

September 03, 2010

## Pakistan

## MTS excitement short lived; index up 1%WoW

Activity at the local bourse remained sluggish throughout the week, barring the trading session on Tuesday, where the KSE-100 index surged by 297 points on the back of expected resolution of MTS in a meeting held between the KSE representatives and the SECP. However, the actual result of the meeting was inconclusive and market participants remained sidelined due to continuing uncertainty over resolution of the said issue. On WoW basis, the index gained 104 points and average daily volumes increase by 7% to 50mn shares.

## Macro newsflow- a mixed bag

On the macro front, IMF announced a US\$450mn immediate relief package and hinted at the release of US\$1.7bn post completion of the 5<sup>th</sup> review under the SBA. The World Bank too topped its commitment to US\$1bn from US\$900mn earlier, for reconstruction of flood affected areas. However, these positives were overshadowed by sudden jump in CDS spread by 210 bps, owing to higher risk of government borrowing required to fund flood victims. Moreover, Moody's maintained its rating for Pakistan at B3 despite fears over huge losses caused by the floods, but later in the week, it did downgrade outlook for 5 major banks to negative from stable earlier as it expects asset quality to deteriorate in the current scenario.

## Oil and gas outperforms; Banks major losers

During the week, oil and gas sector was the predominant outperformer posting a return of 2.9%, whereas banks were amongst the major losers, registering a decline of 0.4%WoW. Results of INDU and KAPCO were announced which were broadly in line with market expectations. Post these results, INDU rose by 2.2% while KAPCO plunged by 1.1%, as investors preferred to book profits.

## Foreign buying activity continues

Foreigners again were net buyers of US\$8.0mn, while individuals were the net sellers of US\$7.3mn.

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KSE Ready Market	This Weekend	Last Weekend	%Δ
KSE-100 Index	9,703.06	9,598.71	1.1%
KSE Market Cap (Rs. bn)	2,712.35	2,685.48	1.0%
KSE Market Cap (US\$ bn)	31.68	31.51	0.5%
Avg daily vol during week (Sh mn)	50.37	47.07	7.0%
Avg daily value during week(Rsbn)	2.15	1.50	42.7%
Avg daily value during week(US\$m)	25.05	17.55	42.7%

KSE Futures Market	This Weekend	Last Weekend	%Δ
Avg. daily volume (Shares mn)	1.75	2.63	-33.5%
Avg. daily value (Rs. mn)	173.03	259.13	-33.2%
KSE ready future spread (%)	-1.70%	-3.20%	149bps

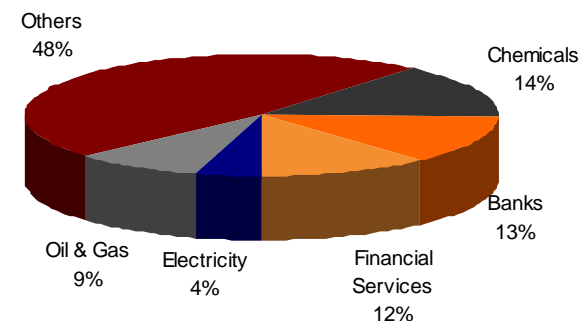
Regional Markets	This Weekend	Last Weekend	%Δ
China (SSEA)	2,655.39	2,610.74	1.7%
India (BSESN)	18,226.14	17,998.41	1.3%
Indonesia (JKSE)	3,164.28	3,104.73	1.9%
Korea (KOSPI)	1,780.02	1,729.56	2.9%
Malaysia (KLSE)	1,435.67	1,411.05	1.7%
Philippines (PSI)	3,734.70	3,595.58	3.9%
Taiwan (TWII)	7,830.21	7,722.91	1.4%

Top performers of JS Universe	This Weekend	Last Weekend	%Δ
Pakistan State Oil Co. Ltd.	247.78	237.50	4.3%
D. G. Khan Cement Co.	25.09	24.10	4.1%
Oil & Gas Dev.Co	143.23	137.82	3.9%
Engro Polymer	12.04	11.60	3.8%
Sui Southern Gas Co. Ltd.	20.01	19.28	3.8%
Fauji Fertilizer Bin Qasim	28.27	27.46	2.9%
Lucky Cement Limited	68.21	66.46	2.6%
Pakistan Oilfields Ltd.	221.97	216.48	2.5%
Attock Petroleum Ltd	306.87	302.11	1.6%
Bank Of Punjab Limited.	7.80	7.70	1.3%
National Bank Of Pakistan	61.85	61.21	1.0%

## WEEKLY REVIEW



## Top sectors by volume



KSE Futures Details	This Weekend Vol.(mn)	Last Weekend Vol.(mn)	This Weekend Val.(mn)	Last Weekend Val.(mn)	This Weekend Spread	Last Weekend Spread
MCB-SEP	0.17	0.22	31.66	40.19	2.33%	-12.96%
POL-SEP	0.10	0.06	21.66	12.62	3.61%	-1.75%
PSO-SEP	0.05	0.09	11.58	21.17	-29.16%	11.39%
NBP-SEP	0.12	0.18	7.34	11.36	6.42%	8.50%
OGDC-SEP	0.05	0.13	6.38	17.50	-25.67%	-15.95%
NML-SEP	0.12	0.07	5.09	3.06	1.21%	6.99%
PPL-SEP	0.03	0.02	4.41	3.34	7.17%	18.36%
LUCK-SEP	0.06	0.02	4.19	1.38	-5.85%	-8.28%
DGKC-SEP	0.09	0.11	2.23	2.67	2.08%	10.26%
ANL-SEP	0.19	0.17	1.77	1.71	20.47%	9.33%
<b>TOTAL</b>	<b>1.04</b>	<b>1.28</b>	<b>106.27</b>	<b>141.42</b>	<b>-1.70%</b>	<b>-3.20%</b>

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