

Taurus Securities Limited

A Subsidiary of National Bank of Pakistan

Weekly Market Update

Week ending October 25, 2024

KSE-100 Index 89,994 - up 5.6%WoW

Taurus Research

+92 21 35216403

UAN: 111-828-787

research@taurus.com.pk

Taurus research is available on Bloomberg under TAUR & on Capital IQ

Date of Publication: October 25, 2024

KSE-100 Index up 5.6%WoW (4,744 points)

Friday, October 25, 2024

Weekly Market Update

Weekly Performance

Index	18-Oct-24	25-Oct-24	Change %
KSE - 100	85,250	89,994	5.6%
KSE - 30	26,803	28,395	5.9%
KSE - All Share	54,927	57,462	4.6%

YTD Performance

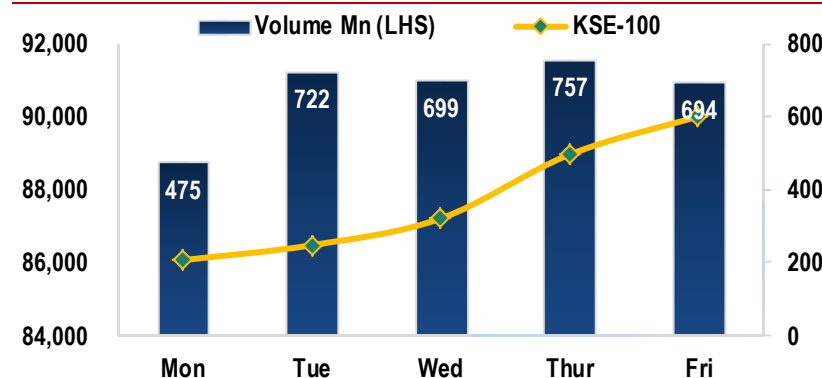
Index	29-Dec-23	25-Oct-24	Change %
KSE - 100	62,451	89,994	44.1%
KSE - 30	20,777	28,395	36.7%
KSE - All Share	41,916	57,462	37.1%

Source: PSX & TSL Research

Economic Bulletin:

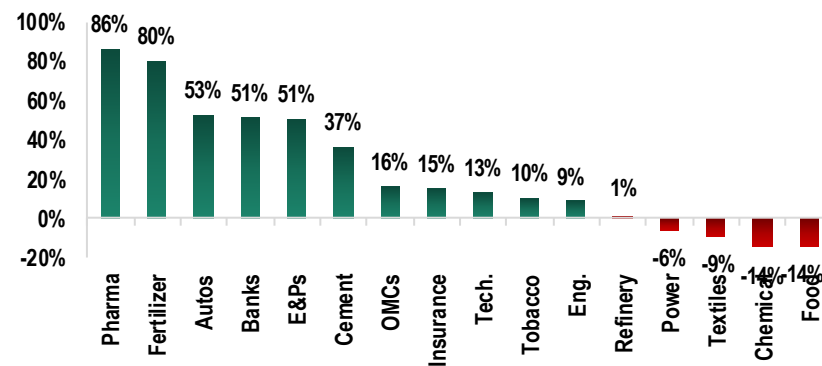
- + MPC is expected to reduce the policy rate by 150bps to 16.00%.
- + IMF has projected GDP growth rate for Pakistan at 3.2% for FY25.
- + Pakistan's Current Account post USD 119Mn surplus in Sep'24.
- + Foreign Direct Investment increased 48%YoY during 1QFY25.
- + CPPA-G has sought negative FCA of PKR 0.71/unit for Sep'24.
- + SPI down by 0.22%WoW for the week ended on October 24, 2024.
- Power generation decreased by 6.4% to 12,486 GWh during Sep'24.
- Pakistan's foreign exchange reserves have decreased to USD 16.02Bn

Market Performance for the week



Source: PSX & TSL Research

CY24TD Sector-wise return



Source: PSX & TSL Research

Banks: - Positive to Neutral

- Total deposits held by scheduled banks have moved up by 1.8% MoM to PKR 31.34Trn in Sep'24.
- The return on bank deposits has decreased by 111bps to 9.54% in Sep'24.
- Minister of State for Finance has said that there is no proposal under consideration on Advance-to-Deposit Ratio (ADR) tax exemption for banks.

Steel: - Positive

- The FBR has drastically cut the minimum value of supply of four locally-produced steel goods, which would decrease the incidence of sales tax on these products.

Sugar: - Neutral

- The Federal Cabinet has greenlit the export of 0.5Mn tonnes of sugar, with quotas to be distributed among four provinces based on their production shares.

Textile: - Positive

- Textile exports saw a significant growth of 18%YoY arriving at ~USD 1.61Bn in Sep'24.

Telecom: - Positive

- The number of cellular subscribers increased from 193.1Mn by end-August to 193.3Mn by end-September 2024.

Tractors: - Negative

- The FBR has increased sales tax from 10% to 14% on import and local supply of tractors, which would ultimately increase agricultural tractors' prices for the poor farmers.

IPPS: - Neutral

- Following successful negotiated deals with the five IPPs, the Energy Task Force has also signed revised deals with eight bagasse-fired IPPs with a cumulative saving on revised agreements estimated at PKR 85-100Bn, as well as, a reduction of PKR 8Bn from PKR 22Bn recently allowed through upward revision in their tariffs with retrospective effect.

Refineries: - Negative

- OGRA has approved the import of 76,000 metric tonnes of high-speed diesel by Gas & Oil Pakistan Ltd and 190,000 metric tonnes by Pakistan State Oil for November 2024.
- The Federal Government is grappling with a major hurdle in its plans to upgrade domestic refineries as the deadline for signing upgrade agreements looms.

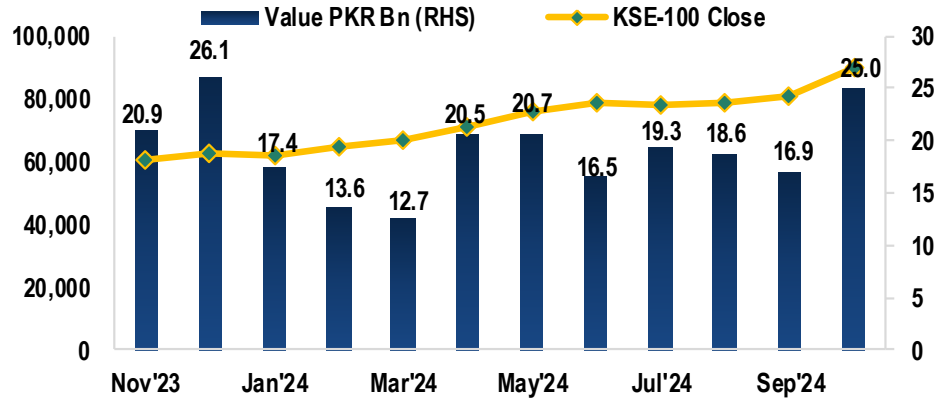
- **PSO:** The management of Pakistan State Oil has approved providing PKR 3.15Bn (or a proportionate amount in USD) to Pakistan Refinery Limited (PRL) as a loan for FEED costs. Furthermore, the company's management has resolved to separate the Digicash and Solar business segments from PSO and to merge them with other companies, subject to legal scrutiny and approval by the High Court.
- **OGDC:** Oil and Gas Development Company Limited has officially commenced production from its exploratory well Baloch-2, located in the Sembar formation within the Sanghar district of Sindh. Furthermore, the company has announced the gas discovery from Sawan South Block lower Goru B Reservoir Sand of Shahu-1 located in district Khairpur, Sindh Province.
- **KEL:** NEPRA has approved generation tariff of K-Electric Limited post June 30, 2023, along with dissenting decision of Member (Finance and Tariff).
- **PTC:** The Competition Commission of Pakistan has proceeded with the fourth hearing in its Phase II Merger Review of PTCL's proposed acquisition of 100% shareholding in Telenor Pakistan (Private) Limited and Orion Towers (Private) Limited.
- **LUCK:** Lucky Cement has announced the completion and commissioning of its 28.8 MW captive wind power project at the company's Karachi plant. The project, successfully executed within the stipulated timelines and budget, officially commenced operations on October 22, 2024.
- **HUBC & LPL:** Pakistan State Oil Limited has waived its late payment interest charges on overdue fuel supply payments from five Independent Power Plants (IPPs), whose agreements with the Government have been terminated.
- **CWSM:** Chakwal Spinning Mills Limited's initial Memorandum of Understanding (MOU) with Khazana Enterprises (Private) Limited (KEPL), signed on January 2, 2024, for a possible merger or acquisition, has failed to materialize.
- **GEMSPNL:** Supernet Limited has been awarded Fixed Local Loop (FLL) Licenses by the Pakistan Telecommunication Authority (PTA) for 20 years commencing from October 22, 2024.
- **INIL:** VIS Credit Rating Company Limited has reaffirmed entity ratings of International Industries Limited (INIL) at 'AA-/A-1.'
- **DSML:** Dar-es-Salaam Textile Mills Limited has addressed all non-compliance and hence it has been shifted to the Normal Counter of the Exchange with effect from October 22, 2024.

Value Traded and Volumes

Weekly Market Update

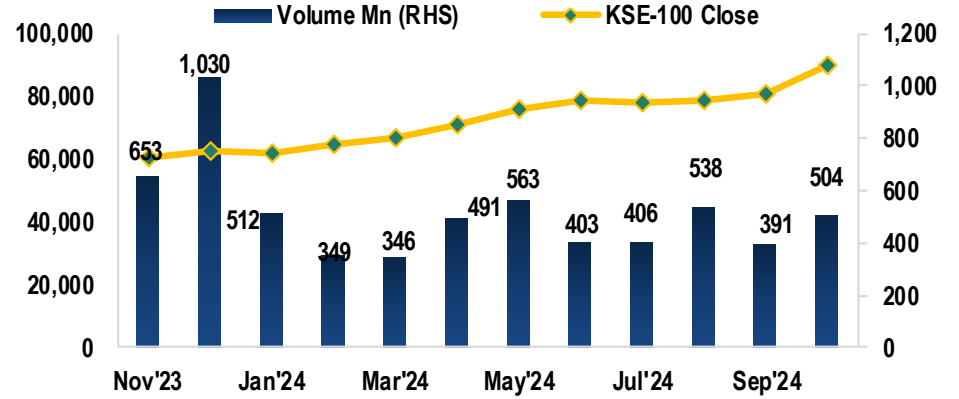
Friday, October 25, 2024

12 Months Average Value Traded (PKR Bn)



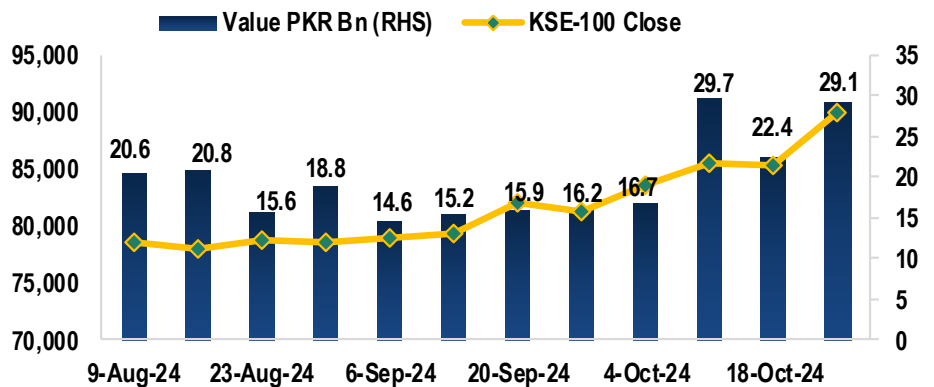
Source: PSX & TSL Research

12 Months Average Volume Traded (PKR Mn)



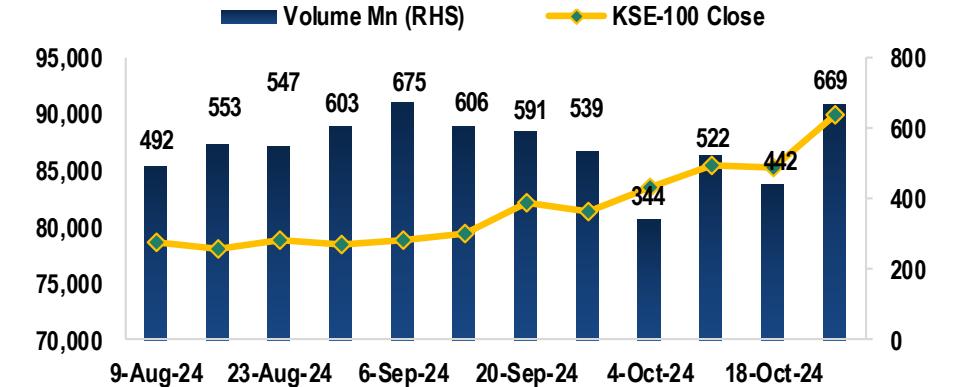
Source: PSX & TSL Research

12 Weeks Average Value Traded (PKR Bn)



Source: PSX & TSL Research

12 Weeks Average Volume Traded (Mn)



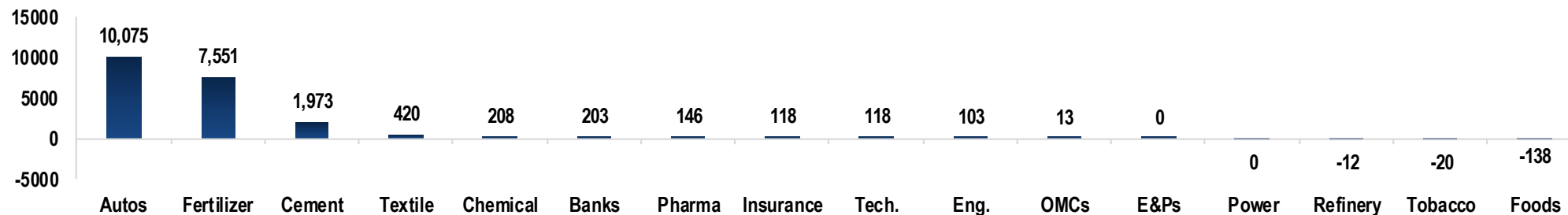
Source: PSX & TSL Research

KSE-100 Index Points Contributions

Friday, October 25, 2024

Weekly Market Update

YTD Points Contribution to KSE-100 Index by major sectors



Source: PSX & TSL Research

Top 10 Positive Contributors (WoW)

Symbol	18-Oct-24	25-Oct-24	Points
FFC	246.67	284.46	852
UBL	292.28	315.98	374
EFERT	196.00	205.61	235
OGDC	165.68	175.60	206
LUCK	837.74	909.38	203
CHCC	177.03	229.70	198
PSO	197.01	224.98	191
KOHC	310.24	403.59	177
SYS	414.12	445.09	174
HBL	134.02	138.77	165

Source: PSX & TSL Research

Top 10 Negative Contributors (WoW)

Symbol	18-Oct-24	25-Oct-24	Points
ILP	72.45	62.80	(87)
POL	565.21	555.41	(41)
INDU	1872.02	1817.93	(24)
PIBTL	6.64	5.91	(19)
BAFL	68.12	67.32	(18)
NESTLE	6797.41	6565.12	(17)
LOTCHEM	17.45	16.53	(11)
EPCL	32.37	31.37	(7)
AIRLINK	136.23	134.02	(7)
IBFL	353.08	340.00	(7)

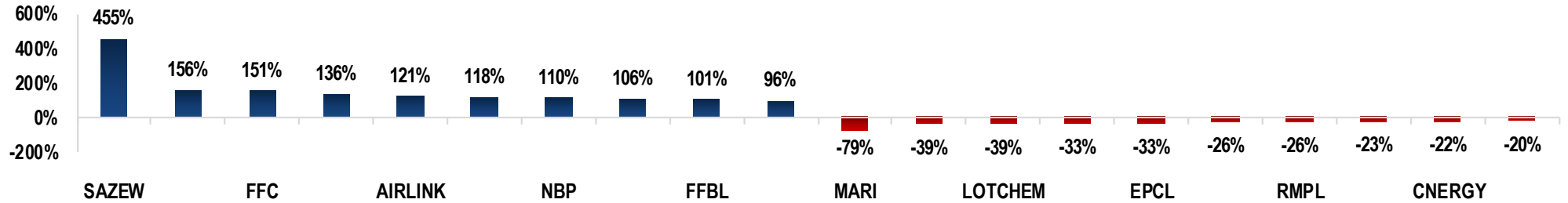
Source: PSX & TSL Research

Outperformers and Underperformers

Friday, October 25, 2024

Weekly Market Update

Top 10 YTD Outperformers & Underperformers



Source: PSX & TSL Research

Top 10 Outperformers (WoW)

Symbol	18-Oct-24	25-Oct-24	Return (%)
KOHC	310	404	30.1%
CHCC	177	230	29.8%
AICL	33	42	26.4%
KEL	4	5	23.5%
ATRL	386	468	21.1%
FCEPL	66	79	19.5%
FCCL	29	34	18.9%
PSX	15	18	17.5%
FFC	247	284	15.3%
PIOC	188	215	14.4%

Source: PSX & TSL Research

Top 10 Underperformers (WoW)

Symbol	18-Oct-24	25-Oct-24	Return (%)
ILP	72	63	-13.3%
PIBTL	7	6	-11.0%
LOTCHEM	17	17	-5.3%
POML	108	103	-4.0%
IBFL	353	340	-3.7%
NESTLE	6797	6565	-3.4%
EPCL	32	31	-3.1%
INDU	1872	1818	-2.9%
NCPL	28	27	-2.4%
JDWS	589	575	-2.3%

Source: PSX & TSL Research

Foreign portfolio investment for the week

Weekly Market Update

Friday, October 25, 2024

Weekly Portfolio Flows - FIPI vs LIPI (USD Mn)												
Sectors	FIPI			LIPI								
	Gross Buy	Gross Sell	Net.	Banks	Broker	Comp.	Indivi.	Insur.	Funds	NBFCs	Others	Net.
Cement	4.04	-4.51	-0.47	-0.99	0.38	1.61	-2.53	-0.84	2.59	0.03	0.23	0.47
Banks	4.44	-12.95	-8.50	-1.54	-0.09	-0.02	1.35	0.09	0.48	0.03	8.20	8.50
Technology	7.65	-8.17	-0.52	-0.37	0.06	-0.06	-0.71	0.28	1.31	0.01	0.01	0.52
Textile	0.70	-0.68	0.02	0.24	0.11	0.17	-1.01	-0.10	0.54	0.01	0.02	-0.02
Fertilizer	2.71	-3.18	-0.46	0.88	-1.59	1.14	0.09	0.63	-0.52	0.00	-0.17	0.46
Others	14.93	-15.85	-0.92	-1.41	-3.77	2.16	5.33	-0.51	-1.08	0.02	0.20	0.92
OMC	1.77	-4.41	-2.64	-1.92	2.66	0.85	-1.66	0.37	2.35	-0.02	0.01	2.64
E & P	5.71	-7.04	-1.33	1.01	0.67	-0.20	-2.00	0.37	1.44	0.15	-0.10	1.33
Power	2.97	-4.38	-1.41	0.37	-0.31	-0.48	-3.00	-0.09	4.97	0.00	-0.05	1.41
Food	15.40	-15.52	-0.12	0.18	0.12	0.26	-0.41	-0.01	0.07	-0.00	-0.09	0.12
Debt Market	0.00	0.00	0.00	0.00	0.00	0.00	-0.09	0.00	0.01	0.00	0.08	-0.00
Total	60.32	-76.67	-16.36	-3.55	-1.78	5.42	-4.63	0.19	12.14	0.23	8.34	16.36

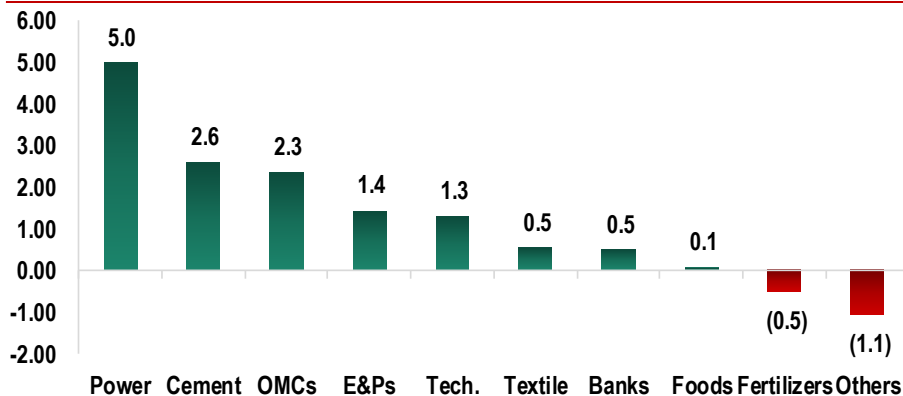
Source: NCCPL & TSL Research

- Foreigners (including overseas Pakistanis) were net sellers of USD 16.36Mn worth of shares.
- Others were the biggest buyers on the local front followed by Funds & Companies.
- Individuals were the major sellers followed by Banks.

Local portfolio investment flows for the week

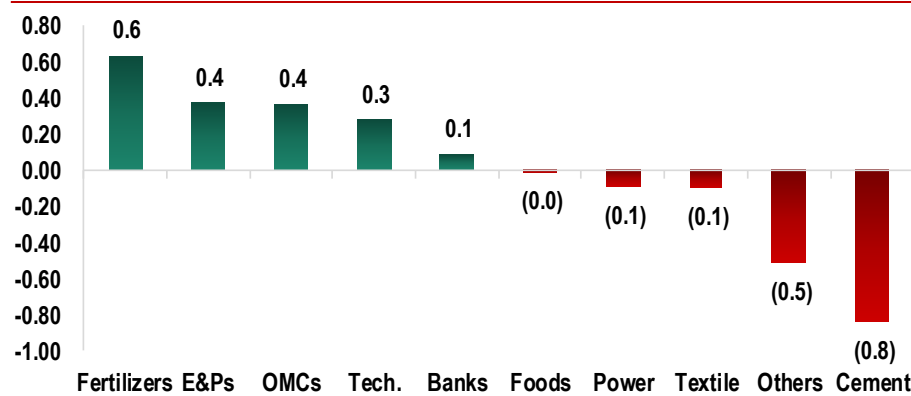
Weekly Market Update

Mutual Fund activity for the week (USD Mn)



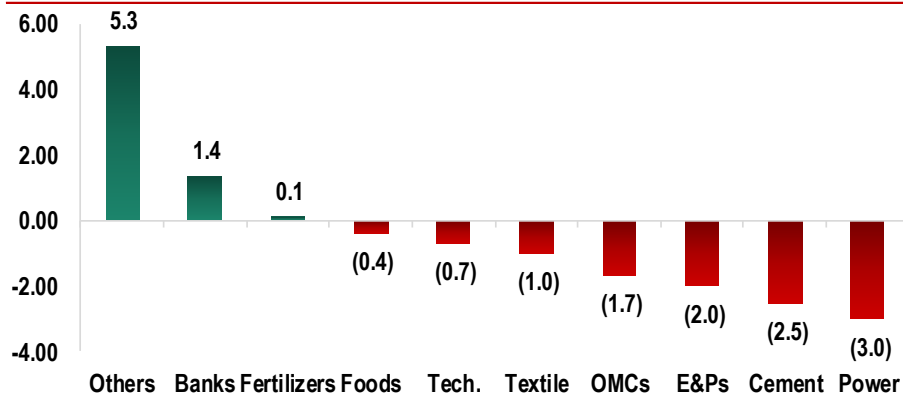
Source: NCCPL & Research

Insurance activity for the week (USD Mn)



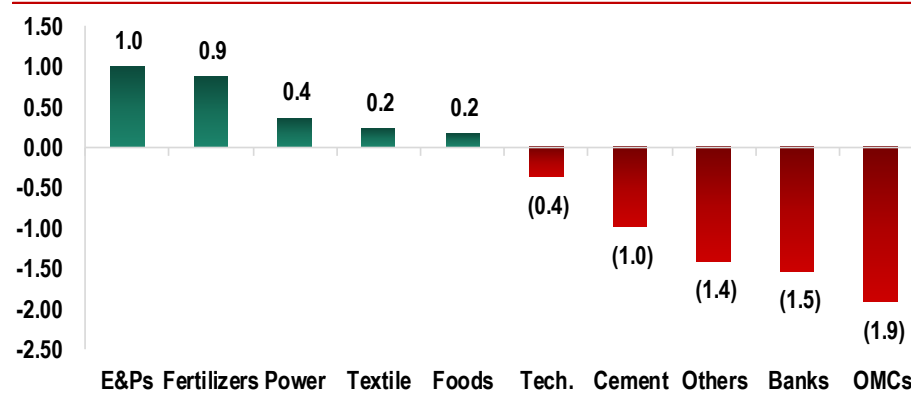
Source: NCCPL & TSL Research

Individuals activity for the week (USD Mn)



Source: NCCPL & TSL Research

Banks/DFIs activity for the week (USD Mn)



Source: NCCPL & TSL Research

Weekly Market Update

SECP Research Entity Notification Number: REP-040

Analyst Certification

The research analyst(s), if any, denoted by AC on the cover of this report, who exclusively reports to the research department head, primarily involved in the preparation, writing and publication of this report, certifies that (1) 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 (2) 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.

The research analyst or any of its close relatives do not have a financial interest in the securities of the subject company aggregating more than 1% of the value of the company and the research analyst or its close relative have neither served as a director/officer in the past 3 years nor received any compensation from the subject company in the past 12 months. The Research analyst or its close relatives have not traded in the subject security in the past 7 days and will not trade in next 5 days.

Disclosure of Financial Interest

TSL or any of its officers and directors does not have a significant financial interest (above 1% of the value of the securities of the subject company) in the securities of the subject company. However, NBP and BOK, being associates of TSL, may trade or have significant financial interest, under normal course of business, in the subject company from time to time. Under normal course of business, TSL, their respective directors, officers, representatives, employees and/or related persons may have a long or short position in any of the securities or other financial instruments mentioned or issues described herein at any time and may make a purchase and/or sale, or offer to make a purchase and/or sale of any such securities or other financial instruments from time to time in the open market or otherwise. TSL or its employees may trade contrary to the recommendation given by TSL Research through this report or any other. TSL may be providing, or have provided within the previous twelve months, significant advice or brokerage services to the subject company. TSL may have, within the past twelve months, served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all, the entities mentioned in this report or received compensation for corporate advisory services, brokerage services or underwriting services from the subject company. TSL or any other of its officers and directors have neither served as a director/officer in any company under TSL research coverage in the past 3 years nor received any compensation from the subject company in the past 12 months.

Disclaimer

This report has been prepared by Taurus Securities Ltd (hereinafter referred as TSL) and is provided for information purposes only. Under no circumstances is to be used or considered as an offer to sell or solicitation of any offer to buy. While all reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. This report is provided solely for the information of professional advisers who are expected to make their own investment decisions without undue reliance on this report. Statements regarding future prospects may not be realized while all such information and opinions are subject to change without notice. TSL recommends investors to independently evaluate particular investments and strategies and it encourages investors to seek the advice of a financial advisor.

Investments in capital markets are subject to market risk and TSL accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. In particular, the report takes no account of the investment objectives, financial situation and particular need of individuals, who should seek further advice before making any investment or rely upon their own judgment and acumen before making any investment. The views expressed in this document are those of the TSL Research Department and do not necessarily reflect those of TSL or its directors.

TSL may, to the extent permissible by applicable law or regulation, use the above material, conclusions, research or analysis in which they are based before the material is disseminated to their customers.

TSL, as a full-service firm, has/intends to have business relationships, including investment-banking relationships, with the companies in this report. Investors should be aware of that the TSL may have a conflict of interest that could affect the objectivity of the report. Investors should consider this report as only a single factor in making their investment decision.

TSL claims responsibility for Research or other publication disseminating ONLY through its official channels (email address, TSL Web etc.) and DOES NOT take ownership/responsibility for report(s) circulated through other sources (social media, website, blogs etc.) under the name of the organization. TSL Management reserves the right to take action against unauthorized reproduction, distribution or publication of its reports.

Weekly Market Update

TSL Research Dissemination Policy

Taurus Securities Ltd. endeavors to make all reasonable efforts to disseminate research to all eligible clients in a timely manner through either physical or electronic distribution such as mail, fax and/or email. Nevertheless, not all clients may receive the material at the same time.

Taurus Stock Rating System

TSL employs a 3-tier rating mechanism i.e 'BUY', 'HOLD' and 'SELL', which is based upon the level of expected return for a specific stock. When total return (capital gain + dividends) exceeds 16%, a 'BUY' rating is assigned. A 'SELL' rating is issued whenever total return is less than -6% and for return in between the 2 ranges, 'HOLD' rating is meted out. Different securities firms use a variety of rating terms/systems to describe their recommendations. Similar rating terms used by other securities companies may not be equivalent to TSL rating system.

Time horizon is usually the annual financial reporting period of the company (unless otherwise mentioned in the report). Ratings are updated daily and can therefore change daily. They can change because of a move in the stock's price, a change in the analyst's estimate of the stock's fair value, a change in the analyst's assessment of a company's business risk, or a combination of any of these factors. In addition, research reports contain information carrying the analyst's views and investors should carefully read the entire research report and not infer its contents from the rating ascribed by the analyst. In any case, ratings or research should not be used or relied upon as investment advice. An investor's decision to buy, sell or hold a stock should depend on individual circumstances (such as the investors existing holdings or investment objectives) and other considerations.

Target price risk disclosures

Any inability to compete successfully in the markets may harm the business. This could be a result of many factors which may include (but not limited to) geographic mix and introduction of improved products or service offerings by competitors. The results of operations may be materially affected by global economic conditions generally, including conditions in financial markets. The company is exposed to market risks, such as changes in interest rates, foreign exchange rates and input prices. From time to time, the company may enter into transactions, including transactions in derivative instruments, to manage/offset certain of these exposures.

Valuation Methodology

To arrive at our period end target prices, TSL 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.)

SECP JamaPunji Portal link: www.JamaPunji.pk

Frequently Used Acronyms

TP	Target Price	DDM	Dividend Discount Model	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DCF	Discounted Cash Flows
PE	Price to Earnings ratio	PB	Price to Book ratio	BVPS	Book Value per Share
EPS	Earnings per Share	DPS	Dividend per Share	ROE	Return on Equity
ROA	Return on Assets	SOTP	Sum of the Parts	JPB	Justified Price to Book