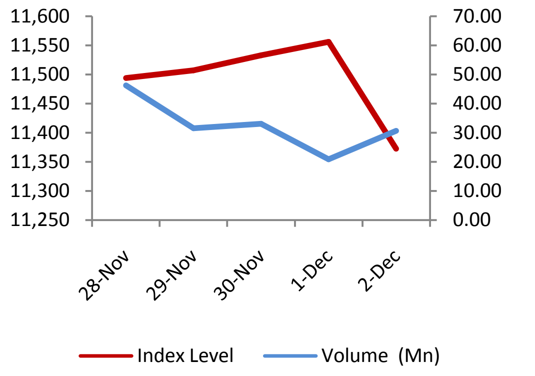
Synergistic Financial Advisors Research

Pakistan

Weekly Market Review

28 November – 2 December, 2011

Performance of KSE 100 index



Source: KSE, SFA Research

Top 5 Gainers (By Price)

Tickers	Closing Price	Percentage Wise Change	Volume	Market Cap
KSEC	0.03	50.00	5,184	36,500.00
TAJT	0.26	44.44	19,000	8.70
KOHP	2.31	44.38	9,329	29.10
BILF	1.99	29.22	639	28.10
SIBL	1.64	26.15	1,500	84.40

Source: KSE, SFA Research

Top Five Losers (By Price)

Tickers	Closing Price	Percentage Wise Change	Volume	Market Cap
DMTM	2.30	-23.08	1,032.00	7.90
FEM	0.81	-19.00	1,502.00	42.50
ELCM	4.5	-18.18	500.00	5.90
DWSM	2.11	-15.60	585.00	77.00
SLYT	3.34	-15.23	3,000.00	29.30

Source: KSE, SFA Research

Market Wrap-Up

KSE 100 Weekly Data			
Open	11,556	Change (%)	-1.60
Close	11,372	Change (in points)	-185
High	11,557	52 Week High	12,768
Low	11,247	52 Week Low	11,557

Source: KSE, Reuters, SFA Research

Market Summary

Mixed investor sentiments prevailed throughout the week with the market reflecting pessimism on Friday as the index closed at 11,372 falling by 185 points. Trading volumes declined by 9.70 million on Friday dipping the index by 1.60%.

Bulls rallied with the guessing game surrounding the SBP discount rate cut albeit tensions mounting on the political front with the impact of the NATO strikes and relations with the country's allies. Bullish investor sentiment was prevalent until midweek impacted by decisions announced by central banks within Europe collaborating to ensure liquidity within the global banking system.

On Thursday, light trading was witnessed with energy stocks mainly OGDCL, POL and PPL dominating due to a rise in global oil prices. However, this was overshadowed by threats of sanctions placed on Iran, the world's fifth largest oil exporter and the volatile situation in the euro zone. Optimism began to withdraw from the index as the discount rate was left unchanged. Tensions with NATO were still on the rise and negative sentiment was reflected in falling volumes till the end of the week on account of a sliding rupee, rising import payments and the uncertainty surrounding the 'memo' scandal.

Highlights

25.74% jump in sales – Atlas Honda Ltd's half year sales results took a major boost, the main contributor comprising of 70 cc motorbikes. Sales were reported at Rs 19,435 million from Rs 15,457 million in the corresponding period last year mainly on account of rising agricultural incomes (resulting from rising commodity prices) and rising car prices. PAT resultantly increased by 33.89% and was reported at Rs 577.76 million. EPS grew at 33.83% and was reported at Rs 8.03 for HYFY11.

Slashing cost margins – Nishat Mills Ltd slashed its cost margins (i.e. SGA margin fell to 4.71% during FY11 from 7.67% during FY10) which made profitability soar. NML's revenues increased by 113.42% and were reported at Rs 69,476.60 million. NML also announced dividend warrants at Rs 3.30 per share (i.e. 33%) in respect of final dividends for the year ended 30 June 2011.

Improved gross refining margins – Although the quarterly performance of National Refinery Ltd deteriorated as a result of shrinking gross refining margins, net PAT for the year ended FY11 exhibited an increase of almost 100 percent to Rs 6,569 million from Rs 3,285 million in FY10, with the major contributor being the high margin lube segment with PAT tax of Rs 5,796 million in the same year. According to company accounts, the increase in profitability was mainly due to better refining margins. National Refinery Ltd announced dividends at Rs 25 per share (i.e. 250%) in respect of final dividends for the year ended 30 June 2011.

Status quo maintained – SBP held the discount rate at 12% in its latest monetary policy amidst a current account deficit of $1,600 million for Jul '11 to Oct '11 from $541 million during Jul'10 to Oct '10 and a rise in the CPI of 11% in Oct '11 compared to the corresponding period last year.

Future Outlook

Going forward, we recommend a watch approach for the refinery sector as there is an expected improvement in GRMs. Furthermore, political developments related to crude oil supplies are to be taken into account both on the local and international front. The scrip of ATRL should be monitored closely as ATRL is the main supplier for NATO's operations within the region. Import payments and a bleak economic outlook have made the Pakistani rupee plunge by 3.6% this year to 89.60 versus the US dollar in the last trading session. We expect this development to impact trading volumes within the coming week.