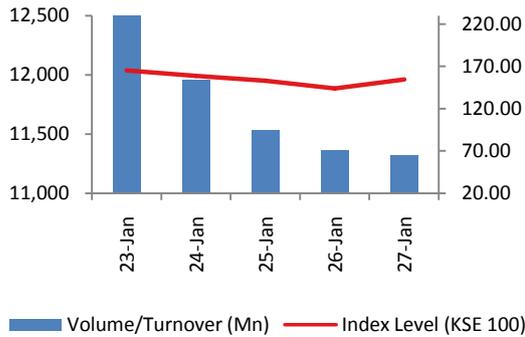


## Weekly Market Review

Pakistan

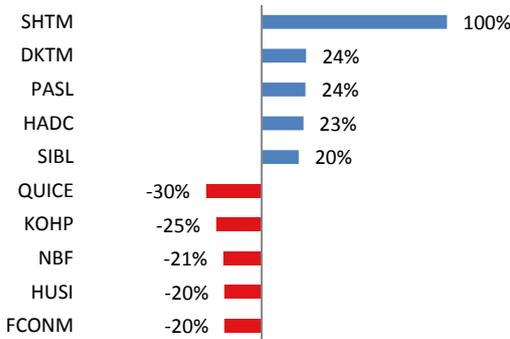
23 January – 27 January, 2012

### Performance of KSE 100 index



Source: KSE, SFA Research

### Top 5 Gainers/Losers PKR (Percentage wise)



Source: KSE, SFA Research

### Market Wrap-Up

#### KSE 100 Weekly Data

|       |        |                    |        |
|-------|--------|--------------------|--------|
| Open  | 12,038 | Change (%)         | -0.64% |
| Close | 11,960 | Change (in points) | -77    |
| High  | 11,040 | 52 Week High       | 12,768 |
| Low   | 10,909 | 52 Week Low        | 10,761 |

Source: KSE, Reuters, SFA Research

period, an increase of 7.23% and surplus capacity was reported at 6.71 metric tons. MoM, cement exports posted an increase of 5.2 percent during Dec FY11 compared with Nov FY11. Despite increasing international coal prices, alleged cartelization in the cement sector has been associated with the surge in cement prices during the year. Cement prices are on the rise despite a reduction in sales tax and Federal Excise Duty. Manufacturers have generally pumped up prices by PKR 35 per 50 kg bag as prices rose steeply from PKR 330/- in the month of Jan FY11 reaching PKR 430/- in Jan FY12 per 50kg bag.

### Future Outlook

Going forward, we expect markets trading sentiments to remain bullish with trading volumes continuing to remain strong. Increasing political tensions and the cut in credit ratings of European nations are expected to further impact international oil prices. Furthermore, positive expected earnings announcements in the fertilizer sector and expected announcement of results from various corporate sectors is expected to keep trading activity in the bourse intact.

### Market Summary

The market continued to depict a bullish momentum throughout the week registering a 77 point gain on Friday to close off trading at 11,960 with the main catalyst being the acceptance of reforms over capital gains tax proposals. Investor trading activity was heavily dominant in the oil and fertilizer sector. The index surpassed the 12,000 benchmark several times during the week indicating positive investor sentiment.

On Friday, a total of 88 stocks gained, 121 lost and 98 were unchanged. Market turnover fell to 20.86 percent and the overall market capitalization rose by 0.58 percent to PKR 3.105 trillion compared to PKR 3.087 trillion last week. Midweek, trading volumes were subject to the deteriorating law and order situation in Karachi, but bounced back on rising international oil prices which renewed investor interest. Furthermore, overvalued fertilizer scrips and positive earnings announcements also pushed trade to take positions in that sector.

Pakistan is to retire the first tranche of the IMF payment of USD 1.20 billion due in February in two installments of USD 700 million in Mar '12 and USD 500 million in Jun'12. According to the SBP, 1.4 percent depreciation in the rupee/dollar average exchange rate as compared to that in FY11 is expected to result in a PKR 4.2 billion increase in the country's rupee debt servicing burden during FY12.

### Highlights

**YoY 65.69% surge in NP for FFBL** – With a PAT of PKR 10.78 billion, sales exhibited a 29.15 percent rise to PKR 55.87 billion from PKR 43.26 billion during FY 10 on account of rising urea prices and DAP margins compared to FY10. YoY, rising margins were exhibited as the GP margin posted a rise from 31.12 percent to 36 percent, the NP margin rose from 15.06 percent to 19.27 percent and EPS rose to PKR 11.53 from PKR 6.97. The company paid a cash dividend of PKR 3.50 per share for the year.

**PPL posts 20.95% jump in sales for HY12** - This amounted to PKR 45.26 billion on the back of rising international oil prices. PAT also rose by 21.03 percent mainly on account of the trickledown effect generated by the rise in sales. EPS rose to PKR 15.30 from PKR 12.64 from HY11. The company declared an interim dividend of PKR 5.00 per share on fully paid ordinary shares and PKR 3.00 per share on convertible preference shares.

**Islamic banking sector exhibits rising profitability of 58% in 1QFY12** - In a study released by the SBP titled 'Islamic Banking Bulletin July-September 2011', the share of full fledged Islamic banks in overall profit constituted 55 percent of the overall profit of the industry. As of end September 2011, the total assets of the Islamic banking industry stood at PKR 568 billion, constituting 7.3 percent share of overall banking industry. The deposits of the Islamic banking industry reached PKR 463 billion during the quarter and its share increased to 8 percent of the overall banking industry from 7.6 percent in the last quarter (April-June 2011); the yearly basis growth of the deposits was almost 37 percent.

**Cement Sector Snapshot** - Exports fell by 4.48 percent during Jul-Dec FY11 due to an economic slowdown and slowing construction activity in importing channels. However, local cement sales grew by 8.27 percent during Jul-Dec FY11 mainly on account of reconstruction after the floods. Capacity utilization fell to 69.67% during, the lowest since Dec to Jun 07-08 at 81.53%. Production capacity jumped to 44.22 metric tons during the