

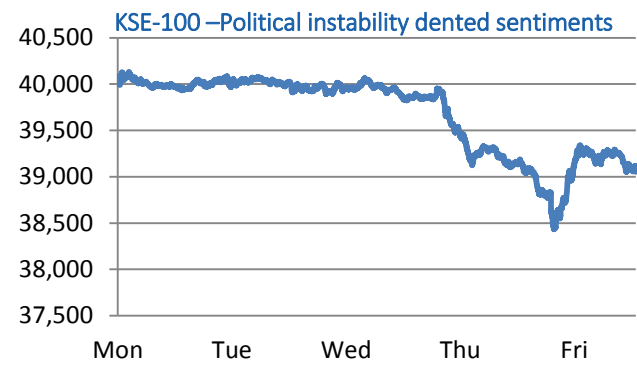


The Week in Review

For the period Dec 4, 2017 – Dec 8, 2017

News This Week

- Growth of 20% in revenue collection
- WB approves USD130m for Punjab farmers
- CDWP approves 17 projects worth PKR19.2bn
- Government to tap USD30bn expats' savings pool
- Foreign exchange reserves soar to USD21bn
- POL products get pricier by 8.25%
- First LNG terminal saves USD3bn in two and a half years
- Pak Suzuki introduces 4 new products
- Cement dispatches increase 13.91% in July-Nov



Stock Market Overview

- Another bearish week was witnessed on the bourse as the benchmark KSE-100 index lost XX points to close at xx points. Signs of instability in local and international politics coupled with increasing concerns on Pakistan's external account weakened the sentiments leading to a selling pressure. However, sudden and steep PKR depreciation against the greenback led market's recovery on the last trading session as dominant sectors are positively impacted by the development.
- CJPL, NESTLE, NATF, PICT and PAKT were the major gainers while KAPCO, TRG, SNGP, SSGC, and CSAP were the major losers in the benchmark KSE-100 this week.

KSE-100: Political instability dented sentiments

| Date | Open | High | Low | Close | Change | Vol (mn) |
|----------|--------|--------|--------|--------|--------|----------|
| 4-Dec-17 | 40,049 | 40,131 | 39,932 | 40,050 | 0.1% | 97 |
| 5-Dec-17 | 40,067 | 40,086 | 39,892 | 39,945 | -0.3% | 147 |
| 6-Dec-17 | 39,960 | 40,063 | 39,825 | 39,907 | -0.1% | 150 |
| 7-Dec-17 | 39,881 | 39,907 | 38,769 | 38,785 | -2.8% | 163 |
| 8-Dec-17 | 38,645 | 39,340 | 38,432 | 39,080 | 0.8% | 150 |

Market Review

Another bearish week was witnessed on the bourse as the benchmark KSE-100 index lost XX points to close at xx points. Signs of instability in local and international politics coupled with increasing concerns on Pakistan's external account weakened the sentiments leading to a selling pressure. However, sudden and steep PKR depreciation against the greenback led market's recovery on the last trading session, as dominant sectors are positively impacted by the development. Trading activity in the week picked up with ADT witnessing an increase of 8.7%WoW. Foreign investors remained net buyer during the week, exhibiting an inflow of USD1.04mn.

During the week, Pak Suzuki Motor Company Limited announced to introduce 4 new products, Cultus (Auto Gear Shift), Mega Carry, GR 150 and GSXR 600. Also, OGRA decided to revise the tariff regime for gas transmission and distribution companies (SSGC & SNGP) which will impeach their profitability, the officials said the proposed tariff regime would adversely affect the company's operations.

On the macro front, country's foreign exchange reserves have jumped to USD21bn after the country received USD2.5bn through auction of bond from international market. Faced with huge current account deficit, the government may also launch 'Overseas Pakistanis Savings Certificates' to tap the pool of USD30bn held by Pakistanis living abroad.

Outlook

Market performance is expected to be driven by the direction of PKR against USD in the following week where a continued depreciation may provide support to the market in short term. However, high correlation between PKR depreciation and inflation will raise risks of an earlier than expected interest rate hike and may compel the market to downward revise valuations.

News This Week

Economic highlights & Data points

Growth of 20% in revenue collection | (BR): The revenue collection of the Federal Board of Revenue (FBR) has witnessed a handsome growth of 20% during July-November (2017-18) when compared with same period of the last fiscal year, whereas total refunds of RKR56bn have been paid during the same period.

WB approves USD130m for Punjab farmers | (Nation): The World Bank has approved an additional USD130mn to continue support for farmers in Punjab towards efficient use of water resources. Under the project, adopting and installing drip and sprinkler systems will significantly reduce widespread wasteful irrigation techniques.

CDWP approves 17 projects worth PKR19.2bn | (The News): The Central Development Working Party (CDWP) on Monday approved 17 projects worth PKR19.2bn, and forwarded seven projects of PKR51.27bn to the Executive Committee of the National Economic Council (ECNEC) for further approval.

Government to tap USD30bn expats' savings pool | (Dawn): The government has decided to launch 'Overseas Pakistanis Savings Certificates' to tap the pool of USD30bn held by Pakistanis living abroad, the Senate Standing Committee on Finance was informed on Thursday. "In a conservative estimate, overseas Pakistanis had earnings of around USD50bn out of which USD20bn were remitted through formal channels while the rest USD30bn remains untapped.

Foreign exchange reserves soar to USD21bn | (Dawn): The foreign exchange reserves have jumped to USD21bn after the country received USD2.5bn it raised through auction of bond on the international market. The State Bank of Pakistan (SBP) on Thursday reported that the reserves held by it rose to USD14.90bn after receiving bond auction proceeds on Dec 5. In fact, the SBP reserves during the week ending Nov 30 decreased by USD887mn to USD12.66bn due to external debt and other official payments.

Sector and Corporate highlights

POL products get pricier by 8.25% | (Dawn): The government on Thursday increased the prices of all petroleum products by up to 8.25% effective for December, after putting on hold deregulation of diesel prices. The new ex-depot price of HSD was set at Rs85.95/litre for December instead of Rs84.59. Likewise, the ex-depot price of petrol was increased to Rs77.47/litre instead of existing rate of Rs75.99.

Pakistan's first LNG terminal saves USD3bn in two and a half years | (The News): Pakistan's first ever private LNG terminal installed and commissioned by Engro E-Lengy Terminal Limited (EETL) on March 28, 2015 has emerged a success story as it has so far saved huge amount of over USD3bn in almost two and half years' time by injecting RLNG of 7.4mn tons in the system.

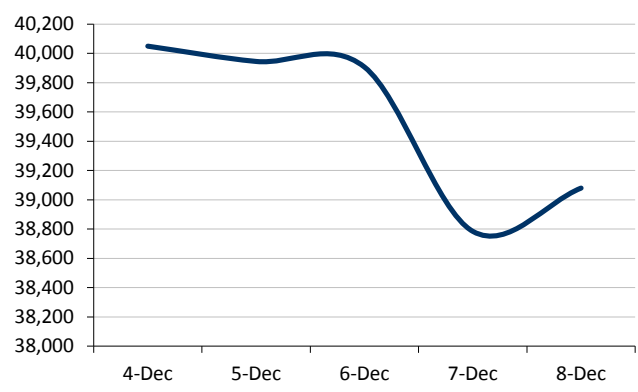
Pak Suzuki introduces 4 new products | (Nation): ISLAMABAD (PR): Pak Suzuki Motor Company Limited hosted a launch event to introduce 4 new products, Cultus (Auto Gear Shift), Mega Carry, GR 150 and GSXR 600.

Cement dispatches increase 13.91% in July-Nov | (The News): The All Pakistan Cement Manufacturers Association (APCMA) data released on Wednesday said the industry utilised 94.65 % of its capacity during the July-November period of FY18.

OGRA determined to roll out market-based tariff regime | (The News): Oil and Gas Regulatory Authority (OGRA) is determined to introduce market-based tariff regime for gas utilities, its chief said on Wednesday, emphasizing that the reforms would improve the sector's efficiency. Chairperson at OGRA said the new tariff regime was formulated on the demand of stakeholders, especially Sui Southern Gas Company (SSGC) and Sui Northern Gas Pipelines Limited (SNGPL) and the authority would deliver a regime in line with the international standards.

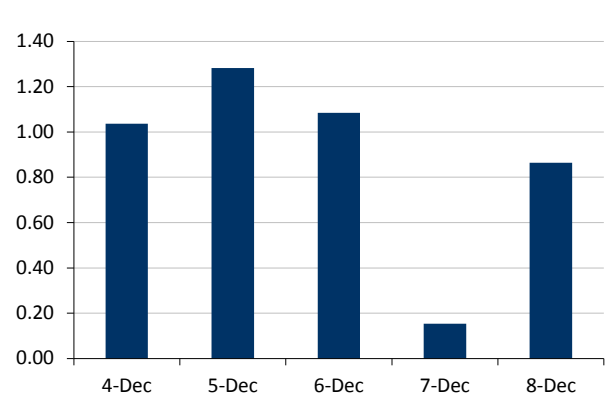
Stock Market – Last week in pictorals

Chart 1: KSE-100 Index



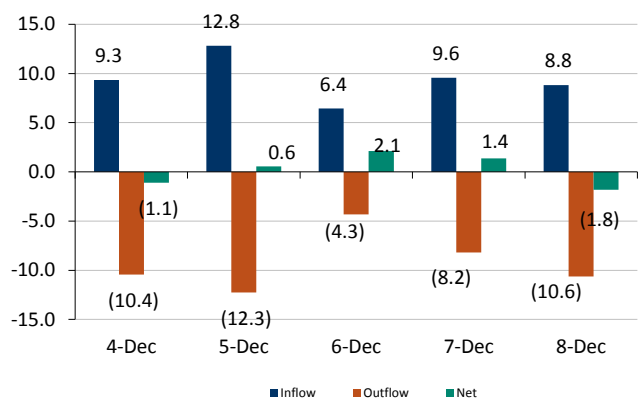
Source: PSX

Chart 2: KSE Advance/Decline Ratio



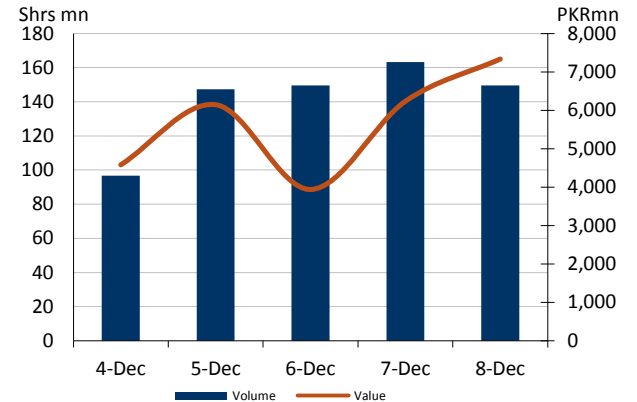
Source: PSX

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



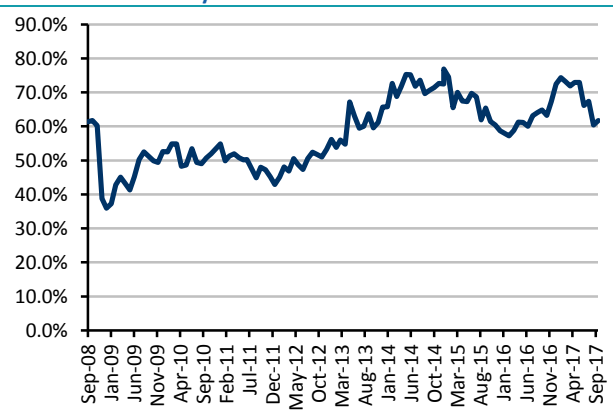
Source: NCCPL

Chart 4: KSE- Volumes & Values



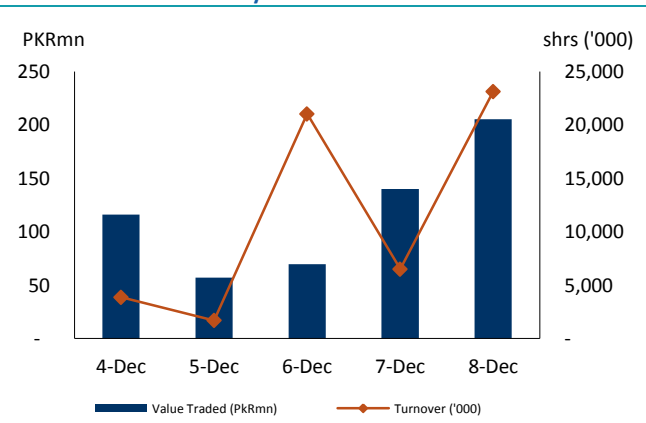
Source: PSX

Chart 5: Price to Money Ratio



Source: NCCPL

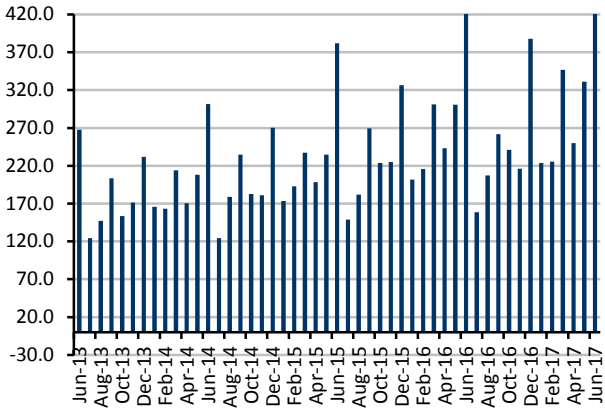
Chart 6: Off market activity



Source: PSX

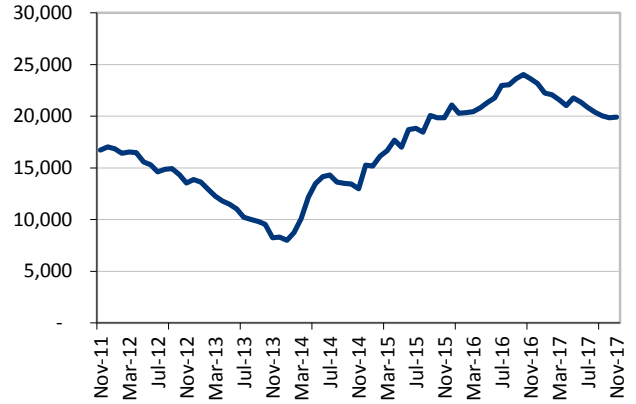
Economy Watch

Chart 7: Revenue Collection (PKRbn)



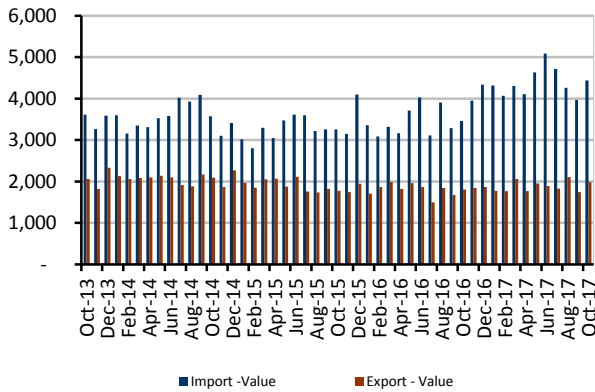
Source: SBP

Chart 8: Forex Reserves (US\$mn)



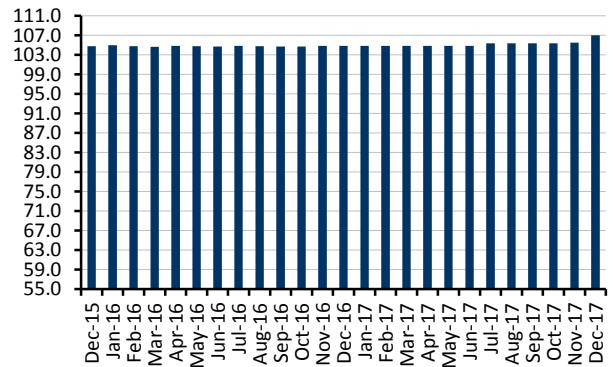
Source: SBP

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



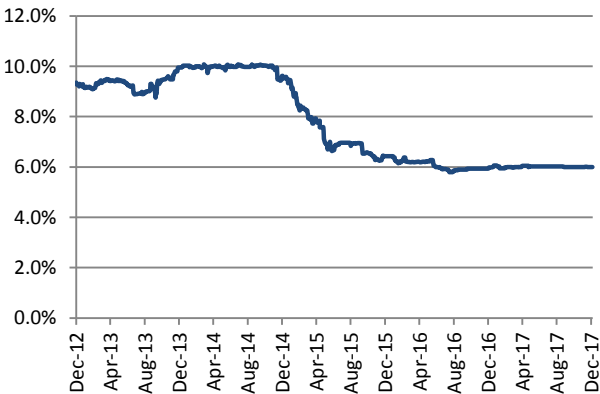
Source: SBP

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



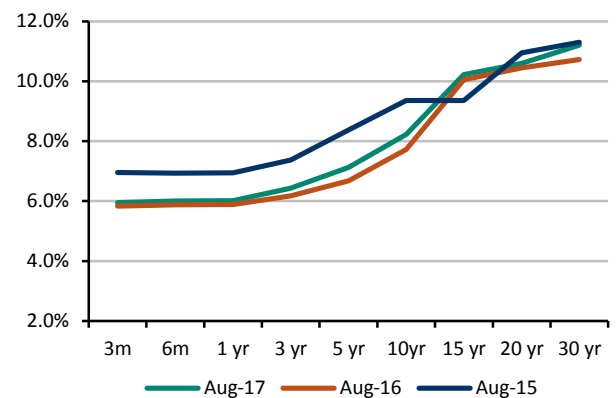
Source: SBP

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



Source: SBP

Chart 12: Yield Curve (%)

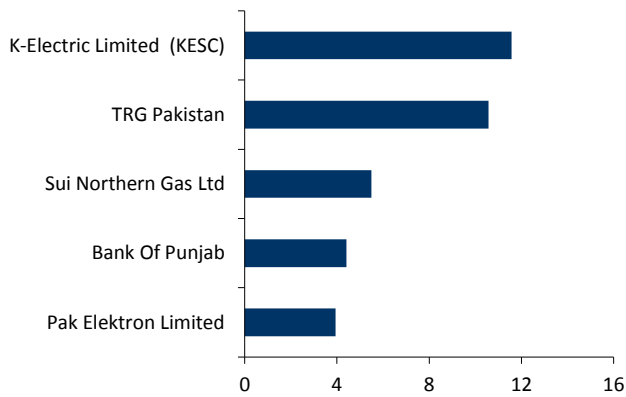


Source: SBP

Stock Market Synopsis

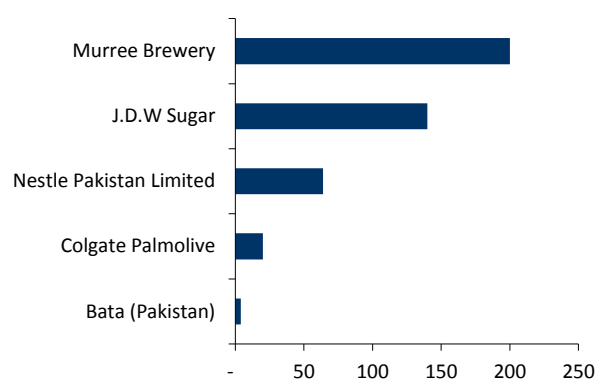
| | Last week | This Week | %Change | 1M | 3M | 12M |
|---------------------------|-----------|-----------|---------|----------|----------|----------|
| Mkt. Cap (US \$ bn) | 79.4 | 77.8 | -2.1% | 80.5 | 82.5 | 86.0 |
| Avg. Dly T/O (mn. shares) | 129.9 | 141.3 | 8.7% | 122.9 | 138.6 | 246.9 |
| Avg. Dly T/O (US\$ mn.) | 76.3 | 53.3 | -30.1% | 57.5 | 66.8 | 121.4 |
| No. of Trading Sessions | 5.0 | 5.0 | 0.0 | 22.0 | 65.0 | 251.0 |
| KSE 100 Index | 40,010.4 | 39,080.0 | -2.3% | 41,259.2 | 41,401.0 | 44,742.0 |
| KSE ALL Share Index | 29,112.9 | 28,895.7 | -0.7% | 29,422.5 | 29,753.3 | 30,734.4 |

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



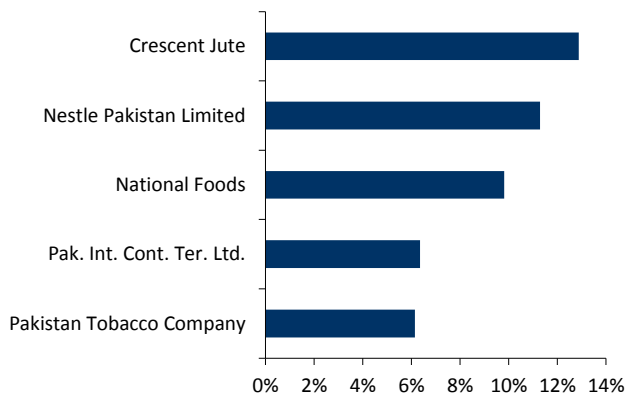
Source: PSX

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



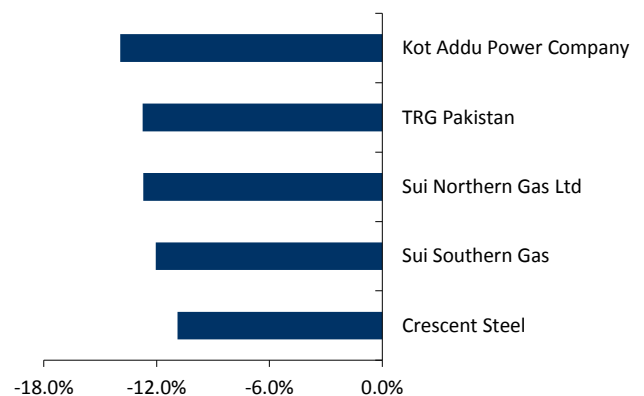
Source: PSX

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



Source: PSX

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



Source: PSX

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