

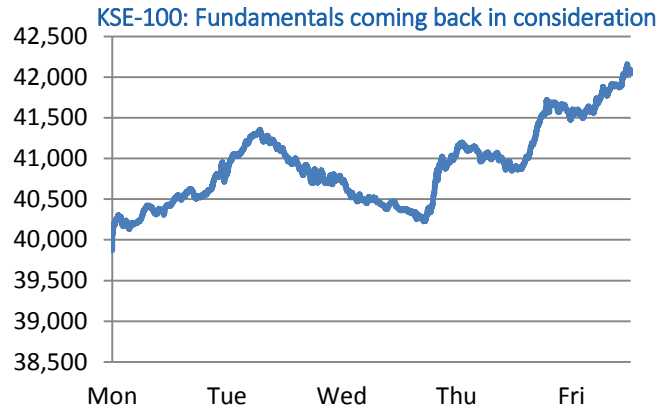


The Week in Review

For the period Oct 16, 2017 – Oct 20, 2017

News This Week

- FDI surges 56.3% in July-September
- RD imposed on 97 new items Chinese FDI jumps over three-fold since FY15
- Borrowing for budgetary support goes up 27%
- Govt takes USD450mn loan to prop up sliding forex reserves
- SSGC stops LNG transmission for fertiliser manufacturer
- DAP fertilizer prices up by Rs110 per bag
- Cotton production up 37 % to 5.98 mln bales



Stock Market Overview

- During the week, stock market gained 2,241pts to close at 42,088, up by 5.6%WoW as political noise subsided somewhat. The market participation improved significantly as ADT increased by 26.6%WoW while ADTV also depicted an increase of 48.4%WoW. FIPI outflow was recorded at USD7.4mn as against an inflow of USD38.8mn witnessed during the last week.
- GHGL, SSGC, CHCC, PAEL and CSAP were the major gainers while PAKT, KAPCO, OLPL, SCBPL, were the major losers in the benchmark KSE-100 this week.

KSE-100: Fundamentals coming back in consideration

Date	Open	High	Low	Close	Change	Vol (mn)
16-Oct-17	39,978	40,814	39,847	40,791	2.4%	125
17-Oct-17	40,892	41,353	40,692	40,725	-0.2%	167
18-Oct-17	40,760	40,872	40,224	40,733	0.0%	138
19-Oct-17	40,827	41,614	40,733	41,558	2.0%	232
20-Oct-17	41,688	42,156	41,471	42,088	1.3%	261

Market Review

During the week, stock market gained 2,241pts to close at 42,088, up by 5.6%WoW as political noise subsided somewhat. The market participation improved significantly as ADT increased by 26.6%WoW while ADTV also depicted an increase of 48.4%WoW. FIPI outflow was recorded at USD7.4mn as against an inflow of USD38.8mn witnessed during the last week.

Major news for the week included an increase in DAP fertilizer prices by PKR110/bag to PKR2,620/bag. The manufacturers had already increased DAP prices by PKR60-80/bag during the previous month. Moreover, SSGC has suspended supply to Fatima Fertilizers over a dispute regarding tolling charges.

On macro front, foreign exchange reserves increased to USD14.158bn as the government borrowed USD450mn from a Credit Suisse-led group of banks. Also, Current Account Deficit in the first quarter of current fiscal year reportedly stood at USD3.6bn (4.2% of GDP). Additionally FBR increased regulatory duty on the import of 713 items ranging between 5% - 89%.

In addition to this, FDI rose 56.3%YoY to USD661.9mn during the first quarter of the current fiscal year, as power and construction sectors received increased inflow from China under CPEC.

Outlook

The resurgence in the market performance is expected to continue as the result season will be in full swing in the following week. This may bring fundamentals into focus again where cements, power and fertilizer sectors are expected to attract significant investor interest on the back of cheap valuations.

News This Week

Economic highlights & Data points

FDI surges 56.3% in July-September | (The News) Positive: The foreign direct investment (FDI) into Pakistan rose 56.3 % to USD661.9 mn in the first quarter of the current fiscal year, as power and construction sectors received increased volume of FDI from China under the China-Pakistan Economic Corridor.

Govt to issue another Sukuk bond | (Nation) Positive: Pakistan would once again tap international capital market to issue Sukuk bond within next couple of months to generate at least USD1 bn to build the country's foreign exchange reserves. However, the exact amount would be decided after a response from the international market subsequent to road shows.

WB lowers Pakistan's external financing needs | (Dawn) Positive: The World Bank said on Monday that Pakistan's external financing needs in 2017-18 were USD17bn and not USD31bn, which was wrongly deduced from one of its previous reports.

RD imposed on 97 new items | (BR) Positive: The Federal Board of Revenue (FBR) has increased regulatory duty (RD), ranging between 5 to 80%, on the import of 713 items, including imposition of RD on 97 new items, from October 17, 2017. All RDs related SROs have been clubbed into a single SRO 1035(I)/2017 for increasing/imposing RD on the import of 713 items from the said date.

Borrowing for budgetary support goes up 27% | (Dawn) Negative: Borrowing by the government for budgetary support increased 27% year-on-year in the first 98 days of 2017-18. Borrowing during July 1 and Oct 6 amounted to PKR479 bn compared to PKR376bn in the same period a year ago.

Govt takes USD450mn loan to prop up sliding forex reserves | (Tribune) Positive: Pakistan has obtained a USD450-mn short-term foreign commercial loan from a Credit Suisse-led group of banks. On the back of fresh foreign injection, the official foreign currency reserves of the State Bank of Pakistan (SBP) increased to USD14.158 bn as of October 13. The SBP reported on Thursday that there was a net increase of USD370 mn in the foreign currency reserves.

Sector and Corporate highlights

SSGC stops LNG transmission for fertiliser manufacturer | (Tribune) Negative: Higher tolling charges for handling liquefied natural gas (LNG) imports have sparked a dispute between the Fatima Group and Sui Southern Gas Company (SSGC) as the state gas utility is not willing to transmit imported gas until outstanding payments are settled by the fertiliser manufacturer.

IMC to discontinue Corolla XLi, GLi | (Dawn) Negative: Local production of Toyota Corolla XLi and GLi is likely to be discontinued by 2019 with a new 1,300cc vehicle replacing the two popular models. But in place of Corolla XLi and GLi, a new 1,300cc model will be introduced by 2019 to compete with Honda City.

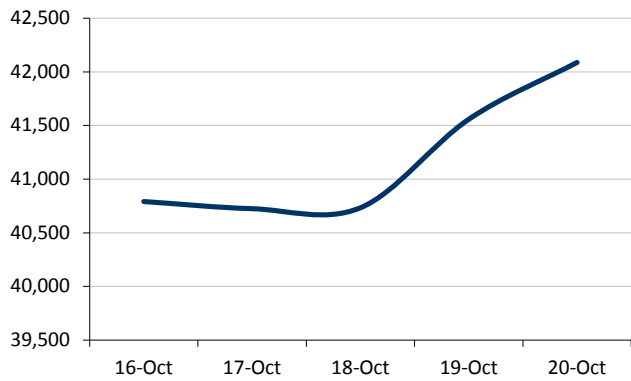
Cotton production up 37 % to 5.98 mn bales | (The News) Positive: Cotton production from the current crop season rose 36.79 % year-on-year to 5.98 mn bales till October 15. Pakistan recorded cotton arrivals of 4.37 mn bales during the same period a year ago, Pakistan Cotton Ginners Association (PCGA) said in a fortnightly report. Karachi Cotton Brokers Association is expecting 12 mn bales this year.

DAP fertilizer prices up by Rs110 per bag | (Nation) Positive: The DAP fertilizer prices have increased up to PKR110 per 50kg to PKR2,570 and PKR2,620 depending on different brands. The manufacturers had already increased DAP prices by PKR60-80 per bag in Sept 2017.

Fee dispute delays start of second LNG terminal | (Tribune) Negative: A dispute between Sui Southern Gas Company (SSGC) and Fatima Fertilizer over fee payment for handling liquefied natural gas (LNG) imports has prompted Pakistan LNG Terminal Limited to weigh the option of diverting gas imports from Qatar to the second LNG terminal, an official says. The second LNG terminal has been built but Pakistan LNG Terminal has been unable to put in place a mechanism to start handling gas imports at the new facility.

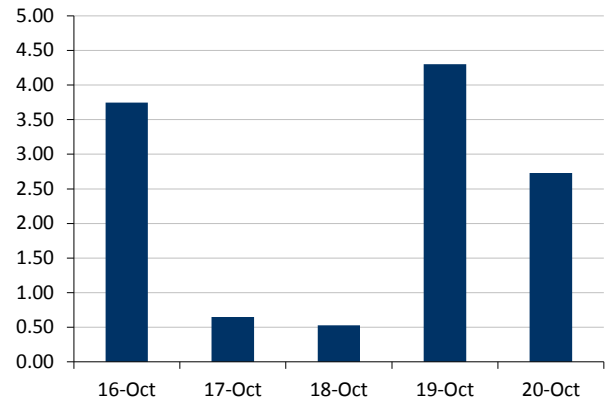
Stock Market – Last week in pictorals

Chart 1: KSE-100 Index



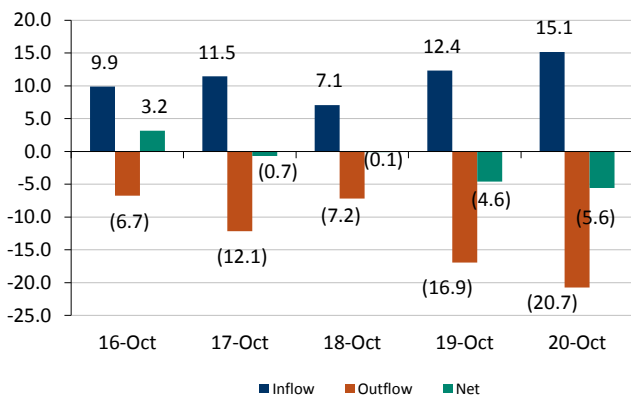
Source: PSX

Chart 2: KSE Advance/Decline Ratio



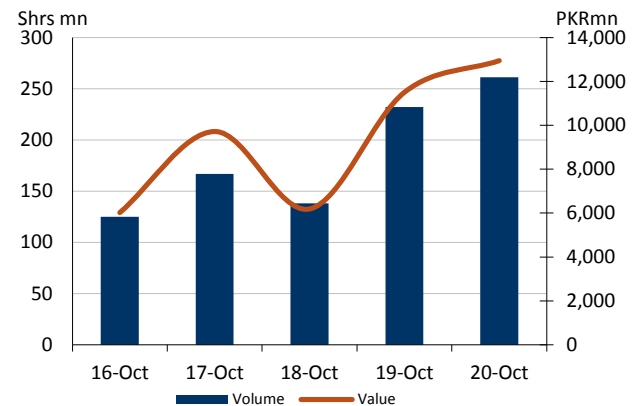
Source: PSX

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



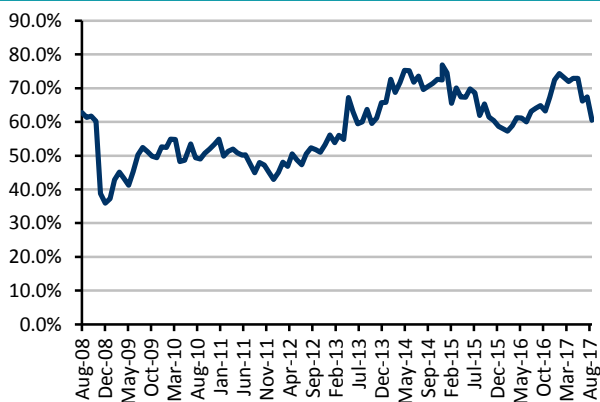
Source: NCCPL

Chart 4: KSE- Volumes & Values



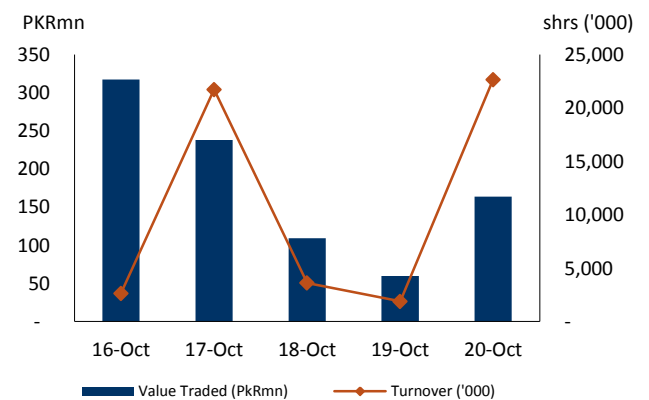
Source: PSX

Chart 5: Price to Money Ratio



Source: NCCPL

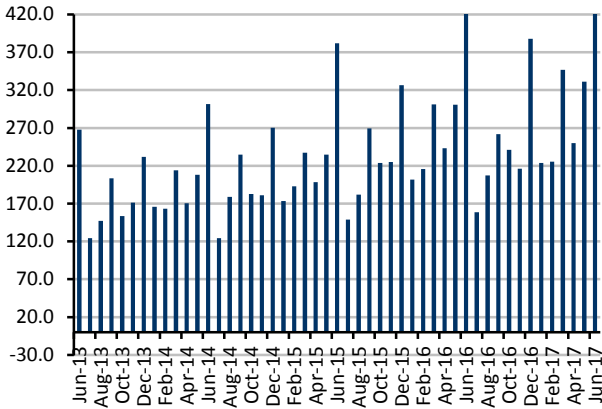
Chart 6: Off market activity



Source: PSX

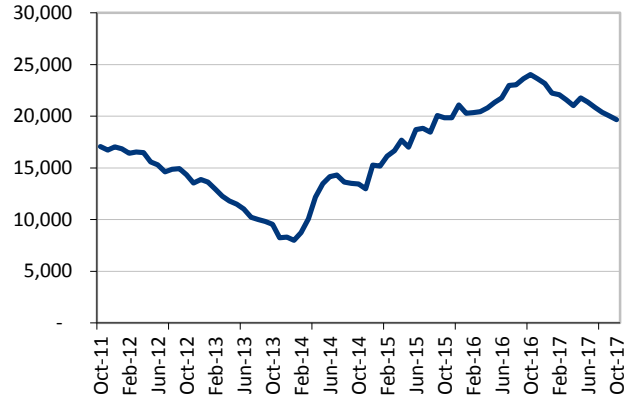
Economy Watch

Chart 7: Revenue Collection (PKRbn)



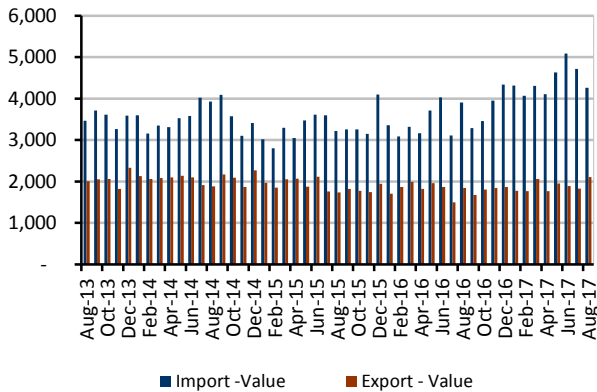
Source: SBP

Chart 8: Forex Reserves (US\$mn)



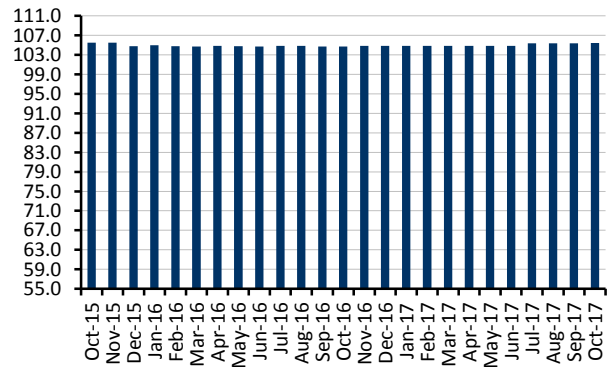
Source: SBP

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



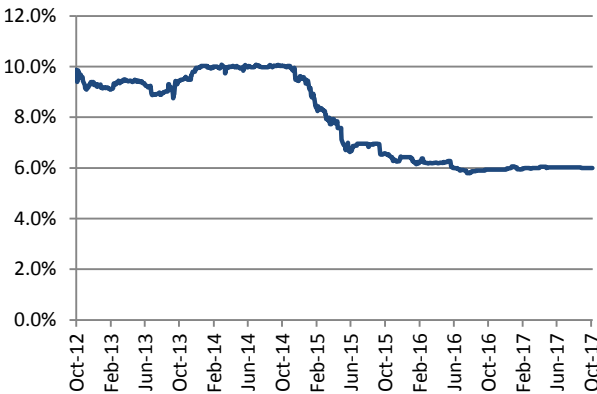
Source: SBP

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



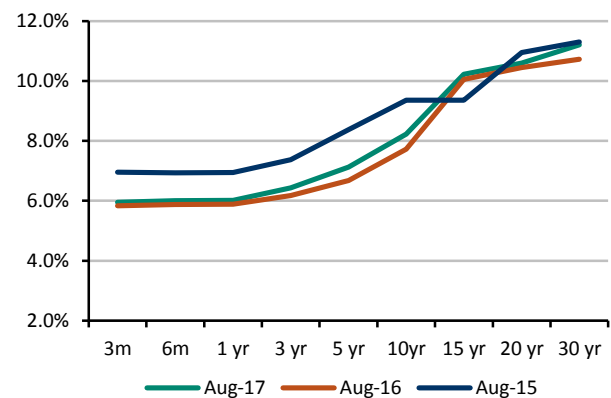
Source: SBP

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



Source: SBP

Chart 12: Yield Curve (%)

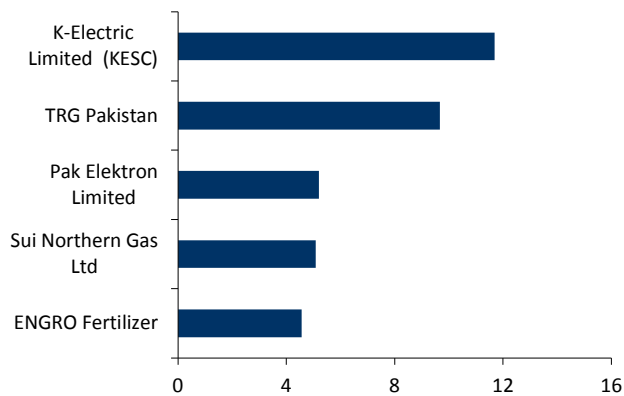


Source: SBP

Stock Market Synopsis

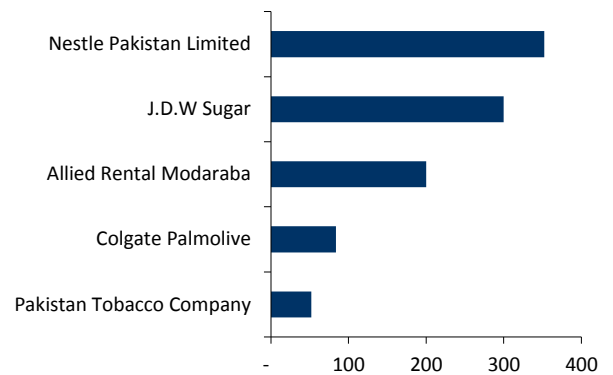
	Last week	This Week	%Change	1M	3M	12M
Mkt. Cap (US \$ bn)	78.9	81.8	3.6%	85.1	87.9	80.9
Avg. Dly T/O (mn. shares)	145.8	184.6	26.6%	156.7	176.4	292.5
Avg. Dly T/O (US\$ mn.)	59.3	88.0	48.4%	71.1	85.5	133.4
No. of Trading Sessions	5.0	5.0	0.0	23.0	64.0	252.0
KSE 100 Index	39,846.8	42,087.9	5.6%	43,347.0	45,059.9	41,546.0
KSE ALL Share Index	28,697.2	29,877.8	4.1%	30,772.0	31,614.7	28,663.4

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



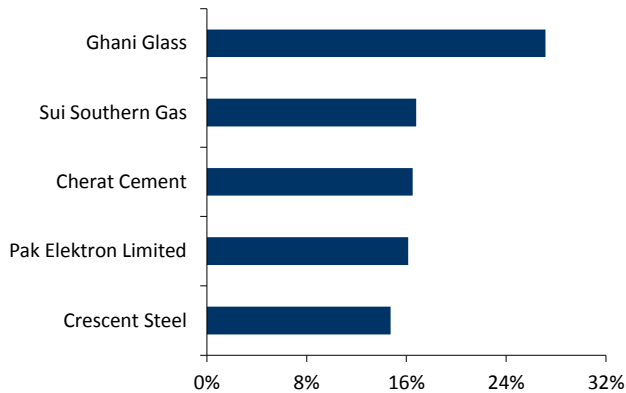
Source: PSX

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



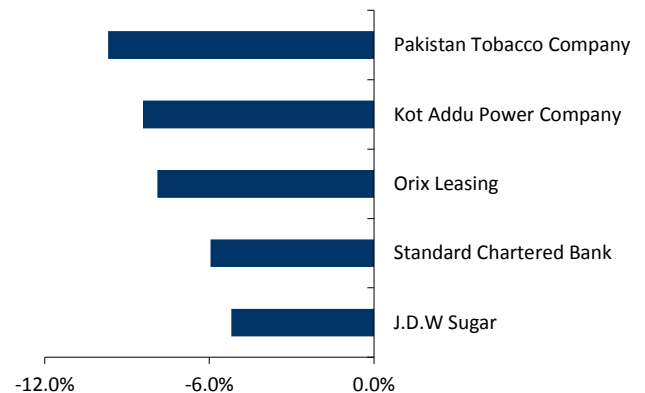
Source: PSX

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



Source: PSX

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



Source: PSX

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