 9.4% in Mar'19, the period when global oil prices started rising, undermining earlier gains.

Another amnesty scheme for non-filers planned | (Dawn): The government is planning to introduce another amnesty scheme to provide non-filers of tax returns an opportunity to whiten their undeclared assets at home and abroad and get into the tax net.

Tax-to-GDP ratio will decrease to 12.5% | (BR): Former Finance Minister Pasha said that tax to GDP ratio would decrease to 12.5% from 13%, which is unfortunate for the country that is facing high fiscal deficit. He also regretted that development spending has been slashed by 30% which is not appropriate as it would result in low growth.

Pakistan's external debts to reach USD120bn in two years | (The Nation): Pakistan's external debt level would increase to USD120bn in next two years due to the government's continuous borrowing from International Monetary Fund (IMF) and friendly countries like China, Saudi Arabia and United Arab Emirates (UAE).

FATF clearance must for IMF loan | (The News): Pakistan is on a tight rope, as unless the FATF (Financial Action Task Force) clears Pakistan, the International Monetary Fund (IMF) will not extend any bailout package to wriggle the country out of economic quagmire.

PM says 5mn houses 'indeed ambitious target' | (The News): Prime Minister Imran Khan on Tuesday acknowledged the implementation challenges in fulfillment of his promise to ensure 5mn low-cost houses in the next 5yrs, but he said the government is determined to meet the housing shortfall.

Sector and Corporate highlights

Honda raises cars' prices | (BR): Honda Atlas Cars has increased prices of its different variants from PKR65k to PKR85k from April 1 due to currency devaluation. According to the company, it did not pass on any impact of last exchange rate variation to customers with the hope of rupee stabilization.

Cement dispatches drop 6%YoY to 4.3mn tons in March | (The News): Total cement dispatches in March 2019 decreased to 4.3mn tons, as compared to 4.7mn tons in the same month last year, posting a decline of 6%YoY, owing to a drop in demand, a latest tally showed on Thursday.

Pak Suzuki increased prices of four-wheelers by PKR10k to PKR100k | (The News): Pak Suzuki Motor Company raised prices across various car models between PKR10k and PKR100k effective from April 1 to mitigate the impact of high production cost and rupee depreciation, analysts said on Saturday.

Oil sales plunge 25% | (Dawn): Oil sales plunged by 25% to 13.6mn MT in 9MFY19 due to a steep 58.7% fall in furnace oil sales. In Mar'19, the total off take of oil marketing companies (OMCs) plummeted by 18.3% to 1.5mn MT.

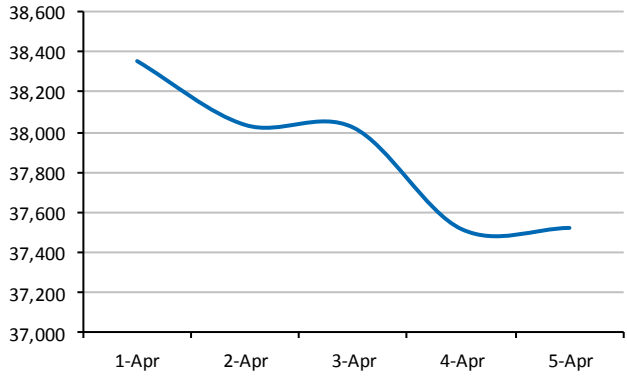
Hubco to raise PKR7.0bn to increase stake in power project | (The News): Hubco, the country's biggest independent power producer, has planned to raise an estimated PKR7.0bn through right issue in a bid to increase its stake in a 1,320 megawatts coal-fired power project being set up under the Chinese corridor framework.

Suzuki Alto set to make a comeback | (Dawn): Pak Suzuki Motor Company Limited is expected to start commercial production of Alto 660cc from next week following the discontinuation of the 800cc Suzuki Mehran VX and VXR.

1700cc & above: 10% FED to be withdrawn | (BR) Positive: Prime Minister's Advisor announced on Wednesday that the government will withdraw 10% Federal Excise Duty (FED) on locally-manufactured vehicles of 1700 cc and above. He said "the government took a wrong decision to impose 10% FED on vehicles and it will withdraw it".

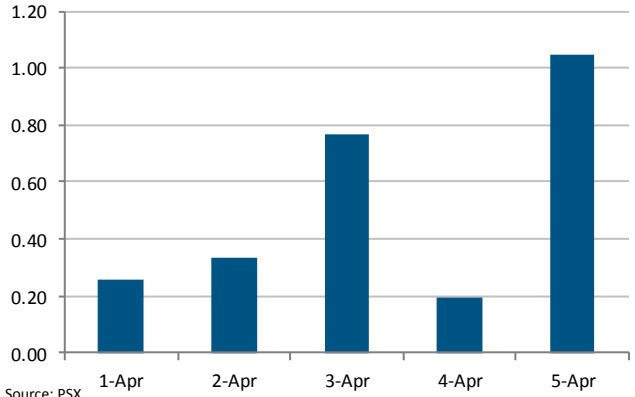
Stock Market – Outgoing week in pictorals

Chart 1: KSE-100 Index



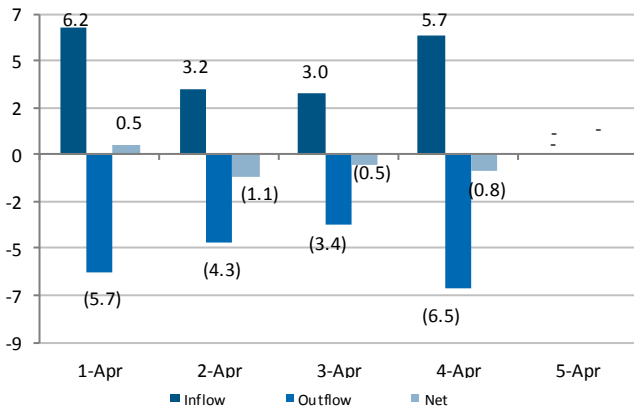
Source: PSX

Chart 2: KSE Advance/Decline Ratio



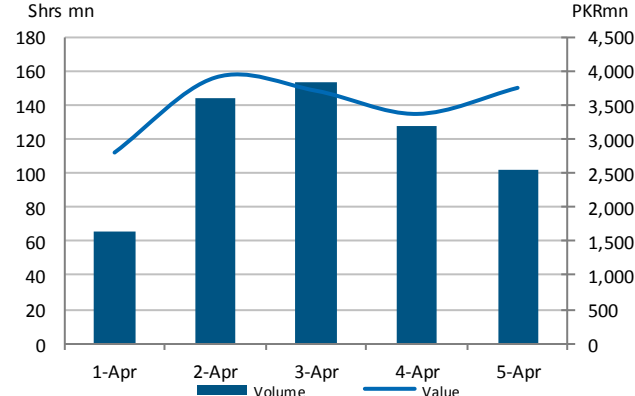
Source: PSX

Chart 3: Pak Foreign Portfolio Flows (US\$m; US\$=PKR130)



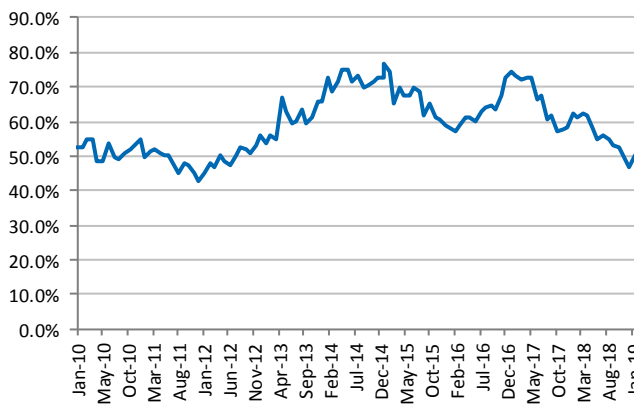
Source: PSX

Chart 4: KSE- Volume & Value



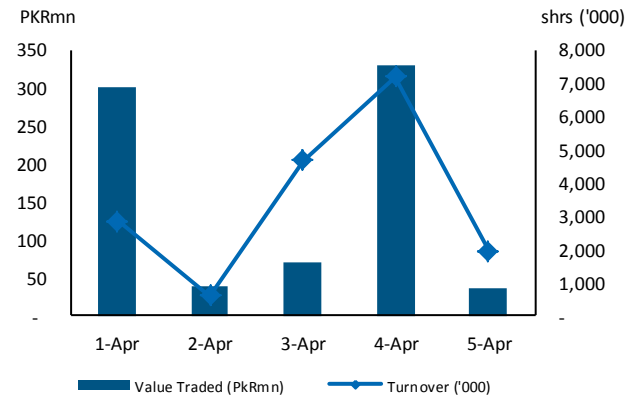
Source: PSX

Chart 5: Price to Money Ratio



Source: PSX

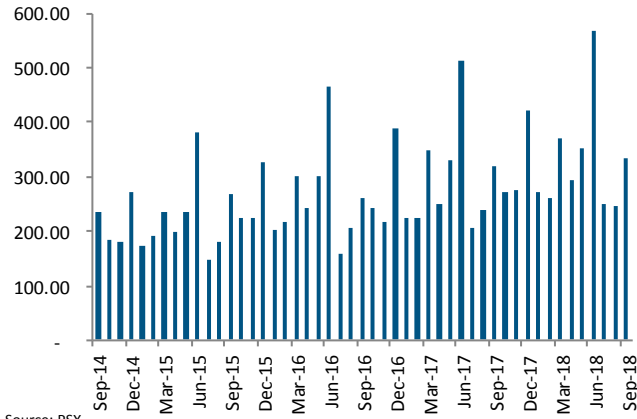
Chart 6: Off market activity



Source: PSX

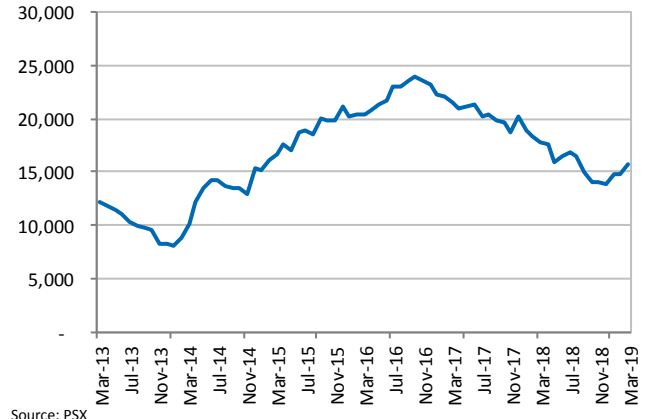
Economy Watch

Chart 7: Revenue Collection (PKRbn)



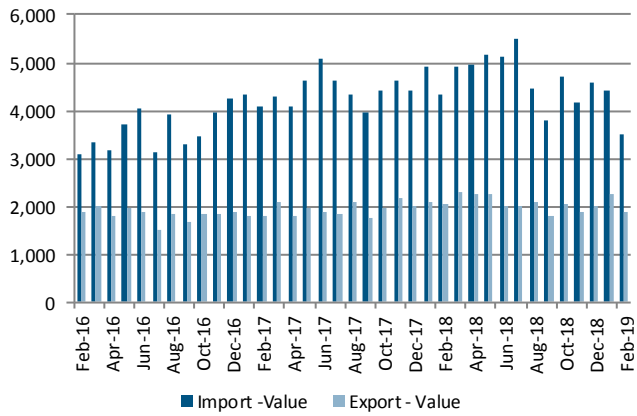
Source: PSX

Chart 8: Forex Reserves (US\$mn)



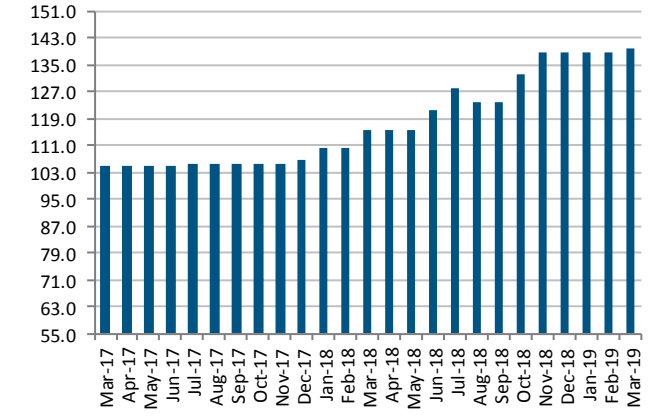
Source: PSX

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



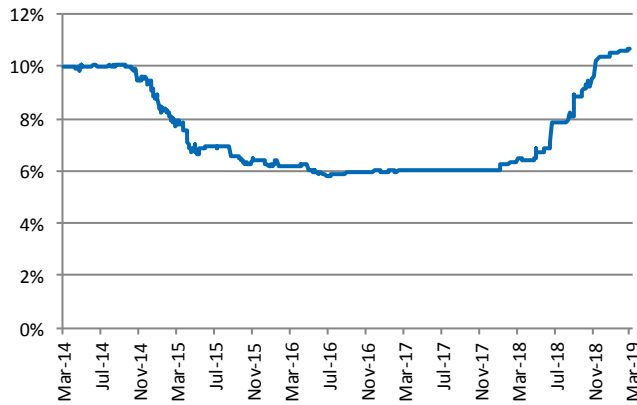
Source: PSX

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



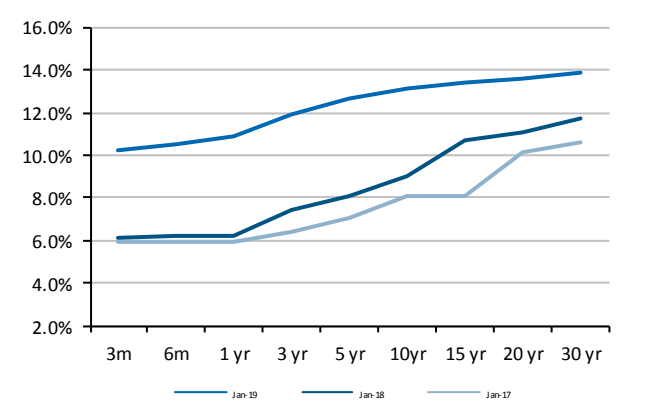
Source: PSX

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



Source: PSX

Chart 12: Yield Curve (%)

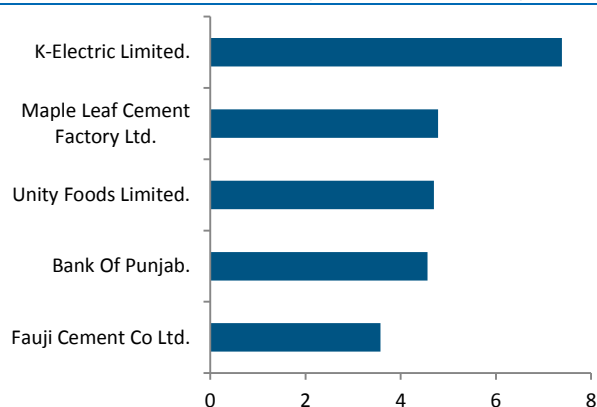


Source: PSX

Stock Market Synopsis

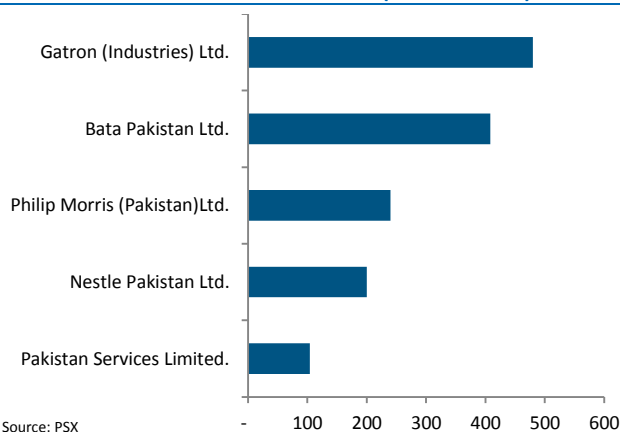
	Last week	This Week	Change	1M	3M	12M
Mkt. Cap (US \$ bn)	55.9	54.4	-2.6%	55.0	56.1	76.5
Avg. Dly T/O (mn. shares)	128.3	118.7	-7.5%	103.5	132.2	161.5
Avg. Dly T/V (US\$ mn.)	31.3	24.9	-20.4%	27.7	40.3	53.7
No. of Trading Sessions	5.0	5.0	0.0	22.0	64.0	248.0
KSE 100 Index	38,649.3	37,521.8	-2.9%	37,521.8	38,562.4	46,560.8
KSE ALL Share Index	28,279.3	27,506.6	-2.7%	27,506.6	28,529.1	33,178.1

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



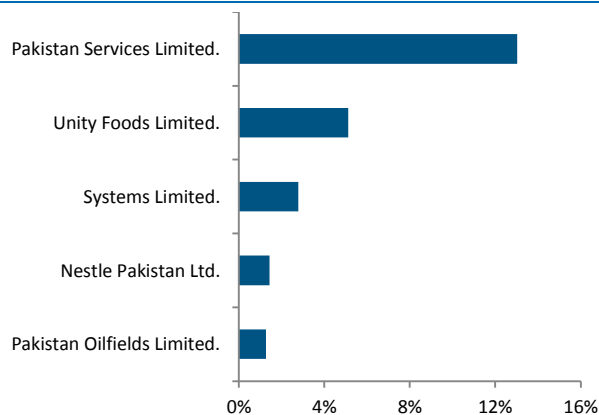
Source: PSX

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



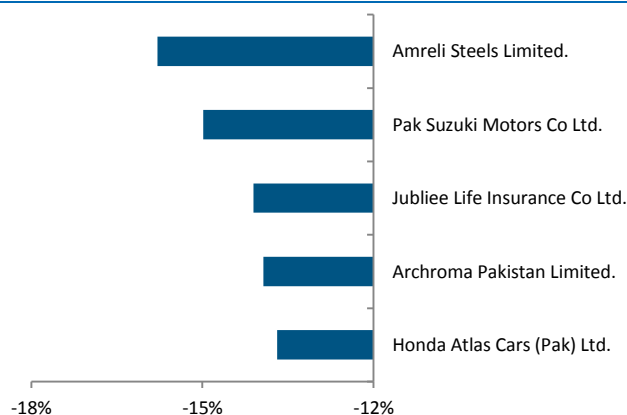
Source: PSX

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



Source: PSX

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



Source: PSX

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