



| Market Review | Last | Change |
|---------------------|-----------|--------|
| KSE 100 Index | 36,694.26 | 153.29 |
| KSE 30 Index | 21,243.27 | 87.91 |
| KMI 30 Index | 64,367.79 | 194.08 |
| All Share Index | 24,856.43 | 31.96 |
| Market Cap. (Rs bn) | 7,466.48 | 9.60 |

| Volume Leaders | Close | Volume |
|----------------|-------|------------|
| KEL | 7.77 | 17,815,500 |
| BYCO | 22.88 | 13,801,000 |
| TRG | 37.61 | 12,684,000 |
| TPL | 14.82 | 11,861,000 |
| SNPG | 37.48 | 9,009,500 |

KSE Statistics June 3, 2016

| Indices | |
|-----------------|-----------|
| All Share Index | 24,856.43 |
| KSE-30TM Index | 21,243.27 |
| KSE-100TM Index | 36,694.26 |

| Turnover | |
|-----------------|-------------|
| All Share Index | 199,985,840 |
| KSE-30TM Index | 80,398,950 |
| KSE-100TM Index | 101,746,440 |

Board Meetings

| Company | Date | Time |
|------------------------------|------------|-------|
| Imperial Sugar Ltd | 30-05-2016 | 10:00 |
| Shakarganj Ltd | 30-05-2016 | 11:00 |
| Sakrand Sugar Mills Ltd | 30-05-2016 | 4:30 |
| Khairpur Sugar Mills Ltd | 30-05-2016 | 2:30 |
| Tandlianwala Sugar Mills Ltd | 31-05-2016 | 2:00 |
| Haseeb Waqas Sugar Mills Ltd | 31-05-2016 | 4:00 |
| Hussein Industries Ltd | 31-05-2016 | 11:00 |
| IGI Life Insurance Ltd | 01-06-2016 | 3:00 |

Budget FY17 - Focus on growth

The Federal Budget FY17 was announced on Friday with a total outlay of Rs4.89 trillion increasing by 9.3% YoY. The government has set a revenue estimate of Rs3.96 trillion for FY17 which is 16% YoY up from a revised FY16 revenue collection target of Rs3.42 trillion in FY16. This growth in revenue is estimated on back of; 18% YoY growth in direct taxes to Rs1.6 trillion, 16% YoY rise in indirect taxes to Rs2.1 trillion, and 5% YoY increase in non-tax revenue to Rs0.96 trillion. The GDP target is set at 5.7% for FY17 gradually taking it to 7% till FY19. The fiscal deficit is estimated at 3.8% in FY17 as against a provisional deficit of 4.3% in FY16. The current expenditure has been projected at Rs 3.8 trillion in FY17 while defense allocation has been increased by 11% YoY in FY17 taking in to Rs 860 billion. The debt servicing is expected to increase by 8% YoY in FY17 to Rs1.4 trillion while subsidies would reduce by 28% YoY in FY17 to Rs141 billion. The federal allocation for Public Sector Development Programme (PSDP) has been increased to Rs800 billion for FY17 which is 21% YoY up from a revised target of Rs 661 billion for FY16.

Other salient features

- Corporate tax rate slashed by 100bps to 31%
- Tax on dividend for non filers raised to 20% from 17.5%
- 4% Super tax on banks and 3% on others
- Introduction of tax differential between filers and non-filers under Capital Gain Tax (CGT)
- Minimum wage increased by Rs1,000 to Rs14,000
- Tax credit of 20% on new listing on stock exchange
- Zero-rating of export oriented sectors
- Sales tax on urea at reduced rate of 5%
- Tax credit for BMR through 100% equity extended to Jun'19

A 'Neutral' budget for the capital market

The government has kept the CGT rate unchanged for filers while it has increased the CGT rate for non-filers as follows; from 15% to 18% where holding period is less than 12 months, from 12.5% to 16% where holding period is greater than 12 months but less than 2 years, and from 7.5% to 11% where holding period is more than 2 years but less than 5 years. We believe this decision would have a negative impact on the capital market. It is worth mentioning here that earlier CGT was applicable on maximum 4 years. The corporate tax rate has been slashed by 100bps to 31% which would have a positive impact on the market.

In the below mentioned paragraphs, we will discuss taken in the federal budget FY17 related to key sector and its impact.

Banks - Negative

The 4% super tax has been extended for another year while 35% tax was maintained on all sources. These would affect negatively on profitability of banks.

Cements - Neutral to Negative

PSDP allocation increased by 21% would have a positive impact on the sector as it would boost the cement demand. Further, allocation of Rs115 billion for CPEC would also increase the cement demand. Change in mechanism of FED on cement from 5% of MRP to Rs1/bag would impact negative.

Fertilizer - Positive

Heavy subsidy on urea, extension of subsidy on DAP, GST on urea slashed to 5%, reduction on corporate tax rate, and removal of 7% GST on pesticides would have a positive impact on the sector.

Textile - Positive

The federal budget was largely positive for the textile sector where Mark up rate for Export Refinance Scheme (ERS) reduced to 3% from 3.5%, duty free import of machinery continued, and refund of all the unsettled sales tax whose refund payment orders (RPOs) has been approved till 31st August, 2016.

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Morning Briefing

Monday, June 6, 2016

Key Data

Money Market

| | | |
|-------------------|-------------|--------|
| T-Bills (3 Mths) | 25-May-2016 | 5.90% |
| T-Bills (6 Mths) | 25-May-2016 | 5.97% |
| T-Bills (12 Mths) | 25-May-2016 | 6.00% |
| Policy Rate | 21-May-2016 | 5.75% |
| Kibor (1 Mth) | 27-May-2016 | 6.24% |
| Kibor (3 Mths) | 27-May-2016 | 6.11% |
| Kibor (6 Mths) | 27-May-2016 | 6.15% |
| Kibor (9 Mths) | 27-May-2016 | 6.43% |
| Kibor (1 Yr) | 27-May-2016 | 6.45% |
| P.I.B (3 Yrs) | 27-May-2016 | 6.41% |
| P.I.B (5 Yrs) | 27-May-2016 | 6.91% |
| P.I.B (10 Yrs) | 27-May-2016 | 8.16% |
| P.I.B (15 Yrs) | 27-May-2016 | 10.30% |
| P.I.B (20 Yrs) | 27-May-2016 | 10.65% |
| P.I.B (30 Yrs) | 27-May-2016 | 11.15% |

Commodities

| | |
|-------------------------|----------|
| Crude Oil (brent)\$/bbl | 49.32 |
| Crude Oil (WTI)\$/bbl | 49.33 |
| Cotton \$/lb | 64.28 |
| Gold \$/ozs | 1,212.38 |
| Silver \$/ozs | 16.25 |
| Malaysian Palm \$ | 632 |
| GOLD (PMEX) PKR | 41,657 |
| KHI Cotton 40Kg PKR | 5,948 |

Portfolio Investment (U.S \$ in million)

| | |
|--|---------|
| Yearly(Jul, 2016 up to 26-May-2016) | -591.17 |
| Monthly(May, 2016 up to 26-May-2016) | -35.08 |
| Daily (26-May-2016) | 3.67 |
| Total Portfolio Investment (20-May-2016) | 6315 |

NCCPL (U.S \$ in million)

| | |
|----------------------------------|-------|
| FIPI (27-May-2016) | -1.91 |
| Local Companies (27-May-2016) | -0.42 |
| Banks / DFI (27-May-2016) | -3.06 |
| Mutual Funds (27-May-2016) | 0.11 |
| NBFC (27-May-2016) | 0.55 |
| Local Investors (27-May-2016) | 5.23 |
| Other Organization (27-May-2016) | 0.57 |

GDR Update

| Symbol | \$.Price | PKR/\$ |
|-------------------------|----------|--------|
| MCB (1 GDR= 2 Shares) | 3.50 | 183.29 |
| OGDC (1 GDR= 10 Shares) | 11.30 | 118.35 |
| UBL (1 GDR= 4 Shares) | 5.60 | 146.63 |
| LUCK (1 GDR= 4 Shares) | 18.50 | 484.40 |
| HUBC (1 GDR= 25 Shares) | 27.82 | 116.55 |

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Pivot Analysis

| Company | CR | RSI | Buy 1 | Buy 2 | Sell 1 | Sell 2 | Pivot |
|-------------------|----------|-------|--------|--------|--------|--------|--------|
| KSE 100 INDEX | 36694.26 | 79.16 | 36,558 | 36,422 | 36,803 | 36,913 | 36,667 |
| Attock Cement | 231.85 | 53.68 | 231.05 | 230.30 | 232.55 | 233.30 | 231.80 |
| Adamjee Insurance | 55.51 | 49.23 | 55.35 | 55.20 | 55.70 | 55.95 | 55.55 |
| Askari Bank | 18.09 | 38.01 | 17.95 | 17.80 | 18.35 | 18.65 | 18.20 |
| Azgard Nine | 4.50 | 47.88 | 4.45 | 4.40 | 4.55 | 4.65 | 4.50 |
| Attock Petroleum | 429.06 | 42.94 | 428.05 | 427.00 | 430.05 | 431.00 | 429.00 |
| Attock Refinery | 268.32 | 69.21 | 267.05 | 265.75 | 270.30 | 272.25 | 269.00 |
| Bank Al-Falah | 24.79 | 43.36 | 24.60 | 24.40 | 24.95 | 25.05 | 24.75 |
| BankIslami Pak | 11.05 | 41.30 | 11.00 | 10.95 | 11.10 | 11.15 | 11.05 |
| Bank.Of.Punjab | 8.32 | 35.41 | 8.25 | 8.20 | 8.40 | 8.45 | 8.35 |
| Fauji Cement | 42.43 | 42.05 | 42.25 | 42.10 | 42.65 | 42.90 | 42.50 |
| Fauji Fert Bin | 55.93 | 57.36 | 55.50 | 55.10 | 56.65 | 57.40 | 56.25 |
| Fauji Fertilizer | 117.47 | 68.57 | 117.00 | 116.55 | 117.90 | 118.35 | 117.45 |
| Habib Bank Ltd | 180.06 | 41.52 | 178.15 | 176.25 | 181.95 | 183.90 | 180.10 |
| Hub Power | 116.44 | 62.98 | 115.95 | 115.50 | 116.95 | 117.45 | 116.50 |
| ICI Pakistan | 455.50 | 58.96 | 453.65 | 451.85 | 458.65 | 461.85 | 456.85 |
| Jah Siddiq Co | 21.75 | 44.21 | 21.55 | 21.30 | 22.10 | 22.40 | 21.85 |
| Lucky Cement | 598.87 | 57.88 | 594.25 | 589.60 | 604.25 | 609.60 | 599.60 |
| MCB Bank Ltd | 219.79 | 48.75 | 218.85 | 217.95 | 220.80 | 221.85 | 219.90 |
| Maple Leaf Cement | 94.06 | 42.22 | 93.35 | 92.65 | 95.10 | 96.20 | 94.40 |
| National Bank | 54.15 | 46.44 | 53.85 | 53.60 | 54.45 | 54.75 | 54.20 |
| Pioneer Cement | 98.06 | 46.07 | 97.45 | 96.85 | 98.70 | 99.35 | 98.10 |
| P.S.O. XD | 381.68 | 64.65 | 379.00 | 376.30 | 384.20 | 386.70 | 381.50 |
| P.T.C.L.A | 15.76 | 56.07 | 15.65 | 15.60 | 15.85 | 15.95 | 15.80 |
| Sui North Gas | 37.48 | 68.93 | 36.85 | 36.25 | 37.95 | 38.45 | 37.35 |

CR = Yesterday's Closing Rate; RSI = 14 day RSI.

RSI Indication: Less than 30 Indicate oversold position & Greater than 70 Indicate overbought position.

Book Closure

| Company | From | To | D/B/R | Spot Date | AGM-EOGM |
|----------------------|------------|------------|-----------|------------|------------|
| Gandhara Nissan | 02-06-2016 | 08-06-2016 | - | - | 08-06-2016 |
| Fauji Fertilizer | 06-06-2016 | 12-06-2016 | - | - | - |
| Hub Power | 06-06-2016 | 13-06-2016 | 35(II) | 27-05-2016 | - |
| JDW Sugar Mills | 08-06-2016 | 14-06-2016 | 20(I) | 31-05-2016 | - |
| Atlas Honda | 09-06-2016 | 23-06-2016 | 145(F) | 01-06-2016 | 23-06-2016 |
| Engro Corporation | 13-06-2016 | 20-06-2016 | 50(I) | 03-06-2016 | - |
| Dawood Hercules | 14-06-2016 | 21-06-2016 | 25(I) | 06-06-2016 | - |
| O.G.D.C | 16-06-2016 | 23-06-2016 | 5(III) | 08-06-2016 | - |
| Crescent Steel | 21-06-2016 | 27-06-2016 | 15(II) | 13-06-2016 | - |
| Honda Atlas Cars | 09-07-2016 | 19-07-2016 | 70(F) | - | 19-07-2016 |
| Nishat Chunian Power | 13-07-2016 | 20-07-2016 | 17.5(III) | - | - |

Indications

Extraordinary General Meeting

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