

DAY BREAK

Friday November 21, 2008

News in Focus

Pakistan's foreign exchange reserves decline to USD 6.637bn

Pakistan's foreign exchange reserves are reported to have declined by USD 99.7mn during the week ended on Nov 15'08 to USD 6.637bn from USD 6.736bn earlier. Foreign exchange reserves are now down by 59.74% from their peak level of USD 16.486bn in Oct07. Reserves held by commercial banks have declined by USD 62.6mn to USD 3.177bn whereas SBP's foreign exchange reserves have declined by USD 37.1mn to USD 3.460bn.

By the end of next month we expect nearly USD 3bn in IMF funds to boost the reserve position however this is likely to get quickly absorbed by short term drains which include payments on debt and securities. The recent decline in international oil prices also bodes well for the central bank as 100% foreign exchange payments for furnace oil have been shifted to the SBP's own balance sheet.

4mo FY09 oil import bill eases as crude oil prices decline

Crude prices decline amid fears of recession

On Nov 20'08, crude oil prices hit the lowest level since May05 amid fears of recession and fuel demand slowdown. WTI prices shed USD 4/bbl to close at USD 49.62/bbl, 66% lower than Jul08 peak of USD 147/bbl as Singapore and Taiwan cut demand forecasts coupled with dismal unemployment data released by the US, indicating lower energy consumption. On a YoY basis, total petroleum group imports posted an increase of 69.88% to USD 4.861bn during 4mo FY09 against USD 2.86bn in the corresponding period last year.

Average oil price down to USD 113/bbl during 4mo against USD 123/bbl in 1Q FY09

During the period under review, FBS data indicates average crude prices to have fallen to USD 113/bbl which is 8% lower than 1Q FY09 average of USD 123/bbl. However, YoY figures indicate a 67% increase as crude prices averaged at USD 68/bbl during 4mo FY08. The average import price of petroleum products amounted to USD 796/MT against USD 492/MT in the corresponding period last year, however a decline can be expected during the remainder of FY09 as petroleum products' prices continue to decline in tandem with crude oil prices.

Crude prices to settle between USD 70-75/bbl for FY09

We expect crude prices to pursue a declining trend amid the dampening global demand outlook and the appreciation of the USD against major currencies. However, exogenous factors including a potential output cut by OPEC may trigger a short lived rally in oil prices in the medium term. Our FY09 average estimates suggest oil prices will settle between USD 70-75/bbl for the year, in which case Pakistan's oil import bill is expected to settle in the range of USD 11bn similar to FY08 levels.

Daily Summary

Equities

	KSE100	Turnover All Shares (mn)	Market Cap All Shares (PKR bn)
20.11.08	9,184.09	0.11	2,826.47
19.11.08	9,184.09	0.18	2,826.96
Change	0.00	(0.07)	(0.48)

Board Meetings

Date	Time	Company
24.11.08	10:30	Allied Bank Limited

Result Announcements

Company	Period	EPS(PKR)	Payout
Honda Atlas	1HFY09	(0.37)	-
Bank Alfalah	3QCY08	3.07	-

Forex (PKR/USD) Money Market Repo (%)

Bid	Offer	O/N	6-month
79.26	79.30	1.25	14.00

CFS MK-II

	Total Value (PKR bn)	Average Rate (%)
20.11.08	11.25	58.68
19.11.08	11.27	41.18

Futures

	Net Open Interest (PKR bn)	Volume (mn share)
20.11.08	0.00	0.00
19.11.08	0.00	0.00

Commodity Prices

	Price	Change
WTI (USD/bbl)	49.62	(4.00)
Gold (USD/oz)	745.06	10.51

SCRA

	Balance (USD mn)	Net flow (USD mn)
19.11.08	(257.96)	(1.71)

Source: KSE, SBP, Bloomberg & IGI Research

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Securities