



Market Review	Last	Change
KSE 100 Index	37,392.29	40.02
KSE 30 Index	21,420.23	-9.01
KMI 30 Index	66,006.21	-41.50
All Share Index	25,116.26	8.21
Market Cap. (Rs bn)	7,534.20	2.46

Volume Leaders	Close	Volume
KEL	8.20	44,126,000
FCCL	33.56	15,028,500
DFML	17.63	10,250,500
LOTCEM	6.70	4,184,000
EFERT	68.35	3,463,000

KSE Statistics June 7, 2016

Indices	
All Share Index	25,116.26
KSE-30TM Index	21,420.23
KSE-100TM Index	37,392.29

Turnover	
All Share Index	140,305,900
KSE-30TM Index	86,326,000
KSE-100TM Index	102,831,010

Board Meetings

Company	Date	Time
Atlas Battery Ltd	09-06-2016	10:00
Baluchistan Wheels Ltd	13-06-2016	10:00

Budget FY17: Good for Fertilizer sector

The Federal Budget FY17 stood largely in the favor of fertilizer sector as; massive subsidy for the farmers, reduction in corporate tax rate, decline in General sales tax, and hike in minimum wage would have a positive impact on the profitability of the sector. On the other side, the extension of super tax would impact the bottom-line of the sector negatively.

Below, we would discuss the impact of measures related to fertilizer sector taken in budget and its impact.

Heavy subsidy on fertilizers

Subsidy of Rs36 billion has been announced on urea for FY17 which would be shared equally by provincial and federal governments. Further, subsidy of Rs10 billion on Di-Ammonium Phosphate (DAP) was extended. This along with other measures will help reducing the urea prices by Rs400/bag to Rs1,400/bag while DAP prices are expected to come down by Rs300/bag to Rs2,500/bag. This will increase the fertilizer off-take in the country.

GST dropped to 5%

We have witnessed heavy drop in fertilizer sales during the first four months of the ongoing calendar year owing to reduced demand and ambiguity over urea pricing. This decline in GST is expected to increase the fertilizer demand. It should be noted that the overall fertilizer off-take totaled 1,685k tons in 4MCY16 which is 46% YoY less when compared to 3,116k tons of fertilizer sales in 4MCY15. The urea sales witnessed a significant decline of 57% YoY while DAP sales fell 6% YoY in 4MCY16.

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 where on annualize basis we expect the profitability of the sector to improve by 1.5%.

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. As per our estimates, this step would have a negative impact of about 3% on the profitability of the sector.

Hike in minimum wage

The minimum wage has been raised by Rs1,000 taking it to Rs14,000. This would have minor negative impact on the profitability of the sector.

Recommendation

We are positive on the sector where EFERT and FATIMA are offering handsome upside potential from their current prices to our December'16 target price of Rs103/share and Rs45/share respectively.

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Morning Briefing

Wednesday, June 8, 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	6.40%
P.I.B (5 Yrs)	06-Jun-2016	6.90%
P.I.B (10 Yrs)	06-Jun-2016	7.99%
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	51.16
Crude Oil (WTI)/\$bbl	50.26
Cotton \$/lb	65.61
Gold \$/ozs	1,238.91
Silver \$/ozs	16.31
Malaysian Palm \$	627
GOLD (PMEX) PKR	41,057
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)

FIFI (07-Jun-2016)	2.01
Local Companies (07-Jun-2016)	-1.00
Banks / DFI (07-Jun-2016)	-2.93
Mutual Funds (07-Jun-2016)	-2.05
NBFC (07-Jun-2016)	1.12
Local Investors (07-Jun-2016)	2.95
Other Organization (07-Jun-2016)	0.19

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)	28.05	117.36

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Pivot Analysis

Company	CR	RSI	Buy 1	Buy 2	Sell 1	Sell 2	Pivot
KSE 100 INDEX	37392.29	81.19	37,303	37,213	37,511	37,629	37,421
Attock Cement	227.97	50.50	222.95	217.90	234.10	240.20	229.05
Adamjee Insurance	50.87	27.07	50.45	50.05	51.55	52.25	51.15
Askari Bank	17.80	37.40	17.70	17.60	17.90	18.00	17.80
Azgard Nine	4.46	46.44	4.40	4.35	4.55	4.65	4.50
Attock Petroleum	428.41	45.78	425.60	422.80	433.10	437.80	430.30
Attock Refinery	265.65	57.61	263.25	260.80	269.95	274.20	267.50
Bank Al-Falah	24.36	40.13	24.15	23.95	24.70	25.05	24.50
BankIslami Pak	11.15	44.10	10.75	10.40	11.35	11.50	10.95
Bank.Of.Punjab	8.47	44.86	8.40	8.35	8.55	8.65	8.50
Fauji Cement	33.56	16.31	32.50	31.45	34.35	35.15	33.30
Fauji Fert Bin	55.67	54.75	55.30	54.90	56.30	56.90	55.90
Fauji Fertilizer	119.26	62.23	118.30	117.30	121.00	122.70	120.00
Habib Bank Ltd	177.94	41.79	177.40	176.90	178.70	179.50	178.20
Hub Power	117.15	60.77	116.60	116.05	118.00	118.85	117.45
ICI Pakistan	445.07	49.84	443.40	441.70	448.40	451.70	446.70
Kot Addu Power	85.00	59.01	84.50	84.00	85.75	86.50	85.25
Lucky Cement	625.08	65.70	615.70	606.35	630.70	636.35	621.35
MCB Bank Ltd	218.80	50.26	217.20	215.60	220.20	221.60	218.60
Maple Leaf Cement	96.81	52.78	96.50	96.15	97.25	97.65	96.90
National Bank	53.36	39.53	53.10	52.85	53.80	54.25	53.55
NIB Bank	1.86	51.41	1.80	1.75	1.90	1.95	1.85
Nishat Mills	119.33	69.12	118.45	117.50	120.50	121.70	119.60
Pioneer Cement	104.57	59.26	103.85	103.15	105.65	106.70	104.95
Pak Oilfields	350.01	61.78	346.35	342.70	356.10	362.15	352.40
P.T.C.L.A	15.47	48.98	15.35	15.25	15.65	15.85	15.55
TRG Pakistan	36.48	51.57	36.30	36.10	36.80	37.05	36.60

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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