

August 06, 2010

Pakistan

Market falters on negative news flows; index down 2%WoW

WEEKLY REVIEW



Following the SBP's unexpected decision to raise the discount rate to 13%, the local bourse opened on a negative note and remained under pressure throughout the week. Even the result announcements of big tickets such as MCB, PPL and PSO could do little to attract investor interest in the market. The mood was further hurt by news of flood inundation in the upper parts of the country. Oil and Gas sector saw a decline of 1.3% based on the news that production from certain fields has been suspended due to flood seepage issues. Law & order situation also worsened in the city which translated into low volumes of 62mn shares, down 22%WoW.

MP surprise shakes investor confidence

In its July 30th policy review, the SBP opted to raise the policy rate by 50bps to 13%. The highly leveraged sectors such as textile and cement responded negatively to this decision as their market capitalization fell by 2.5% and 3.9%, respectively.

MCB, PPL and PSO results fail to stir activity

With the result season in full swing, major scrips such as MCB, PPL and PSO announced their earnings during the week. MCB recorded decent earnings of Rs10.45 per share in 1H2010 and announced a cash dividend of Rs3 per share in 2Q. PPL posted earnings of Rs23.42 per share for FY10, along with a cash dividend of Rs5 per share and a bonus issue of 20%. PSO's FY10 earnings of Rs52.76 per share showed a negative earnings surprise attributed to booking of deferred tax asset, thus increasing the effective tax rate to 50%. All the results were slightly below market consensus which created a downward pressure in the market. Next week, bluechips like OGDC, HUBCO, LUCK and ABL are in the pipeline to announce their result.

Foreign buying

Foreigners were the net buyers of shares worth US\$15mn, whereas mutual funds turned as net sellers of US\$10mn.

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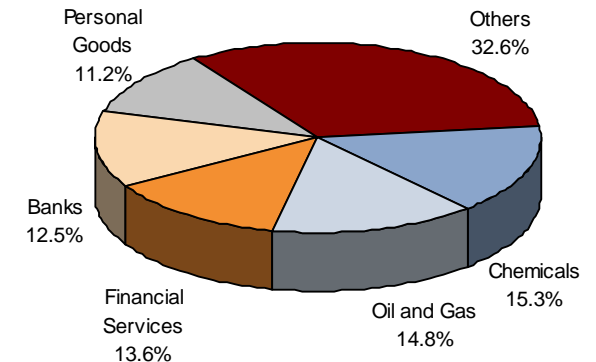
KSE Ready Market	This Weekend	Last Weekend	% Δ
KSE-100 Index	10,315.20	10,519.02	-1.9%
KSE Market Cap (Rs. bn)	2,894.45	2,948.88	-1.8%
KSE Market Cap (US\$ bn)	33.92	34.10	-0.5%
Avg daily vol during week (Sh mn)	61.91	79.81	-22.4%
Avg daily value during week(Rsbn)	3.21	3.60	-10.7%
Avg daily value during week(US\$mn)	37.47	41.99	-10.8%

KSE Futures Market	This Weekend	Last Weekend	% Δ
Avg. daily volume (Shares mn)	1.94	5.29	-63.3%
Avg. daily value (Rs. mn)	246.45	437.55	-43.7%
KSE ready future spread (%)	-3.75%	-2.36%	-139bps

Regional Markets	This Weekend	Last Weekend	%Δ
China (SSEA)	2,658.39	2,637.50	0.8%
India (BSES)	18,143.99	17,868.29	1.5%
Indonesia (JKSE)	3,060.59	3,069.28	-0.3%
Korea (KOSPI)	1,783.83	1,759.33	1.4%
Malaysia (KLSE)	1,360.45	1,360.92	0.0%
Philippines (PSI)	3,516.28	3,426.95	2.6%
Taiwan (TWII)	7,963.30	7,760.63	2.6%

Top performers of JS Universe	This Weekend	Last Weekend	%Δ
Engro Polymer	11.76	10.57	11.3%
Bank Al-Falah Limited	10.20	9.34	9.2%
Sui Southern Gas Co. Ltd.	18.38	16.92	8.6%
Indus Motor Company Limited	273.10	252.08	8.3%
Pakistan Telecommunication	20.10	18.64	7.8%
I.C.I Pakistan Ltd.	127.66	118.50	7.7%
National Refinery Ltd.	206.36	194.25	6.2%
Allied Bank Limited	59.33	56.02	5.9%
Nishat (Chunian) Limited.	19.10	18.08	5.6%
Hub Power Company Limited	36.02	34.28	5.1%
WorldCall Telecom	3.06	2.93	4.4%

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
PSO-AUG	0.50	0.20	136.79	57.95	-2.40%	8.67%
PPL-AUG	0.59	0.18	123.23	37.23	-3.65%	-0.57%
MCB-AUG	0.22	0.21	45.59	44.47	-8.71%	-9.15%
POL-AUG	0.09	0.17	20.31	40.33	3.73%	2.15%
OGDC-AUG	0.11	0.44	16.35	66.47	-22.71%	-15.77%
NML-AUG	0.17	0.27	8.84	14.09	7.58%	1.50%
NBP-AUG	0.07	0.24	5.33	17.59	2.92%	11.05%
AICL-AUG	0.04	0.01	3.85	1.11	-0.20%	6.67%
DGKC-AUG	0.10	0.34	2.68	9.57	8.46%	8.39%
PTC-AUG	0.11	0.04	2.11	0.86	10.76%	5.23%
TOTAL	2.25	3.09	389.02	355.68	-3.75%	-2.36%

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