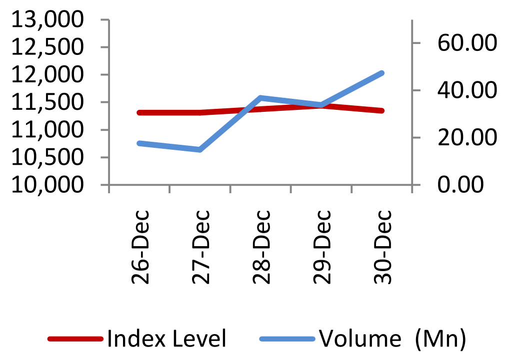
Pakistan

Weekly Market Review

26 December – 30 December, 2011

Performance of KSE 100 index



Source: KSE, SFA Research

Top 5 Gainers (Percentagewise)

Tickers	Closing Price	Percentage Wise Change	Volume	Market Cap (Mn)
CLCPS	1.70	71.72	599	136.00
GENP	0.37	42.31	6,803	7.33
FIBLM	2.00	20.48	5,002	40.38
INKL	0.46	17.68	653	13.09
PAKMI	1.17	17.00	1,300	14.67

Source: KSE, SFA Research

Top Five Losers (Percentagewise)

Tickers	Closing Price	Percentage Wise Change	Volume	Market Cap (Mn)
AGLPS R	0.01	-50.00	99,500	1.59
FEM	0.75	-25.00	13,005	39.33
MTIL	0.35	-20.45	1,540	7.74
SIBL	1.25	-16.67	3,000	64.29
FECTC	3.90	-13.33	77,744	195.60

Source: KSE, SFA Research

Market Wrap-Up

KSE 100 Weekly Data			
Open	11,436	Change (%)	-0.77%
Close	11,348	Change (in points)	-88.01
High	11,468	52 Week High	12,768
Low	11,294	52 Week Low	10,761

Source: KSE, Reuters, SFA Research

Market Summary

The week began with a drop in trade volumes on account of negative sentiment prevailing which was reflective in trading behaviour and was mainly due to political and industrial pressures in the fertilizer sector, which were carried forward from the previous week. However, the index gained 47 points (i.e. 0.40% percent) over the week to close at 11,348 on Friday. Expectations of a capital gain tax resolution and easing concerns on the political front assisted the market in closing in the green. Trade volumes improved to 47.32 million shares traded in the previous session from 17.56 million shares during the beginning of the week.

The equity market in Pakistan exhibited a bearish trend throughout FY 11 as the KSE 100 index declined by 5.60 percent (674.80 points) during the year. Average daily volume fell to a 13 year low of 79 million shares, the lowest since 1998. This trend was the result of year long tensions on the political front, uncertainty with the strained US-Pakistan relations and a bleak economic outlook. Foreign investors pulled out USD 122 million worth of equity investment from the nation.

On Friday, NIB Bank Ltd was the volume leader with a turnover of 8.13 million shares. The scrip gained Rs 0.01 to close at Rs 1.73. TRG Pakistan came in second place with a turnover of 7.73 million shares. The scrip gained Rs 0.08 to close in at Rs 1.22. Habib Sugar Mills ranked third by losing Rs 1.15 to close in at Rs 21.91 with turnover of 4.73 million shares.

Highlights

Falling revenue generation for First Punjab Modaraba – Revenue from the Modaraba's operations for FY11 depicted a drop of 13.79% and was reported at Rs 853.73 million from Rs 990.27 million during FY 10. This was attributable to the drop in Ijarah rentals which fell by 8.44% and were reported at Rs 777.27 million. In addition, profits on morabaha investments fell by 21.05% and were reported at Rs 48.52 million. The Modaraba reported in a higher amount in provisions which jumped by 206.72% thus locking in a LPS of Rs 2.06.

Kohinoor Sugar Mills Ltd – Sales for the company rose by 18.31% to Rs 1.64 million during FY11 from Rs 1.38 million during FY 10. As a result, the GP margin rose sharply from 1.90% during FY 10 to 8.64% during FY 11. The NP margin was in the negative (-3.16%) as the company reported a loss of Rs 51.81 million for FY11 mainly owing to a spike in finance costs which rose from Rs 81.56 million during FY 10 to Rs 112.66 million during FY 11. Hence, the company reported a LPS of Rs 4.75.

Falling margins for Al Noor Sugar Mills Ltd – GP Margin fell from 15.87% during FY 2010 to 12.31% FY 11 on account of a dip in sales. Cost of sales accounted for 87.69% of sales. Furthermore, a rise in finance costs during FY 11 caused the NP margin to fall steeply to 1.00% from 6.20% during FY 10. Net profits fell by 58.94% over FY 11 and were reported at Rs 104.47 million from Rs 254.40 million during FY 10. The company announced a cash dividend for FY11 at 30% (Rs 3.00/share).

Future Outlook

Going forward, we expect cautious trading behaviour to persist as investors closely monitor the actions dictated by the Supreme Court in the memo scandal. Furthermore, the closure of gas supply for industrial use is further expected to dampen trading volumes impacting industries beyond the fertilizer sector. The imposition of an increase in gas tariff from 14 percent to 207 percent is likely to negatively impact margins and trading in the manufacturing sector. If this occurs, expectations of urea prices are estimated to jump to Rs 300/per bag or more. In addition, scrips in the banking sector should be monitored as yearly results are to be released to investors.

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