

February 26, 2010

Pakistan

CGT overshadows corporate achievements

Investors started off the week on a dull note, and largely ignored encouraging corporate results, most of which were above expectations. This behavior can be attributed to confusion surrounding the capital gain tax (CGT) structure and the announcement of resignation of the Finance Minister. An avg. 25bps rise in T-bill yields on liquidity concerns further pulled the index down, which closed at 9,658 level, down 2.5%WoW.

Results ignored, CGT & T-bill hike drag KSE down

Most of the corporate results announced in the outgoing week, were above street expectations. However, with the exception of HUBCO (↑ 3.9%WoW), even blue chips such as MCB and OGDC failed to excite the market participants. Agreement on the imposition of a 10% CGT between brokers and the government drove investors to the sidelines, as they were apprehensive about the implications of this decision. This coupled with a 23-27bps increment in T-bill rates amid liquidity shortage triggered heavy selling by investors. Average daily volumes thus shrunk 7.7%WoW to 141mn shares.

Scrip wise, NBP ended being the volume leader and gained 5.3%WoW primarily on anticipation of a strong payout next week. In contrast, lower than expected earnings and payout brought INDU down 4.6%WoW.

Political developments further hurt the sentiments

Rumours about Shaukat Tarin leaving office were put to rest, when he submitted his resignation this week. Investors were slightly disappointed at this, and particularly had mixed emotions over the possible succession of Makhdoom Shahabuddin. This was despite reports of Arif Habib's Nasim Beg's likely appointment as the Finance Advisor.

Companies lead buyers, Individuals major sellers

Companies (US\$6.2mn) and foreigners (US\$1.6mn) were major net buyers, while individuals were net sellers of US\$ 5.5mn and mutual funds of US\$ 2.6mn.

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KSE Ready Market	This Weekend	Last Weekend	% Δ
KSE-100 Index	9,657.79	9,902.62	-2.5%
KSE Market Cap (Rs. bn)	2,773.47	2,847.64	-2.6%
KSE Market Cap (US\$ bn)	32.65	33.53	-2.6%
Avg daily vol during week (Sh mn)	141.43	153.19	-7.7%
Avg daily value during week(Rsbn)	5.00	5.49	-9.0%
Avg daily value during week(US\$mn)	58.76	64.66	-9.1%

KSE Futures Market	This Weekend	Last Weekend	% Δ
Avg. daily volume (Shares mn)	6.41	2.18	194.5%
Avg. daily value (Rs. mn)	308.65	274.71	12.4%
KSE ready future spread (%)	3.58	4.62	-104bps

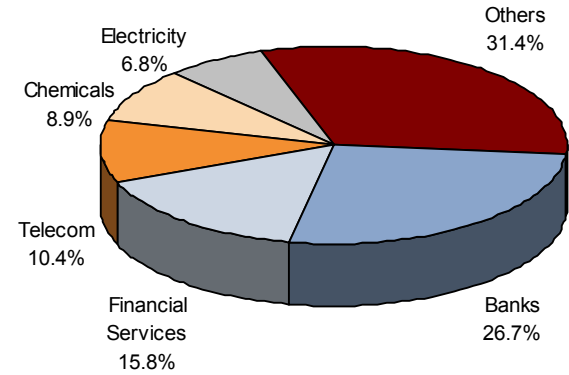
Regional Markets	This Weekend	Last Weekend	%Δ
China (SSEA)	3,051.94	3,018.13	1.1%
India (BSESN)	16,429.55	16,191.63	1.5%
Indonesia (JKSE)	2,549.03	2,554.38	-0.2%
Korea (KOSPI)	1,594.58	1,593.90	0.0%
Malaysia (KLSE)	1,270.78	1,257.67	1.0%
Philippines (PSI)	3,043.75	2,978.53	2.2%
Taiwan (TWII)	7,436.10	7,441.84	-0.1%

Top performers of JS Universe	This Weekend	Last Weekend	%Δ
National Bank Of Pakistan	88.18	83.75	5.3%
Hub Power Company Limited	33.31	32.05	3.9%
Pakistan Telecommunication	20.24	19.67	2.9%
Attock Petroleum Ltd	354.89	351.55	1.0%
Fauji Fertilizer Bin Qasim	32.16	32.02	0.4%
Shell Pakistan Limited	280.25	281.88	-0.6%
Pak Petroleum Ltd.	194.11	196.14	-1.0%
Fauji Fertilizer Co. Ltd.	103.90	105.02	-1.1%
Attock Refinery Ltd.	111.08	112.52	-1.3%
Pakistan State Oil Co. Ltd.	299.33	303.66	-1.4%
Stand.Chart.Bank	8.78	8.91	-1.5%

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
BAFL-MAR	9.47	0.16	118.48	2.16	4.18%	15.62%
MCB-MAR	0.06	0.10	13.46	21.16	6.39%	4.45%
ENGRO-MAR	0.07	0.03	12.82	6.37	7.59%	4.67%
NBP-MAR	0.14	0.42	12.17	34.77	6.76%	-0.62%
PSO-MAR	0.03	0.03	9.65	10.22	3.51%	5.13%
AICL-MAR	0.07	0.26	8.14	32.61	3.96%	28.65%
POL-MAR	0.04	0.12	7.92	27.92	6.33%	-8.47%
OGDC-MAR	0.05	0.10	6.26	11.66	-4.44%	-9.10%
ANL-MAR	0.24	0.05	4.64	1.05	9.62%	17.05%
DGKC-MAR	0.13	0.46	3.73	13.25	-12.14%	-1.81%
TOTAL	10.45	2.01	204.65	180.97	3.58%	4.62%

Previous future statistics are for the month of February, 2010

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