

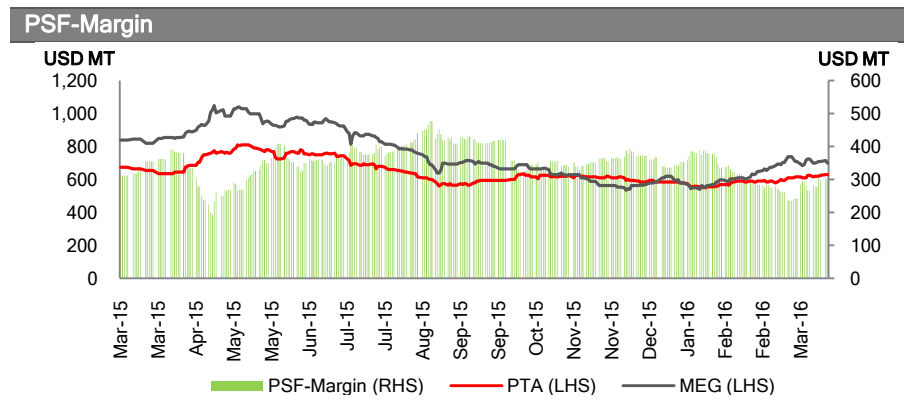
Margins on the decline during Mar16

Petroleum chemical margins slide

Margins of the overall petroleum chemicals have witnessed a decline during Mar16 where margins of PSF stood at USD 270/MT, PTA at USD 107/MT and PVC at USD 211/MT, down by 10%, 9% and 24% MoM, respectively. Margins for petroleum derivative chemicals in general were on the lower side mainly due to the sharp uptick in int'l oil prices to USD 39/bbl, increasing by 17% MoM.

Supply glut contain PSF margins

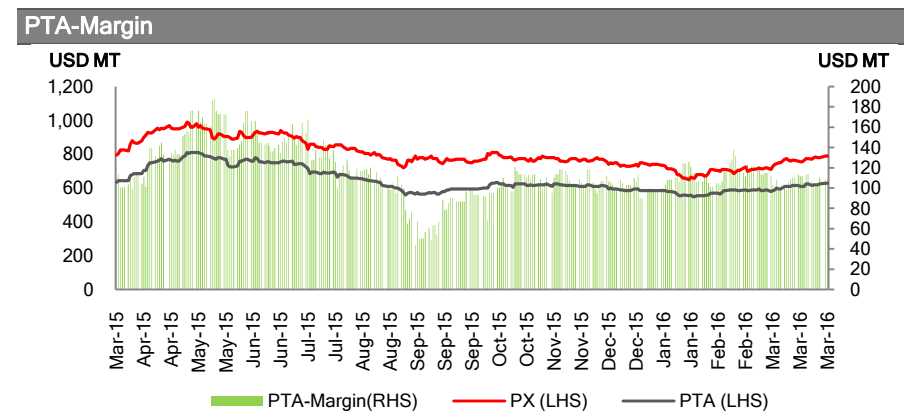
PSF margins stood at USD 270/MT during Mar16, down by 10% MoM (-21%YoY), because of higher input costs as PTA and MEG prices witnessed an incline during the month while PSF prices lagged behind. Despite the anti-dumping duty imposed on China's PSF, major supply glut in the PSF market has constrained PSF prices from freely adjusting to increase in costs. ICI Pakistan's PSF division has been facing stiff competition from China and the recent decrease in PSF margins may further worsen ICI's position.



Source: Polymer Update, Yarn market report

PTA prices lag increase in PX prices

PTA margins on the other hand also witnessed a fall during Mar16, standing at USD 107/MT falling by 9% MoM (-3% YoY). Although the price of PTA has increased to USD 612/MT during Mar16, up by 4.6% MoM on back of lift in buying interest, but the price has not yet fully adjusted to the rise in PX prices.

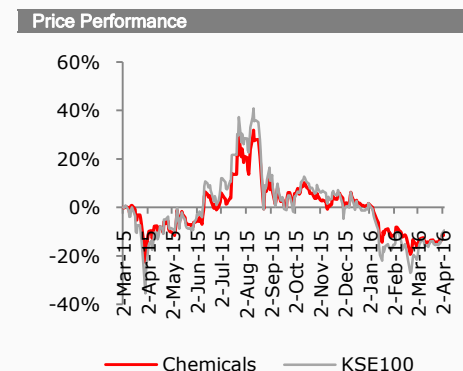


Source: Polymer Update

Neutral Sector Stance

Chemical Sector Valuation			
	FY13	FY14	FY15
P/E (x)	42.6	14.7	12.4
P/B (x)	3.25	3.06	2.62
D/Y (%)	1	1	2

Source: Global Research

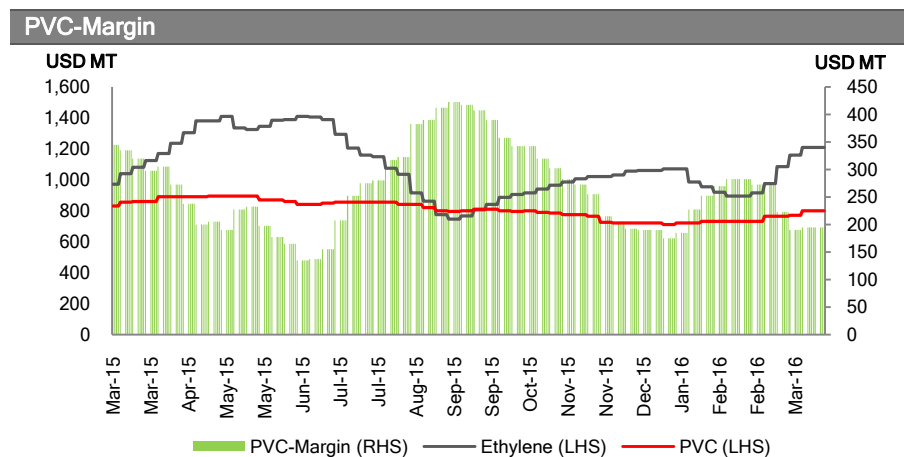


Board Meetings	
07-Apr-16	Thal Limited
07-Apr-16	Pakcem Limited
08-Apr-16	Ghani Glass Limited
09-Apr-16	Agritech Limited

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PVC-Ethylene margins take a hit amid surge in oil prices

PVC margins have taken a major hit, as a result of 25% MoM surge in Ethylene prices, consequent to increasing int'l oil prices. Int'l oil prices have gained positive momentum during Mar16 following positive investors' sentiment over talks of output freeze. PVC margins have fallen by a significant 24% MoM to USD 211/MT during Mar16. Facing severe competition from China we can expect Engro Polymer's already troubled margins to further erode with increasing upward trending Ethylene prices.



Source: Polymer Update

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