



## AKD Securities Limited

TREC Holder & Registered Broker  
Pakistan Stock Exchange

Equity Research / Pakistan



REP-108  
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### Today's Daily

#### ■ Pakistan Market: Mar'18 Review

Developments on the macro front alongwith relative calm on the political front (Senate elections held on Mar 3'18) drove market performance during the month with the benchmark index gaining 5.4%MoM in Mar'18. In this regard, currency depreciation and consequent firming up of interest rate hike expectations were the most prominent highlights, rejuvenating interest in select sectors (Textiles, Electricity, Oil&Gas and Banks). While foreigners were net sellers during Mar'18, we saw a reversal of trend in foreign participation in the last ten days with foreigners buying equities worth US\$6.4mn post depreciation. Volumes clocked in at 192mn shares, remaining largely concentrated in mid and small tier stocks like LOTCHEM, TRG and KEL. Performance at the mainboard remained encouraging with majority sectors posting positive returns. As such, Pharmaceuticals (+10.9%MoM on easing of deadlock to determine drug prices), Cements (+10.1%MoM on cumulative PkR45/bag increase in cement prices), Food Producers (+8.2%MoM on potential buyback rumors) and Electricity (+6.7%MoM on dollar hedged revenues) topped the list. Going forward, the market can continue its bullish momentum ahead of the budget FY19 with market participants anticipating positive developments with relation to the capital markets (rationalization of taxes). That said, MPS announcement of a status quo on Mar 30'18 was quiet contrary to market expectations and can spark a sell-off in the banking space, limiting gains. We advocate building position in LUCK, DGKC, PPL, PSO and NML.

#### KSE100 - Index

Current 45,560.30  
Previous 45,489.62  
Chg. 0.16%

#### Mkt Cap. (PkRbn/US\$bn)

Current 9,371 / 81.14  
Previous 9,376 / 81.19  
Chg. -0.06%

#### Daily Turnover (mn)

Current 230.34  
Previous 296.60  
Chg. -22.3%

#### Value Traded (PkRmn/US\$m)

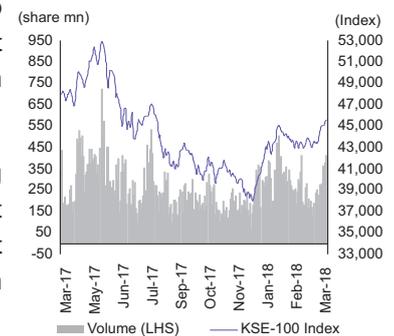
Current 9,467 / 81.98  
Previous 11,944 / 103.42  
Chg. -20.7%

AKD Daily

Monday, Apr 02, 2018

#### News and Views

- BR has collected total tax revenue of PkR2,621bn in the 9MFY18, up 16%YoY. The revenue collection in Mar'18 stood at PkR361bn on account of book adjustments. Earlier on Friday, the GoP reduced tax collection target for FY18 by PkR113bn.
- Bulk clinker exports will resume after over a decade as one of the leading south-based cement manufacturers has received export order from West African countries and Kenya. As per news report, ACPL would export 150k tons of clinker. Also, another major southern player of south is in the process of finalizing the export of clinker.
- The GoP has granted a security clearance to a proposed sale of K-Electric by its existing Dubai-based owner to a Chinese company - a move that would remove a major hurdle in the deal pending for almost two years.



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## Pakistan Market: Mar'18 Review

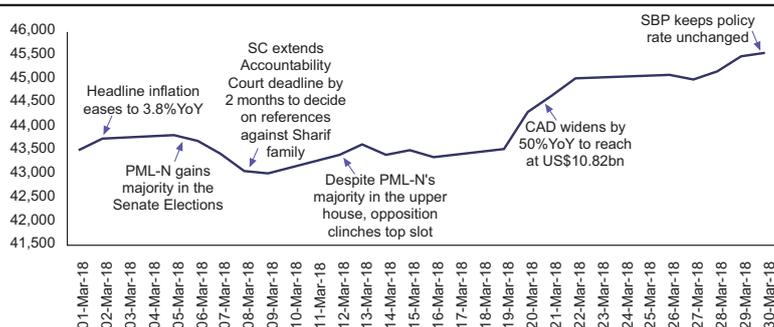
Developments on the macro front alongwith relative calm on the political front (Senate elections held on Mar 3'18) drove market performance during the month with the benchmark index gaining 5.4%MoM in Mar'18. In this regard, currency depreciation and consequent firming up of interest rate hike expectations were the most prominent highlights, rejuvenating interest in select sectors (Textiles, Electricity, Oil&Gas and Banks). While foreigners were net sellers during Mar'18, we saw a reversal of trend in foreign participation in the last ten days with foreigners buying equities worth US\$6.4mn post depreciation. Volumes clocked in at 192mn shares, remaining largely concentrated in mid and small tier stocks like LOTCHEM, TRG and KEL. Performance at the mainboard remained encouraging with majority sectors posting positive returns. As such, Pharmaceuticals (+10.9%MoM on easing of deadlock to determine drug prices), Cements (+10.1%MoM on cumulative PkR45/bag increase in cement prices), Food Producers (+8.2%MoM on potential buyback rumors) and Electricity (+6.7%MoM on dollar hedged revenues) topped the list. Going forward, the market can continue its bullish momentum ahead of the budget FY19 with market participants anticipating positive developments with relation to the capital markets (rationalization of taxes). That said, MPS announcement of a status quo on Mar 30'18 was quiet contrary to market expectations and can spark a sell-off in the banking space, limiting gains. We advocate building position in LUCK, DGKC, PPL, PSO and NML.

### Mar'18: Sector Performance

Pharmaceuticals	10.95%
Cement	10.08%
Banks	6.55%
Fertilizers	5.20%
Oil and Gas	4.78%
Automobile and Parts	1.84%
Telecommunication	1.23%
Textiles	1.12%

Source: PSX & AKD Research

### KSE100 - Index : Mar'18 Timeline



Source: PSX & AKD Research

**Sector Performance:** Pharmaceuticals remained the top performer during Mar'18, gaining 10.9%MoM on easing of deadlock to determine drug prices. Following on, Cements rebounded strongly where cumulative PkR45/bag increase in avg. prices coupled with strong dispatches growth were positive developments. Food Producers (+8.2%MoM on potential buyback rumors), Electricity (+6.7%MoM on dollar hedged revenues),



Chemicals (+6.6%MoM on improving margins and news pertaining to GIDC removal), Commercial Banks (+6.6%MoM on interest rate reversal expectations) and Oil&Gas (+4.8%MoM on devaluation) also posted positive returns.

**Foreigners turned buyers post devaluation:** While foreigners were net sellers during Mar'18, we saw a reversal of trend in foreign participation in the last ten days with foreigners buying equities worth US\$6.4mn post depreciation. In this regard, foreign interest was evident in sectors like Cements (inflow of US\$5.1mn), Oil&Gas exploration (inflow of US\$2.1mn) and Technology (inflow of US\$1.9mn) during the period.

**Volumes concentrated in mid-tier stocks:** Volumes clocked in at 192mn shares, remaining largely concentrated in mid and small tier stocks like LOTCHEM, TRG and KEL. garnering interest on improving PTA-PX margin, anticipated listing of IBEX holding and renewed hopes of KEL acquisition deal respectively.

**Investment Perspective:** Going forward the market can continue its bullish momentum ahead of the budget FY19 with market participants anticipating positive developments with relation to the capital markets (rationalization of taxes). That said, a contrarian MPS announcement of a status quo on Mar 30'18 can spark a sell-off in the banking space while concerns on delimitation of constituencies can possibly create political risk of a delay in elections.



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