

January 01, 2010

Pakistan

## Market remains lackluster due to security concerns

WEEKLY REVIEW



The local bourse opened with a weak sentiment on Tuesday in the back drop of Monday's bomb blast in Karachi during the Muharram procession. However, the signing of the NFC award and the receipt of the fourth tranche by the IMF boosted the market the next day. On the last day of the calendar year the market witnessed profit-taking and declined 1.3% to close at 9,387 level (-0.4%WoW). Investors also remained cautious and hence, sidelined due to the strike call on Friday. Overall, the market remained lackluster during the short week and the average daily volumes declined by 6% to 112mn shares.

### T-Bill auction and Moody's outlook

A cut of 9-13bps in CY09's T-Bill auction signaled a stable macro-economic outlook and hinted towards an expected discount rate cut in January's monetary policy announcement. However, Moody's in its report on the Pakistan's banking sector highlighted the reasons behind its negative medium term outlook. The agency cited unfavorable credit conditions due to high interest rates and law and order situation as the key reasons for the negative outlook. This triggered a wide sell-off in the banking scrips on Thursday with the banking stock down by 1.0% WoW.

### KSE up by 60% in 2009- Best since 2003

2009 displayed the finest performance by the KSE-100 Index since 2003, as it closed at 9,387 level up by 60% YoY (raising the market capitalization to Rs2,706bn (US\$32bn)). This was a sharp turnaround from 2008 when the market plunged by 58% (US\$67%). WoW, the local bourse remained flat (-0.4%).

### Net foreign buying of US\$4.1 mn

During the short week, foreigners and individuals were the net buyers of US\$4.1mn and US\$7.6mn, respectively while banks and DFI's turned out to be the net sellers of US\$18.6mn. Cumulative net foreign buying for 2009 was US\$24mn in sharp contrast to net foreign selling of US\$446mn in 2008.

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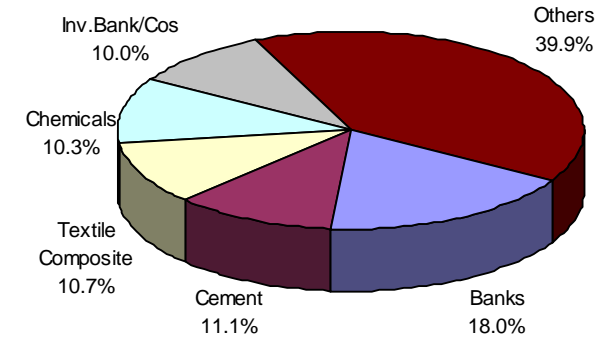
KSE Ready Market	This Weekend	Last Weekend	% Δ
KSE-100 Index	9,386.92	9,422.23	-0.4%
KSE Market Cap (Rs. bn)	2,705.88	2,714.06	-0.3%
KSE Market Cap (US\$ bn)	32.12	32.23	-0.3%
Avg daily vol during week (Sh mn)	111.94	119.69	-6.5%
Avg daily value during week(Rsbn)	5.98	5.63	6.1%
Avg daily value during week(US\$mn)	70.95	66.81	6.2%

KSE Futures Market	This Weekend	Last Weekend	% Δ
Avg. daily volume (Shares mn)	5.12	3.30	55.1%
Avg. daily value (Rs. mn)	239.88	322.11	-25.5%
KSE ready future spread (%)	6.53	1.35	517bps

Regional Markets	This Weekend	Last Weekend	%Δ
China (SSEA)	3,277.14	3,153.41	3.9%
India (BSESN)	17,464.81	17,360.61	0.6%
Indonesia (JKSE)	2,534.36	2,474.88	2.4%
Korea (KOSPI)	1,682.77	1,682.34	0.0%
Malaysia (KLSE)	1,272.78	1,263.94	0.7%
Philippines (PSI)	3,052.68	3,024.33	0.9%
Taiwan (TWII)	8,188.11	7,963.54	2.8%

Top performers of JS Universe	This Weekend	Last Weekend	%Δ
D. G. Khan Cement Co.	32.56	30.55	6.6%
Maple Leaf Cement Factory Limited	3.76	3.65	3.0%
Pak Suzuki Motor Co. Ltd.	88.96	87.41	1.8%
Sui Northern Gas Ltd.	24.80	24.39	1.7%
Attock Refinery Ltd.	137.93	135.83	1.5%
Pioneer Cement Limited	10.68	10.52	1.5%
I.C.I Pakistan Ltd.	168.49	166.48	1.2%
Kot Addu Power	45.87	45.52	0.8%
Pakistan Oilfields Ltd.	230.77	229.29	0.6%
Pak Petroleum Ltd.	189.59	188.84	0.4%
Shell Pakistan Limited	250.36	250.55	-0.1%

### Top sectors by volume



KSE Future Details	This Weekend Vol.(mn)	Last Weekend Vol.(mn)	This Weekend Val.(mn)	Last Weekend Val.(mn)	This Weekend Spread	Last Weekend Spread
BAFL-JAN	8.36	0.24	117.30	3.40	13.60%	8.29%
OGDC-JAN	0.34	0.71	37.92	78.05	-4.74%	-5.33%
POL-JAN	0.14	0.07	32.54	14.92	3.27%	6.40%
PSO-JAN	0.09	0.02	27.99	5.51	-1.23%	1.88%
MCB-JAN	0.10	0.10	21.07	22.39	1.82%	3.84%
UBL-JAN	0.34	0.01	20.48	0.36	25.88%	5.72%
PPL-JAN	0.10	0.07	18.18	12.99	0.72%	1.66%
ENGRO-JAN	0.09	0.06	16.86	11.16	1.22%	4.38%
DGKC-JAN	0.45	0.14	14.85	4.34	3.47%	8.85%
NBP-JAN	0.12	0.14	9.40	10.79	4.68%	7.97%
<b>TOTAL</b>	<b>10.61</b>	<b>2.08</b>	<b>343.06</b>	<b>202.30</b>	<b>6.53%</b>	<b>1.35%</b>

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