

March 19, 2010

Pakistan

Foreign activity keeps KSE-100 above the 10,000 level

The benchmark index managed to stay above the 10,000 level, buoyed by foreign buying of significant proportions, with a 28-weeks high single day inflow of US\$13.7mn. The appointment of the Finance Advisor also became a source of comfort for investors and it signals the probable release of the fifth IMF tranche shortly. Further, the current account deficit and forex reserves flow cemented the fact that macroeconomic imbalances are indeed reversing. Moreover, in response to continuous foreign buying, lower quantum of selling was witnessed from local investors this week. Hence, volumes remained subdued at 163mn shares (down 11%WoW).

More macro data hinting at imbalances reversal

The 8MFY10 (July-Feb) current account deficit fell to US\$2.6bn (down 211%YoY) primarily on account of a lower trade deficit (down US\$7.4bn) and 18% rise in remittances. The appointment of Dr. Hafeez Sheikh as Finance Advisor is expected to provide further impetus to the economic reforms program, as well as the disbursement of IMF's 5th tranche (US\$1.2bn).

International buyers keep the market afloat

Net Foreign buying (US\$25mn) was prominent in Cement and Fertilizer stocks, with Lucky, DGKC, and FFC being major beneficiaries of this interest. NML (up 5.2%) emerged as the star performer in the Textile sector, as sentiments improved post the price adjustment for its right shares. In contrast, despite a discovery at Bela I, POL ended 0.6% down WoW and similarly, news flow regarding a dry offshore well (Shark I) kept PPL under pressure throughout the week.

Locals remain net sellers of US\$25mn

Domestic investors sold off US\$25mn worth of scrips this week, with mutual funds and companies leading the local sellers' lot, with US\$11.7mn and US\$6.3mn in net balances, respectively.

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KSE Ready Market	This Weekend	Last Weekend	% Δ
KSE-100 Index	10,000.93	10,025.99	-0.2%
KSE Market Cap (Rs. bn)	2,847.15	2,868.73	-0.8%
KSE Market Cap (US\$ bn)	33.83	34.14	-0.9%
Avg daily vol during week (Sh mn)	162.81	182.19	-10.6%
Avg daily value during week (Rsbn)	5.95	7.29	-18.4%
Avg daily value during week (US\$m)	70.53	86.33	-18.3%

KSE Futures Market	This Weekend	Last Weekend	% Δ
Avg. daily volume (Shares mn)	4.60	8.03	-42.7%
Avg. daily value (Rs. mn)	411.90	560.32	-26.5%
KSE ready future spread (%)	51.47	15.90	3557bps

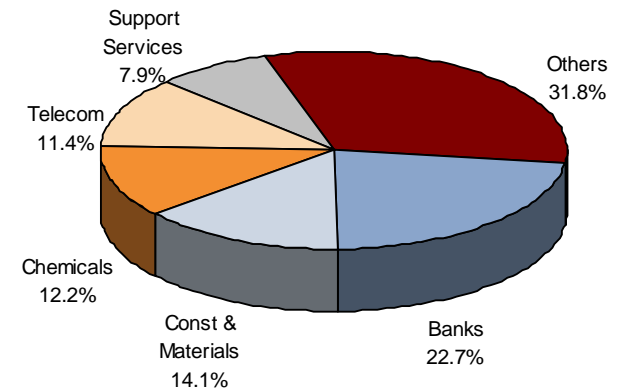
Regional Markets	This Weekend	Last Weekend	%Δ
China (SSEA)	3,067.75	3,013.41	1.8%
India (BSES)	17,578.23	17,166.62	2.4%
Indonesia (JKSE)	2,742.97	2,666.51	2.9%
Korea (KOSPI)	1,686.11	1,662.74	1.4%
Malaysia (KLSE)	1,296.60	1,311.20	-1.1%
Philippines (PSI)	3,097.23	3,072.91	0.8%
Taiwan (TWII)	7,897.91	7,748.33	1.9%

Top performers of JS Universe	This Weekend	Last Weekend	%Δ
Lafarge Pakistan Cement Ltd	4.79	4.30	11.4%
Faysal Bank Limited	17.47	15.70	11.3%
Sui Northern Gas Ltd.	33.41	30.70	8.8%
Nishat Mills Ltd.	56.67	53.86	5.2%
Fauji Fertilizer Co. Ltd.	107.90	105.30	2.5%
Lucky Cement Limited	78.85	77.08	2.3%
Askari Bank Ltd.	26.63	26.28	1.3%
Engro Corporation Limited	186.26	184.58	0.9%
Indus Motor Company Limited	211.45	209.67	0.8%
Kot Addu Power Co.	44.70	44.47	0.5%
Oil & Gas Dev.Co	125.84	125.36	0.4%

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
NBP-MARB	0.74	0.32	52.91	23.13	156.12%	58.69%
DGKC-MAR	1.15	3.14	34.97	94.62	50.46%	17.40%
ENGRO-MAR	0.14	0.07	26.45	13.68	11.37%	6.65%
POL-MAR	0.08	0.32	19.70	75.17	0.26%	19.86%
LUCK-MAR	0.18	0.05	14.12	4.16	3.85%	0.00%
AICL-MAR	0.07	0.15	8.77	18.76	3.89%	4.88%
MCB-MARB	0.03	0.05	7.07	9.31	8.32%	5.47%
NML-MAR	0.10	0.04	5.99	2.29	-24.10%	9.72%
PSO-MAR	0.02	0.07	4.92	21.73	9.31%	-6.87%
PPL-MAR	0.02	0.47	3.78	94.14	13.53%	17.67%
TOTAL	2.99	7.54	203.09	567.11	51.47%	15.90%

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