

January 15, 2010

Pakistan

Friday rally helps market to close at a 17 month high

The KSE 100 index remained in the consolidation phase during the first four trading sessions and kept on testing the psychological mark of 9800. On the last trading day, however, a flurry of activity was observed in FFBL, PTC, PPL and NML propelling the market to a closing of 9,923 points – highest in 17 months. The rise in the index was also supported by healthy volumes of 205mn shares with foreigners remaining active in E&P scrips. After analyzing Friday's activity, we believe market is likely to cross the 10,000 barrier next week.

SBP's quarterly report & T-Bill auction

In its first quarter FY10 report, SBP appreciated the stabilizing macroeconomic indicators and projected GDP growth to be in range of 2.5-3.5%, CPI 10-12%, fiscal deficit 4.7-5.2% and C/A deficit 3.7-4.7%. The central bank also announced Jan 30th as the date for the next monetary policy statement, and with T-Bill yields falling by 3.78–13.76bps at the subsequent auction, a rate cut remains a strong possibility.

Fatima Book Building drives fertilizer scrips

An overwhelming response to Fatima Fertilizer's Book Building (oversubscribed 4 times) had a spill over effect on other fertilizer stocks, causing a flurry of activity in the fertilizer sector. Expectation of improved earnings in the upcoming results amid better off-take was also a reason behind this rally. Additionally, investor interest was observed in E&Ps following the announcement of offshore drilling by PPL. Due to attractive multiples, investors also accumulated PTC shares which remained the volume leader during the week.

Foreigners remain net buyers of US\$7mn

Foreigners and Banks continued to remain the net buyers of US\$6.9mn and US\$4.5mn respectively, while companies and individuals emerged as net sellers of US\$12.9mn. Foreign interest was particularly observed in the E&P sector.

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KSE Ready Market	This Weekend	Last Weekend	% Δ
KSE-100 Index	9,923.14	9,776.21	1.5%
KSE Market Cap (Rs. bn)	2,850.67	2,812.74	1.3%
KSE Market Cap (US\$ bn)	33.82	33.17	2.0%
Avg daily vol during week (Sh mn)	157.02	195.90	-19.8%
Avg daily value during week(Rsbn)	8.34	9.55	-12.8%
Avg daily value during week(US\$m)	98.43	112.76	-12.7%

KSE Futures Market	This Weekend	Last Weekend	% Δ
Avg. daily volume (Shares mn)	2.32	2.66	-12.9%
Avg. daily value (Rs. mn)	261.52	313.33	-16.5%
KSE ready future spread (%)	5.72	8.62	-290bps

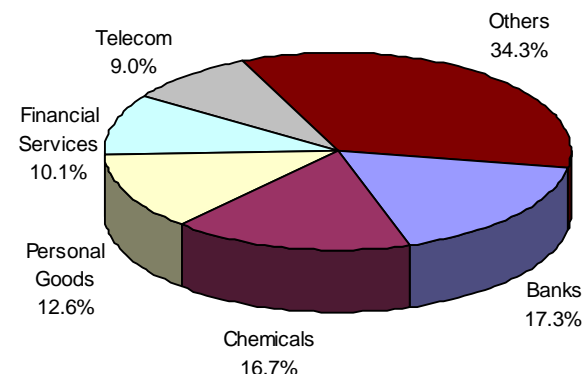
Regional Markets	This Weekend	Last Weekend	%Δ
China (SSEA)	3,224.15	3,196.00	0.9%
India (BSESN)	17,554.30	17,540.29	0.1%
Indonesia (JKSE)	2,647.09	2,614.37	1.3%
Korea (KOSPI)	1,701.80	1,695.26	0.4%
Malaysia (KLSE)	1,298.58	1,292.98	0.4%
Philippines (PSI)	3,118.47	3,077.18	1.3%
Taiwan (TWII)	8,356.89	8,280.90	0.9%

Top performers of JS Universe	This Weekend	Last Weekend	%Δ
Pioneer Cement Limited	13.40	10.99	21.9%
Fauji Fertilizer Bin Qasim	30.07	26.75	12.4%
Shell Pakistan Limited	285.95	258.38	10.7%
Faysal Bank Limited	19.53	18.06	8.1%
Packages Limited	154.05	145.79	5.7%
United Bank Ltd.	65.73	62.64	4.9%
MCB Bank Limited	229.96	220.42	4.3%
Adamjee Insurance Co. Ltd.	132.44	127.72	3.7%
Pakistan Telecommunication	20.19	19.52	3.4%
Pak Suzuki Motor Co. Ltd.	100.11	96.97	3.2%
Pak Petroleum Ltd.	204.35	198.34	3.0%

WEEKLY REVIEW



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
POL-JAN	0.84	0.41	209.24	104.41	1.15%	14.17%
AICL-JAN	0.83	0.06	111.45	8.04	18.94%	1.49%
MCB-JAN	0.22	0.10	50.36	21.91	-3.38%	8.32%
NML-JAN	0.36	0.07	24.16	4.67	7.70%	0.00%
NBP-JAN	0.29	0.14	23.82	11.68	4.11%	3.23%
PPL-JAN	0.10	0.03	20.46	5.29	5.65%	2.35%
PSO-JAN	0.05	0.01	15.60	4.48	12.17%	8.47%
OGDC-JAN	0.12	0.11	14.34	12.98	1.33%	-2.52%
ENGRO-JAN	0.06	0.05	12.26	10.37	8.13%	-2.37%
DGKC-JAN	0.33	0.14	11.02	4.71	4.65%	-1.58%
TOTAL	4.06	1.71	517.43	204.52	5.72%	8.62%

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