

February 17, 2012

Pakistan

Market remains upbeat, despite no change in Discount Rate

State Bank of Pakistan's (SBP) decision to keep the policy rate unchanged failed to weaken the investor sentiments at the local bourse. Investors also ignored domestic political uncertainty, as strong corporate announcements, US State department's allocation of US\$2.4bn for Pakistan and attractive valuations lured investors. Consequently, the KSE-100 Index gained 264 points (up 2.2%WoW) to close at 12,496 level. Also, the average daily volumes remained healthy at 175mn shares, up 3.2%WoW. During the outgoing week, foreign investors were net sellers worth US\$0.8mn.

SBP keeps policy rate unchanged

SBP adopted a cautious approach and maintained the discount rate at 12%. The decision was due to the twin deficit concerns and absence of foreign fund flows. Moreover, SBP believes that inflationary pressures have not eased significantly and highlighted a risk of higher inflation in 2HFY12. Furthermore, trade numbers were released this week with exports reaching US\$13.2bn in 7MFY12 while overall import bill stood at US\$26.3bn. Hence, trade deficit reached US\$13.2bn in the period under review, an increase of 39.8%YoY.

Result announcements

ABL, ENGRO and DGKC announced their financial results this week. ABL reported EPS of Rs11.79 in 2011, up 23%YoY. Also, the bank announced a final cash dividend of Rs2.5/share and a 10% bonus issue. ENGRO's result came in above expectations as the company posted an EPS of Rs20.5 in 2011, rising by 19%YoY. Along with the result, the company also announced a final cash dividend of Rs2 per share and a bonus issue of 30%. DGKC's earnings too were above street estimates, reporting an EPS of Rs2.92, growing by a massive 566%YoY in 1HFY12.

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KSE Ready Market	This Weekend	Last Weekend	% Δ
KSE-100 Index	12,495.68	12,231.60	2.2%
KSE Market Cap (Rs. bn)	3,257.09	3,185.38	2.3%
KSE Market Cap (US\$ bn)	35.42	35.12	0.9%
Avg daily vol during week (Sh mn)	175.04	169.60	3.2%
Avg daily value during week(Rsbn)	3.99	4.54	-12.0%
Avg daily value during week(US\$mn)	43.97	50.08	-12.2%

KSE Futures Market	This Weekend	Last Weekend	% Δ
Avg. daily volume (Shares mn)	7.05	8.32	-15.3%
Avg. daily value (Rs. mn)	504.93	709.32	-28.8%
KSE ready future spread (%)	0.33%	5.04%	-471bps

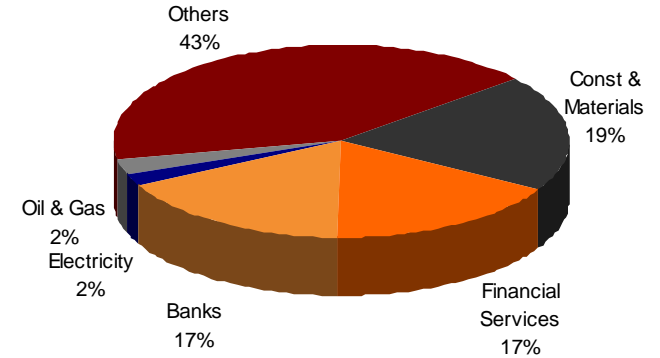
Regional Markets	This Weekend	Last Weekend	%Δ
China (SSEA)	2,357.18	2,351.98	0.2%
India (BSESN)	18,289.35	17,748.69	3.0%
Indonesia (JKSE)	3,976.54	3,912.39	1.6%
Korea (KOSPI)	2,023.47	1,993.71	1.5%
Malaysia (KLSE)	1,557.15	1,561.66	-0.3%
Philippines (PSI)	4,880.71	4,783.52	2.0%
Taiwan (TWII)	7,894.36	7,862.27	0.4%

Top performers of JS Universe	This Weekend	Last Weekend	%Δ
Engro Polymer	9.58	8.38	14.3%
Engro Corporation Limited	133.99	121.70	10.1%
Lafarge Pakistan Cement Ltd	2.44	2.24	8.9%
Askari Bank Ltd.	11.89	11.11	7.0%
Indus Motor Company Limited	239.28	224.00	6.8%
Bank Al-Falah Limited	13.20	12.40	6.5%
Packages Limited	87.58	82.53	6.1%
Fatima Fert.Co.	23.93	22.65	5.7%
National Bank Of Pakistan	49.08	46.54	5.5%
Fauji Cement Company Ltd.	4.79	4.55	5.3%
Nishat (Chunian) Limited.	20.41	19.53	4.5%

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
POL-FEB	0.34	0.08	126.99	30.00	8.00%	5.14%
DGKC-FEB	4.79	0.69	123.06	16.94	0.00%	4.24%
NBP-FEB	2.26	1.48	109.81	69.83	12.88%	5.55%
FFC-FEB	0.58	0.32	108.81	58.38	10.33%	9.75%
ATRL-FEB	0.72	0.31	90.20	38.00	6.69%	6.85%
FFBL-FEB	1.62	0.26	75.63	12.33	-12.23%	2.76%
MCB-FEB	0.36	0.21	67.10	38.83	-10.22%	-1.85%
PSO-FEB	0.19	0.18	48.45	45.03	-11.71%	1.66%
OGDC-FEB	0.16	0.06	26.72	9.76	-20.08%	-7.11%
AHCL-FEB	0.78	0.43	23.75	12.43	-10.19%	4.51%
TOTAL	13.11	6.02	872.23	525.44	0.33%	5.04%

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