

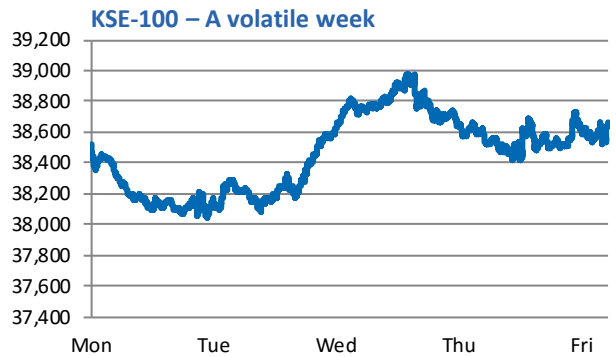


The Week in Review

For the period Mar 25, 2019 – Mar 29, 2019

News This Week

- SBP reserves decrease
- IMF bailout package likely by mid-May, says finance minister
- Govt to launch PKR200bn second Sukuk to ease power debt
- Govt eyes USD2bn from Haveli, Balloki power plants sell-off
- Major housing project to be launched next month: PM
- FATF affiliate not happy with steps to block banned groups funding
- ECC okays additional LNG imports, committee to oversee pricing issues
- FBR recovers PKR5.2bn from tax defaulters



Stock Market Overview

- During the outgoing week, KSE100 index slightly increased by 117pts where it closed at 38,649pts. This increase was on account of inflow of USD2.1bn from China and flexibility shown by IMF on economic benchmarks for the bailout package. Market participation remained active during the week as evident from increase in ADT and ADTV that increased by 52.9%WoW and 10.4%WoW, respectively. Foreign investors were net buyers, exhibiting an inflow of USD0.54mn.
- SHFA, GSKCH, SNGP, ASL and PKGS were the major gainers while NESTLE, JLI, PSEL, HUMNL, and SPWL were the major losers in the benchmark KSE-100 this week.

KSE-100 – A volatile week

Date	Open	High	Low	Close	Change	Vol (mn)
25-Mar-19	38,520	38,532	38,053	38,129	-1.0%	56
26-Mar-19	38,161	38,373	38,040	38,329	0.5%	86
27-Mar-19	38,382	38,981	38,329	38,965	1.7%	229
28-Mar-19	38,961	38,965	38,419	38,553	-1.1%	132
29-Mar-19	38,556	38,733	38,483	38,649	0.3%	138

Market Review

During the outgoing week, KSE100 index slightly increased by 117pts where it closed at 38,649pts. This increase was on account of inflow of USD2.1bn from China and flexibility shown by IMF on economic benchmarks for the bailout package. Market participation remained active during the week as evident from increase in ADT and ADTV that increased by 52.9%WoW and 10.4%WoW, respectively. Foreign investors were net buyers, exhibiting an inflow of USD0.54mn.

During the week, the government announced to launch another Islamic bond of PKR200bn in May'19 to settle circular debt payment with a maturity period of 10yr and a profit rate of KIBOR plus 80bps. Additionally, the government is eyeing on USD2.0bn from the privatization of 2 power plants (1,223MW Balloki and 1,230MW Haveli Bahadur Shah). Moreover, the PM also announced to launch the much awaited housing scheme for the low income segment in the next month. Also, FATF expressed its dissatisfaction over insufficient measures by the country to counter terrorism and money laundering. Furthermore, the government decided to import an additional 200mmcf gas from Qatar at a 20% discount from the previous agreement.

On the macro front, foreign exchange reserves held by SBP decreased by USD278mn to USD8.6bn due to external debt repayments. Additionally, the country received USD2.1bn loan from China during the week which would increase the SBP's reserves to USD10.7bn. Also, Pakistan is expected to secure financial arrangements with IMF within a range of USD6.0bn and USD12.0bn. Moreover, the FBR recovered PKR5.2bn from its ongoing drive against tax defaulters. Furthermore, the SBP revised the GDP growth rate downward to 3.5%-4.0% on account of subdued performance in agriculture and as well as manufacturing sectors. Also, the government formulated a 5yr policy for FDI where it aims to increase it to USD7.4bn by FY23.

Outlook

The central bank has increased the interest rate by 50bps, which is in line with our expectations. Additionally, the government has formally announced it for the first time to adjust the exchange rate at PKR145/USD by Jun'19, which may put pressure on FX rates in the following week, thereby dampening sentiments

News This Week

Economic highlights & data points

SBP reserves decrease | (Dawn): The State Bank of Pakistan's (SBP) foreign exchange reserves decreased by USD278mn to USD8.56bn during the week ended March 22 on account of external debt servicing and other official payments. However, in the current week the central bank's reserves soared to USD10.67bn following the receipt of USD2.2bn loan from China.

IMF bailout package likely by mid-May, says finance minister | (Dawn): Pakistan is likely to secure a bailout package from the International Monetary Fund (IMF) of between USD6bn and USD12bn by the middle of May, Finance Minister Asad Umar has said. IMF has been suggesting measures such as a free-floating rupee, which would result in a further devaluation of the currency, and structural changes such as widening of the tax base.

FBR recovers PKR5.2bn from tax defaulters | (Dawn): The Federal Board of Revenue (FBR) has claimed to have recovered up to PKR5.2bn from its ongoing drive against tax defaulters, non-compliant high-net-worth individuals, besides it has acted against 4,512 bank accounts, properties, vehicles and arrested nine defaulters.

Chinese inflows push reserves to USD17.6bn | (BR): After receiving USD2.2bn from China, the liquid foreign exchange reserves held by the State Bank of Pakistan (SBP) rose to USD10.7bn as on March 25, 2019. With the net forex reserves held by commercial banks at USD6.9bn, the country's total liquid foreign exchange reserves increased to USD17.6bn.

SBP sees FY19 growth slowing to 3.5%-4.0% | (BR): The State Bank of Pakistan (SBP) has revised downward its projection for real GDP growth by 0.5% to 3.5%-4.0% for FY19 due to weakening performance of agricultural sector and subdued activities of manufacturing sector. Earlier, SBP was projecting a GDP growth of 4.0%-4.5% as against a target of 6.2% for FY19.

Five-year strategy: FDI projected to soar to USD7.4bn by FY23 | (BR): Pakistan Tehreek-e-Insaf (PTI) government envisages a progressive increase in net Foreign Direct Investment (FDI) to peak at USD7.4bn by FY23. The government has projected USD4.6bn net direct investment for FY20, USD5.5bn FY21, USD6.5bn FY22 and USD7.4bn for FY23.

Sector and Corporate highlights

Govt to launch PKR200bn second Sukuk to ease power debt | (The News): The government is set to list another Islamic bond of PKR200bn in the capital market in May. The bond will be floated on the Pakistan Stock Exchange under over-the-counter (OTC) listing to raise proceeds. The bond would have a 10-year maturity period. Profit rate will be based on Karachi Interbank Offered Rate (Kibor) plus a margin of 80bps (Kibor+0.8%).

Govt eyes USD2bn from Haveli, Balloki power plants sell-off | (Dawn): The National Assembly's Standing Committee on Privatisation was informed on Thursday that government expects to fetch \$2 billion from the privatisation of 1,223MW Balloki and 1,230MW Haveli Bahadur Shah power plants.

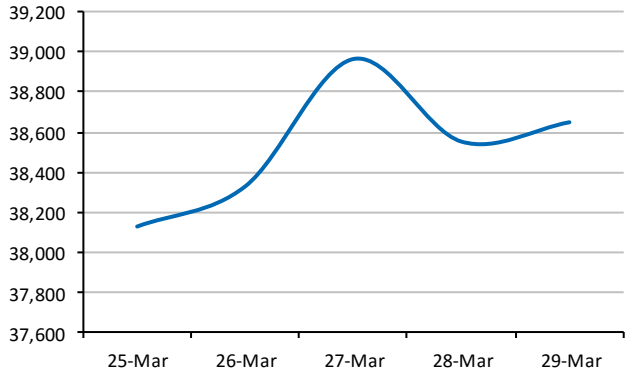
Major housing project to be launched next month: PM | (BR): Prime Minister Imran Khan has said that a major housing project will be launched next month to provide five million housing units to the low income segments of the society. Addressing an international Housing Conference here on Thursday, he said private sector will be involved in the project.

FATF affiliate not happy with steps to block banned groups funding | (Dawn): A delegation of the Asia-Pacific Group (APG) on money laundering, a regional affiliate of the Financial Action Task Force (FATF), has expressed serious reservations over insufficient physical actions on ground against proscribed organizations (POs) to block flow of funds and activities and is likely to issue a formal warning before its departure on Thursday.

ECC okays additional LNG imports, committee to oversee pricing issues | (Dawn): The government on Wednesday decided in principle to import about 200 million cubic feet per day (mmcf) of additional LNG from Qatar and will constitute Price Negotiation Committee (PNC) for talks on gas sales and purchase agreement (GSPA).

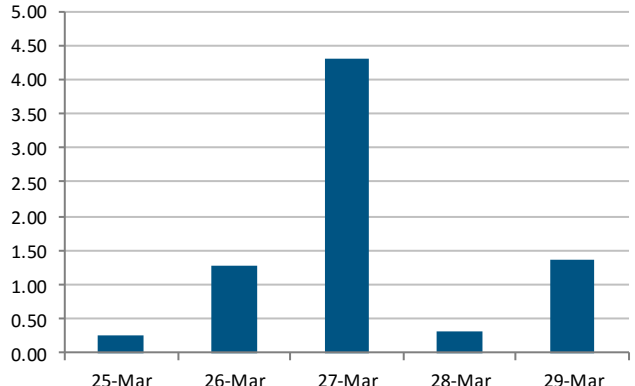
Stock Market – Outgoing week in pictorals

Chart 1: KSE-100 Index



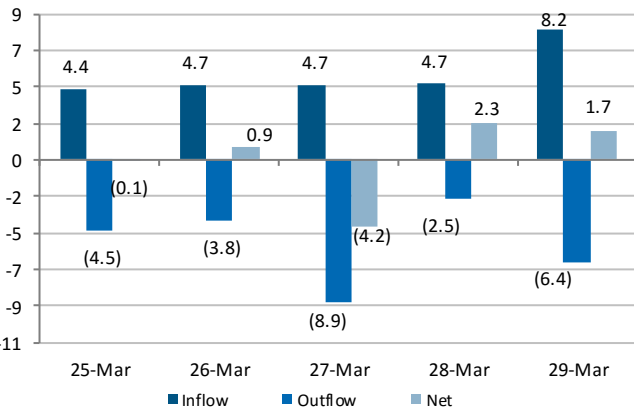
Source: PSX

Chart 2: KSE Advance/Decline Ratio



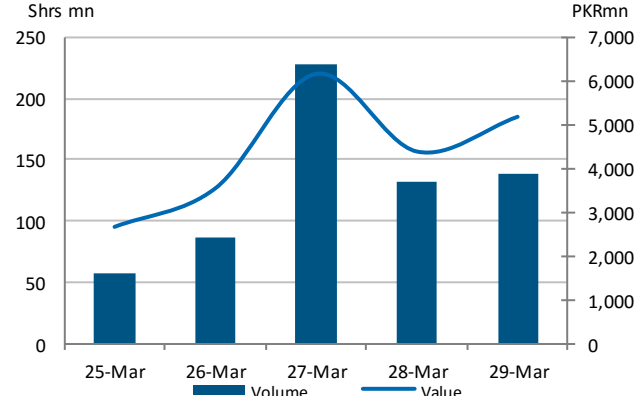
Source: PSX

Chart 3: Pak Foreign Portfolio Flows (US\$m; US\$=PKR130)



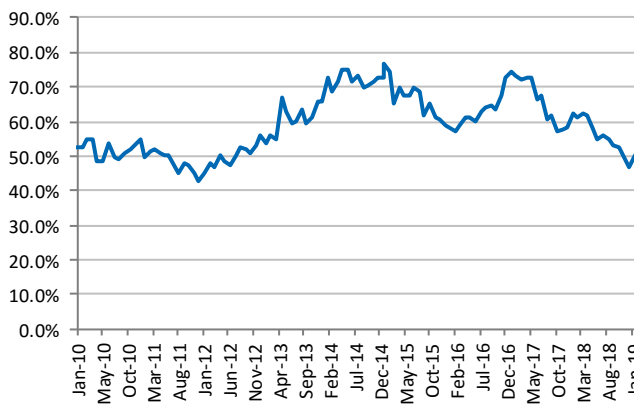
Source: PSX

Chart 4: KSE- Volume & Value



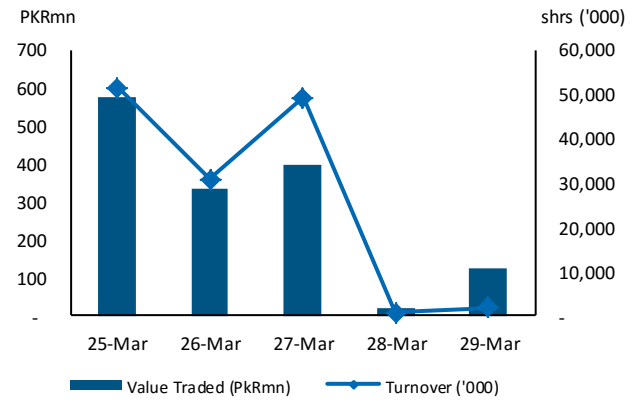
Source: PSX

Chart 5: Price to Money Ratio



Source: PSX

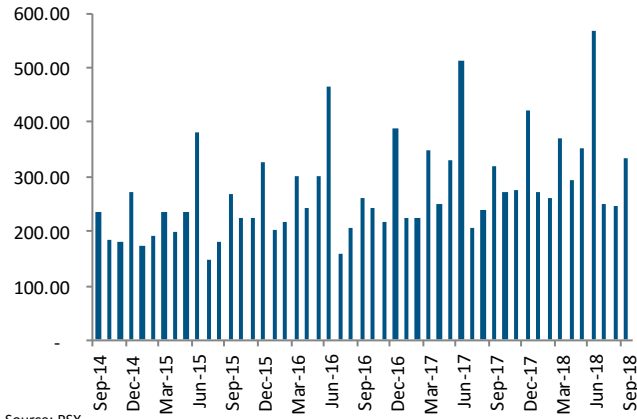
Chart 6: Off market activity



Source: PSX

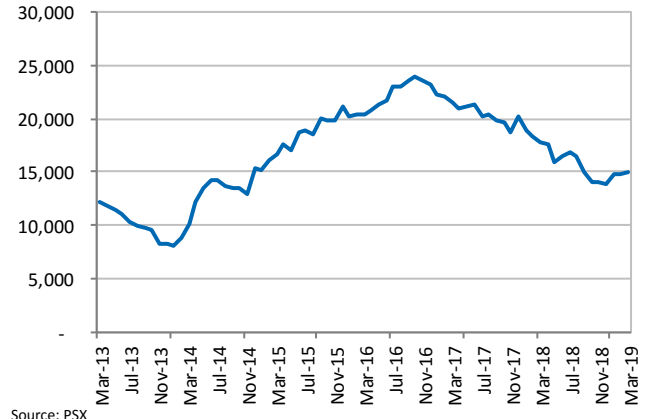
Economy Watch

Chart 7: Revenue Collection (PKRbn)



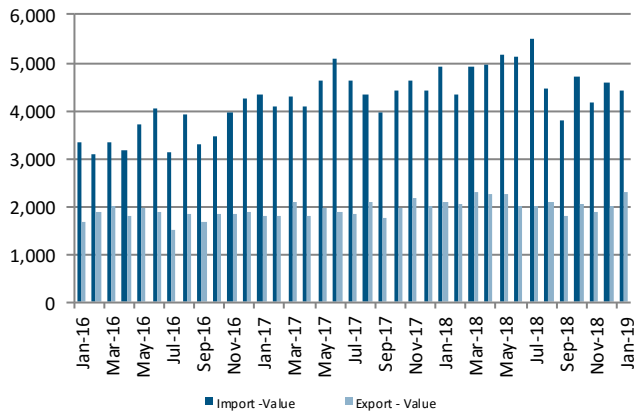
Source: PSX

Chart 8: Forex Reserves (US\$mn)



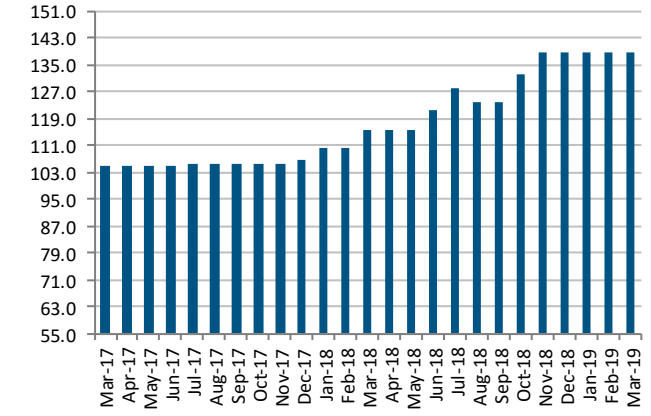
Source: PSX

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



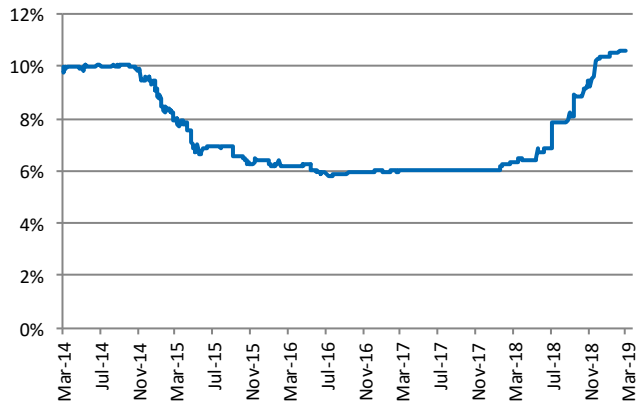
Source: PSX

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



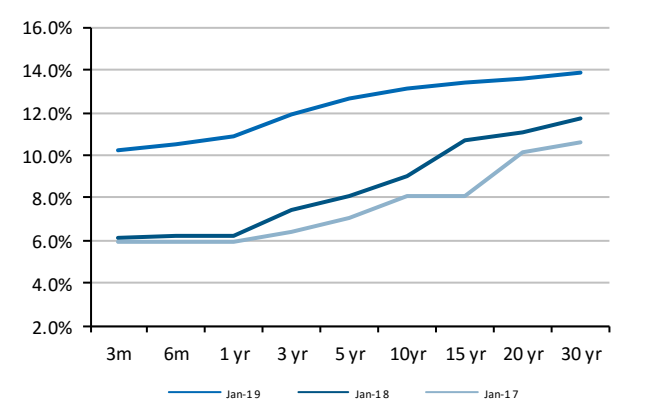
Source: PSX

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



Source: PSX

Chart 12: Yield Curve (%)

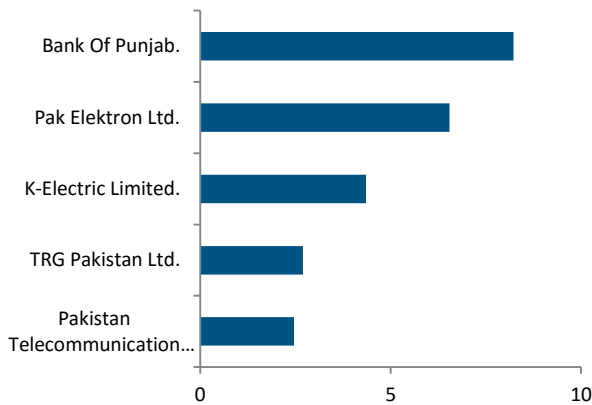


Source: PSX

Stock Market Synopsis

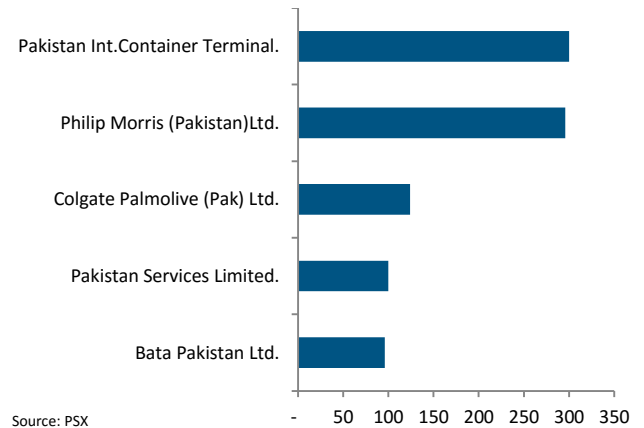
	Last week	This Week	Change	1M	3M	12M
Mkt. Cap (US \$ bn)	55.9	55.9	-0.1%	56.5	55.2	75.7
Avg. Dly T/O (mn. shares)	83.9	128.3	52.9%	108.8	132.1	164.5
Avg. Dly T/V (US\$ mn.)	28.3	31.3	10.4%	32.0	41.6	55.3
No. of Trading Sessions	5.0	5.0	0.0	22.0	64.0	248.0
KSE 100 Index	38,531.9	38,649.3	0.3%	38,649.3	37,066.7	45,489.6
KSE ALL Share Index	28,197.6	28,279.3	0.3%	28,279.3	28,043.4	32,739.9

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



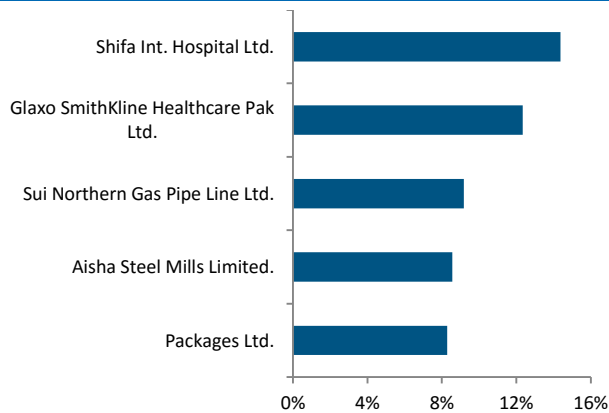
Source: PSX

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



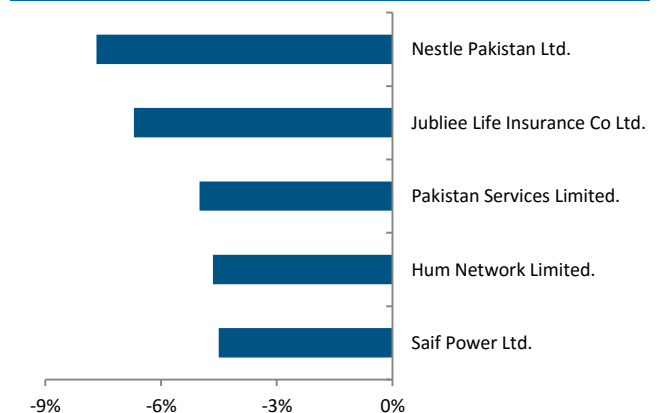
Source: PSX

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



Source: PSX

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



Source: PSX

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