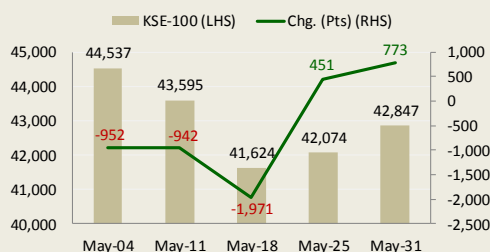
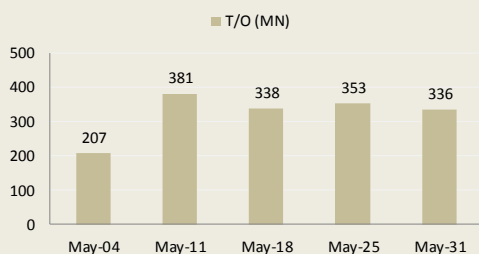


MARKET STATUS

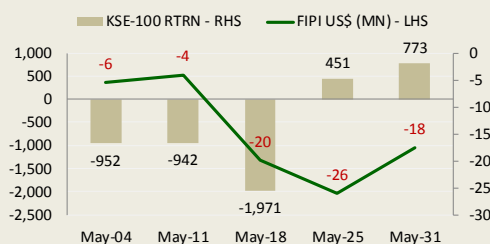
KSE-100 INDEX PERFORMANCE



KSE-100 INDEX VOLUME



FIPI / KSE-100 RETURN



SUMMARY

Bears remained in control at local exchange with equities traded in downbeat territory throughout the month of May'18. The benchmark KSE-100 Index plunged 2,642.22 points (5.8%) to close the month at 42,846.64 levels. This captured FY18TD return to -7.08%. Political uncertainty fueled by major factors played an important role as a catalyst which include former Prime Minister Nawaz Sharif's controversial statement & fast approaching deadlines for accountability court verdict, distressing macroeconomic indicators i.e. twin deficit (Trade Deficit widening to USD 30.24bn in 10MFY18 & CAD widening 50% to USD 14.035bn in 10MFY18), foreign exchange reserves reaching at USD 16.4bn mark, Moody's (rating) Investor Service, which has characterized the continuation of super tax on bank credit negative event & weakening Pakistan's growth outlook (revised down to 4.7% for FY19 which also dampened investors' sentiments and overlooked populist budgetary measures specially with regards to taxation. Trading activities was worsening as compared to the previous month's average volume as the Ready market volume stands at 135mn down by 36% as compared to last month's average volumes.

Foreigners prolonged to divest their portfolio during the month with USD 73.24mn outflow compared to USD 21.16mn last month owing to political uncertainty, further expectation of PKR depreciation against USD & deteriorating foreign exchange reserves. Other side domestic investors poured USD 73.24mn in local bourse especially in Insurance companies, Banks & other category investors' remained top buyers of the month & absorbed most of foreign selling in banking and oil sector scrips. The incredible domestic funds interest due to attracted valuation coupled with National assembly passed populist budget 2018-19 and Tax amnesty scheme for offshore & local assets that may augment USD 3-5bn in foreign exchange reserve.

MARKET STATUS

KEY NUMBERS	KSE-100	KSE-30	KMI-30	ALL-SHR	KMI-ALLSHR
Index Level	42,846.64	21,021.08	72,982.08	31,362.28	21,382.03
Change (Points)	-2,642.22	-1,373.76	-4,045.80	-1,618.49	-1,099.07
Change (%)	-5.81%	-6.13%	-5.25%	-4.91%	-4.89%
Total Volume (sh mn)	1,615.15	974.17	817.35	2,960.37	1,328.48
Change Volume (mn)	-575.91	-327.67	-398.67	-1,440.72	-646.06
%Change Volume	-26.28%	-25.17%	-32.78%	-32.74%	-32.72%
Total Value (Rs mn)	99,551.01	78,417.58	60,883.61	124,914.70	76,301.10
Total Value (US\$ mn)	865.66	681.89	529.42	1,086.21	663.49
Cr. Mkt Cap. (Pkr)	2.10	1.32	0.97	8.91	5.27

Data Source: PSX / Darson Research

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Source: PSX / NCCPL

TOP STORIES (ECONOMY-RELATED)

- ❖ It has been witnessed a radical drop in imports of dollar from Dubai of almost 50%.
- ❖ According to PBS, the inflation rate of Pakistan inched up to 3.68% in April from 3.25% in previous month.
- ❖ The unemployment of youth ascended to 9.1% from 6.5%.
- ❖ The IMF anticipated that Pakistan's growth will restrain to 4.7% in FY19 from 5.6% in FY18.
- ❖ The ADB lifted up apprehension about the debt burden of CPEC and said GDP growth target for FY19 is hard to achieve which is 6.2%.
- ❖ The World Bank clarified about USD 4.9bn remittances sent from Pakistan to India in 2016 was based on assumptions.
- ❖ After USA's contentious move to drag out from Iranian nuclear deal, Pakistan joined other countries to question US president.
- ❖ Trade deficit reached to USD 30.2bn after broadened 14%.
- ❖ After posting 14% growth the Pakistan's exports reached to USD 19.2bn.
- ❖ FX reserves decreased 3% on a weekly basis in the month of May'18.
- ❖ The National Assembly will give approval to borrow a record PKR 22tn in next year to overhaul its maturing public debt .
- ❖ In MSCI's semiannual review in May'18, Pakistan's weight in its emerging market index clocked in at 0.079%. Moreover the weight in the small cap index amended to 0.81%.
- ❖ FDI had inched up 2.4%YoY to USD 2.24bn in 10 months after an increase of 2.4% owed to energy and construction projects.
- ❖ The external debt and liabilities of Pakistan have ascended to a record USD 91.8bn.
- ❖ The country's CA deficit broadened to USD 14bn on the back of enormous goods import bill.
- ❖ Moody's reiterated Pakistan's credit profile at B3 stable in May'18.
- ❖ FBR amplified custom duty from 1% to 2% on import of goods (7200 custom tariff lines).
- ❖ To encourage climate resilient development in Pakistan the World Bank vowed USD 728mn in loans to Pakistan.
- ❖ Nasir ul Mulk, former Chief Justice of Pakistan named as a care taker PM for a period of two months.

MSCI - Emerging Markets

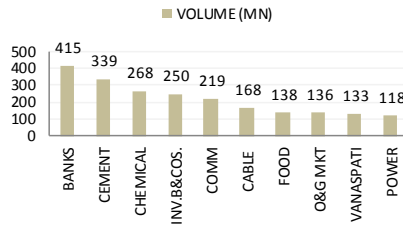
Symbol	Idx Family	2-May	31-May	Change
OGDC	Large Cap	166.73	159.58	-7.15
HBL	Mid Cap	194.7	169.46	-25.24
MCB	Mid Cap	208.85	200.14	-8.71
UBL	Mid Cap	201.1	168.84	-32.26
LUCK	Mid Cap	661.2	543.49	-117.71
ENGRO	Small Cap	312.5	305.8	-6.7
EFERT	Small Cap	72.17	74.48	2.31
BAFL	Small Cap	51.87	51.82	-0.05
FCCL	Small Cap	28.19	25.23	-2.96
FFBL	Small Cap	43.79	39.49	-4.3
FFC	Small Cap	99.76	98.3	-1.46
HCAR	Small Cap	481.5	403.21	-78.29
HUBC	Small Cap	103.06	98.99	-4.07
IGIHL	Small Cap	305	297.45	-7.55
INDU	Small Cap	1803.63	1580.16	-223.47
ISL	Small Cap	116.5	109.63	-6.87
DGKC	Small Cap	145.23	126.69	-18.54
KAPCO	Small Cap	59.95	58.09	-1.86
MLCF	Small Cap	69.16	65.82	-3.34
MTL	Small Cap	1312.67	1217.7	-94.97
NBP	Small Cap	50.71	48.76	-1.95
NRL	Small Cap	408.16	352.22	-55.94
NML	Small Cap	146.02	145.03	-0.99
PKGS	Small Cap	522.31	512.09	-10.22
PAEL	Small Cap	45.24	38.08	-7.16
POL	Small Cap	679.33	666.61	-12.72
PSO	Small Cap	339.34	315.83	-23.51
SEARL	Small Cap	355.88	309.36	-46.52
SNGP	Small Cap	113.74	98.37	-15.37
THALL	Small Cap	549.8	474.77	-75.03

Source: PSX

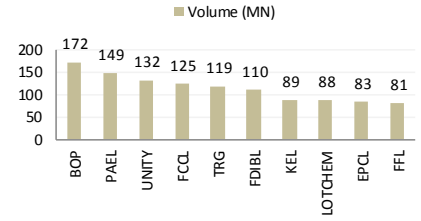


The Top-10's (Sector & Scrips)

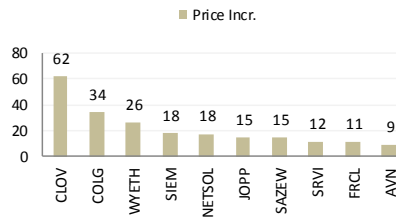
TOP-10 VOL. LEADERS BY SECTOR



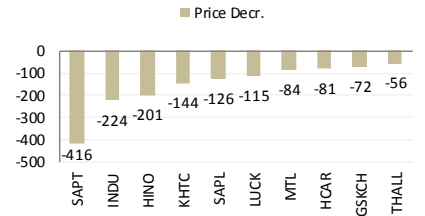
TOP-10 VOLUME LEADERS



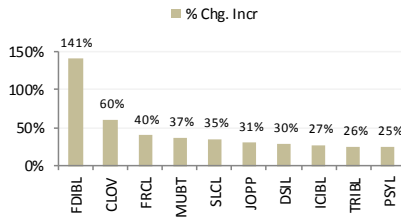
TOP-10 PRICE GAINERS



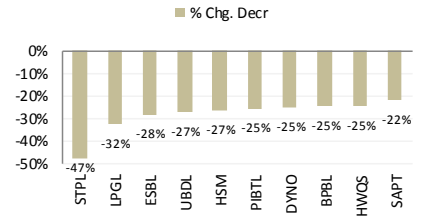
TOP-10 PRICE LOSERS



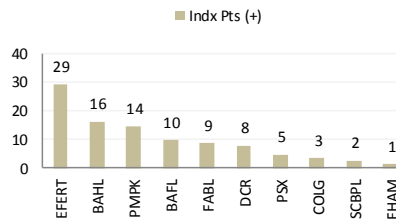
TOP-10 LEADERS BY %AGE CHANGE



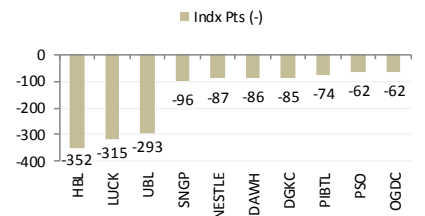
TOP-10 LOSERS BY %AGE CHANGE



Participants (+ive)



Participants (-ive)

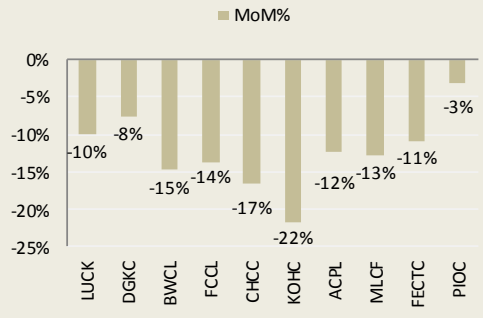




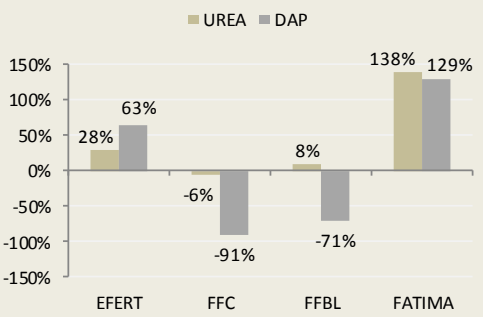
TOP STORIES (COMPANY-RELATED)

- ❖ Ogra granted 33 licenses to promote LPG sector for smooth supply.
- ❖ Steel products' demand showed 37%YoY production growth in 1HFY18.
- ❖ The profits for banking sector in 1QCY18 has reached to PKR 39bn after profits were down by 18% because of pension cost and lower capital gains.
- ❖ Moody's continued super tax on bank credit negative and stated that banks may see some improvement after it expires in 2021.
- ❖ Oil sales reached to 20.05mn tons in 10 months after decline of 4% and oil production reached to 90,337 barrels/day (bpd) after a slight increase of 1.9%YoY in 10 months.
- ❖ The profitability of cement sector down by 24%YoY in 9QFY18 against minor decline of 1%YoY in 3QFY17 owing to lower margins.
- ❖ The London Court of International Arbitration (LCIA) permanently restrained Pakistan from testing its decisions regarding payment of Rs14 billion + interest (KIBOR + 4.5%) to 9 IPPs.
- ❖ Miftah Ismail, in the month of May'18, directed to release most recent orders of 4.74 billion to fertilizer industry as subsidy of urea.
- ❖ Owing to outstanding tax dues, FBR froze all bank accounts of PIA.
- ❖ In May, new Dhabeji rolling mill had effectively commissioned by Amrel i Steel with annual capacity to 605,000 tonnes from existing 180,000 tonnes per annum.
- ❖ To swell the production capacity HCAR announced PKR 1.7bn investment to increase capacity.
- ❖ DGKC also announced to start the biggest cement plant with a capacity of 9,000 tons/day with an estimated cost of USD 300mn.
- ❖ By selling shariah compliant tier 1 sukuk to CAR meezan has intended to raise Rs 7 billion.
- ❖ Silk Bank signed a strategic partnership agreement with Jubilee General Insurance.
- ❖ Meezan Bank reported that Noor Financial Investment Company had offloaded USD 16.014mn worth of bank's stake. MEBL has also shared its plans to raise some PKR 7bn through the sale of Shariah-compliant Tier 1 Sukuk to improve its Capital Adequacy Ratio (CAR). Meezan Bank also signed MoU with VPL limited in May'18.

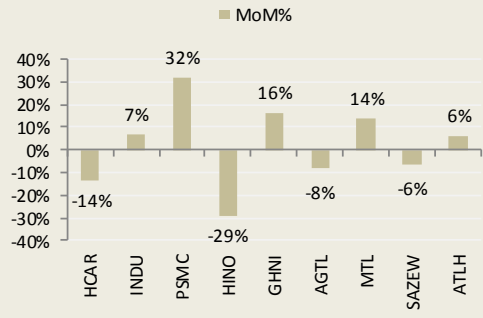
CEMENT SECTOR PERFORM. – MoM %



FERTILIZER SECTOR PERFORM. – MoM %



AUTOS SECTOR PERFORM. – MoM %



Cement Sector Performance – Companywise

'000 To	May-18	Apr-18	MoM%	May-17	YoY%	11M-FY'18	11M-FY'17	YoY%
LUCK	689,377	766,333	-10%	591,833	16%	7,264,691	6,349,068	14%
DGKC	371,947	402,989	-8%	432,812	-14%	4,505,587	4,206,541	7%
BWCL	670,912	785,459	-15%	717,806	-7%	7,987,795	6,926,706	15%
FCCL	284,838	330,031	-14%	241,002	18%	3,173,417	2,720,516	17%
CHCC	177,648	213,095	-17%	169,823	5%	2,290,333	1,352,277	69%
KOHC	171,124	218,877	-22%	185,390	-8%	2,109,536	1,947,067	8%
ACPL	235,938	269,277	-12%	171,196	38%	2,245,252	1,902,448	18%
MLCF	278,509	319,540	-13%	284,256	-2%	3,360,566	3,001,553	12%
FECTC	56,580	63,486	-11%	69,723	-19%	747,804	730,080	2%
PIOC	130,159	134,507	-3%	134,269	-3%	1,419,865	1,278,009	11%

Data Source: Company / DSL Research

Fertilizer Sector Performance – Companywise

'000 To	May-18	Apr-18	MoM%	May-17	YoY%	4M-CY'18	4M-CY'17	YoY%
ENGRO FERTILIZER								
UREA	115,036	89,833	28%	92,071	25%	612,266	361,379	69%
DAP	32,292	19,812	63%	21,819	48%	85,945	58,857	46%
NP	5,699	6,066	-6%	8,992	-37%	16,594	20,539	-19%
NPK	5,010	7,704	-35%	5,384	-7%	24,129	22,403	8%
FAUJI FERTILIZER								
UREA	180,894	193,219	-6%	99,478	82%	753,787	475,981	58%
DAP	2,789	31,459	-91%	0	n/m	107,876	43,472	148%
FAUJI FERTILIZER BIN QASIM								
UREA	51,145	47,149	8%	20,577	149%	138,671	58,168	138%
DAP	20,131	69,864	-71%	60,986	-67%	161,921	234,266	-31%
FATIMA FERTILIZER								
UREA	28,122	11,802	138%	25,724	9%	113,895	124,649	-9%
DAP	53,746	23,430	129%	24,591	119%	154,911	127,469	22%
NP	48,148	19,562	146%	19,281	150%	207,142	146,898	41%
CAN	1,478	1,604	-8%	572	158%	3,950	14,167	-72%

Data Source: NFDC / DSL Research

Auto Sector Performance – Companywise

'000 To	Apr-18	Mar-18	MoM%	Apr-17	YoY%	10M-FY'18	10M-FY'17	YoY%
HCAR	4,603	5,344	-14%	4,046	14%	43,616	32,166	36%
INDU	6,183	5,804	7%	5,639	10%	52,610	51,383	2%
PSMC	14,781	11,232	32%	9,171	61%	122,075	93,914	30%
HINO	328	465	-29%	320	2%	3,556	3,079	15%
GHNI	406	350	16%	324	25%	3,169	2,241	41%
AGTL	2,941	3,202	-8%	2,180	35%	23,829	16,106	48%
MTL	5,005	4,407	14%	4,034	24%	36,184	28,193	28%
SAZEW	1,585	1,693	-6%	1,391	14%	18,161	17,861	2%
ATLH	115,161	108,736	6%	84,185	37%	953,556	795,580	20%

Data Source: PAMA / DSL Research

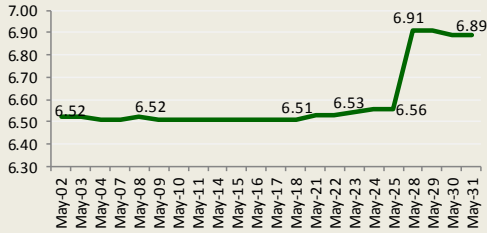


Foreign & Local Investors Investment Flows

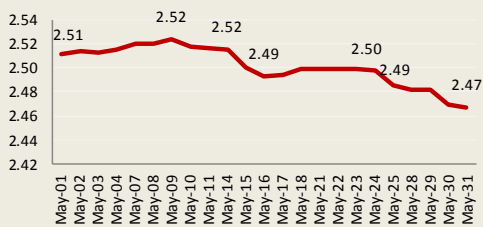
US\$ (MN)	OTHR	CEMT	BANK	FERT	FOOD	O&E	O&GM	POWR	TECH	TEXT	TOTAL
FIPI											
F-INDV	-0.13	0.04	0.11	0.03	0.00	0.05	-0.04	0.01	0.67	0.00	0.75
F-CORP	8.80	-17.36	-53.22	-2.42	-0.09	-3.58	0.71	-2.63	-0.63	-2.18	-72.60
O/S PAK	7.48	0.43	0.38	0.55	0.91	-0.38	-3.38	0.69	0.11	-0.24	6.56
LIPI	16.15	-16.89	-52.72	-1.84	0.83	-3.90	-2.71	-1.93	0.15	-2.42	-65.29
INDV.	0.50	8.24	1.70	-1.34	-1.17	-7.18	-2.98	1.51	-0.19	-0.11	-1.01
COS.	-5.48	1.09	8.21	-2.29	-0.26	0.41	-1.50	0.80	-0.70	0.33	0.61
BANKS	8.38	5.24	3.80	1.24	0.35	1.69	3.33	0.48	0.02	-0.35	24.19
NBFC	-0.75	0.43	0.10	-0.12	-0.02	-0.27	-0.79	0.00	-0.03	-0.18	-1.62
M-FUNDS	-11.05	-5.66	8.40	0.92	-0.11	-4.00	-3.01	-3.64	0.74	-2.70	-20.09
OTHER	9.19	9.12	9.40	-1.68	0.37	-1.38	1.28	-0.28	0.05	2.77	28.84
BROKER	-6.63	-0.07	-0.85	-0.43	-0.24	-0.55	-0.56	-0.15	-0.35	0.02	-9.82
INSUR	-10.30	-1.50	21.95	5.53	0.25	15.17	6.93	3.22	0.31	2.63	44.20
NET	-16.15	16.89	52.72	1.84	-0.83	3.90	2.71	1.93	-0.15	2.42	65.29

KIBOR & LIBOR

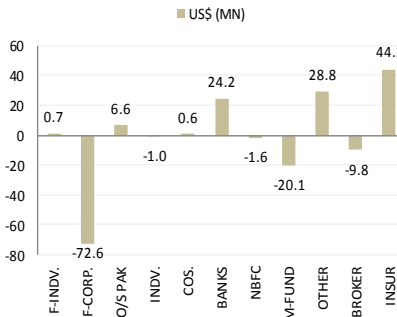
6M-KIBOR



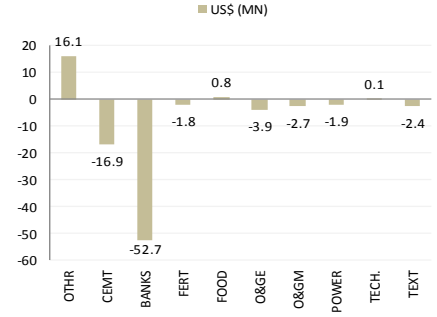
6M-LIBOR



PORTFOLIO INVESTMENT BY CLINETS

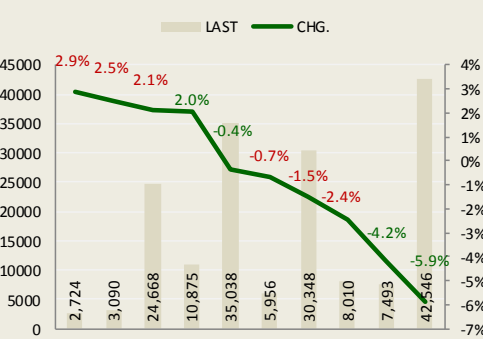


PORTFOLIO INVESTMENT BY SECTOR



GLOBAL MARKETS COMPARISON

INT'L MARKETS COMPARISON



Global Markets

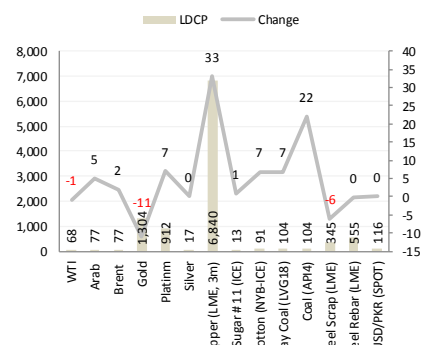
WORLD INDICES	OPEN	LAST	CHG.	% CHG.	AVG.	High	Low
S&P 500	2,643.64	2,724.01	147.62	2.9%	2,701.31	2,742.24	2,594.62
Shanghai	3,087.41	3,089.79	178.74	2.5%	3,146.87	3,219.74	3,041.00
Dow 30	24,117.29	24,667.92	1,555.18	2.1%	24,580.00	25,086.49	23,531.31
Taiwan	10,665.52	10,874.96	533.15	2.0%	10,817.68	11,034.12	10,500.97
SENSEX	35,328.91	35,038.26	1,690.64	-0.4%	35,066.64	35,993.53	34,302.89
INDONESIA	5,999.36	5,955.59	379.18	-0.7%	5,882.40	6,095.83	5,716.65
Hang Seng	30,782.21	30,348.00	1,800.69	-1.5%	30,692.94	31,592.56	29,791.87
Tadawul	8,208.87	8,009.55	397.75	-2.4%	8,026.77	8,208.87	7,811.12
PSEI	7,791.63	7,492.83	444.72	-4.2%	7,633.41	7,906.45	7,461.73
KSE-100	45,196.37	42,546.48	-2,649.89	-5.9%	43,038.82	45,488.86	41,453.47

Source: Investing.com

Global Markets

INT'L COMMODITIES	OPEN	LDCP	Change
WTI	68.57	67.79	-0.78
Arab	71.62	76.71	5.09
Brent	75.17	77.19	2.02
Gold	1,315.39	1,304.28	-11.11
Platinum	904.57	911.54	6.97
Silver	16.33	16.56	0.23
Copper (LME, 3m)	6,807.00	6,840.00	33.00
Sugar # 11 (ICE)	11.75	12.65	0.90
Cotton (NYB-ICE)	83.84	90.66	6.82
R-Bay Coal (LGV18)	97.15	104.00	6.85
Coal (API4)	81.80	103.85	22.05
Steel Scrap (LME)	351.00	345.00	-6.00
Steel Rebar (LME)	555.28	555.00	-0.28
USD/PKR (SPOT)	115.62	115.78	0.16

INTERNATIONAL COMMODITIES





Notified Research Entity

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Rating System:

- If;
- **Expected return >15%** - Buy Call
 - **Expected Return is in between 0% to 15%** - Neutral/Hold Call
 - **Expected Return <0%** - Sell Call

Valuation Methodology

To arrive at our period end target prices, DSL uses different valuation methodologies including:

- Discounted cash flow (DCF, DDM)
- Justified price to book (JPB)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

Frequently Used Acronyms

TP - Target Price	DCF - Discounted Cash Flows
FCF - Free Cash Flows	FCFE - Free Cash Flows to Equity
FCFF - Free Cash Flows to Firm	DDM - Dividend Discount Model
SOTP - Sum of the Parts	P/E - Price to Earnings ratio
P/Bv - Price to Book ratio	P/S - Price to Sales
EVA - Economic Value Added	BVPS - Book Value per Share
EPS - Earnings per Share	DPS - Dividend per Share
DY - Dividend Yield	ROE - Return on Equity
ROA - Return on Assets	JPB - Justified Price to Book

SECP JamaPunji Portal link: www.JamaPunji.pk

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