

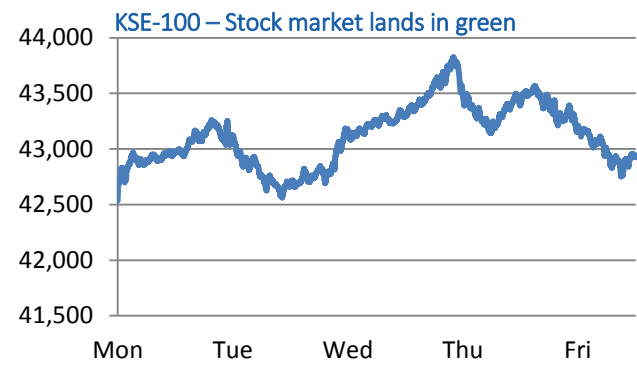


The Week in Review

For the period Jan8, 2018 – Jan12, 2018

News This Week

- Forex reserves down USD134mn
- Trade deficit widens 24.5% to USD17.96bn in July-Dec
- Remittances grow to USD9.7bn in six months
- World Bank projects 5.5% growth
- Pakistan’s budget deficit increases to PKR826bn
- Fertilizer policy on the cards
- After Indus and Suzuki, Honda also raises car prices
- Car sales up 20.4% in six months
- Export of more urea allowed



Stock Market Overview

- The benchmark KSE-100 index gained 410 points in this week, thereby closing at 42,934 points, an increase of 1% on WoW basis. The market touched a peak of 43,824 in the Thursday’s session, however slipped on profit taking later on. ADT and ADTV witnessed an increase of 29.8%WoW and 43.5%WoW, respectively indicating buyer’s preference for blue chip scrips. Foreigners remained net buyer throughout the week, exhibiting an inflow of USD26.4mn.
- SNGP, CSAP, TRG, JDWS and POML were the major gainers while ARM, AT LH, NESTLE, IBFL, and NBP were the major losers in the benchmark KSE-100 this week.

KSE-100: Stock market lands in green

Date	Open	High	Low	Close	Change	Vol (mn)
8-Jan-18	42,634	43,257	42,524	43,112	1.4%	271
9-Jan-18	43,189	43,251	42,567	42,814	-0.7%	225
10-Jan-18	42,888	43,659	42,814	43,631	1.9%	328
11-Jan-18	43,694	43,824	43,141	43,395	-0.5%	319
12-Jan-18	43,427	43,436	42,754	42,934	-1.1%	239

Market Review

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During the week, government announced to release new fertilizer policy in the coming week to decrease the manufacturing cost for farmers. Additionally, auto numbers were released by PAMA where auto sales depicted a growth of 27%YoY in 1HFY18. Also, in this week HCAR increased the prices of Honda City and Civic by PKR55,000 and PKR50,000, respectively to pass on the impact of rupee depreciated of 5% in the 2QFY18.

On the macro front, World Bank foresees the Pakistan's GDP to grow by 5.5% and 5.8% for FY18 and FY19, respectively. Moreover country's foreign exchange reserves have declined by USD134mn and the trade deficit has widened by 25% to USD18bn in 1HFY18. Also, government's fiscal deficit has also increased to PKR826bn in 5MFY18. However, remittances have shown a positive growth of 2.5%YoY in 1HFY18 to USD9.7bn.

Outlook

With the result season ahead, we expect the strength of quarterly accounts to dictate the market direction and keep market participation upbeat in the coming week. However, an increase in political noise in the upcoming week may act as a sentiment dampener.

News This Week

Economic highlights & Data points

Forex reserves down USD134mn | (BR): The country's liquid foreign exchange reserves fell slightly by USD134mn during last week. The State Bank of Pakistan (SBP) on Thursday reported that the country's total foreign exchange reserves stood at USD20bn as on January 5, 2018 compared to USD20.154bn on December 29, 2017.

Trade deficit widens 24.5% to USD17.96bn in July-Dec | (The News): Trade deficit widened 24.5% to USD17.96bn in the first half of the current fiscal year of 2017/18 as growth in imports continued to outpace recovery in exports. Exports increased 11.24% year-on-year to USD11.01bn in the first half of the current fiscal year, while imports surged 19.11% to USD28.97bn in the July-December period.

Remittances grow to USD9.7bn in six months | (Dawn): Overseas Pakistanis sent remittances amounting to USD9.7bn in the first half of 2017-18, up 2.5% from the same period of the previous fiscal year, the State Bank of Pakistan (SBP) reported on Wednesday. Remittances from all important destinations, except Saudi Arabia, showed a positive growth. Inflows from the kingdom declined 7.5% during the period under review against a decline of 5.5% a year ago. Pakistan received USD2.53bn from Saudi Arabia in the last six months.

World Bank projects 5.5% growth | (BR) Positive: Pakistan's growth is projected at 5.5% in the current fiscal year with strong activity in construction and services, a recovery in agricultural production, and robust domestic demand supported by strong credit growth and investment projects.

Pakistan's budget deficit increases to PKR826bn | (Tribune) Negative: In a clear sign of deviating from the path of fiscal discipline in an election year, the budget deficit during the first five months of the fiscal year has shot up to PKR826bn, which is more than half of the annual target. One of the key reasons for the increasing budget deficit from July through November was roughly PKR625bn cost of domestic and foreign debt servicing, said officials in the Ministry of Finance.

Sector and Corporate highlights

Fertilizer policy on the cards | (Dawn): The government is set to announce within one week a new fertilizer policy, which will reduce the cost of production for farmers and attract investments. It will replace the earlier policy announced by the Musharraf government in September 2001. The 2001 policy linked the gas price for the fertilizer industry to the Middle East benchmark and involved a phased withdrawal of subsidies.

After Indus and Suzuki, Honda also raises car prices | (Tribune): Honda Atlas Cars increased the price of its Honda City 1.3L variant by PKR50,000, City 1.5L became expensive by PKR60,000, while Civic's retail tag also got heavier by PKR50,000.

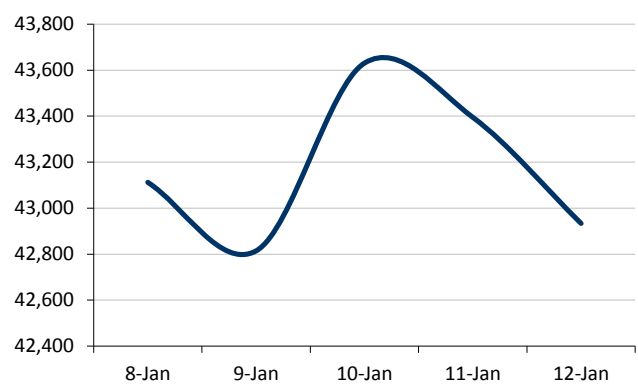
CPEC projects: 25% of total budgeted amount released under PSDP | (BR): The government has so far released only 25% of the total budgeted amount for China-Pakistan Economic Corridor (CPEC) projects under the Public Sector Development Programme (PSDP) till January 09, 2018 according to the Ministry of Planning, Development and Reforms website. Around PKR46bn for 42 CPEC projects was disbursed between July to-date out of the total budgeted allocation of PKR187.3bn.

Car sales up 20.4% in six months | (The News): Sales of passenger cars rose 20.4% to 103,432 units in the first half of the current fiscal year of 2017/18, official data showed on Wednesday. In December 2017, sale of cars fell to 16,159 units as against 17,233 units in the previous month and 14,024 units in the same month a year ago.

Export of more urea allowed despite food ministry's opposition | (BR): Economic Co-ordination Committee (ECC) of the Cabinet has allowed export of additional 35,000 Metric Tons (MT) of urea to Sri Lanka, in addition to extending the deadline for export of the remaining quantity of 41,000 MT upto February 28, 2018 despite stiff resistance from Secretary Ministry of National Food Security and Research.

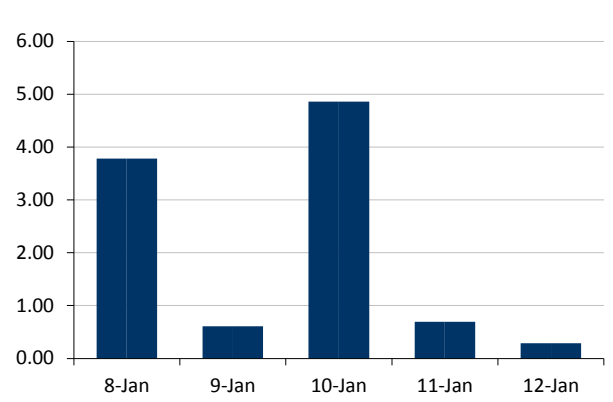
Stock Market – Last week in pictorals

Chart 1: KSE-100 Index



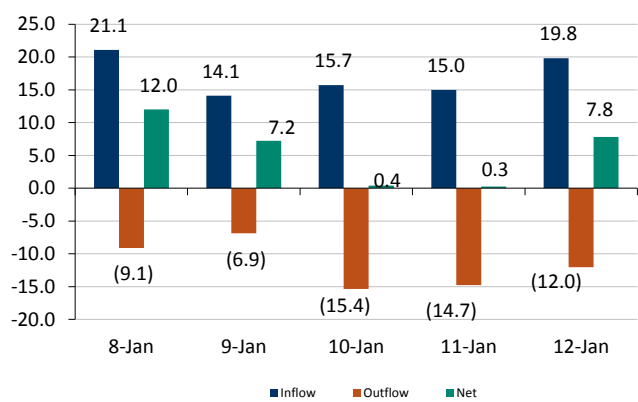
Source: PSX

Chart 2: KSE Advance/Decline Ratio



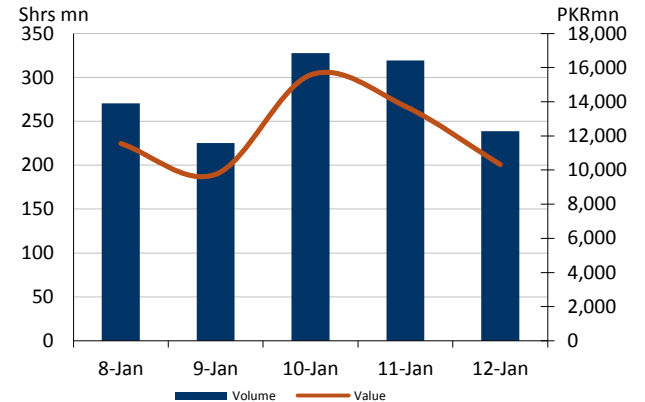
Source: PSX

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



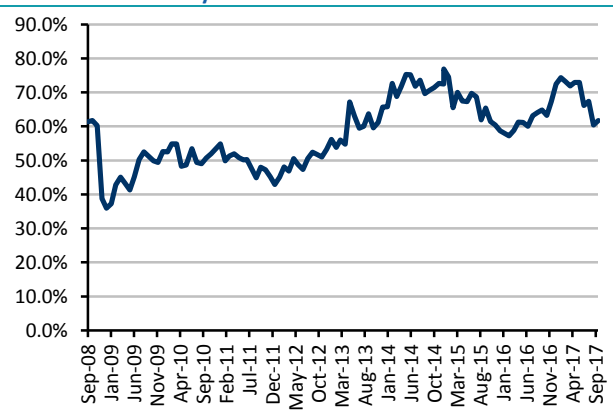
Source: NCCPL

Chart 4: KSE- Volumes & Values



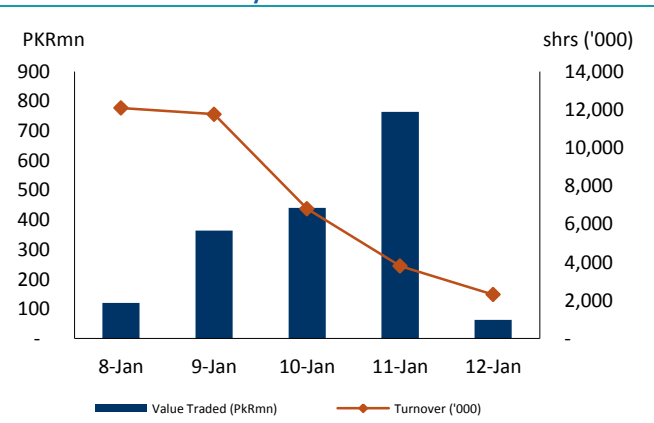
Source: PSX

Chart 5: Price to Money Ratio



Source: NCCPL

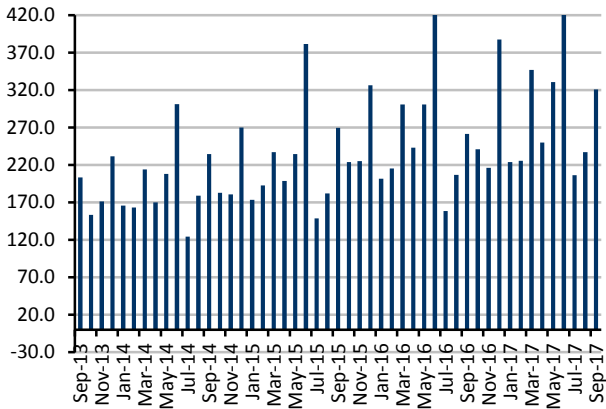
Chart 6: Off market activity



Source: PSX

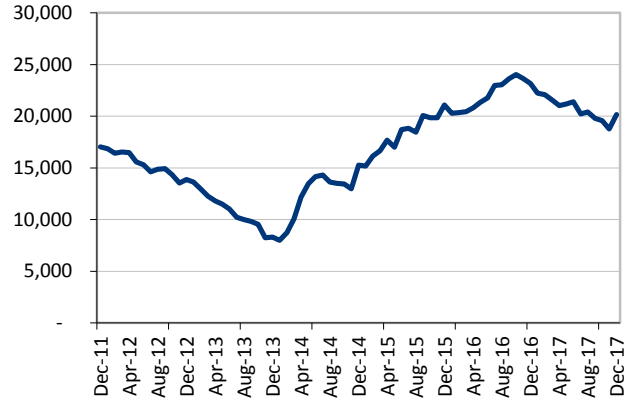
Economy Watch

Chart 7: Revenue Collection (PKRbn)



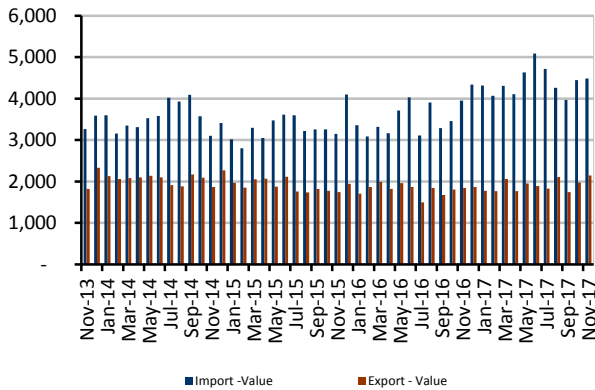
Source: SBP

Chart 8: Forex Reserves (US\$mn)



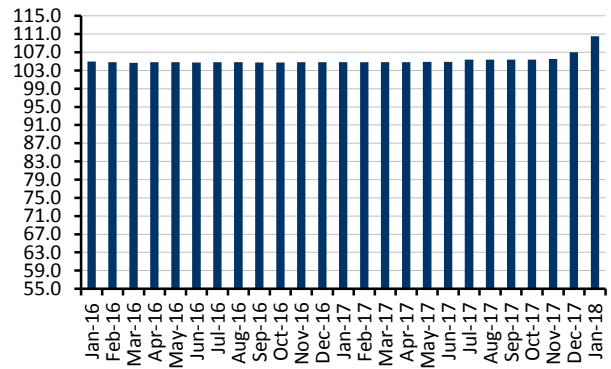
Source: SBP

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



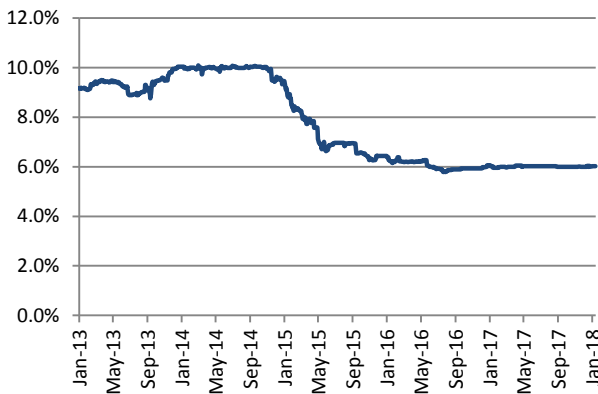
Source: SBP

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



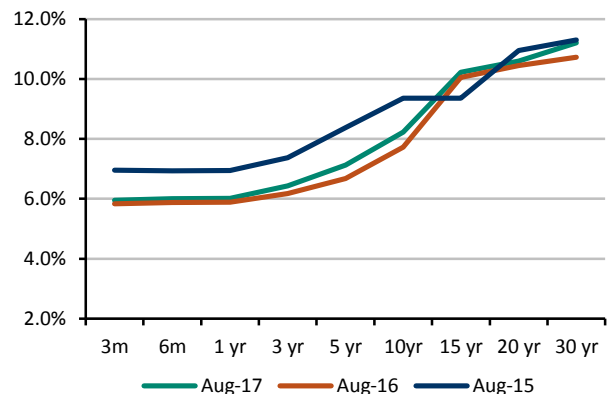
Source: SBP

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



Source: SBP

Chart 12: Yield Curve (%)

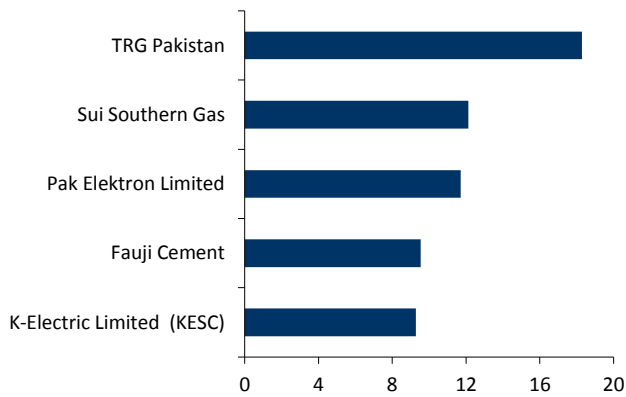


Source: SBP

Stock Market Synopsis

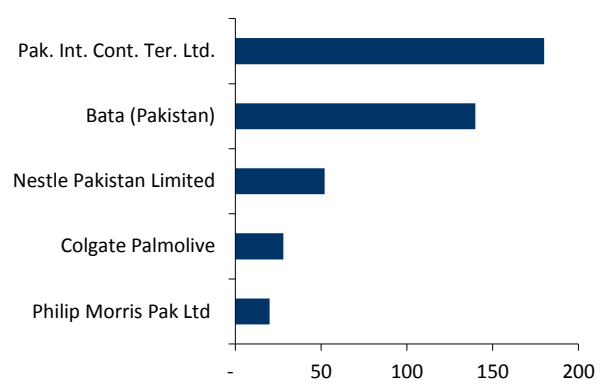
	Last week	This Week	%Change	1M	3M	12M
Mkt. Cap (US \$ bn)	80.4	80.6	0.2%	74.5	79.8	94.3
Avg. Dly T/O (mn. shares)	212.9	276.4	29.8%	197.4	154.3	230.8
Avg. Dly T/O (US\$ mn.)	76.8	110.3	43.5%	76.4	67.9	111.5
No. of Trading Sessions	5.0	5.0	0.0	23.0	65.0	251.0
KSE 100 Index	42,524.0	42,933.7	1.0%	38,525.1	40,237.5	49,517.0
KSE ALL Share Index	30,877.1	30,932.1	0.2%	28,632.7	29,025.8	33,745.0

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



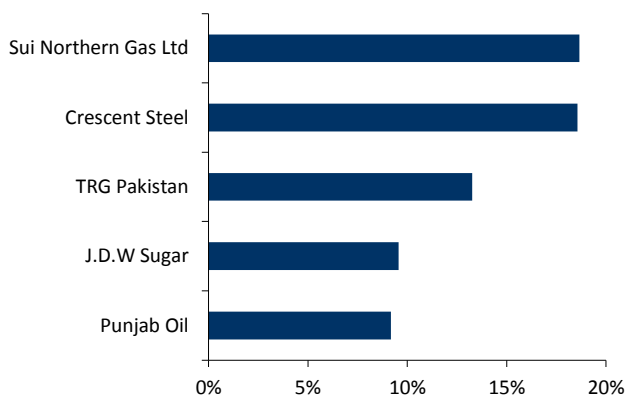
Source: PSX

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



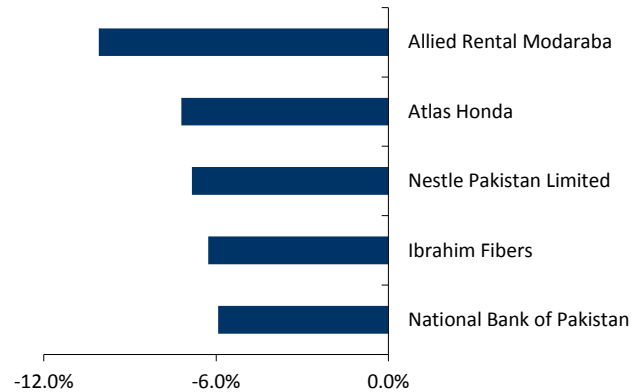
Source: PSX

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



Source: PSX

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



Source: PSX

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