

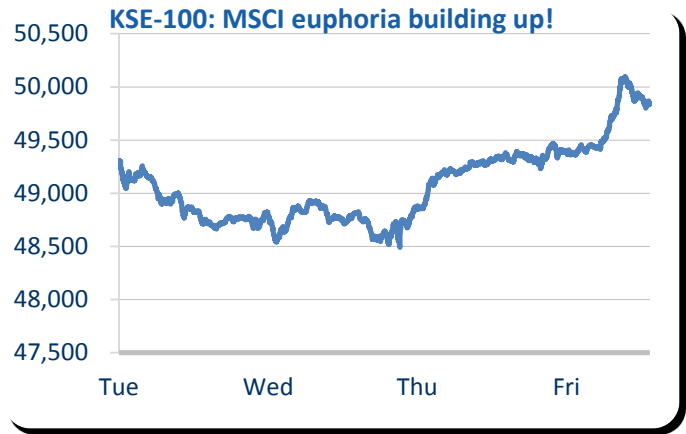


The Week in Review

For the period May 2, 2017 – May 5, 2017

News This Week

- Govt to keep prices of petroleum products unchanged for May
- Inflation eases by 0.1 per cent
- Japan to provide \$24m for Burhan-Islamabad transmission line
- K-Electric plans to install 900MW LNG power plant
- Dirty cargo terminal handles first vessel



Stock Market Overview

- After a long weekend, the index started off on a bearish note shedding 1.4% in the first two days. However, the feel good factor returned in the final two trading sessions where the market gained 2.6% to close at 49,851 points level and returned 1.12%WoW on the closing basis. Foreigners remained net sellers in the week with a net FIPI outflow of USD19.2mn. The foreign selling was largely absorbed by local individuals who reported a total buy of USD27.8mn. Trading activity however remained lackluster with average volume traded decreased by 26.4%WoW while average value traded also decreased by 19.9%WoW.
- Faysal Bank, Feroze1888, Ghani Glass, Crescent Steel and Nishat (Chunian) Limited were the major gainers while Standard Chartered Bank, Indus Dyeing, Pakistan Tobacco Company, Hum Network Limited, and Pioneer Cement. were the major losers in the benchmark KSE-100 this week.

KSE-100: MSCI euphoria building up!

| Date | Open | High | Low | Close | Change | Vol (mn) |
|----------|--------|--------|--------|--------|--------|----------|
| 2-May-17 | 49,302 | 49,303 | 48,665 | 48,689 | -1.2% | 199 |
| 3-May-17 | 48,724 | 48,930 | 48,490 | 48,605 | -0.2% | 260 |
| 4-May-17 | 48,633 | 49,390 | 48,605 | 49,284 | 1.4% | 288 |
| 5-May-17 | 49,234 | 50,099 | 49,233 | 49,851 | 1.2% | 308 |

Market Review

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During the week, Pakistan Bureau of Statistics (PBS) released inflation for the month of Apr'17 which clocked in at 4.8%YoY, slightly higher than the consensus estimates on the back of higher MoM inflation in the prices of perishable items; consequently the 10MFY17 average inflation to 4.73%. We expect the full year inflation to average below 5%, well below the SBP target of 6%.

Outlook

Going forward, market fundamentals would take prominence with pre-budget proposals being the key sentiments driver. Also, with Pakistan's classification into MSCI-EM in the current month (May'17), foreign activity may pick up in the coming weeks.

News This Week

Economic Indicators & Data points

Govt. to keep prices of petroleum products unchanged for May (Dawn): Finance Minister Ishaq Dar on Sunday announced the government will keep the prices of petroleum products unchanged for the month of May

Inflation eases by 0.1 per cent (Dawn): Consumer inflation fell to 4.8 per cent in April from 4.9pc in the preceding month on the back of a slight decline in prices of non-perishable products

Telecom sector seeks reduction in withholding tax (Dawn): At a time when the government is giving final touches to proposals for the upcoming budget, the telecom sector is seeking reduction in withholding and sales tax rates in a bid to provide relief to subscribers

Japan to provide \$24m for Burhan-Islamabad transmission line (Tribune): The country's first dirty cargo terminal — Pakistan Japan will provide \$24 million to Pakistan for Burhan-Islamabad transmission line, and an agreement to this effect was signed in Islamabad on Thursday

Sector and Corporate highlights

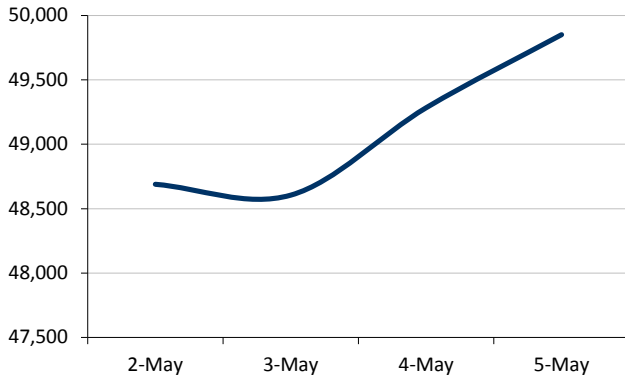
Zero-rating facility may be withdrawn: Export-oriented sectors face grim prospect (BR): The government is likely to withdraw sales tax zero-rating facility granted to five export-oriented sectors in federal budget 2017-18 as revenue loss has been calculated at Rs 15 billion.

K-Electric plans to install 900MW LNG power plant (The News): K-Electric (KE), the country's only vertically-integrated power company, planned to install a 900- megawatt of liquefied natural gas (LNG)-based electricity generation plant in place of an outdated oilrun 420MW plant at its Bin Qasim site, a company's official said.

Dirty cargo terminal handles first vessel (Dawn): The country's first dirty cargo terminal — Pakistan International Bulk Terminal (PIBT) — has started its operations by handling its maiden coal cargo vessel of more than 41,000 tonnes.

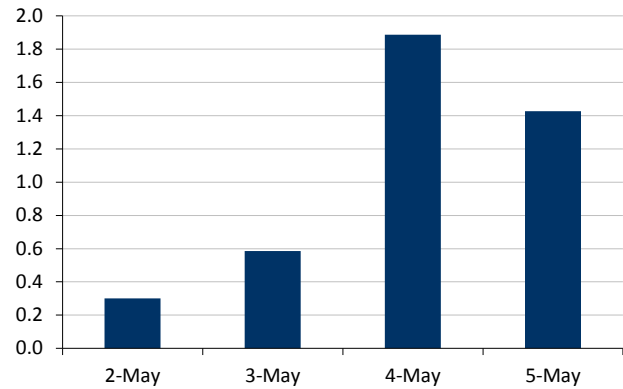
Stock Market – Last week in pictorals

Chart 1: KSE-100 Index



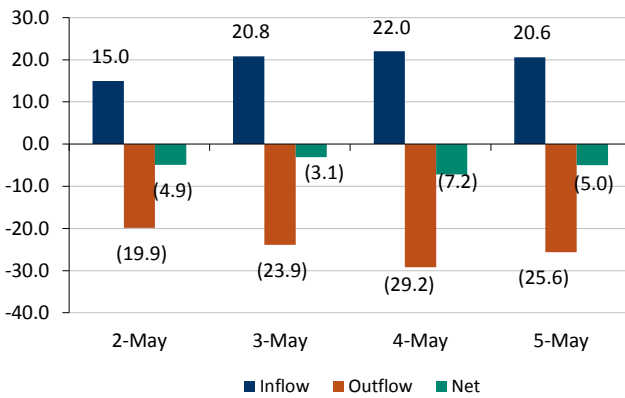
Source: PSX

Chart 2: KSE Advance/Decline Ratio



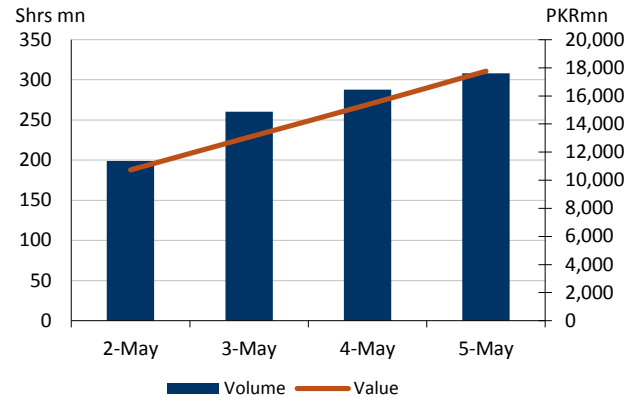
Source: PSX

Chart 3: Pak Foreign Portfolio Flows (US\$m; US\$=PKRs100)



Source: NCCPL

Chart 4: KSE- Volumes & Values



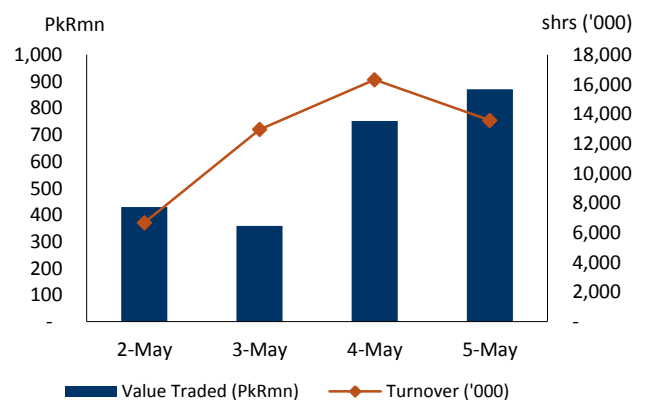
Source: PSX

Chart 5: Price to Money Ratio



Source: NCCPL

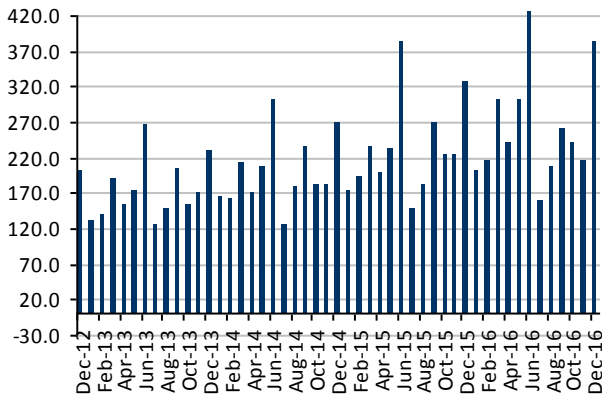
Chart 6: Off market activity



Source: PSX

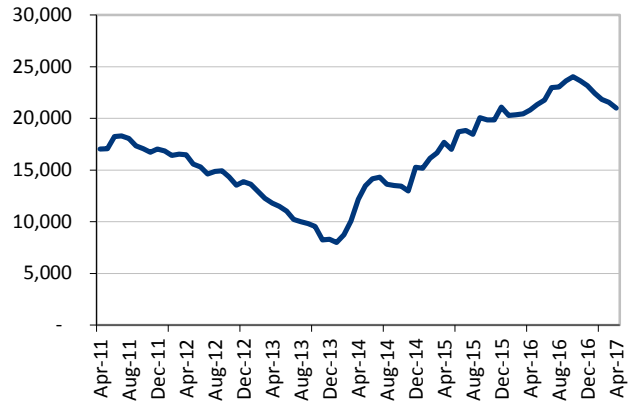
Economy Watch

Chart 7: Revenue Collection (PKRbn)



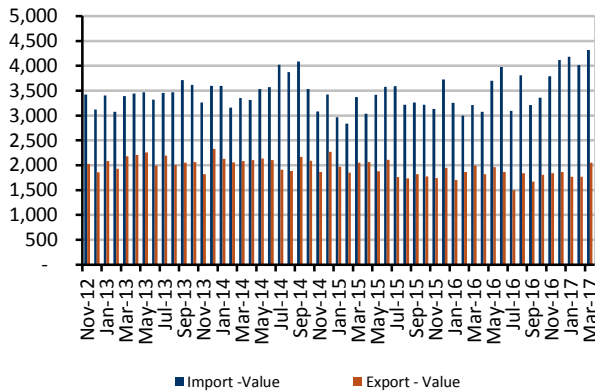
Source: SBP

Chart 8: Forex Reserves (US\$mn)



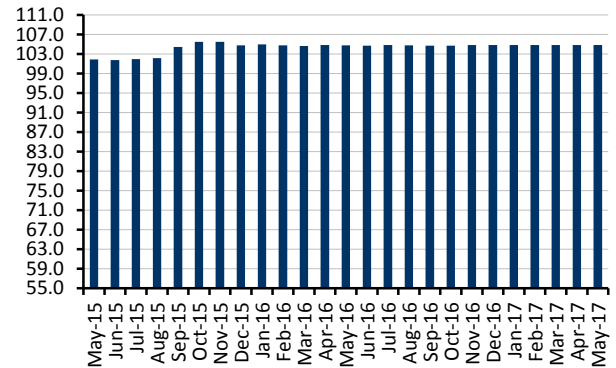
Source: SBP

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



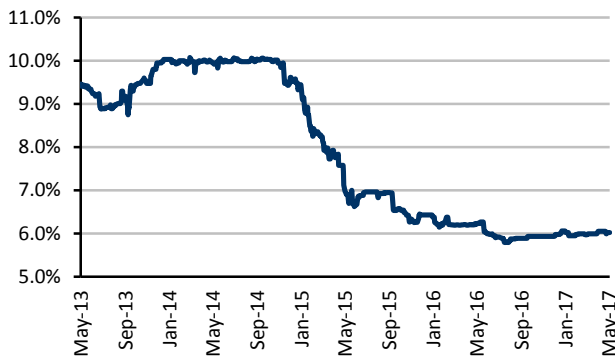
Source: SBP

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



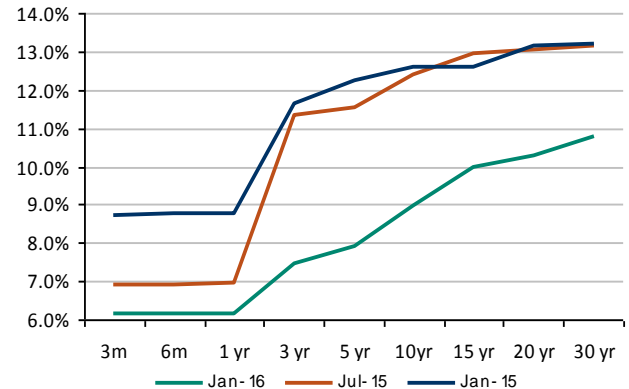
Source: SBP

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



Source: SBP

Chart 12: Yield Curve (%)

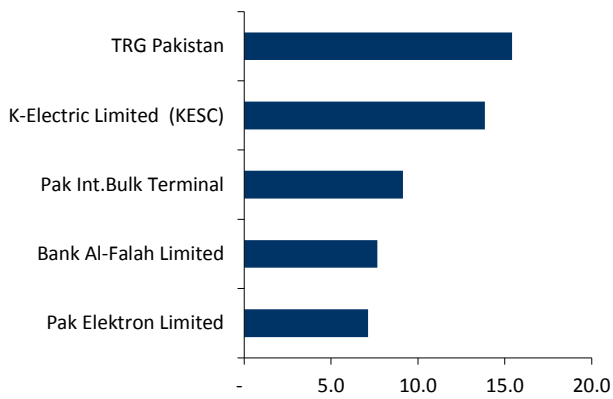


Source: SBP

Stock Market Synopsis

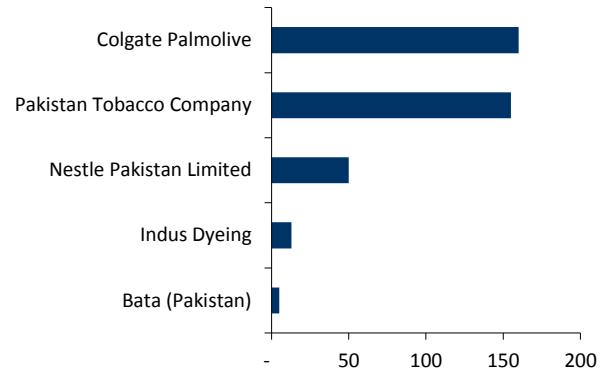
| | Last week | This Week | %Change | 1 M | 3 M | 12 M |
|---------------------------|-----------|-----------|---------|----------|----------|----------|
| Mkt. Cap (US \$ bn) | 93.8 | 94.0 | 0.1% | 90.4 | 94.2 | 70.7 |
| Avg. Dly T/O (mn. shares) | 358.5 | 263.8 | -26.4% | 253.4 | 274.3 | 335.3 |
| Avg. Dly T/O (US\$ mn.) | 169.5 | 135.8 | -19.9% | 127.6 | 129.5 | 137.4 |
| No. of Trading Sessions | 5.0 | 4.0 | 1.0 | 22.0 | 64.0 | 249.0 |
| KSE 100 Index | 49,300.9 | 49,851.1 | 1.1% | 47,577.3 | 49,555.8 | 35,941.5 |
| KSE ALL Share Index | 34,010.8 | 34,144.3 | 0.4% | 32,663.6 | 33,677.2 | 24,620.6 |

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



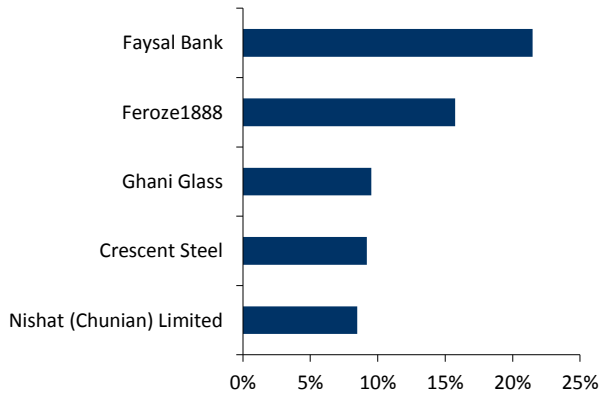
Source: PSX

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



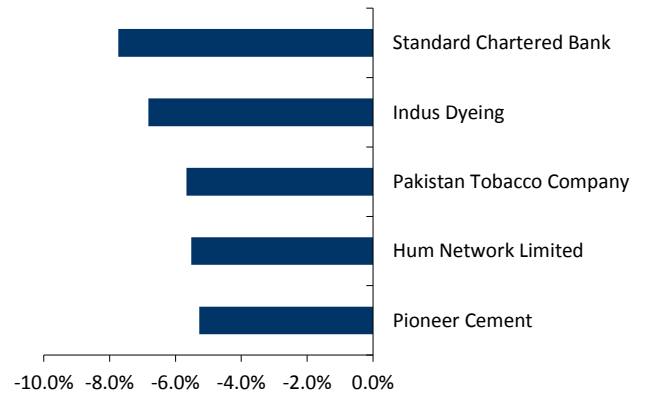
Source: PSX

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



Source: PSX

Chart 10: KSE-100 Top Losers (% change)



Source: PSX

Macro Economic Indicators

| | FY12 | FY13 | FY14 | FY15P | FY16P |
|--|--------|--------|--------|--------|--------|
| Real GDP growth % (base year:FY06) | 3.8 | 3.7 | 4.0 | 4.2 | 4.7 |
| Agriculture growth % | 3.6 | 2.7 | 2.7 | 2.9 | -0.2 |
| Industrial growth % | 2.5 | 0.6 | 4.5 | 3.6 | 6.8 |
| Services growth % | 4.4 | 5.1 | 4.4 | 5.0 | 5.7 |
| Exports USD billion | 23.6 | 24.5 | 25.1 | 23.9 | 22.0 |
| Imports USD billion | 44.9 | 45.0 | 45.1 | 46.0 | 44.1 |
| Trade account balance USD billion | -21.3 | -20.4 | -20.0 | -22.1 | -22.2 |
| Remittances USD billion | 13.2 | 13.9 | 15.8 | 18.5 | 19.2 |
| Current account balance USD billion | -4.7 | -2.3 | -2.9 | -2.3 | -1.7 |
| CPI (base year:FY08) | 11.0 | 7.5 | 8.6 | 4.5 | 3.2 |
| Money Supply (M2) growth % | 14.1 | 15.9 | 12.5 | 13.2 | 13.0 |
| Exchange rate PRs/USD | 94.6 | 99.6 | 99.0 | 101.8 | 106.0 |
| 6m T-bill WAY% | 12.3 | 9.9 | 10.0 | 7.0 | 6.0 |
| Population (million) | 180.7 | 184.4 | 188 | 191.7 | 195.5 |
| Per Capita income (USD) | 1,321 | 1,334 | 1,384 | 1,512 | - |
| Development Exp (PSDP) (PKRs billion) | 675 | 721 | 878 | 1013 | 1111 |
| Total Foreign Exchange reserves (USD mn) | 15,285 | 11,020 | 14,700 | 18,706 | 21,860 |
| Tax Revenues in (PKR billion) | 2,053 | 2,314 | 2,514 | 2,910 | 3,418 |
| Foreign Direct Investment (USD million) | 813 | 1,447 | 1,700 | 709 | 1,000 |
| Govt External Debt (USD billion) | 57.4 | 53.1 | 56.9 | 56.1 | 61.3 |
| Govt Domestic Debt (PKR trillion) | 7.6 | 9.5 | 10.9 | 12.2 | 13.2 |
| Govt External Debt as % of GDP | 25.5% | 22.6% | 21.6% | 19.5% | 19.7% |
| Govt Domestic debt as % of GDP | 36.1% | 42.5% | 43.5% | 44.5% | 44.2% |
| Total public debt as % of GDP | 61.6% | 65.1% | 65.1% | 64.1% | 63.9% |
| Budget deficit as % of GDP | 6.6% | 8.0% | 5.5% | 5.3% | 4.3% |
| Investment as % of GDP | 15.1% | 15.0% | 15.0% | 15.1% | - |
| Saving as a % of GDP | 13.0% | 13.9% | 13.7% | 14.5% | - |

Source: SBP, PBS and BIPLS estimates

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