

December 18, 2009

Pakistan**Market volatile; Politics at the helm****WEEKLY REVIEW**

The KSE-100 started off on a positive note, responding to Abu Dhabi \$10bn bailout package for Dubai and the US Senate's approval of US\$1.5bn aid for Pakistan. The Supreme Court's verdict on the NRO provided some clarity on the political front, however, continued media and public speculation about the fate of ex-beneficiaries caused the market to be somewhat erratic. Banks benefited on news of possible capital gains from the redemption of NIT's LOC Fund units. Consequently, the Index closed at 9,184 level (up 1.6%WoW) with average daily volumes of 162mn shares (up 67%WoW).

NRO dominates the political scenario

After initial anxiety, political risk subsided on the government's calm reaction to the NRO verdict. Subsequent speculation on the President's immunity and the possible fate of ex-beneficiaries caused the market to be volatile.

A mixed bag of economic stats

The C/A deficit shrunk 81%YoY to US\$1.36bn, while forex reserves remained stable at US\$13.5bn. IMF's US\$ 1.2bn tranche due shortly is expected to boost reserves further. On the flip side, 5MFY10 Foreign Investment fell by 25%YoY and the Rupee depreciated to a record low of USD/PKR84.50.

Banking scrips gain from NIT LOC's redemption

The Banking sector shined as news of redemption of NIT's LOC Fund which would earn NBP, FABL, BoK and BOP capital gains, causing a rally in the scrips. The Textile sector also remained strong rising 3.3%WoW on a better export outlook, profit taking though, brought the Fertilizer sector down 1.4%.

Individuals and foreigners emerge as net sellers

Banks and Mutual Funds emerged as net buyers of US\$8.9mn and US\$8.1mn, respectively. Individuals were net sellers of US\$14.7mn and Foreigners of US\$0.4mn.

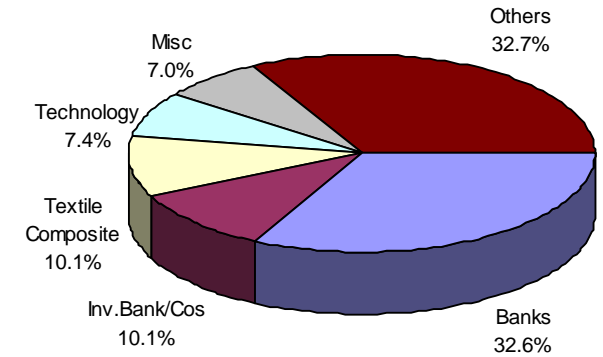
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KSE Ready Market	This Weekend	Last Weekend	% Δ
KSE-100 Index	9,183.73	9,037.30	1.6%
KSE Market Cap (Rs. bn)	2,646.90	2,613.73	1.3%
KSE Market Cap (US\$ bn)	31.46	31.10	1.1%
Avg daily vol during week (Sh mn)	162.49	97.39	66.8%
Avg daily value during week(Rsbn)	6.82	3.82	78.5%
Avg daily value during week(US\$m)	80.85	45.36	78.2%

KSE Futures Market	This Weekend	Last Weekend	% Δ
Avg. daily volume (Shares mn)	2.43	1.35	80.5%
Avg. daily value (Rs. mn)	223.64	123.80	80.6%
KSE ready future spread (%)	1.61	1.19	41bps

Regional Markets	This Weekend	Last Weekend	%Δ
China (SSEA)	3,113.89	3,247.32	-4.1%
India (BSESN)	16,719.83	17,119.03	-2.3%
Indonesia (JKSE)	2,509.58	2,519.10	-0.4%
Korea (KOSPI)	1,647.04	1,656.90	-0.6%
Malaysia (KLSE)	1,266.97	1,260.00	0.6%
Philippines (PSI)	3,016.99	3,031.13	-0.5%
Taiwan (TWII)	7,753.63	7,795.07	-0.5%

Top performers of JS Universe	This Weekend	Last Weekend	%Δ
Faysal Bank Limited	17.64	14.81	19.1%
Bank Of Punjab Limited.	20.97	18.04	16.2%
National Bank Of Pakistan	72.91	66.60	9.5%
Lafarge Pakistan Cement Ltd	2.17	2.02	7.4%
Pakistan Refinery Ltd.	121.46	114.40	6.2%
Nishat Mills Ltd.	68.81	64.97	5.9%
Adamjee Insurance Co. Ltd.	119.12	113.11	5.3%
Fauji Cement Company Ltd.	5.99	5.74	4.4%
Lucky Cement Limited	63.13	60.74	3.9%
Maple Leaf Cement Factory Limited	3.50	3.37	3.9%
Pak Suzuki Motor Co. Ltd.	90.02	86.69	3.8%

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
MCB-DEC	0.13	0.06	28.02	12.66	7.30%	3.52%
NML-DEC	0.38	0.17	26.11	11.29	-4.50%	2.00%
POL-DEC	0.10	0.02	22.87	3.37	3.71%	0.36%
OGDC-DEC	0.16	0.09	16.86	9.96	-14.48%	-4.16%
NBP-DEC	0.20	0.08	14.32	5.51	9.29%	3.88%
PPL-DEC	0.07	0.05	12.58	9.20	-1.72%	-2.33%
PSO-DEC	0.04	0.06	12.49	18.04	5.33%	1.43%
ENGRO-DEC	0.03	0.05	6.15	8.82	10.99%	2.78%
AICL-DEC	0.03	0.01	3.52	1.54	-0.44%	4.58%
BAFL-DEC	0.22	0.07	3.16	1.01	3.64%	13.20%
TOTAL	1.47	0.80	149.78	84.99	1.61%	1.19%

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