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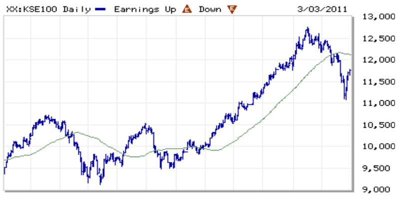
Morning Briefing

Tuesday, March 15, 2011



What is expected? Range Bound……

Market will remain range bound today as there seems to be no positive news coming from any quarters. However, one or two scrips might remain active including ATRL and ENGRO.

Profitability of the Major cement Producers dropped by 6.75%

In Consideration:

- **LUCK: Lucky Cement Company Limited**
- **DGKC: D.G. Khan Cement Company Limited**
- **FCCL: Fauji Cement Company Limited**
- **ACPL: Attock Cement Pakistan Limited**

It is revealed after the announcement of 1st half yearly accounts of the major cement producers of Pakistan, that the profitability is dropped by 6.75% Y-o-Y. Decline in profitability is mainly due to 13.44% average decline in gross margins of the above four companies. For the period under review gross margins of these major players is 23.88% as compared to 27.59% during same period last year.

The decline in gross margins was mainly due to 10.25% hike in the cost of production which is correlated to the international coal prices. Coal prices contributes almost 60% of the total cost of production, therefore it directly impacted the total cost of production of these companies.

Distribution cost also shows an increase of 19.5% Y-o-Y directly resulting from the increase in fuel prices. DGKC is the foremost company which exports its Cement to India via Rail & Truck routes and consequently it alone bears a 47% increase in distribution cost to Rs769 million in 1HFY11 as against Rs523.76 million last year. Overall increase in the distribution of theses major players is 19.53% to Rs2.169 billion as compared to Rs1.815 last year.

Due to these exorbitant rise in expenses and cost of doing business during the period under review, the profits from operations shows a phenomenal decline of almost 20% to Rs2.86 billion against Rs3.59 billion last year. Accumulated after tax profits of the major players in the cement sector, decline by 6.75% to Rs1.951 billion as compared to Rs2.09 billion during corresponding period last year. Though none of the companies posted loss for the period ended, but decline in earnings is a real cause of concern.

NEWS IN FOCUS

Pakistan's central bank said it would buy government paper from commercial banks on Monday in a four-day reverse repo to inject funds into the money market. The State Bank of Pakistan did not say how much money it would inject through the open market operation.

Without reviving its `suspended` standby arrangement programme, the government has told the International Monetary Fund (IMF) that it will increase electricity tariff by 2 per cent and reduce fiscal deficit through tougher controls on expenditure and additional tax measures to avoid a formal severing of relations with the lending agency.

Oil fell in Asian trade Monday on concerns demand from quake-hit Japan would be affected, analysts said. New York's main contract, light sweet crude for delivery in April, dipped $1.28 to $99.88 per barrel. Brent North Sea crude for April delivery lost $1.39 to $112.45

The CBA Union of Karachi Electric Supply Company (KESC) has warned to give a strike call after March 23, if their demands were not met. The employees held a protest rally from Power House to Karachi Press Club and alleged that the management had not allowed 4,500 restored employees to work.

KSE Statistics	March 14, 2011
Indices	
All Share Index	8,354.22
KSE-30 Index	11,757.55
KSE-100Index	12,033.20
Turnover	
All Share Index	77,050,324
KSE-30Index	30,602,900
KSE-100Index	34,674,236

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Key Data

T-Bills (3Mths)	09-02-2011	13.53%
T-Bills (6Mths)	09-02-2011	13.69%
T-Bills (1 Year)	09-02-2011	13.86%
Discount Rate	29-11-2010	14.00%
Kibor (1 Mth)	14-03-2011	13.36%
Kibor (3 Mths)	14-03-2011	13.54%
Kibor (6 Mths)	14-03-2011	13.75%
Kibor (9 Mths)	14-03-2011	14.13%
Kibor(1 Yr)	14-03-2011	14.26%
P.I.B (3 Yrs)	14-03-2011	14.05%
P.I.B (5 Yrs)	14-03-2011	14.09%
P.I.B (10 Yrs)	14-03-2011	14.08%
P.I.B (15 Yrs)	14-03-2011	14.50%
P.I.B (20 Yrs)	14-03-2011	14.75%
P.I.B (30 Yrs)	14-03-2011	14.93%

Commodities

Crude Oil(brent)$/bbl	113.30
Crude Oil (WTI)$/bbl	99.99
Cotton $/lb	199.35
Gold $/ozs	1,423.30
Silver $/ozs	35.89
Malaysian Palm	1,097
GOLD (NCEL) PKR	39,058
KHI (Cotton) 40Kg PKR	13,611

Portfolio Investment (U.S $ in million)

NCCPL (U.S $ in million)

FIPI	-1.02
Local Companies	0.43
Banks / DFI	3.29
Mutual Funds	-0.48
NBFC	-2.28
Local Investors	0.03
Other Organization	0.21

GDR Update

Symbol	US$.	PKR
MCB (1 GDR= 2 Shares)	2.60	111.09
OGDC(GDR=10Shares)	15.86	135.53
UBL (1GDR= 4 Shares)	2.00	42.73
LUCK (1GDR= 4 Shares)	1.70	36.32
HUBC(1GDR=25 Shares)	11.63	39.75

PIVOT ANALYSIS

Scrip	Last Close	Sup 3	Sup 2	Sup 1	Pivot	Res 1	Res 2	Res 3
AHCL	24.03	22.25	22.72	23.38	23.85	24.51	24.98	25.64
AKBL	13.94	13.66	13.78	13.86	13.98	14.06	14.18	14.26
ANL	9.1	8.83	8.94	9.02	9.13	9.21	9.32	9.4
ATRL	118.47	116.2	117.1	117.8	118.8	119.4	120.4	121.1
BAFL	9.17	8.77	8.89	9.03	9.15	9.29	9.41	9.55
BAHL	27.52	25.91	26.59	27.05	27.73	28.19	28.87	29.33
BOP	7.13	6.88	7	7.06	7.18	7.24	7.36	7.42
BYCO	9.31	8.76	8.98	9.15	9.37	9.54	9.76	9.93
DGKC	24.96	24.15	24.53	24.74	25.12	25.33	25.71	25.92
DSFL	2.8	2.58	2.67	2.74	2.83	2.9	2.99	3.06
ENGRO	236.54	230.4	232	234.3	235.8	238.1	239.6	241.9
EPCL	12.42	11.36	11.71	12.06	12.41	12.76	13.11	13.46
FATIMA	12.57	11.66	12	12.28	12.62	12.9	13.24	13.52
FFBL	39.86	38.66	39.15	39.51	40	40.36	40.85	41.21
FFC	133.28	130.2	131.5	132.4	133.6	134.5	135.8	136.7
HUBC	39.72	38.75	39.07	39.4	39.72	40.05	40.37	40.7
ICI	162.27	151	153.5	157.9	160.4	164.8	167.3	171.7
JSCL	9.14	8.59	8.8	8.97	9.18	9.35	9.56	9.73
KESC	2.7	2.58	2.64	2.67	2.73	2.76	2.82	2.85
LOTPTA	15.93	15.61	15.73	15.83	15.95	16.05	16.17	16.27
MCB	225.77	221.3	223.2	224.5	226.5	227.7	229.7	231
NBP	79.26	77.82	78.37	78.81	79.36	79.8	80.35	80.79
NCL	29.03	26.39	26.94	27.99	28.54	29.59	30.14	31.19
NCPL	14.55	14.12	14.28	14.42	14.58	14.72	14.88	15.02
NETSOL	22.64	21.59	22.05	22.34	22.8	23.09	23.55	23.84
NIB	2.14	1.97	2.01	2.08	2.12	2.19	2.23	2.3
NICL	3.01	2.17	2.4	2.7	2.93	3.23	3.46	3.76
NML	63.96	62.44	63.08	63.52	64.16	64.6	65.24	65.68
PAKRI	18.19	16.75	17.16	17.67	18.08	18.59	19	19.51
POL	319.13	312.9	315.2	317.2	319.5	321.4	323.7	325.7
PPL	210.64	206.4	208.2	209.4	211.2	212.4	214.2	215.4
PSO	281.47	279.3	280.2	280.8	281.7	282.3	283.2	283.8
PTC	17.81	17.29	17.45	17.63	17.79	17.97	18.13	18.31
SILK	2.25	2.11	2.15	2.2	2.24	2.29	2.33	2.38
SNGP	20.28	18.55	19.33	19.8	20.58	21.05	21.83	22.3
SPL	16.73	15.18	15.49	16.11	16.42	17.04	17.35	17.97
SSGC	25.54	23.59	24.05	24.79	25.25	25.99	26.45	27.19
TRG	3.19	2.91	3.03	3.11	3.23	3.31	3.43	3.51
UBL	64.19	62.21	63.13	63.66	64.58	65.11	66.03	66.56
WTL	2.42	2.23	2.31	2.37	2.45	2.51	2.59	2.65

BOOK CLOSURE

Company	From	To	D/B/R	Spot Date	AGM-EOGM
Kot Addu Power Co.	11-03-2011	18-03-2011	30%(I)	10-03-2011	-
Biafo Industries	12-03-2011	18-03-2011	15%(II)	11-03-2011	-
Sazgar Engineering	13-03-2011	19-03-2011	10%(I)	11-03-2011	-
Punjab Oil	14-03-2011	21-03-2011	10% 10%B	11-03-2011	02-04-2011
Fauji Fert. Bin Qasim	15-03-2011	21-03-2011	35%(F)	14-03-2011	21-03-2011
Huffaz Pipe	15-03-2011	22-03-2011	15%(I)	14-03-2011	-
Al-Ghazi Tractor	16-03-2011	24-03-2011	250%(F)	15-03-2011	24-03-2011
United Bank	16-03-2011	29-03-2011	40%(F)	15-03-2011	29-03-2011
Indus Motors	16-03-2011	25-03-2011	50%(I)	15-03-2011	29-03-2011
Habib Bank limited	16-03-2011	29-03-2011	65% 10%B	15-03-2011	29-03-2011
Engro Corporation	17-03-2011	31-03-2011	20% 20%B	16-03-2011	31-03-2011
Lotte Pakistan PTA	18-03-2011	24-03-2011	6%	17-03-2011	24-03-2011

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