

## Market Overview

Market continued its bullish momentum as it overcame its all time high of 32,400 levels. Decline in CPI was one of the main reasons for market bull run. The benchmark KSE-100 index closed up by 349.07 point to close at 32,480.35 points.

## CPI eases to 4.3% YoY in December'14

In our today's morning report we are presenting the detail of Consumer Price Index (CPI) statistics as released by Pakistan Bureau of Statistics (PBS) and expectation of upcoming monetary policy.

### CPI lowers on depressed oil prices

Country inflation data for December'14 showed that the Consumer Price Index (CPI) came down to 4.3% YoY. The CPI inflation was 3.96% in November'14 and 9.2% in December'13. This is mainly due to lower fuel prices and reduction in food prices which have a major chunk in CPI. Transport cost which has weightage of 7.20% declined by 6.02% remain major contributor driven by lower oil prices. Food, Non-alcoholic and Beverages has the highest weight age of 34.83% in CPI marginally swell by 2.53% YoY in the month of December'14.

### MoM inflation too drop

Primarily on back of decline in food and transport prices, the month on month inflation fall by a 1% in December'14 versus a decrease of 0.5% in November'14 and 1.3% in December'13. In addition to lower food and transport prices, the flat Housing, Water, Electricity, Gas & Fuels too supported the inflation to stay lower during the month.

### Cumulative CPI too remain low

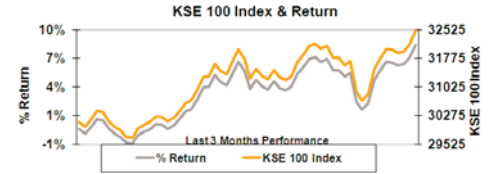
Inflation in FY15 too remained low as it surge by 6.08% in 1HFY15 compared to a CPI of 8.09% in 1HFY14. The lower inflation was on the back of dip in oil prices, higher base effect and low domestic demand. The Sensitive Price Index (SPI) surge by 3.47% YoY and Wholesale Price Index (WPI) surge by 2.13% YoY in 1HFY15. Core inflation measured by non-food non-energy hike by 6.7% in December 2014 as compared to 6.9% in November 2014 and by 8.2% in December 2013. Core NFNE inflation on MoM basis increased 0.1% in December 2014 as compared to reduction in 0.5% in the previous month and surge by 0.2% in December 2013.

	Weight (%)	Dec'14	Dec'13	Chg YoY
Food & Non-alcoholic Bev.	34.83	215.18	209.87	2.5%
Clothing & Footwear	7.57	213.88	196.57	8.8%
House Rent, Fuel & Lightening	29.41	174.04	164.44	5.8%
Household Furniture and Equipment	4.21	208.8	195.84	6.6%
Transport	7.2	185.18	197.03	-6.0%
Communication	3.22	130.13	129.79	0.3%
Recreation & Culture	2.03	189.6	183.14	3.5%
Education	3.94	192.41	168.34	14.3%
Miscellaneous	2.76	220.73	210.34	4.9%
Total	100	196.79	188.68	4.3%

Source: AZEE Research & PBS

### Further cut in discount rate likely

After the record low inflation figure in last two months, we expect SBP have an opportunity to cut the discount rate by 50 to 100bps. We anticipate inflation to remain around 6.1% in FY15 and real interest rate now stand above 350bps which clearly signal strong case of discount rate cut. Therefore we recommend investors to look for investments in highly leveraged companies and providing higher dividend yield. We have a positive stance on DGKC, MLCF, FECTC, NML, NCL, Engro, Hubco and Kapco.



## News Update

Total liquid foreign reserves of the country stand at dollars 14.94407 billion, said State Bank of Pakistan (SBP). SBP's weekly statement here on Thursday said, the foreign reserves held by State Bank on December 26, amounted dollars 10.30409 billion and the net foreign reserves held by other banks were dollars 4.63908 billion. During the week ending Dec 26, SBP's liquid forex reserves decreased by \$ 60 million to \$10.305 billion compared to \$10.365 billion in the previous week. Over the week, SBP made payments of \$ 197 million on account of external debt servicing and other official payments of which \$ 139 million was paid to International Monetary Fund (IMF) under SBA.

The year 2014 was a year of growth and exuberance for the Pakistani capital market which touched historic, unprecedented levels in terms of value and volume. "Throughout the year, the benchmark KSE-100 Index of the Karachi Stock Exchange Limited (KSE), exhibited outstanding performance and touched historic, unprecedented levels in terms of value and volume" says a statement issued by the SECP here on Thursday. According to Bloomberg, Pakistan ranked third in 2014 amongst the Top Ten Best Performing Markets in the world.

Pakistan and Afghanistan here on Thursday agreed to further strengthening of bilateral trade and economic relations by addressing bottlenecks in way of promoting trade and investment between the two countries. The two-countries were also agreed for facilitating the trade and commerce sectors of their respective countries besides starting negotiation on Preferential Trade Agreement (PTA) and trilateral trade agreement for benefit of the people of both the countries.

NCCPL (U.S \$ in million)		Portfolio Investment U.S \$ in million)		KSE Statistics	January 1, 2015
FIPI (31-Dec-2014)	-3.16	Yearly(Jul, 2014 up to 26-Dec-2014)	90.16	<b>Indices</b>	
Local Companies (31-Dec-2014)	-3.04			All Share Index	23,583.50
Banks / DFI (31-Dec-2014)	10.03	Monthly(Dec, 2014 up to 26-Dec-2014)	-53.58	KSE-30TM Index	21,034.49
Mutual Funds (31-Dec-2014)	2.71			KSE-100TM Index	32,480.35
NBFC (31-Dec-2014)	1.38	Daily (26-Dec-2014)	5.42	<b>Turnover</b>	
Local Investors (31-Dec-2014)	-7.38			All Share Index	230,135,450
Other Organization (31-Dec-2014)	-0.54	Total Portfolio Investment (28-Nov-2014)	6029	KSE-30TM Index	99,641,400
				KSE-100TM Index	186,250,880

## MILESTONE

Friday, January 2, 2015

**[ Morning Report ]**
**Pivot Analysis**

Company	CR	RSI	Buy 1	Buy 2	Sell 1	Sell 2	Pivot
KSE 100 INDEX	32480.35	66.17	32,240	31,999	32,612	32,744	32,372
Attock Cement	204.92	70.84	199.30	193.70	207.70	210.55	202.10
Adamjee Insurance	50.60	59.61	49.75	48.85	51.20	51.85	50.35
Askari Bank	23.22	65.69	23.00	22.80	23.45	23.65	23.25
Azgard Nine	6.12	55.31	5.90	5.70	6.25	6.40	6.05
Attock Petroleum	532.55	50.18	529.35	526.20	537.35	542.20	534.20
Attock Refinery	189.24	48.50	186.40	183.55	191.75	194.25	188.90
Bank Al-Falah	34.41	71.06	33.80	33.15	35.05	35.65	34.40
BankIslami Pak	9.87	41.84	9.65	9.45	10.05	10.20	9.85
Bank.Of.Punjab	10.89	73.56	10.80	10.70	11.00	11.15	10.95
Fauji Cement	26.76	76.04	26.15	25.55	27.10	27.45	26.50
Fauji Fert Bin	47.35	71.48	45.75	44.15	48.20	49.05	46.60
Fauji Fertilizer	118.11	49.55	117.30	116.45	118.75	119.40	117.95
Habib Bank Ltd	216.03	55.57	214.35	212.70	217.85	219.65	216.15
Hub Power	80.39	67.00	78.90	77.40	81.70	83.00	80.20
ICI Pakistan	465.70	32.97	463.45	461.25	467.45	469.25	465.25
Jah Siddiq Co	15.33	44.21	14.80	14.25	15.70	16.00	15.15
Lucky Cement	513.45	65.63	503.80	494.20	520.25	527.10	510.65
MCB Bank Ltd	308.98	69.25	306.05	303.05	311.95	314.95	309.00
Maple Leaf Cement	46.46	78.52	45.20	44.00	47.10	47.70	45.85
National Bank	69.51	75.07	69.05	68.60	70.15	70.80	69.70
NIB Bank	2.38	69.06	2.35	2.25	2.40	2.45	2.35
Oil & Gas Dev. XD	206.44	39.65	204.60	202.80	207.60	208.80	205.80
P.S.O. XD	362.06	52.20	357.05	352.05	366.00	370.00	361.00
Sui North Gas	28.24	61.32	27.80	27.35	28.70	29.15	28.25

**Board Meetings**

Company	DATE	TIME
Adam Sugar Mills Ltd	02-01-2015	3:00
Premier Sugar Mills Co. Ltd	02-01-2015	11:00
Khairpur Sugar Mills Ltd	02-01-2015	2:00
Chashma Sugar Mills Ltd	02-01-2015	11:30
Mirza Sugar Mills Ltd	03-01-2015	10:30
Al-Abbas Sugar Mills Ltd	03-01-2015	11:00

**Key Data**
**Money Market**

T-Bills (3 Mths)	24-Dec-2014	9.48%
T-Bills (6 Mths)	24-Dec-2014	9.48%
T-Bills (12 Mths)	24-Dec-2014	9.47%
Discount Rate	15-Nov-2014	9.50%
Kibor (1 Mth)	31-Dec-2014	9.90%
Kibor (3 Mths)	31-Dec-2014	9.63%
Kibor (6 Mths)	31-Dec-2014	9.63%
Kibor (9 Mths)	31-Dec-2014	9.89%
Kibor (1 Yr)	31-Dec-2014	9.90%
P.I.B (3 Yrs)	31-Dec-2014	9.95%
P.I.B (5 Yrs)	31-Dec-2014	10.20%
P.I.B (10 Yrs)	31-Dec-2014	10.95%
P.I.B (15 Yrs)	31-Dec-2014	11.30%
P.I.B (20 Yrs)	31-Dec-2014	11.55%
P.I.B (30 Yrs)	31-Dec-2014	11.65%

**Commodities**

Crude Oil (brent)\$/bbl	57.33
Crude Oil (WTI)\$/bbl	53.27
Cotton \$/lb	60.27
Gold \$/ozs	1,181.98
Silver \$/ozs	15.60
Malaysian Palm \$	649
GOLD (PMEX) PKR	38,850
KHI Cotton 40Kg PKR	5,305

CR = Yesterday's Closing Rate; RSI = 14 day RSI.  
 RSI Indication: Less than 30 Indicate oversold position & Greater than 70  
 Indicate overbought position.

## MILESTONE

Friday, January 2, 2015

# MTS Leverage Position

	Unrel Volume	Unrel Value	MTS Volume	MTS Value	Total Volume	Total Value	MTS Rate
31-Dec-14	63,059,980	2,703,627,802	13,214,240	695,641,775	76,274,220	3,399,269,577	17.33
29-Dec-14	67,076,120	2,875,050,229	6,727,200	284,274,178	73,803,320	3,159,324,406	16.75
Chg DoD %	-5.99%	-5.96%	96.43%	144.71%	3.35%	7.59%	58 bps
Symbol	Unrel Volume	Unrel Value	MTS Volume	MTS Value	Total Volume	Total Value	MTS Rate
AHCL	198,700	4,420,325	245,000	5,708,792	443,700	10,129,117	17.86
AICL	1,940,200	81,198,331	251,400	10,561,332	2,191,600	91,759,663	17.59
AKBL	1,526,500	28,889,497	192,500	3,769,499	1,719,000	32,658,996	17.86
ATRL	407,200	63,919,363	16,800	2,681,382	424,000	66,600,745	17.68
BAFL	1,129,000	30,641,527	1,400,500	41,107,865	2,529,500	71,749,392	16.30
BAHL	63,000	2,521,424	55,500	2,267,863	118,500	4,789,287	17.78
BOP	14,894,200	122,625,201	1,640,500	15,360,421	16,534,700	137,985,622	17.86
CHCC	616,000	35,525,152	156,000	9,097,306	772,000	44,622,458	17.77
DAWH	2,500	165,680	-	-	2,500	165,680	-
DGKC	1,703,300	152,442,729	676,200	63,479,501	2,379,500	215,922,230	16.18
EFOODS	696,900	61,000,971	866,200	80,063,232	1,563,100	141,064,203	17.67
ENGRO	4,271,100	765,822,030	1,057,700	198,876,718	5,328,800	964,698,748	17.57
FABL	4,134,000	60,916,965	400,500	6,208,566	4,534,500	67,125,531	15.40
FATIMA	3,604,000	101,281,228	523,000	15,878,121	4,127,000	117,159,349	17.65
FCCL	1,347,500	27,174,022	1,080,500	23,667,237	2,428,000	50,841,259	17.62
FFBL	405,000	15,305,243	175,000	6,707,384	580,000	22,012,627	17.78
FFC	50,900	5,085,511	34,500	3,433,928	85,400	8,519,439	17.71
HUBC	1,762,000	107,883,366	71,000	4,735,524	1,833,000	112,618,889	17.80
KEL	3,922,000	28,228,869	418,000	3,269,517	4,340,000	31,498,386	17.83
LPCL	4,464,500	64,027,163	272,000	4,001,718	4,736,500	68,028,882	17.86
LUCK	53,000	21,609,118	9,900	4,217,956	62,900	25,827,075	17.67
MCB	25,100	6,412,774	1,000	261,069	26,100	6,673,844	17.86
MLCF	831,500	29,631,755	741,500	27,847,544	1,573,000	57,479,300	17.86
NBP	1,212,000	67,777,900	505,000	29,719,468	1,717,000	97,497,368	17.72
NCL	1,004,000	37,204,163	408,000	15,639,467	1,412,000	52,843,630	16.43
NML	652,180	65,850,564	28,200	2,907,600	680,380	68,758,164	15.54
NPL	6,000	232,885	-	-	6,000	232,885	-
OGDC	79,900	13,858,734	46,000	8,077,934	125,900	21,936,667	17.11
PAEL	830,000	25,645,734	380,500	13,313,320	1,210,500	38,959,054	17.86
PIOC	685,500	46,274,313	494,000	36,049,613	1,179,500	82,323,926	17.86
PKGP	259,500	5,770,206	47,000	1,083,171	306,500	6,853,378	17.80
PPL	1,143,700	171,036,356	41,740	6,265,072	1,185,440	177,301,428	16.17
PSO	482,100	146,033,111	63,900	19,415,148	546,000	165,448,259	15.80
PTC	1,526,500	28,993,248	394,000	7,722,994	1,920,500	36,716,242	17.66
SNGP	1,009,500	23,368,824	12,000	293,904	1,021,500	23,662,728	17.86
SSGC	5,536,500	171,272,203	464,000	15,269,660	6,000,500	186,541,862	17.69
UBL	584,500	83,581,315	44,700	6,681,950	629,200	90,263,265	17.73
<b>TOTAL</b>	<b>63,059,980</b>	<b>2,703,627,802</b>	<b>13,214,240</b>	<b>695,641,775</b>	<b>76,274,220</b>	<b>3,399,269,577</b>	<b>17.33</b>

## Risk Disclosure

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