



Market Review	Last	Change
KSE 100 Index	37,426.40	34.11
KSE 30 Index	21,371.28	-48.95
KMI 30 Index	65,915.32	-90.89
All Share Index	25,093.72	-22.54
Market Cap. (Rs bn)	7,527.43	-6.77

Volume Leaders	Close	Volume
KEL	8.06	22,283,500
FCCL	34.89	15,719,500
PIBTL	32.72	13,452,000
DFML	17.54	10,489,000
EFERT	67.61	10,177,500

KSE Statistics June 8, 2016

Indices	
All Share Index	25,093.72
KSE-30TM Index	21,371.28
KSE-100TM Index	37,426.40

Turnover	
All Share Index	143,021,330
KSE-30TM Index	79,292,450
KSE-100TM Index	104,682,670

Board Meetings

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

Budget FY17: Beneficial for Textiles

Federal Budget FY17 was largely positive for the textile sector where; tax credit for establishing new & expansion of existing plant, reduction in export refinance scheme, continuation of duty free machinery imports, zero-rating of export oriented sectors, settlement of sales tax refunds, and decline in corporate tax rate would have a positive impact on the profitability of the sector. On the other side, the extension in super tax, surge in minimum wage, and imposition of custom duty on synthetic fibers, synthetic staple fiber, and artificial fiber would hamper the profitability of the sector.

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

Tax credit to provide boost

The government has extended the period of tax credit till June'2019. The government has proposed to reduce the condition of 100% fresh equity to 70% equity and the tax credit would be allowed as per the proportion on owned new equity but not on borrowed amount.

Cut in Export Refinance Scheme

The export refinance scheme has been slashed by 50 bps to 3% from 3.5% which seems to be good for the textile sector which relies heavily on leverage as it would reduce their finance cost as a result of which profitability would improve.

Zero-rating status for the sector propose

Government has proposed in the budget to grant zero-rating status for the textile sector exports which would reduce tax load on the sector and would enhance exports.

Settlement of Sales Tax Refunds

The government has also announced to settle all the pending sales tax refunds by August 31, 2016. This step will improve the liquidity of the sector and would reduce their finance cost as the companies wouldn't have to acquire further loan due to shortage of liquidity owing to pending sales tax refunds.

Extension in duty free machinery imports

The textile sector had been enjoying duty free imports of machinery and would continue to do so as government has announced extend this benefit. This would help companies to import latest machinery at low cost helping them to compete better globally.

Corporate tax rate reduce 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. However as exports are exempted from corporate tax therefore this wouldn't have much positive impact on textile sector profitability.

Hike in minimum wage to increase expenses

The minimum wage has been raised by Rs1,000 taking it to Rs14,000. Due to nature of its business, textile sector has large number of employees therefore this measure would result in higher salaries expenses ultimately putting a negative impact on sector profitability.

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.

Recommendation

We are positive on the sector and believe that the main beneficiaries of these steps would be NML and NCL which are offering upside potential of 14% and 9% respectively to our December'16 target price of Rs134/share and Rs41/share respectively.

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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)	08-Jun-2016	6.26%
Kibor (3 Mths)	08-Jun-2016	6.10%
Kibor (6 Mths)	08-Jun-2016	6.13%
Kibor (9 Mths)	08-Jun-2016	6.41%
Kibor (1 Yr)	08-Jun-2016	6.44%
P.I.B (3 Yrs)	08-Jun-2016	6.40%
P.I.B (5 Yrs)	08-Jun-2016	6.90%
P.I.B (10 Yrs)	08-Jun-2016	7.99%
P.I.B (15 Yrs)	08-Jun-2016	10.30%
P.I.B (20 Yrs)	08-Jun-2016	10.65%
P.I.B (30 Yrs)	08-Jun-2016	11.15%

Commodities

Crude Oil (brent)\$/bbl	52.23
Crude Oil (WTI)\$/bbl	51.06
Cotton \$/lb	65.52
Gold \$/ozs	1,255.73
Silver \$/ozs	16.85
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 06-Jun-2016)	-581.11
Monthly(Jun, 2016 up to 06-Jun-2016)	13.88
Daily (06-Jun-2016)	6.36
Total Portfolio Investment (27-May-2016)	6263

NCCPL (U.S \$ in million)

FIPI (08-Jun-2016)	76.15
Local Companies (08-Jun-2016)	-166.45
Banks / DFI (08-Jun-2016)	7.55
Mutual Funds (08-Jun-2016)	37.23
NBFC (08-Jun-2016)	3.38
Local Investors (08-Jun-2016)	31.04
Other Organization (08-Jun-2016)	3.96

GDR Update

Symbol	\$.Price	PKR/\$
MCB (1 GDR= 2 Shares)	3.50	182.95
OGDC (1 GDR= 10 Shares)	16.15	168.84
UBL (1 GDR= 4 Shares)	5.60	146.36
LUCK (1 GDR= 4 Shares)	18.50	483.52
HUBC (1 GDR= 25 Shares)	28.05	117.30

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Pivot Analysis

Company	CR	RSI	Buy 1	Buy 2	Sell 1	Sell 2	Pivot
KSE 100 INDEX	37426.40	81.28	37,341	37,256	37,563	37,700	37,478
Attock Cement	230.00	52.73	227.85	225.65	231.85	233.65	229.65
Adamjee Insurance	50.63	26.25	50.35	50.05	51.00	51.35	50.70
Askari Bank	17.79	37.15	17.70	17.65	17.90	18.05	17.85
Azgard Nine	4.43	45.50	4.35	4.30	4.55	4.65	4.45
Attock Petroleum	433.52	51.23	430.85	428.20	436.55	439.60	433.90
Attock Refinery	263.55	55.30	261.80	260.00	266.55	269.50	264.75
Bank Al-Falah	24.50	43.41	24.35	24.25	24.55	24.65	24.45
BankIslami Pak	11.17	44.57	11.00	10.80	11.35	11.50	11.15
Bank.Of.Punjab	8.44	43.74	8.40	8.35	8.50	8.55	8.45
Faysal Bank	13.56	42.83	13.50	13.45	13.70	13.80	13.60
Fauji Cement	34.89	26.63	34.00	33.15	35.45	36.05	34.60
Fauji Fert Bin	55.46	53.55	55.10	54.70	55.95	56.40	55.55
Fauji Fertilizer	117.99	58.17	117.00	116.05	119.45	120.90	118.50
Habib Bank Ltd	176.70	39.51	175.35	174.05	178.75	180.85	177.45
Hub Power	116.86	59.61	116.65	116.40	117.05	117.25	116.85
ICI Pakistan	451.59	55.16	447.70	443.85	453.70	455.85	449.85
Lucky Cement	621.96	63.57	618.90	615.85	626.00	630.05	622.95
MCB Bank Ltd	215.56	46.96	214.40	213.20	217.40	219.20	216.20
Maple Leaf Cement	96.92	53.23	96.45	96.00	97.55	98.15	97.05
National Bank	53.28	38.75	53.00	52.75	53.65	54.00	53.35
Nishat Mills	117.37	62.30	116.60	115.80	118.55	119.80	117.80
Pak Petroleum	163.14	71.93	161.75	160.35	165.50	167.90	164.10
P.T.C.L.A	15.51	49.65	15.40	15.25	15.65	15.75	15.50

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
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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