

July 23, 2010

Pakistan

Foreign pledges boost market sentiment; index up 1.4%WoW

WEEKLY REVIEW



The week kicked off on a bullish note on the expected announcement of US\$500mn aid package by the US along with rumours regarding the Asian Development Bank (ADB) likely to approve additional US\$500mn for budgetary support. Moreover, the Council of Common Interest (CCI) unanimously approved the construction of Diamer-Bhasha Dam that boosted sentiments within the cement sector. However, the decision of the Economic Coordination Committee (ECC) to reduce duty protection on PTA by 4.5% to 3% acted as a dampener for LOTPTA. On the whole, the index concluded at 10,296pts (up 1.4%WoW) with average daily volumes declining by 1.6% to 79mn shares.

Result announcements and the Monetary Policy

Investor interest escalated in anticipation of few pertinent results to be announced next week like FFC, FFBL, Engro and HBL. Moreover, Monetary Policy which is scheduled to be announced on July 30th, clinched fixed income fund's focus as they expect a 50bps increase in the discount rate. However, the equity market did not take any impact of this rumor as the market closed at 10,296 level, up 1.4%WoW. According to our economist, the SBP is expected to maintain the current policy rate at 12.5%.

US & ADB aid packages improve market sentiment

The US Secretary of State, Hillary Clinton announced US\$500mn aid package as part of the Kerry Lugar Bill which improved market sentiment. Furthermore, rumors regarding approval of additional US\$500mn by the ADB for Pakistan's budgetary support and inter-corporate debt in its meeting on August 27th, further boosted market's positive momentum.

Foreigners remain net buyers

Foreigners continue to be net buyers of worth US\$14.0mn, while companies and banks were net sellers of US\$2.9mn and US\$2.6mn, respectively.

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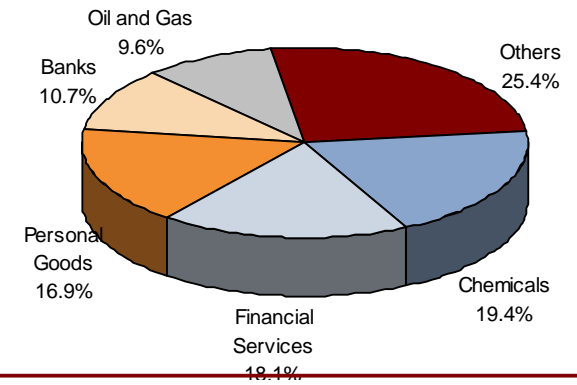
KSE Ready Market	This Weekend	Last Weekend	%Δ
KSE-100 Index	10,296.04	10,153.85	1.4%
KSE Market Cap (Rs. bn)	2,889.57	2,852.93	1.3%
KSE Market Cap (US\$ bn)	33.62	33.14	1.4%
Avg daily vol during week (Sh mn)	78.97	80.28	-1.6%
Avg daily value during week(Rsbn)	3.18	3.18	0.2%
Avg daily value during week(US\$m)	37.19	37.07	0.3%

KSE Futures Market	This Weekend	Last Weekend	%Δ
Avg. daily volume (Shares mn)	3.11	3.82	-18.5%
Avg. daily value (Rs. mn)	358.11	351.64	1.8%
KSE ready future spread (%)	2.36%	-0.09%	245bps

Regional Markets	This Weekend	Last Weekend	%Δ
China (SSEA)	2,572.03	2,424.27	6.1%
India (BSESN)	18,130.98	17,955.82	1.0%
Indonesia (JKSE)	3,042.02	2,992.45	1.7%
Korea (KOSPI)	1,758.06	1,738.45	1.1%
Malaysia (KLSE)	1,345.68	1,336.65	0.7%
Philippines (PSI)	3,416.10	3,442.68	-0.8%
Taiwan (TWII)	7,761.22	7,664.57	1.3%

Top performers of JS Universe	This Weekend	Last Weekend	%Δ
Pak Suzuki Motor Co. Ltd.	88.00	82.00	7.3%
Nishat Mills Ltd.	50.36	47.75	5.5%
NIB Bank Limited	3.30	3.14	5.1%
Nishat (Chunian) Limited.	18.08	17.23	4.9%
MCB Bank Limited	209.94	201.51	4.2%
Attock Petroleum Ltd	306.02	294.00	4.1%
Pakistan State Oil Co. Ltd.	275.05	265.96	3.4%
Hub Power Company Limited	34.28	33.43	2.5%
Kot Addu Power	43.13	42.14	2.3%
Engro Corporation Limited	188.29	184.07	2.3%
United Bank Ltd.	57.77	56.53	2.2%

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
POL-JUL	0.84	0.29	195.09	65.27	-5.15%	3.57%
OGDC-JUL	0.41	0.16	61.45	23.58	29.35%	-30.18%
MCB-JUL	0.24	0.24	50.00	47.38	-3.74%	3.50%
PPL-JUL	0.09	0.04	18.68	7.14	-3.43%	6.82%
NML-JUL	0.33	0.21	16.80	10.09	7.17%	-1.65%
ENGRO-JUL	0.09	0.11	16.64	19.54	3.03%	5.95%
NBP-JUL	0.14	0.48	9.60	33.34	14.98%	6.34%
FFBL-JUL	0.14	0.06	4.23	1.73	15.93%	26.65%
DGKC-JUL	0.07	0.45	1.84	12.26	-9.41%	4.80%
LUCK-JUL	0.03	0.08	1.82	5.69	-18.13%	-14.63%
TOTAL	2.61	2.97	402.25	247.77	2.36%	-0.09%

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