



# The Week in Review

For the period May 8, 2017 – May 12, 2017

## News This Week

- Moody's says Pakistan's external debt will increase to \$79 billion by June
- Remittances dropped 2.8% in 10 months
- PM relaxes fiscal deficit limit for next three years
- Car sales inch up in the country
- Punjab proposes abolishing sales tax on all types of fertilizer



## Stock Market Overview

- The week started off on a bullish note with the index gaining 2.2% on the first trading session of the week as MSCI euphoria started building up. However, the excitement subsided a little and the index closed the week at 51,751 points level, returning 3.6%WoW on closing basis. Foreigners remained net sellers during the week with a net FIPI outflow of USD2.6mn. However, trading activity picked up in the week with ADT and ADTV witnessing an increase of 32.7%WoW and 34.6%WoW, respectively.
- Adamjee Insurance, International Steel Limited, MCB Bank Limited, Faysal Bank and Crescent Steel were the major gainers while Indus Dyeing, Pak. Int. Cont. Ter. Ltd., Attock Cement, Soneri Bank, and Bata (Pakistan) were the major losers in the benchmark KSE-100 this week.

## KSE-100: Making New Highs!

Date	Open	High	Low	Close	Change	Vol (mn)
8-May-17	49,942	50,977	49,851	50,936	2.2%	326
9-May-17	51,284	51,489	50,936	51,073	0.3%	370
10-May-17	51,113	51,232	50,858	51,104	0.1%	335
11-May-17	51,287	51,507	51,104	51,426	0.6%	398
12-May-17	51,453	51,794	51,399	51,751	0.6%	347

## Market Review

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During the week, Pakistan Bureau of Statistics (PBS) released trade deficit data for the month of Apr'17 wherein country's total trade deficit posted an increase of 51.7%YoY to clock in at USD3.2bn. Also, Pakistan Automotive Manufacturers Association (PAMA) released auto numbers for the month of Apr'17 wherein overall car sales exhibited an increase of 2.5%YoY.

## Outlook

Going forward, with Pakistan's classification into MSCI-EM in the current month (May'17), foreign activity may pick up with particular interest in the EM constituents.

## News This Week

### Economic Indicators & Data points

**Moody's says Pakistan's external debt will increase to \$79 billion by June (Tribune):** Moody's Investors Service has predicted that Pakistan's external debt will grow to USD79bn by June this year, and the country's weak fiscal strength will weigh in on its ability to afford the ever growing debt burden.

**Remittances dropped 2.8% in 10 months (Dawn):** Remittances fell 2.79% to USD15.59bn in the 10MFY17 against USD16.04bn in the same period last year.

**Pakistan is likely to float USD500m bonds to fund Dasu project (Tribune):** Wapda is expected to raise USD500mn by floating bonds in the international capital market backed by partial credit guarantees of the World Bank in a bid to finance the construction of 4,320MW Dasu hydroelectric power project.

**PM relaxes fiscal deficit limit for next three years (Dawn):** Government has decided to maximize spending in FY18 with a 6% growth target for the national economy. PM's office said the government will aim to bring down the fiscal deficit to 4% of GDP in 2020.

### Sector and Corporate highlights

**Car sales inch up in the country (Dawn):** Overall car sales inched up 2.45% to 155,960 units during 10MFY17 as compared to 152,229 in same period last year.

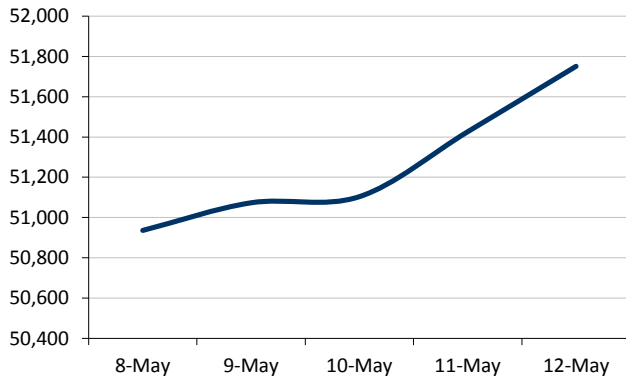
**Sazgar to Venture into LCV & passenger car manufacturing (Tribune):** Sazgar Engineering has decided to explore new opportunities for manufacturing of passenger cars and LCVs in Pakistan

**PSO cancels jet fuel tender amid Afghan border dispute (Dawn):** Pakistan State Oil has cancelled a tender to buy jet fuel for delivery in June amid a border dispute between Pakistan and Afghanistan.

**Punjab proposes abolishing sales tax on all types of fertilizer (Tribune):** In a bid to provide meaningful relief to the farming community in the upcoming budget, Punjab government has proposed to abolish sales tax on all kinds of fertilizer.

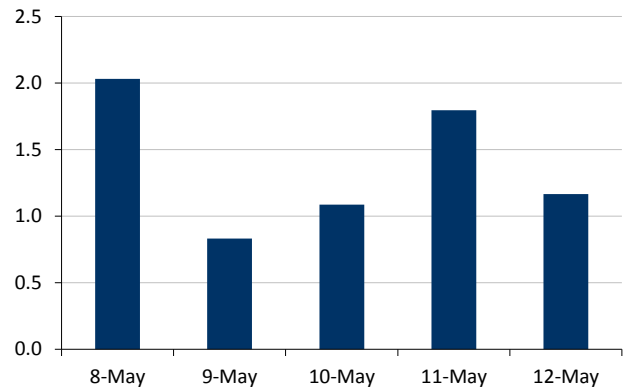
## Stock Market – Last week in pictorals

**Chart 1: KSE-100 Index**



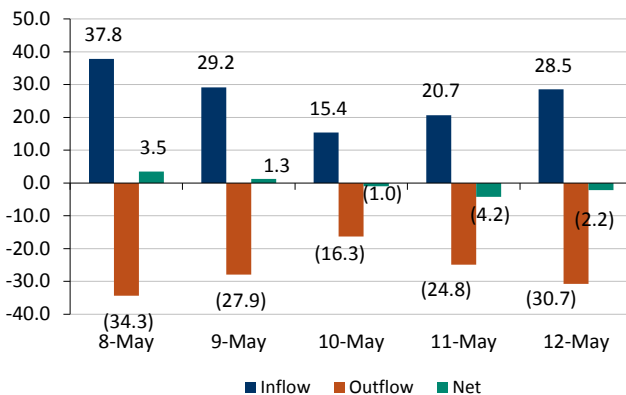
Source: PSX

**Chart 2: KSE Advance/Decline Ratio**



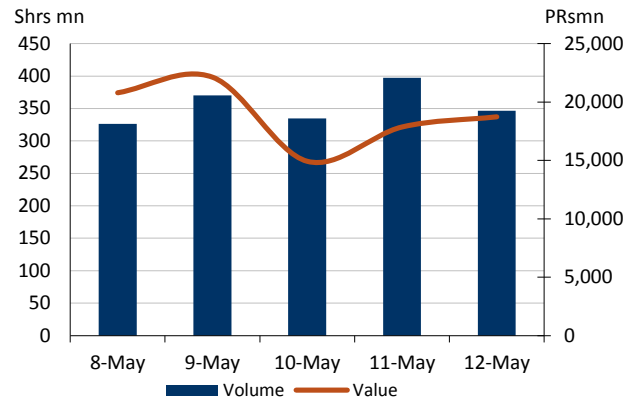
Source: PSX

**Chart 3: Pak Foreign Portfolio Flows (US\$m; US\$=PKR100)**



Source: NCCPL

**Chart 4: KSE- Volumes & Values**



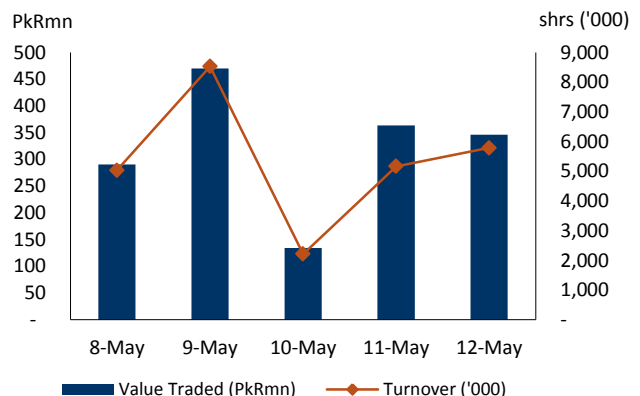
Source: PSX

**Chart 5: Price to Money Ratio**



Source: NCCPL

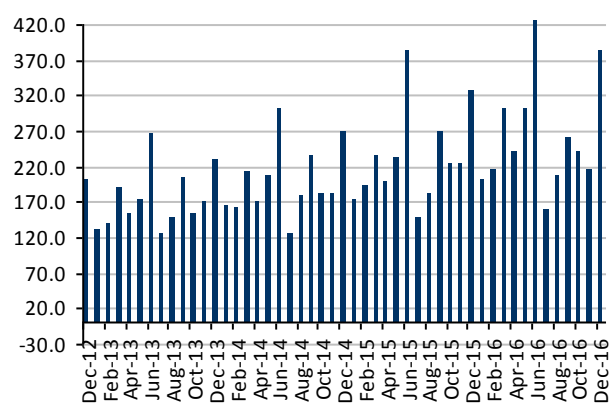
**Chart 6: Off market activity**



Source: PSX

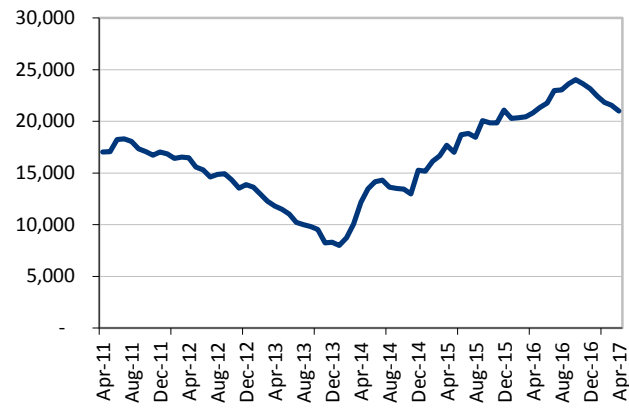
## Economy Watch

**Chart 7: Revenue Collection (PKRbn)**



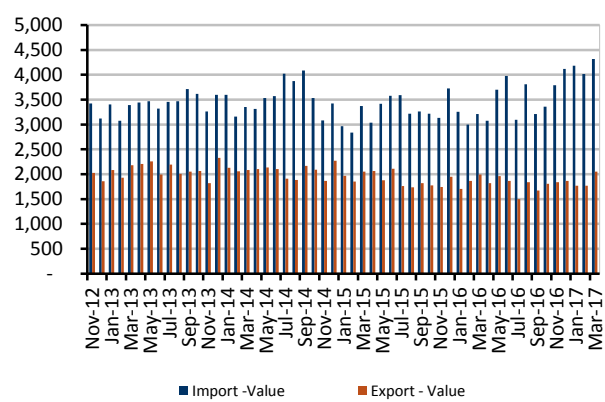
Source: SBP

**Chart 8: Forex Reserves (US\$mn)**



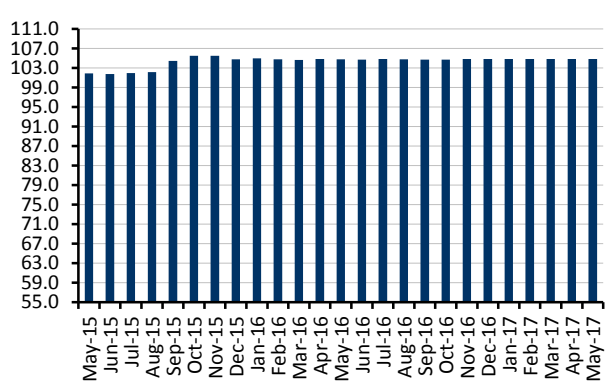
Source: SBP

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



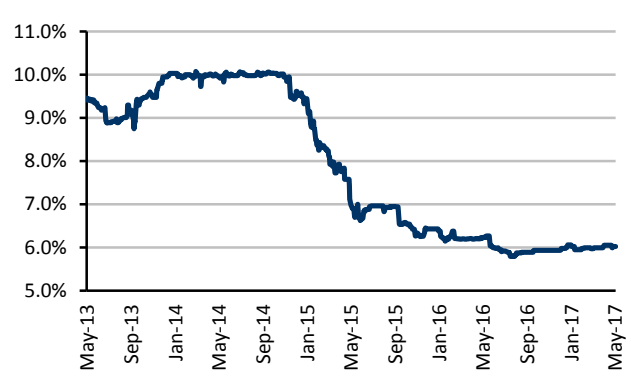
Source: SBP

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



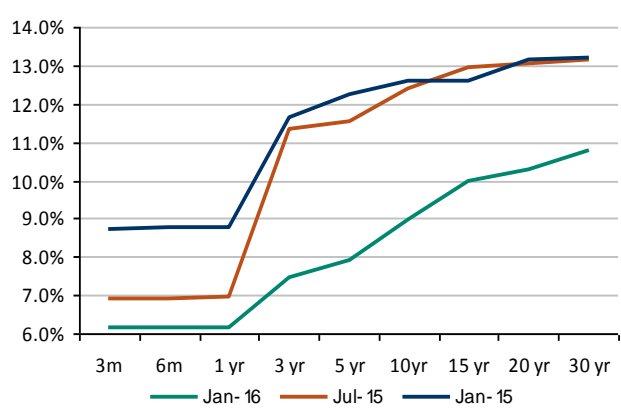
Source: SBP

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



Source: SBP

**Chart 12: Yield Curve (%)**

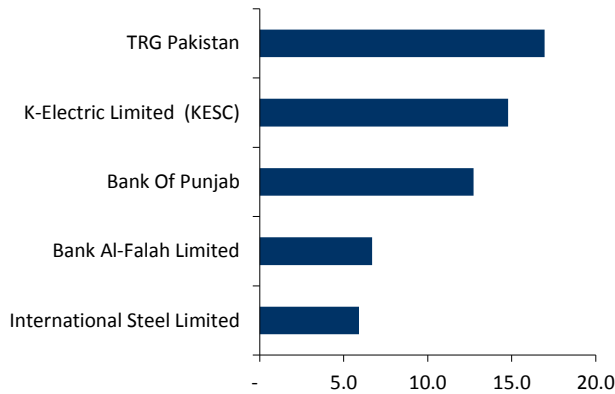


Source: SBP

## Stock Market Synopsis

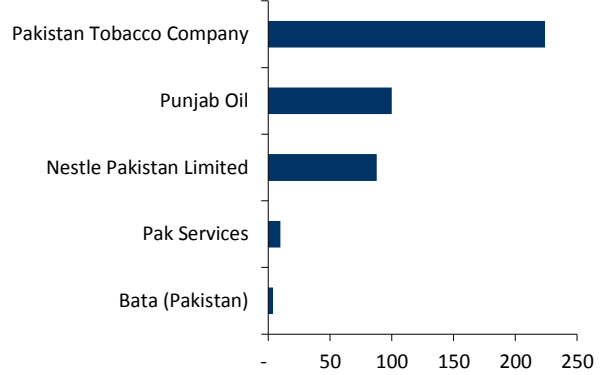
	Last week	This Week	%Change	1 M	3 M	12 M
Mkt. Cap (US \$ bn)	94.0	97.1	3.4%	91.6	94.3	70.6
Avg. Dly T/O (mn. shares)	263.8	355.1	34.6%	299.5	269.9	336.9
Avg. Dly T/O (US\$ mn.)	135.8	180.2	32.7%	153.2	130.2	138.5
No. of Trading Sessions	4.0	5.0	0.0	22.0	64.0	249.0
KSE 100 Index	49,851.1	51,750.9	3.8%	48,457.3	49,925.1	36,048.8
KSE ALL Share Index	34,144.3	35,355.6	3.5%	33,173.1	33,732.4	24,571.0

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



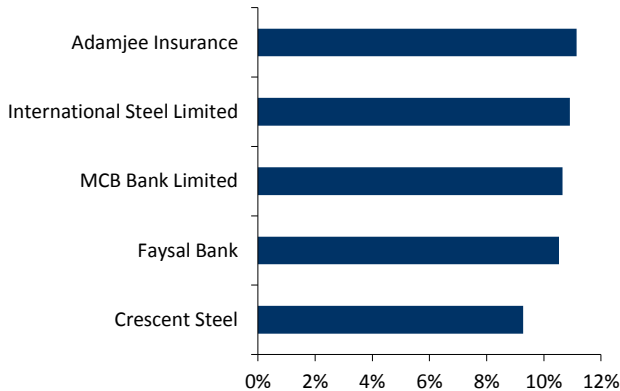
Source: PSX

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



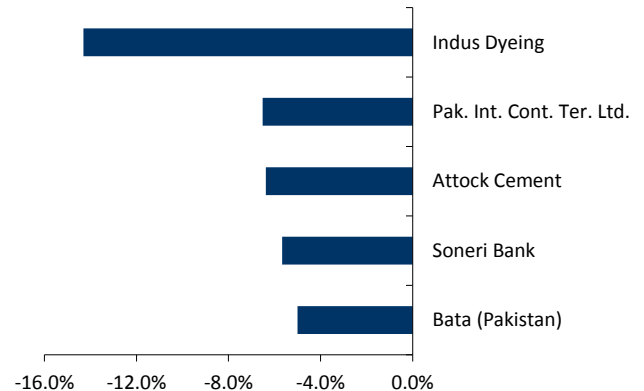
Source: PSX

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



Source: PSX

Chart 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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