

July 17, 2009

Pakistan**Market gains momentum; return of futures****WEEKLY REVIEW**

A positive mood was witnessed at the local bourse in the outgoing week as the KSE-100 Index closed at 7,764 levels, up 3.5% WoW. The much awaited demand for a leveraged product by investors was finally over as the board of KSE approved the proposal to re-launch the deliverable futures contract on 10 eligible scrips. Apart from this, news regarding the monetary policy announcement on July 25 kept the investors bullish.

Consequently, average daily volumes improved considerably by 43% from previous week. Moreover, foreigners continued to remain buyers at the local bourse for the 5 consecutive weeks with net buying of 3.5mn shares.

Re-launch of futures contract

After a break of nearly 4 months, the board of KSE finally approved the re-launch of deliverable futures contract for 10 mainly blue chip scrips namely POL, OGDC, PPL, PSO, HUBC, FFC, ENGRO, MCB, NBP & UBL. The entities have a combined weight of 49% in overall market capitalization hence; we expect volumes to improve further, going forward.

Heightened expectation of interest rate cuts

State Bank of Pakistan (SBP) will be announcing the monetary policy for the 1QFY10 on July 25. Heightened expectations regarding interest rate cuts kept the market hot during the week. As a result average daily volumes for the week stood at a 12 week high of 204mn shares against 142mn share in the previous week with cement and refinery sectors outperforming the market by 4.5% and 2.6%. We believe SBP to lower interest rates by 150bps on the basis of declining CPI inflation which stood at 13.1% in June.

5 consecutive weeks of foreign buying

Foreigner remained net buyers for 5 consecutive weeks as they bought shares worth US\$15.8mn and sold shares valuing US\$12.3mn resulting in net buying of Us\$3.5mn.

bilal.qamar@js.com

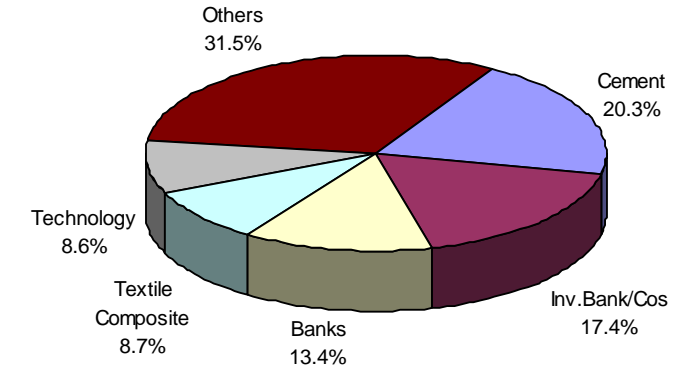
92 21 111-574-111 (Ext. 3099)

KSE Ready Market	This Weekend	Last Weekend	% Δ
KSE-100 Index	7,764.01	7,502.66	3.5%
KSE Market Cap (Rs. bn)	2,285.34	2,209.27	3.4%
KSE Market Cap (US\$ bn)	27.86	26.96	3.4%
Avg daily vol during week (Sh mn)	204.01	142.35	43.3%
Avg daily value during week(Rsbn)	10.10	6.06	66.7%
Avg daily value during week(US\$m)	122.69	74.15	65.5%

KSE CFS Market	This Weekend	Last Weekend	% Δ
KSE CFS Vol. (Shares mn)	-	-	-
KSE CFS Value (Rs. bn)	-	-	-
KSE CFS Value (US\$ mn)	-	-	-
KSE CFS Average Rate	-	-	-

Regional Markets	This Weekend	Last Weekend	%Δ
China (SSEA)	3,189.74	3,113.93	2.4%
India (BSESN)	14,744.92	13,504.22	9.2%
Indonesia (JKSE)	2,106.35	2,063.09	2.1%
Korea (KOSPI)	1,440.10	1,428.62	0.8%
Malaysia (KLSE)	1,120.90	1,067.76	5.0%
Philippines (PSI)	2,553.96	2,487.22	2.7%
Taiwan (TWII)	6,850.99	6,769.86	1.2%

Top performers of JS Universe	This Weekend	Last Weekend	%Δ
Pak Suzuki Motor Co. Ltd.	82.49	69.79	18.2%
D. G. Khan Cement Co.	35.94	30.82	16.6%
Indus Motor Company Limited	126.72	112.12	13.0%
Fauji Fertilizer Bin Qasim	20.07	17.76	13.0%
United Bank Ltd.	44.74	39.75	12.6%
Pakistan Refinery Ltd.	116.93	104.43	12.0%
Lafarge Pakistan Cement Ltd	3.18	2.85	11.6%
Adamjee Insurance Co. Ltd.	97.51	87.55	11.4%
Pakistan Oilfields Ltd.	167.43	151.32	10.6%
Packages Limited	170.69	156.24	9.2%

Top sectors by volume**JS Global Capital Limited**

6th Floor, Faysal House, Main Shahrah-e-Faisal, Karachi

Research:

Email: js.research@js.com

Fax: 92 (21) 2800163

Report Compiled By:

Email: adeel.jafri@js.com

Tel: 92 (21) 111-574-111

JS RESEARCH IS AVAILABLE ON BLOOMBERG, THOMSON REUTERS