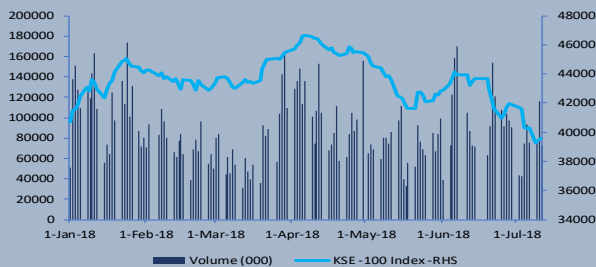


October 10, 2018

### KSE -100 Index



Source: PSX & WE Research

### KSE -100 Index- Key Statistics

Open	37,898.29
High	39,029.33
Low	37,965.23
Closing	38,504.84
Change	+606.55
Volume	125,037,290

Source: PSX

### Key Economic Data

Reserves (19-Sept-2018)	\$15.52bn
Inflation CPI (Jul-18-Sep-18)	5.60%
Exports - (Aug-2018)	\$2.54bn
Imports - (Aug-2018)	\$5.18bn
Trade Balance- (Aug-2018)	\$(2.64bn)
Current A/C- (Aug-2018)	\$(600 mln)
Remittance - (Aug-2018)	\$2.04bn
Target GDP FY19	6.2%

Source: SBP

### FIPI/LIPI (USD Million)

FIPI (9-Oct-2018)	(15.72)
Individuals (9-Oct-2018)	(0.11)
Companies (9-Oct-2018)	8.38
Banks/DFI (9-Oct-2018)	(0.81)
NBFC (9-Oct-2018)	0.01
Mutual Funds (9-Oct-2018)	2.52
Other Organization (9-Oct-2018)	1.28
Brokers (9-Oct-2018)	1.46
Insurance Comp: (9-Oct-2018)	2.99

Source: NCCPL

### WE Financial Services Ltd.

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### Pakistan's debt sustainability indicators in disarray

Source: Tribune Express

**NEGATIVE**

Pakistan's all debt sustainability indicators have turned topsy-turvy in the last fiscal year, suggesting that the country faces serious challenges to foreign debt repayment and is also exposed to high refinancing risks due to a short debt maturity period. The Public Debt Management Risk Report of June 2018, released by the Ministry of Finance, showed that most of the indicators moved further towards dangerous levels while three breached the red line, set in the medium-term debt strategy. The report covers public debt up to June 2018 when the federal government's gross public debt stood at Rs24.95 trillion, accounting for 72.5% of the total national output.

### Cement sales grow 18.9% after staying dull for two months

Source: Tribune Express

**POSITIVE**

Domestic cement consumption bounced back in September 2018 after two months of lacklustre growth, showing a double-digit increase compared with the same month last year. A continued buoyancy in exports helped the cement sector post 18.9% growth in the month. According to a spokesperson for the All Pakistan Cement Manufacturers Association, the cement industry sold 3.806 million tons in September 2018 as opposed to dispatches of 3.201 million tons in September 2017, up 18.9%.

### Devaluation pushes up total debt by Rs900bn

Source: Dawn News

**NEGATIVE**

Pakistan's total debt and liabilities have increased by almost Rs900 billion in a single day and Rs1.4 trillion since Aug 18 because of steep currency devaluation. Informed sources said the erosion in exchange rate by about Rs9.50 against dollar on Tuesday was a signal that the government was completing prior actions to secure another programme from the International Monetary Fund that required Pakistan to allow a full free float exchange rate and increase policy rate and utility tariffs.

### IMF sees growth falling at 4pc in FY2019

Source: The News

**NEGATIVE**

The International Monetary Fund (IMF) sees growth to fall at four percent during the current fiscal year of 2018/19 as it says the economy is losing grip on the gains made during the previous years. "However, macroeconomic stability gains have been eroding, putting the outlook at risk. Growth is expected to moderate to 4.0 percent in 2019, and slow to about 3.0 percent in the medium term - till 2023."

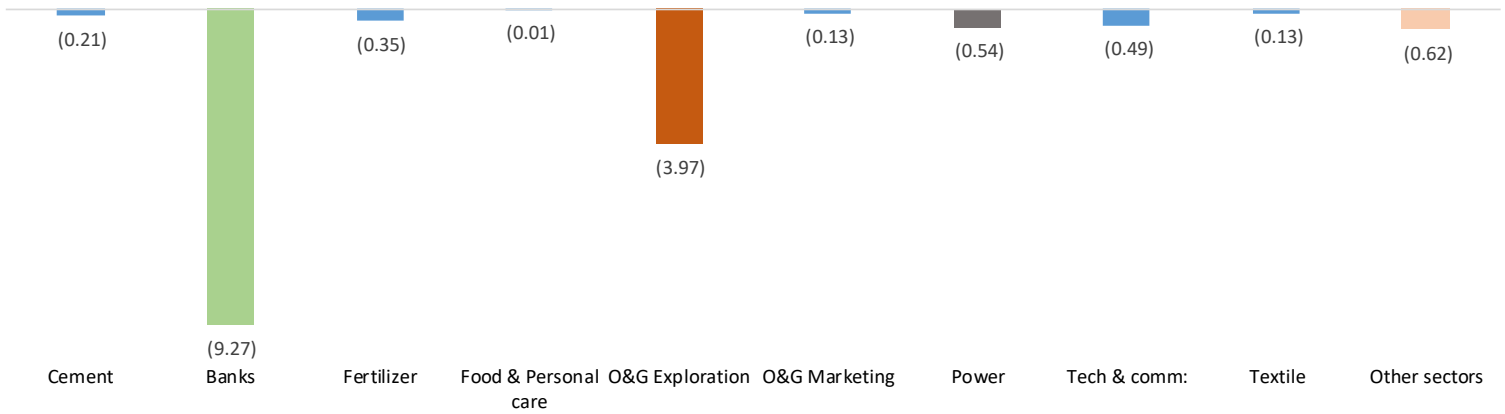
### In historic drop, rupee weakens 7.54% against US dollar

Source: Tribune Express

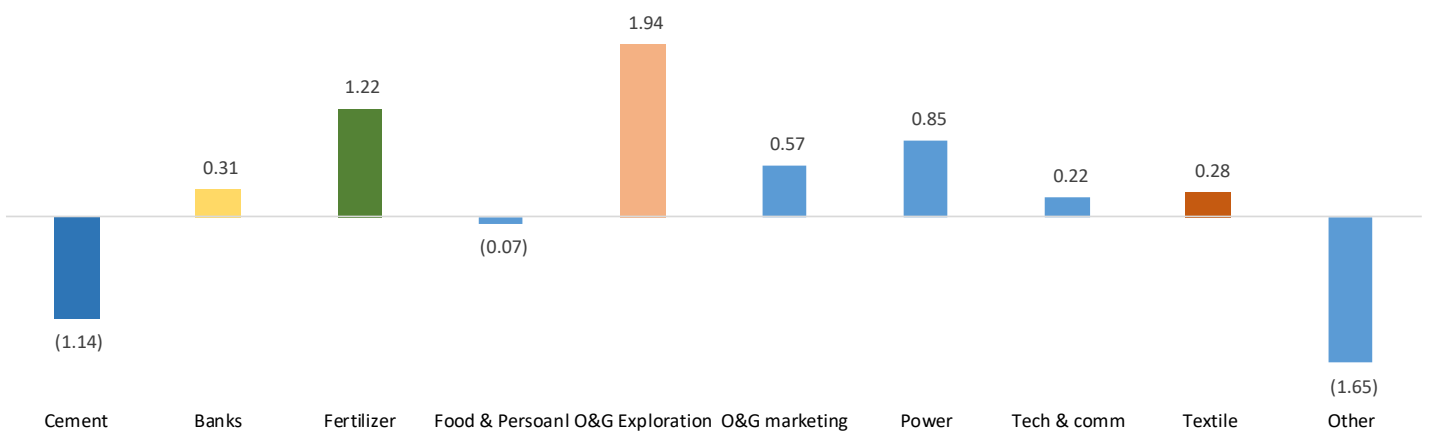
**NEGATIVE**

Just a day after the government said it is seeking a bailout from the International Monetary Fund, the rupee on Tuesday tumbled as much as 7.54% to Rs133.64 to the US dollar in the inter-bank market. This was the fifth round of massive depreciation of the currency since December 2017 to tame aggressive demand for dollars in a faltering economy. Cumulatively, the rupee has dropped by 26.67% in the last 10 months. The State Bank of Pakistan (SBP) reported that the rupee closed at Rs133.6431 to the dollar, showing a drop of 7.54%, or Rs9.37, compared to Rs124.2699 on Monday.

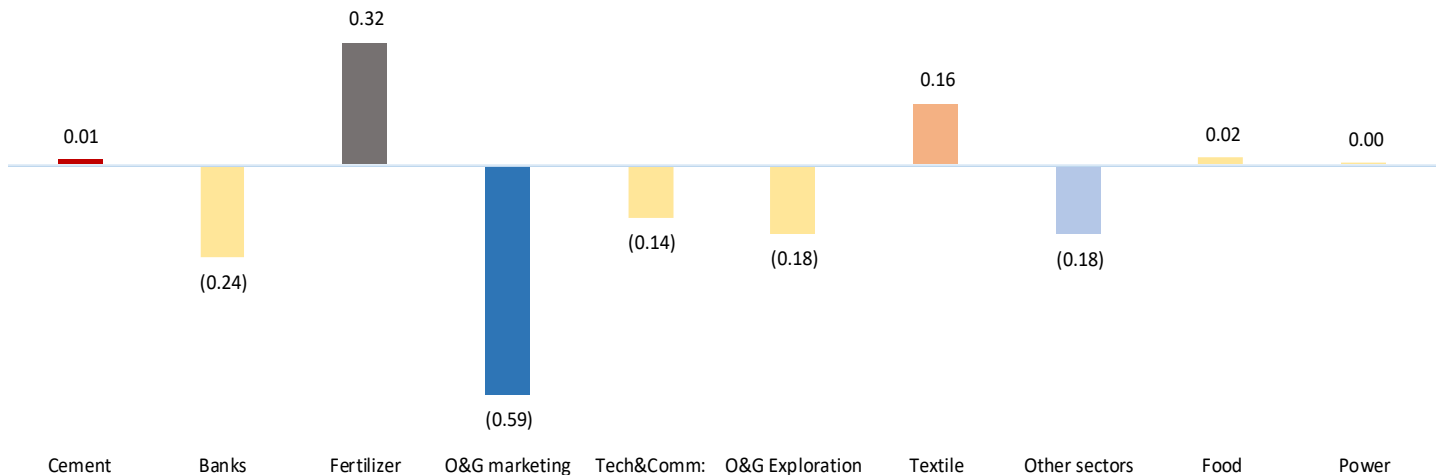
### FIPI Sector Wise USD (Mil)



### Mutual Funds Sector Wise USD (Mil)



### Banks/DFIs Sector Wise USD (Mil)



Source: NCCPL

### Analyst Certificate:

The Research Report is prepared by the research analyst at WE Financial Services Ltd. It includes analysis and views of our research team that precisely reflects the personal views and opinions of the analysts about the subject security(ies) or sector (or economy), and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. In addition, we currently do not have any interest (financial or otherwise) in the subject security(ies). The views expressed in this report are unbiased and independent opinions of the Research Analyst which accurately reflect his/her personal views about all of the subject companies/securities and no part of his/her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

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### Stock Ratings

WE Financial Services Ltd. uses three rating categories, depending upon return from current market price, with Target period as December 2018 for Target Price. In addition, return excludes all type of taxes. For more details kindly refer the following table;

Potential to target price	
Buy Upside	More than +10% from last closing price
HOLD	In between -10% and +10% from last closing price
SELL	Less than -10% from last closing price

### Equity Valuation Methodology

WE Research uses the following valuation technique(s) to arrive at the period end target prices;

- Discounted Cash Flow (DCF)
- Dividend Discount Model (DDM)
- Relative valuation (P/E, P/B, P/S)
- Equity & Asset return based (EVA, Residual income)

### Risks

The following risks may potentially impact our valuations of subject security(ies);

- Market Risk
- Interest Rate Risk
- Exchange rate risk

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