

Market Cap. (USDbn):

31.74

Avg. Daily Vol. (CYTD):

35.18mn

Market Outlook:

Positive

Earning Growth(2012E):

13.4%

KSE Div. Yield (2012E):

8.57%

KSE PE (2012E) :

5.66x

## KSE100: Political uncertainties keep investors at bay

KSE-100 index saw another volatile week on account of stressful environment on country's political front. The benchmark index lost 110pts WoW to close at 11,014pts (down ~1.0% WoW). Political uncertainty prevailing on the local front kept investors at bay from the market, especially when Supreme Court in its judgment pointed out present political setup's highest commands as dishonest. Meanwhile, the condition became worst when the gov't and country's military confronted on certain issues. As a result, KSE100 index also broke the psychological level of 11,000pts, as investors immediately sidelined themselves as another military coup was immediately feared to take place. However, last day of trading showed some positivity where the market gained 105pts and closed the week back above 11,000pts level, primarily due to SECP's investment-friendly proposal to FBR with respect to capital gains tax (new collection mechanism with amnesty scheme), reduction in corporate tax rate and increase in tax on national saving schemes. Overall, average traded value during the week decreased significantly by 30% WoW to stand at only USD17.8mn with average volumes standing as low as 28mn shares (down 33% WoW). However, after a long series of foreign outflows, Pak equities received low but net foreign inflows of USD0.18mn, as compared to relatively heavy outflows of USD6.7mn recorded in the previous week.

Weekly Index Review

Date	All Shares			KSE-100			KSE-30		
	Level	Vol. (mn)	Mkt. Cap.	Level	Vol. (mn)	Mkt. Cap.	Level	Vol. (mn)	Mkt. Cap.
13-Jan-12	7,645	32	2,867	11,014	28	2,647	10,176	23	527
9-Jan-12	7,662	21	2,873	11,040	17	2,652	10,124	8	525
WoW	-0.2%	53%	-0.2%	-0.2%	66%	-0.2%	0.5%	177.9%	0.5%

Source: Invest Cap Research, \*Free float based Mkt. Cap. Rsbn

### Positive news during the week

1. SECP presents to FBR proposals on CGT, corporate & NSS tax
2. Remittances at USD1.08bn in Dec-11, up 17% MoM
3. Cement sales go up by ~19% MoM in Dec-11
4. 100mmcf/d gas added to system, gas crisis could end in 2013

### Negative news during the week

1. Ties b/w military and gov't heated-up political environment
2. Supreme court warns gov't of disqualifying President and PM
3. Banking sector advances continue to falter (4% in 11MCY11)
4. Trade deficit swells to USD2.41bn (up 10.6% MoM) in Dec-11

Source: Various Newspapers

Large Caps.	WoW		Volume Leaders		WoW	
	Mkt. Cap.	Vol.			Mkt. Cap.	Vol.
Oil and Gas	-4.4%	-37.7%	Chemicals		0.0%	-43.0%
Chemicals	0.0%	-43.0%	Oil and Gas		-4.4%	-37.7%
Forestry and Paper	-0.5%	-17.3%	Banks		-0.5%	-43.6%
Industrial metals and Mining	-8.1%	0.0%	Electricity		-1.2%	22.5%
Construction and Materials	-0.6%	-53.8%	Financial Services		0.6%	-15.7%

Source: Invest Cap Research

### Total futures open interest up 3.7% WoW, spreads at 7.01%

Market's open interest position during the week increased by a paltry Rs41mn (up 3.7% WoW) to stand at Rs1.1bn. However, futures spreads went down by 154bps WoW to 7.01%. Following dull activity in the regular market, volumes at the futures counter also declined by 47% WoW to only 3.1mn shares. The top-5 scrips at the futures counter holding 67% of the total open interest were ENGRO, FFC, POL, NBP and PSO.

### Weekly outlook - Neutral

With Supreme Court's larger bench's hearing on key issues concerning the current political setup, we expect market to remain jittery in the coming week. However, rising oil prices coupled with any positive development from the FBR on SECP's proposal may provide much-needed impetus to equities. With a 'Neutral' market stance, our top picks for the coming week include POL, PPL, FFC, FFBL, ENGRO and LUCK.

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## Summary of KSE MTS Key Statistics

Company Name (Rs mn)	09-January-12			10-January-12			11-January-12			12-January-12			13-January-12		
	Unrel MTS Vol.	Unrel MTS Inv.	Rate	Unrel MTS Vol.	Unrel MTS Inv.	Rate	Unrel MTS Vol.	Unrel MTS Inv.	Rate	Unrel MTS Vol.	Unrel MTS Inv.	Rate	Unrel MTS Vol.	Unrel MTS Inv.	Rate
KSE Top 20 companies															
Bank Al-Falah Limited	12.80	109.67	18.0%	12.80	109.65	0.0%	12.70	108.56	18.0%	12.70	108.28	18.0%	12.77	108.61	18.4%
National Bank Of Pakistan	3.12	98.04	18.0%	3.08	96.97	18.9%	3.09	96.71	19.2%	3.13	97.97	18.1%	3.13	97.21	18.0%
Fauji Fertilizer Co. Ltd.	0.66	76.43	17.2%	0.68	78.35	18.0%	0.76	88.52	16.8%	0.83	96.85	17.2%	0.69	80.91	17.5%
Hub Power Company Limited	0.95	24.34	0.0%	1.84	46.68	18.0%	2.70	68.27	18.0%	2.70	68.17	18.0%	2.65	66.80	18.0%
D. G. Khan Cement Co.	4.09	58.00	20.0%	4.22	60.06	18.0%	4.21	59.89	18.1%	4.19	59.68	18.0%	4.20	59.83	19.0%
Pakistan State Oil Co. Ltd.	0.22	38.0	0.0%	0.22	38.04	0.0%	0.22	37.87	0.0%	0.22	37.92	20.0%	0.30	51.79	18.0%
Arif Habib Corporation Limited	1.56	31.2	18.0%	1.63	32.62	20.1%	1.66	33.14	18.2%	1.66	33.13	20.0%	2.09	42.26	19.3%
Engro Corporation Limited	0.51	36.12	17.6%	0.51	35.92	16.9%	0.53	37.29	17.6%	0.52	37.20	17.8%	0.52	37.11	17.1%
Pakistan Oilfields Ltd.	0.12	31.10	17.0%	0.11	29.73	18.0%	0.11	29.62	0.0%	0.11	29.53	16.9%	0.11	29.77	16.9%
Oil & Gas Dev .Co	0.17	17.27	17.0%	0.15	15.37	16.9%	0.15	14.93	0.0%	0.15	14.94	20.0%	0.24	24.02	18.0%
MCB Bank Limited	0.27	29.30	20.0%	0.28	29.53	17.0%	0.28	29.67	18.0%	0.27	29.55	20.0%	0.17	18.62	16.0%
Attock Refinery Ltd.	0.14	11.19	17.3%	0.13	10.61	17.2%	0.13	10.21	18.1%	0.13	10.19	18.1%	0.22	17.93	18.0%
Askari Bank Ltd.	1.95	14.66	20.0%	1.95	14.66	19.2%	1.95	14.65	18.0%	1.95	14.65	18.0%	1.95	14.66	18.0%
Fauji Fertilizer Bin Qasim	0.31	10.04	17.7%	0.32	10.03	17.4%	0.29	9.43	17.8%	0.34	10.84	17.2%	0.43	14.01	17.3%
Nishat Mills Ltd.	0.35	10.59	0.0%	0.34	10.45	0.0%	0.45	13.89	18.0%	0.45	13.81	17.0%	0.45	13.84	20.1%
Lotte Pakistan PTA Ltd.	1.71	12.15	18.0%	1.86	13.26	18.0%	1.84	13.07	18.0%	1.87	13.27	16.8%	1.87	13.23	20.1%
Lucky Cement Limited	0.20	11.16	0.0%	0.20	11.14	0.0%	0.19	10.59	0.0%	0.19	10.60	0.0%	0.19	10.61	0.0%
Pak Petroleum Ltd.	0.05	6.02	18.0%	0.05	6.20	17.0%	0.05	6.75	16.9%	0.05	6.61	0.0%	0.05	6.35	0.0%
Pak ReInsurance Co	0.26	2.93	20.0%	0.26	2.93	0.0%	0.26	2.93	0.0%	0.28	3.17	20.0%	0.28	3.17	0.0%
United Bank Ltd.	0.01	0.53	0.0%	0.01	0.53	0.0%	0.02	0.92	16.0%	0.02	0.92	0.0%	0.02	0.91	0.0%
Others	0.04	0.69		0.04	0.69		0.04	0.69		0.04	0.73		0.00	0.00	
<b>Total</b>	<b>29.5</b>	<b>629.4</b>	<b>17.86%</b>	<b>30.7</b>	<b>653.4</b>	<b>18.03%</b>	<b>31.6</b>	<b>687.6</b>	<b>17.63%</b>	<b>31.8</b>	<b>698.0</b>	<b>17.54%</b>	<b>32.4</b>	<b>712.4</b>	<b>18.20%</b>

## Summary of KSE January Futures Key Statistics

Company Name	09-January-12			10-January-12			11-January-12			12-January-12			13-January-12		
	Open Interest (Contract)	Open Interest (Rs mn)	Spread	Open Interest (Contracts)	Open Interest (Rs mn)	Spread	Open Interest (Contracts)	Open Interest (Rs mn)	Spread	Open Interest (Contracts)	Open Interest (Rs mn)	Spread	Open Interest (Contracts)	Open Interest (Rs mn)	Spread
Engro Corporation Limited	5,428	265.4	6.5%	5,460	266.9	8.9%	5,462	267.1	6.5%	5,537	270.8	10.3%	5,603	274.1	9.0%
Fauji Fertilizer Co. Ltd.	1,943	151.1	3.1%	2,019	157.3	8.8%	2,023	158.3	3.1%	2,039	159.9	8.7%	1,864	146.8	3.9%
Pakistan Oilfields Ltd.	708	124.5	6.4%	739	129.9	8.7%	763	134.0	6.4%	763	134.0	9.4%	731	128.5	7.0%
National Bank Of Pakistan	5,004	107.4	7.7%	5,032	108.1	4.6%	5,458	117.2	7.7%	5,476	117.5	5.8%	5,538	118.9	10.1%
Pakistan State Oil Co. Ltd.	681	79.3	7.7%	682	79.4	8.5%	709	82.7	7.7%	715	83.3	10.9%	776	90.6	10.7%
Oil & Gas Dev .Co	1,121	83.0	-0.7%	1,161	85.6	8.5%	1,097	81.3	-0.7%	1,099	81.5	9.0%	1,072	79.7	9.3%
MCB Bank Limited	1,099	77.6	2.9%	1,136	80.2	6.8%	1,138	80.3	2.9%	1,132	80.2	5.6%	1,048	74.4	1.6%
Attock Refinery Ltd.	1,224	67.6	6.0%	1,239	68.4	10.2%	1,233	68.1	6.0%	1,213	67.1	7.6%	1,267	70.0	11.3%
Fauji Fertilizer Bin Qasim	1,881	42.7	0.9%	1,943	44.0	9.1%	2,092	47.3	0.9%	2,064	46.6	8.0%	2,328	52.5	10.3%
D. G. Khan Cement Co.	2,377	22.9	10.3%	2,398	23.1	1.7%	2,474	23.8	10.3%	2,498	24.0	11.5%	2,449	23.6	4.3%
Bank Al-Falah Limited	4,020	22.8	-	4,020	22.8	-	4,020	22.8	-	4,020	22.8	-	4,020	22.8	-
Nishat Mills Ltd.	808	16.8	11.4%	753	15.7	4.9%	776	16.1	11.4%	777	16.1	12.5%	833	17.3	14.2%
Lucky Cement Limited	323	12.4	9.3%	323	12.4	12.0%	323	12.4	9.3%	303	11.6	5.5%	318	12.2	4.6%
Arif Habib Corporation Limited	654	8.7	-10.1%	651	8.7	7.3%	655	8.8	-10.1%	691	9.3	8.3%	732	9.8	17.2%
Lotte Pakistan PTA Ltd.	1,424	7.1	23.8%	1,681	8.3	16.9%	1,733	8.6	23.8%	1,688	8.4	8.3%	1,682	8.4	6.5%
<b>TOTAL</b>	<b>29,012</b>	<b>1,091.5</b>	<b>8.55%</b>	<b>29,563</b>	<b>1,113.3</b>	<b>8.25%</b>	<b>30,284</b>	<b>1,131.3</b>	<b>10.11%</b>	<b>30,343</b>	<b>1,135.6</b>	<b>8.36%</b>	<b>30,642</b>	<b>1,132.2</b>	<b>7.01%</b>

Note: Companies are sorted by value of open interest

Note: Spreads are approximate as these are calculated on weighted average prices

\*One contract = 500 shares

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