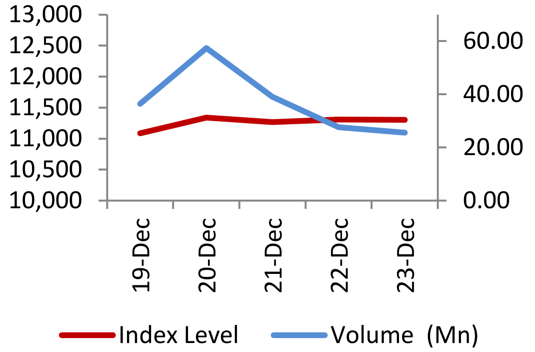
Synergistic Financial Advisors Research

Pakistan

Weekly Market Review

19 December – 23 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)
MUBT	1.00	177.78	7,043	5.40
TSPL	0.70	22.81	17,772	10.50
PNGRS	3.33	17.67	2,331	36.13
SKFL	5.00	17.65	500	15.00
GWLC	4.03	15.14	500	1,597.09

Source: KSE, SFA Research

Top Five Losers (Percentagewise)

Tickers	Closing Price	Percentage Wise Change	Volume	Market Cap (Mn)
HAJT	0.22	-70.27	5,000	3.00
KOHTM	0.42	-67.94	1,000	8.70
DATM	0.25	-21.88	530	2.50
PAKMI	1.60	-18.78	50	20.12
GENP	0.31	-18.42	4,012	6.10

Source: KSE, SFA Research

Market Wrap-Up

KSE 100 Weekly Data			
Open	11,306	Change (%)	-0.04%
Close	11,301	Change (in points)	-5.01
High	11,385	52 Week High	12,768
Low	11,274	52 Week Low	10,760

Source: KSE, Reuters, SFA Research

Market Summary

Cautious behavior was evident throughout the week as trading was dominated by rumors of a change in regime stemming from tumultuous events emerging from the memo scandal. Traders held on to their positions later in the week on expectations of a relaxation in capital gains tax rules.

The index closed at 11,301 shedding 5.01 points on Friday with a total of 94 stocks gaining, 113 losing and 96 unchanged. Overshadowed by events in the political arena, trading volumes fell by 10.84 million to a low of 25.60 million by the end of the week. Market turnover fell by 7.79 percent and the overall market capitalization went down by 0.06 and traded Rs 2.930 trillion compared to 2.932 trillion of the previous session.

Price hikes for urea were witnessed as Fatima Fertilizer Company Ltd along with Engro Fertilizer Ltd raised the price of its urea bag by Rs 100. The majority of trading was carried out in the fertilizer sector as Fatima Fertilizer Company Ltd was the volume leader with 4.79 million shares losing 0.01 to trade at Rs 23.16. Jahangir Siddiqui Company Ltd came in second with 2.57 million shares losing 0.11 to trade at Rs 4.08. Engro Corporation came in third and traded 2.04 million shares and closed at Rs 98.41 shedding 13 paisas.

Highlights

Recovering prospects for Escorts Investment Bank Ltd – The bank reported a higher level of revenue generation (82%) during 1QFY12, which stood at Rs 67.20 million from Rs 36.91 million during 1QFY11. This was on account of higher profit on financing and return on placements and investments. At the same time, expenses for the bank rose by 18.35% stemming from the return paid on certificates of deposits and mark up on borrowings from financial institutions. The bank posted a loss of Rs 2.70 million, which was considerably lower than the loss of Rs 21.84 million during 1QFY11. LPS was reported at Rs 0.06 from an LPS of Rs 0.50 during 1QFY11.

Falling margins for Adam Sugar Mills – Despite sales rising by 14.13% (Rs 2.44 million during FY 11), the company witnessed falling margins for FY 11. GP margin witnessed a fall to 8.57% during FY11 from 10.22% during FY 10 on account of rising cost of sales. A sharp rise in operational and finance expenses resulted in a falling NP margin which was reported at 1.92% during FY11 from 4.34% during FY 10. EPS was reported at Rs 8.14 and the company announced dividends at Rs 2.50 per share.

Pakistani Rupee bounces up after Pak-China currency swap arrangement – The two nations agreed to engage in a bilateral currency swap trade on Friday in each others' currency. This move was aimed at boosting trade and caused the rupee to recover 53 paisas to close at 89.12/14 against the greenback in the interbank market and 89.15/50 in the open market. The news created positive sentiment as the country needs to reduce the dependence on the dollar and stabilize the rupee before repayment of the first installment of the IMF loan in February.

Future Outlook

Going forward, we expect trading volumes to remain thin on account of volatile events within the political scenario which still continues to persist. Furthermore, scrips in the fertilizer sector still need to be monitored following the power shortages that remain the dominating factor affecting production. Scrips of companies in the sugar sector should also be followed as yearly financial results are being released to investors.