

January 13, 2012

Pakistan

Market remains subdued amid the hazy political environment

The local bourse remained lackluster owing to the political uncertainty prevailing in the country. On the macro front, swelling of trade deficit also dampened the investor sentiment. On a positive note, inauguration of Kunnar-Pasakhi Gas Pipeline Project by the prime minister created some excitement for investors. Overall, the benchmark KSE 100 Index lost 111 points to 11,014 level, depicting a decline of 1.0%WoW. Dullness in market activity can be vindicated by 33%WoW drop in volumes to 28mn shares. This tamed performance led to the market underperforming the regional markets by 3%, however, foreigners were net buyers of US\$0.2mn.

Macros: Surging import bill widens the trade deficit

Outlook on the external account got bleaker with the widening of the trade deficit. In 1HFY12 Pakistan's trade deficit stood at US\$11.5bn, rising by 38.5%YoY. During the period under review, exports of the country increased by only 3.9%YoY to US\$11.2bn, mainly due the decline in cotton prices. On the other hand, country's import bill rose by 18.9%YoY to US\$22.7bn owing to higher oil prices. In Dec-11, exports plummeted to \$1.9bn, down 11.5%YoY, whereas imports increased to \$4.3bn, up 13.6%YoY. Encouragingly, remittances sent by overseas Pakistanis have amounted to US\$6.3bn in 1HFY12 against US\$5.3bn in the same period last year, up 19.5%YoY.

Fertilizers gain on urea price hike

Both FFC and FFBL raised urea prices this week, consequently outperforming the market by 5% and 4%, respectively. Amongst other blue chip stocks, MCB and LUCK outperformed the market by a respective 3% and 2% on the back of attractive valuations.

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KSE Ready Market	This Weekend	Last Weekend	% Δ
KSE-100 Index	11,014.46	11,125.35	-1.0%
KSE Market Cap (Rs. bn)	2,866.56	2,893.21	-0.9%
KSE Market Cap (US\$ bn)	31.61	32.43	-2.5%
Avg daily vol during week (Sh mn)	28.13	42.21	-33.3%
Avg daily value during week(Rsbn)	1.30	1.84	-29.3%
Avg daily value during week(US\$mn)	14.43	20.40	-29.3%

KSE Futures Market	This Weekend	Last Weekend	% Δ
Avg. daily volume (Shares mn)	3.14	4.98	-36.9%
Avg. daily value (Rs. mn)	306.24	445.04	-31.2%
KSE ready future spread (%)	8.56%	9.23%	-67bps

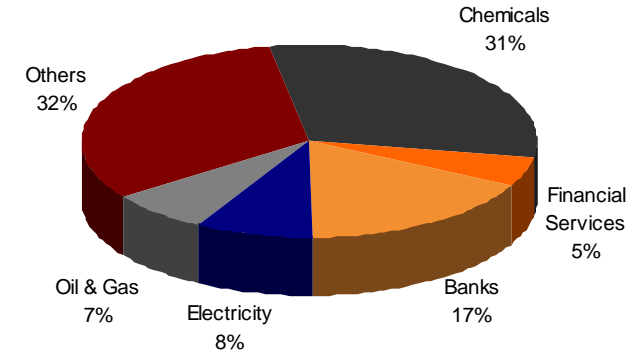
Regional Markets	This Weekend	Last Weekend	%Δ
China (SSEA)	2,244.58	2,163.39	3.8%
India (BSES)	16,154.62	15,867.73	1.8%
Indonesia (JKSE)	3,935.33	3,869.42	1.7%
Korea (KOSPI)	1,875.68	1,843.14	1.8%
Malaysia (KLSE)	1,523.07	1,514.13	0.6%
Philippines (PSI)	4,613.83	4,483.36	2.9%
Taiwan (TWII)	7,181.54	7,120.51	0.9%

Top performers of JS Universe	This Weekend	Last Weekend	%Δ
Fauji Fertilizer Co. Ltd.	162.57	157.01	3.5%
Pakistan State Oil Co. Ltd.	236.31	230.07	2.7%
Fauji Fertilizer Bin Qasim	43.58	42.50	2.5%
Maple Leaf Cement Factory Limited	2.02	1.97	2.5%
NIB Bank Limited	1.69	1.65	2.4%
I.C.I Pakistan Ltd.	131.72	128.71	2.3%
MCB Bank Limited	148.06	144.80	2.3%
Askari Bank Ltd.	10.20	10.01	1.9%
Adamjee Insurance Co. Ltd.	47.00	46.27	1.6%
Nishat (Chunian) Limited.	17.70	17.44	1.5%
Indus Motor Company Limited	212.63	210.00	1.3%

WEEKLY REVIEW



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
FFC-JAN	0.57	0.66	93.37	104.15	4.80%	8.02%
ENGRO-JAN	0.50	0.93	48.27	90.03	10.88%	9.95%
POL-JAN	0.08	0.25	29.41	87.39	8.49%	11.01%
MCB-JAN	0.17	0.12	25.27	16.65	1.94%	4.57%
FFBL-JAN	0.53	0.55	23.17	23.70	12.53%	3.66%
PSO-JAN	0.08	0.04	19.93	10.32	13.03%	11.47%
NBP-JAN	0.45	0.86	19.34	38.26	12.31%	9.82%
OGDC-JAN	0.11	0.25	15.29	34.92	11.32%	10.79%
ATRL-JAN	0.12	0.14	13.46	15.43	13.76%	9.71%
PPL-JAN	0.03	0.09	5.18	15.37	11.29%	6.33%
TOTAL	3.10	4.26	305.42	444.57	8.56%	9.23%

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