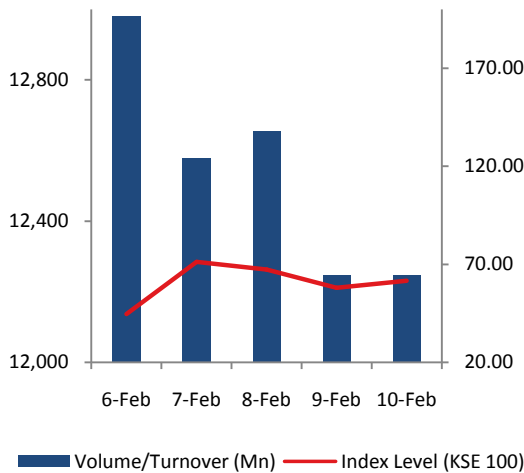


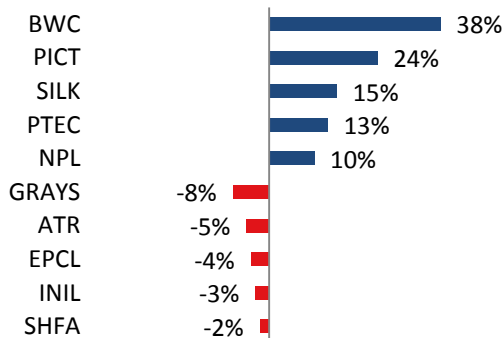
6 February – 10 February, 2012

### Performance of KSE 100 index



Source: KSE, SFA Research

### Top 5 Gainers/Losers (Percentagewise)



Source: KSE, SFA Research

### Market Wrap-Up

#### KSE 100 Weekly Data

Open	12,283	Change (%)	0.78%
Close	12,211	Change (in points)	95
High	11,983	52 Week High	12,768
Low	11,875	52 Week Low	10,761

Source: KSE, Reuters, SFA Research

### Market Summary

In a week dominated by corporate earnings announcements, expectations of a renewed monetary policy and a fragile economic and political scenario, trading reflected caution throughout all sessions. After reaching a six month high on Tuesday, the index closed at 12,232 gaining 95 points WoW with a total of 108 stocks gaining, 127 losing and 71 unchanged in the last trading session. Although trading volumes depicted a decline over the week, the last trading session closed on a slightly higher note reflecting investors' cautious optimism regarding the monetary policy. Market capitalization declined by 12.05% WoW from PKR 3.07 trillion to PKR 2.70 trillion. WoW percentagewise, BWC was the leader gaining 37.87% to close at PKR 12.96. PICT ranked second gaining 24.35% to close at PKR 104.5 and SILK gained 15.20% to close at PKR 1.97 at the end of the week.

In the currency market, the Pak Rupee ended firmer against the dollar at 90.69/74 compared to Thursday's trading close of 90.70/75. Pressure continues to remain on the dollar following the IMF's re-iteration on tackling growing budgetary pressures and raising interest rates in order to combat inflation. New projections released by the IMF are further fueling to the pressure on the Pak Rupee. Concerns regarding the overall weakening state of the economy, staggering oil payments and a weakening current account made the Pak Rupee plummet to a record low of 91.28 against the greenback during January. In the money market, overnight rates were reported at 11.90 percent.

### Highlights

**SBP maintains status quo – yet again.** The discount rate was left unchanged in the latest monetary policy meeting as the central bank said the real challenge lay in financing the fiscal and current account deficit. Inflationary pressures had not eased and there were indications of it escalating once again with the SBP predicting an inflation rate of 11-12 percent during FY12. To date, the government has borrowed PKR 444 billion from the banking system including PKR 197 billion from the SBP which is higher than yearly requirements of PKR 293 billion projected in the FY12 budget.

**IMF/Moody's Snapshot for Pakistan** – The IMF has projected Pakistan's GDP growth rate at 3.4 percent from the Finance Minister's forecast of 4 percent for FY11-12. In addition, there is a projected fiscal deficit of 7 percent of GDP and average CPI of 12 percent. The IMF states economic domestic and international shocks, political uncertainty and security problems as the reasons for this deficit. The economy is particularly vulnerable to problems witnessed in the power sector, flood and the issues surrounding policy reforms. Furthermore, the IMF has asked Pakistan to tighten its monetary policy in order to avoid inflationary pressure, increase exchange rate flexibility and safeguard foreign reserves. Despite emerging pressures on the balance of payments, Moody's has kept the status quo in maintaining its credit rating for the nation at B3 with a stable outlook. The agency states that the rating reflects the country's low economic, institutional and government financial strengths and its high susceptibility to event risk.

**HY12 Earnings Announcements for HUBCO and PSO** – While GP margins for PSO rose on account of inventory gains with the rise in prices of furnace oil and diesel, NP declined from 1.98 percent during HY11 to 0.93 percent during HY12. NP was down 35.73 percent due to a one-off tax reversal and EPS fell to PKR 26.72 during HY12. No dividends were

announced for PSO. HUBCO's earnings rose as company posted an EPS of PKR 2.59 during 1HY12 up by 5 percent. HUBCO announced an interim cash dividend of PKR 3/share.

### Future Outlook

Going forward, court proceedings will be the main factor driving investors' caution. In addition, finalization of a PKR 138-144 billion debt swap deal to settle a part of the circular debt is likely to make investors keen on developments in the power sector. Lucky Cement will remain under watch as Oracle Coalfields has completed feasibility of the Thar Coal Project and estimates an initial investment of USD 610mn. The project will start in 3013 with an initial production of 1 million tons per annum. Coal is expected to be sold to Lucky Cement.

[www.sfaresearch.com](http://www.sfaresearch.com)

## Global Data

6 February – 10 February, 2012

### Foreign Investors Portfolio Investment

Investor Type	Buy Volume	Buy Value	Sell Volume	Sell Value	Net Volume	Net Value (PKR)	Amount in USD
Foreign Individual	97,000	10,605,547	(52,500)	(5,478,101)	44,500	5,127,446	56,972
Foreign Corporates	3,262,155	196,551,188	(773,786)	(63,667,003)	2,488,369	132,884,185	1,476,491
Overseas Pakistani	945,291	26,453,408	(978,302)	(26,552,627)	(33,011)	(99,218)	(1,102)
<b>Total</b>	<b>4,304,446</b>	<b>233,610,143</b>	<b>(1,804,588)</b>	<b>(95,697,731)</b>	<b>2,499,858</b>	<b>137,912,413</b>	<b>1,532,360</b>

Source: NCCPL

### Global Markets

#### Americas, Asia Pacific

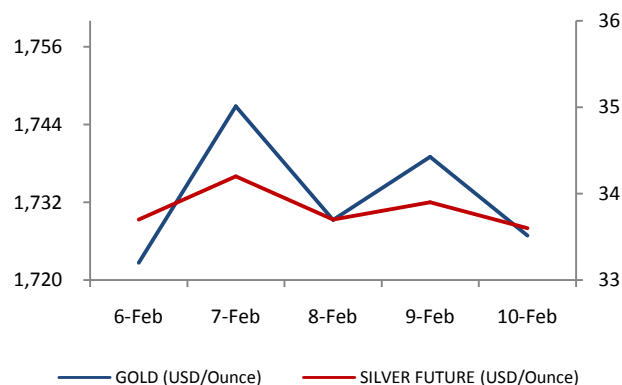
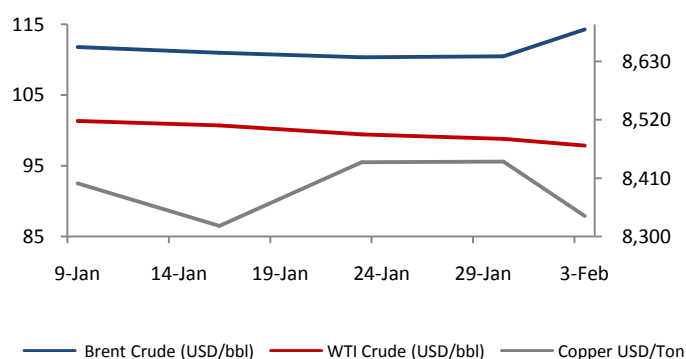
Index	Open	Close	Change in Points	Change in Percentage
DJIA	12,862.20	12,801.20	-61.00	-0.47%
S&P 500	1,344.90	1,342.64	-2.26	-0.17%
NASDAQ Composite	2,905.66	2,903.88	-1.78	-0.06%
S&P/TSX Composite	12,577.30	12,389.40	-187.90	-1.49%
NIKKEI 225	8,831.93	8,947.17	115.24	1.30%
HANG SENG	20,757.00	20,783.90	26.90	0.13%
TOPIX	760.69	779.07	18.38	2.42%
CSI 300	2,506.09	2,533.62	27.53	1.10%

Source: Bloomberg

#### Europe, Africa, Middle East

Index	Open	Close	Change in Points	Change in Percentage
Euro Stoxx 50	2,515.15	2,480.76	-34.39	-1.37%
FTSE 100	5,901.07	5,852.39	-48.68	-0.82%
CAC 40	3,427.92	3,373.14	-54.78	-1.60%
DAX	6,766.66	6,692.96	-73.70	-1.09%
IBEX 35	8,861.20	8,797.10	-64.10	-0.72%
SWISS Market	6,153.31	6,130.66	-22.65	-0.37%
QE	8,636.37	8,676.33	39.96	0.46%
DFM GI	1,435.96	1,483.34	47.38	3.30%

Source: Bloomberg



### Economic Data

Economic Data	Metric	Period of Measurement	Amount
GDP	PKR in Mn	FY11	18,062,901
Per Capita Income	PKR	FY11	107,505
M1	PKR in Mn	11-Nov	4,915,575
M2	PKR in Mn	11-Nov	6,651,663
Exports	USD in Mn	Jul-Dec, FY12	11,237
Imports	USD in Mn	Jul-Dec, FY12	22,713
Balance of Trade	USD in Mn	Jul-Dec, FY12	(11,476)
Current Account	USD in Mn	Jul-Dec, FY12	(2,154)
Capital Account	USD in Mn	Jul-Dec, FY12	70
Domestic debt	PKR in Bn	30-Nov-11	6,779
External debt	USD in Mn	30-Sep-11	46,372
Foreign Currency Reserve	USD in Mn	30-Dec-11	12,799

Source: SBP, FBR

### Money Market

Tenor	Bid	Offer
1 - Week	11.40	11.90
2 - Week	11.48	11.98
1 - Month	11.50	12.00
3 - Month	11.55	11.80
6 - Month	11.60	11.85
9 - Month	11.64	12.14
1 - Year	11.68	12.18
2 - Year	11.78	12.28
3 - Year	11.86	12.36

Source: SBP

### FOREX

Currency	Buy (PKR)	Sell (PKR)
USD	90.60	90.95
CAN	90.30	91.30
EUR	119.60	120.80
GBP	142.70	144.30
AUD	97.30	98.30
JPY	1.17	1.18
HKD	11.00	11.70
SAR	24.05	24.40
AED	24.55	24.95

Source: www.forex.com.pk

### Commodity Prices

Commodity	Price (USD)
<b>Energy</b>	
BRENT CRUDE FUTR (USD/bbl.)	117.31
WTI CRUDE FUTURE (USD/bbl.)	98.67
<b>Precious Metals</b>	
GOLD 100 OZ FUTR (USD/t oz.)	1,725.30
SILVER FUTURE (USD/t oz.)	33.60
<b>Industrial Metals</b>	
COPPER FUTURE (USD/lb.)	386.20
<b>Agriculture</b>	
COTTON NO.2 FUTR (USD/lb.)	92.06
SOYBEAN FUTURE (USD/bu.)	1,229.00
WHEAT FUTURE(CBT) (USD/bu.)	630.00
CORN FUTURE (USD/bu.)	631.75

Source: Bloomberg