Sent: Friday, November 21, 2008 9:21 AM
Subject: IIS Stocks in the news as of 21th November 2008

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Securities(Pvt.)Ltd.

November 21, 2008

Stocks in the News

Export of traditional items up by 44 per cent

Newspaper: Dawn
Link: http://www.dawn.com/2008/11/21/top5.htm
Sector: Economy
Impact: Significant growth (44% YoY) in exports of traditional products like rice, sports and leather goods, footwear and surgical and engineering goods was witnessed in the first four months of current fiscal despite the fact of high input cost which went down in the manufacturing of these products. Total traditional exports stood at $3.023 bn as compared to $2.225 bn in the same period last year. Textile exports on the other hand dropped by a marginal 0.97% (YoY) to $3.539 bn. The depreciating in rupee proved to be instrumental in increasing of textile exports which covered for higher input costs. Robust export growth will help keep in check the country's trade deficit which has ballooned to $5.8 billion in the first four months of current fiscal.

Automakers reluctant to cut prices

Newspaper: Dawn
Link: http://www.dawn.com/2008/11/21/ebr1.htm
Sector: Autos
Impact: Auto manufacturers witnessed significant decline in their gross and net profits in the first quarter of FY09 due to higher input costs, production and sales decline, inflationary pressures and depreciating rupee. To offset some of the impact of these, manufacturers had raised their unit prices which resulted in further demand destruction. This coupled with the fact of substantial decrease in auto financing by banks, owing to higher interest rates resulted in significant decline sales of cars and LCVs by 37 per cent to 40,474 units in July-October 2008 as compared to 63,765 units in the same period of 2007. Although the prices of raw materials like steel has declined substantially and rupee has stabilized against yen, automakers are reluctant to decrease prices in order to cut their losses witnessed in the first quarter. Prices however may decline in the second half of current fiscal and new models are likely to be introduced at lower prices.

Farm credit disbursement jumps 16.2pc

Newspaper: Dawn
Link: http://www.dawn.com/2008/11/21/ebr10.htm
Sector: Banking and Agriculture
Impact: Agriculture credit disbursement went up to Rs.57.60 billion in the first four months of current fiscal, up 16.2% as compared to the same period last year. Credit disbursement by five major banks went up by 17.20% YoY to stand at Rs.31.455 bn. SBP has fixed agri-credit disbursement target to Rs 250 bn for the current fiscal up 50 billion from last year. Government focus to boost agriculture sector of the economy which contributes 21% to GDP may prove instrumental in significant credit flow to agriculture sector.

Pakistan's foreign exchange reserves decline by $99.7 million

Newspaper: Business Recorder
Link:
http://www.businessrecorder.com.pk/index.php?id=841056&currPageNo=1&query=&search=&term=&supDate=
Sector: Economy

Impact: The country's reserves fell by almost approx. \$100 mn to \$6.64 bn in the week ended on November 15th. The SBP's own reserves fell to \$3.46 billion from \$3.50 billion a week earlier, and reserves held by commercial banks were \$3.18 billion compared with \$3.24 billion. The reserves would have declined further if the country wouldn't have received loan of \$200 million from IDB.

Oil import bill drops by 53.5pc in Oct

Newspaper: Dawn
Link: http://www.dawn.com/2008/11/21/ebr4.htm
Sector: Economy
Impact: Data released by FBS on import of commodities showed hefty decline in crude oil imports which declined by 53.5 % YoY to stood at \$ 219.76 mn in October down from \$472.67 mn in the same period last year. However import of petroleum products kept witnessing increased demand which roused by 102% YoY in October. This resulted in an increase of 69.88 percent in the import in the oil group which stood at \$4.86 bn in the first four months of current fiscal. Similar situation was witnessed in food group whose import bill was up by 51.29 percent in the 4MCY09 to stand at \$1.616 bn. Similar growth was witnessed in import of agriculture products and machinery group whish rouse by 25% and 9.7 % respectively. Notable decline was witnessed in import of transportation and telecommunication group down by 57% and 39% in the 4MCY09.

Refineries to exhaust stocks in seven days

Newspaper: Business Recorder
Link:
http://www.brecorder.com/index.php?id=841050&currPageNo=1&query=&search=&term=&supDate=
Sector: Refineries & economy
Impact: The local refineries of the country are left with stocks for only 4 to 7 days. This is due to crude oil import problems and shut-down of some oil refineries for maintenance purposes. The crude oil import problems have arisen due to the circular debt of Rs190 billion prevalent in the system among the suppliers and customers of POL products. The refineries process about 60% of the total POL demand of the country through imported and local crude while the rest is imported by OMCs. The government had earlier decided to keep reserves of petroleum products for 10 days instead of 21 to reduce the outflow of dollars. This situation needs to be sorted out immediately; circular debt must be repaid so that the OMCs and refineries can meet payments to their suppliers and petroleum products stocks are replenished.

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