



Market Review	Last	Change
KSE 100 Index	37,352.27	129.27
KSE 30 Index	21,429.24	61.26
KMI 30 Index	66,047.71	563.91
All Share Index	25,108.05	-7.46
Market Cap. (Rs bn)	7,531.74	-2.24

Volume Leaders	Close	Volume
KEL	8.17	55,782,000
LOTCEM	6.91	18,659,000
FCCL	32.85	12,401,500
FATIMA	32.96	6,648,000
SNPG	37.66	6,310,500

### KSE Statistics June 6, 2016

Indices	
All Share Index	25,108.05
KSE-30TM Index	21,429.24
KSE-100TM Index	37,352.27

Turnover	
All Share Index	227,515,930
KSE-30TM Index	121,055,800
KSE-100TM Index	161,127,260

### Board Meetings

Company	Date	Time
N.P. Spinning Mills	07-06-2016	3:00
Atlas Battery Ltd	09-06-2016	10:00

## Budget FY17: A mix bag for Cements

The Federal Budget FY17 had both positive and negative measures for the cement sector where higher allocation for Public Sector Development Programme (PSDP), allocation of Rs115 billion for China Pakistan Economic Corridor (CPEC), reduction in Export Refinance Scheme rate to 3%, and reduction in corporate tax rate by 100bps to 31% would have a positive impact on the performance of the sector. On the other side, the increase in Federal Excise Duty (FED) by Rs1/kg and extension of 3% super tax would hurt the profitability of the sector. Therefore we can say it is a 'neutral to negative' budget for the sector.

Below, we would discuss in detail the impact of each of the above mentioned measures on the sector performance.

### Huge PSDP allocation

The government has announced a total allocation of Rs1,675 billion for Public Sector Development Programme (PSDP) out of which provinces have been allocated Rs875 billion while federal allocation is Rs800 billion. This would have a positive impact on the sector as these funds would be utilized for different development projects which would increase local cement demand.

### Corporate tax rate brought down to 31%

As per the plan of the government to bring down the corporate tax rate to 30% by FY18, the corporate tax rate has been slashed by 100bps bringing it down to 31% in FY17 from 32% in FY16. This would have a positive impact on the profitability of the companies.

### Export Refinance Scheme reduced

The export refinance scheme has been reduced by 50bps from 3.5% to 3% which would benefit the sector through reduced finance cost providing some relief to the export segment which is struggling owing to availability of cheaper Iranian cement.

### Import duty for cement plant and machinery slashed

The government has reduced the import duty for cement plant and machinery from 5% to 3% which would benefit ACPL, DGKC, and LUCK.

### Super tax extended

The 3% super tax to support internally displaced persons (IDPs) has been extended for another year which we believe would be negative for the bottom-line of the sector by 4-5%.

### Change in FED mechanism would also hurt

The government has changed the mechanism of FED on cement from 5% of retail prices to Rs1/kg which means Rs50/bag from Rs23/bag. Though we believe that this change would be passed on to the consumers however if the cement manufacturers are unable to pass the impact fully or partially than this would dent the earning of the sector by 10-14%.

### Recommendation

We recommend a 'Buy on Dips' stance on the sector as our DGKC, LUCK, and MLCF are trading near to our December'16 target price of Rs 182/share, Rs644/share, and 89/share respectively.

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# Morning Briefing

Tuesday, June 7, 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)	06-Jun-2016	6.25%
Kibor (3 Mths)	06-Jun-2016	6.10%
Kibor (6 Mths)	06-Jun-2016	6.14%
Kibor (9 Mths)	06-Jun-2016	6.41%
Kibor (1 Yr)	06-Jun-2016	6.45%
P.I.B (3 Yrs)	06-Jun-2016	6.41%
P.I.B (5 Yrs)	06-Jun-2016	6.91%
P.I.B (10 Yrs)	06-Jun-2016	8.16%
P.I.B (15 Yrs)	06-Jun-2016	10.30%
P.I.B (20 Yrs)	06-Jun-2016	10.65%
P.I.B (30 Yrs)	06-Jun-2016	11.15%

### Commodities

Crude Oil (brent)\$/bbl	50.71
Crude Oil (WTI)\$/bbl	49.76
Cotton \$/lb	64.88
Gold \$/ozs	1,243.45
Silver \$/ozs	16.44
Malaysian Palm \$	627
GOLD (PMEX) PKR	41,314
KHI Cotton 40Kg PKR	6,002

### Portfolio Investment (U.S \$ in million)

Yearly(Jul, 2016 up to 01-Jun-2016)	-588.53
Monthly(Jun, 2016 up to 01-Jun-2016)	6.46
Daily (01-Jun-2016)	6.46
Total Portfolio Investment (27-May-2016)	6263

### NCCPL (U.S \$ in million)

FIPI (06-Jun-2016)	-0.30
Local Companies (06-Jun-2016)	0.15
Banks / DFI (06-Jun-2016)	-4.17
Mutual Funds (06-Jun-2016)	-6.86
NBFC (06-Jun-2016)	2.81
Local Investors (06-Jun-2016)	9.04
Other Organization (06-Jun-2016)	-0.20

### GDR Update

Symbol	\$.Price	PKR/\$
MCB (1 GDR= 2 Shares)	3.50	183.05
OGDC (1 GDR= 10 Shares)	16.15	168.93
UBL (1 GDR= 4 Shares)	5.60	146.44
LUCK (1 GDR= 4 Shares)	18.50	483.77
HUBC (1 GDR= 25 Shares)	28.09	117.53

### WE Financial Services

#### Corporate Office

506, Fifth Floor,  
Karachi Stock Exchange Building,  
Stock Exchange Road,  
Karachi - 74000,  
Pakistan  
URL: [www.we.com.pk](http://www.we.com.pk)

## Pivot Analysis

Company	CR	RSI	Buy 1	Buy 2	Sell 1	Sell 2	Pivot
KSE 100 INDEX	37352.27	81.08	37,210	37,068	37,488	37,623	37,346
Attock Cement	223.98	45.84	222.50	221.00	226.50	229.00	225.00
Adamjee Insurance	51.60	29.68	50.90	50.25	52.40	53.15	51.70
Askari Bank	17.78	36.60	17.60	17.45	17.95	18.15	17.80
Azgard Nine	4.58	50.31	4.50	4.40	4.75	4.90	4.65
Attock Petroleum	430.31	47.61	426.95	423.60	436.70	443.10	433.35
Attock Refinery	270.76	63.59	262.55	254.35	276.35	281.90	268.10
Bank Al-Falah	24.55	43.29	24.25	24.00	24.75	25.00	24.50
BankIslami Pak	11.40	48.89	11.00	10.65	11.60	11.80	11.20
Bank.Of.Punjab	8.50	45.95	8.45	8.35	8.60	8.65	8.50
Faysal Bank	13.72	46.17	13.60	13.50	13.90	14.10	13.80
Fauji Cement	32.85	10.03	32.45	32.00	33.55	34.25	33.15
Fauji Fert Bin	56.50	59.65	55.65	54.85	57.15	57.80	56.30
Fauji Fertilizer	121.45	70.07	119.05	116.65	123.30	125.15	120.90
Habib Bank Ltd	178.44	42.72	177.45	176.50	179.70	181.00	178.75
Hub Power	117.75	63.13	117.00	116.30	118.50	119.25	117.75
ICI Pakistan	449.94	54.31	447.30	444.65	454.30	458.65	451.65
Lucky Cement	613.35	61.16	608.20	603.05	619.25	625.15	614.10
MCB Bank Ltd	218.56	50.02	214.70	210.85	220.70	222.85	216.85
Maple Leaf Cement	97.15	54.28	96.70	96.25	97.80	98.45	97.35
National Bank	53.56	41.47	53.35	53.10	53.95	54.30	53.70
Nishat Mills	121.53	78.03	119.75	117.95	124.00	126.45	122.20
Pak Petroleum	158.03	68.02	156.20	154.35	159.20	160.30	157.35
P.T.C.L.A	15.70	52.75	15.55	15.35	16.00	16.25	15.80

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
ZIL Limited	08-06-2016	14-06-2016	-	-	14-06-2016
Hi-Tech Lubricants #	09-06-2016	16-06-2016	-	-	16-06-2016
Trust Invnt. Bank #	10-06-2016	17-06-2016	-	-	17-06-2016
Atlas Honda	10-06-2016	23-06-2016	(145F)	02-06-2016	23-06-2016
Ghani Gases #	11-06-2016	17-06-2016	-	-	18-06-2016
Engro Corporation	13-06-2016	20-06-2016	50(I)	03-06-2016	-
Moonlite Pak	13-06-2016	18-06-2016	-	-	18-06-2016
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	-
Mari Petroleum #	16-06-2016	22-06-2016	-	-	23-06-2016
Crescent Steel	21-06-2016	27-06-2016	15(II)	13-06-2016	-
Hino Motors	22-06-2016	28-06-2016	897.8(F)	14-06-2016	28-06-2016
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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