

Market Overview

Weak law & order state and outflows from foreigners by nearly US\$ 8mn seemed the maintain reasons behind the volatility seen by market. The benchmark KSE-100 index closed down by 86.64 point to close at 34,570.30 points.

Result Preview: MCB CY14

MCB Bank Ltd is scheduled to hold its board meeting on Thursday February 12, 2015. Our expectations for unconsolidated accounts of MCB are as follows.

Double digit earnings growth likely seen

We expect MCB earnings to sure by 12% to Rs 24.14 billion (EPS: Rs 21.69) compared to Rs 21.49 billion (EPS: Rs 19.31) in CY13. Higher net interest income, hike in non interest income and reversal of provisions likely drivers of the banks. Similarly, double digit growth of 40% YoY is expected in 4QCY14 where earning to escalate at Rs 6.02 billion (EPS: Rs 5.41) from Rs 4.31 billion (EPS: Rs 3.87) in 4QCY13. The Bank is also expected to announce a final cash dividend of Rs 3.5/share, taking the total cash dividend of Rs 13.5/share for CY14. Furthermore, possibility of 10% bonus share cannot be rule out.

Higher NII is expected

Net interest income (NII) likely to surge by 12% to Rs 42.40 billion versus Rs 37.86 billion in CY13 due to growth in earnings assets and higher yields on longer tenor's assets expected. Interest income to surge by 17% to Rs 75.90 compared to Rs 65.06 billion in CY13 mainly due to better yields. Conversely, Interest expense is expected to swell by 23% to Rs 33.50 billion in CY14 against Rs 27.19 billion in CY13 owing to increase in saving rate.

Non- funded income & reversal of provisions likely to further support

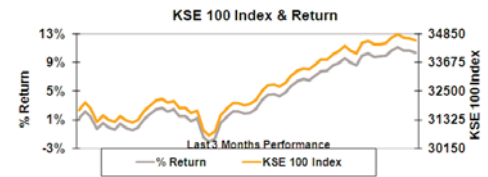
Non-interest income is expected to hike by 20% to Rs 13.43 billion against Rs 11.17 billion in CY13 due to likely increases in Income from dealing in foreign currencies and fee, commission & brokerage income. Similarly, reversal of provisions is expected at Rs 1.71 billion owing to lower speed of accretions and better coverage of bad loans during the period.

Rs in million	CY14E	CY13A	YoY	4QCY14E	4QCY13A	YoY
Interest Income	75,901	65,064	17%	19,116	16,593	15%
Interest Expenses	33,501	27,196	23%	8,730	7,216	21%
Net Interest Income	42,400	37,868	12%	10,386	9,377	11%
Provisions	-1,712	-2,836	-40%	-301	-991	-70%
Non Interest Income	13,439	11,171	20%	3,889	2,617	49%
Non Interest Expenses	20,920	19,586	7%	5,454	6,445	-15%
Profit before Taxation	36,630	32,288	13%	9,123	6,540	40%
Taxation	12,485	10,793	16%	3,102	2,227	39%
Profit after Taxation	24,145	21,495	12%	6,021	4,313	40%
EPS (Rs)	21.69	19.31		5.41	3.87	

Source: Company Report & AZEE Research

Recommendation

At yesterday closing price, the stock is trading at 7.6% discount to December end 2015 target price of Rs 338/share, thus we have market weight stance on stock.



News Update

A Chinese official confirmed on Monday that China is involved in at least six nuclear power projects in Pakistan and is likely to export more to the country, according to an India Today report. China has up til now refrained from commenting on its nuclear cooperation with Pakistan. However, Wang Xiaotao, a key official of the National Development and Reform Commission (NDRC) said at a press conference on Saturday that Beijing has been involved in the construction of six reactors in the country. The official's remarks come amid concerns voiced against increased civilian nuclear cooperation between the two countries as per the Nuclear Suppliers' Group (NSG) guidelines.

Minister for Textile Industry Abbas Khan Afridi on Monday said the country's exports of textile sector would be raised from current volume of US\$ 13 billion to \$26 billion per year in five years. Announcing the new textile policy 2014-19 in a press briefing here, the minister said the government would shift focus from exporting raw material to value added products as this approach would not only boost the economy but also help create millions of new employment opportunities.

The government has released over Rs 218.38 billion so far under Public Sector Development Programme (PSDP) for various projects against total allocations of Rs 525 billion for the fiscal year 2014-15. According to the latest data of Ministry of Planning, Development and Reforms, Rs33,996 million have been released for various projects of Pakistan Atomic Energy Commission, out of its total allocations of Rs51,475 million, earmarked under PSDP for FY 2014-15.

NCCPL (U.S \$ in million)		Portfolio Investment U.S \$ in million)		KSE Statistics	February 9, 2015
FIPI (09-Feb-2015)	-5.31	Yearly(Jul, 2014 up to 06-Feb-2015)	123.51	Indices	
Local Companies (09-Feb-2015)	1.33	Monthly(Feb, 2015 up to 06-Feb-2015)	19.56	All Share Index	24,842.07
Banks / DFI (09-Feb-2015)	-0.46			KSE-30TM Index	22,428.01
Mutual Funds (09-Feb-2015)	9.46	Daily (06-Feb-2015)	7.07	KSE-100TM Index	34,570.30
NBFC (09-Feb-2015)	-1.20			Turnover	
Local Investors (09-Feb-2015)	-4.52	Total Portfolio Investment (30-Jan-2015)	6511	All Share Index	262,745,720
Other Organization (09-Feb-2015)	0.69			KSE-30TM Index	61,822,500
				KSE-100TM Index	182,407,520

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Tuesday, February 10, 2015

[Morning Report]
Pivot Analysis

Company	CR	RSI	Buy 1	Buy 2	Sell 1	Sell 2	Pivot
KSE 100 INDEX	34570.30	69.03	34,487	34,405	34,721	34,872	34,638
Attock Cement	214.45	62.69	213.55	212.70	215.65	216.90	214.80
Adamjee Insurance	56.34	69.72	56.00	55.60	56.90	57.45	56.55
Askari Bank	25.38	71.12	25.20	24.95	25.55	25.75	25.35
Azgard Nine	5.95	43.53	5.90	5.80	6.05	6.20	6.00
Attock Petroleum	551.42	50.34	542.10	532.80	558.60	565.80	549.30
Attock Refinery	194.04	41.69	192.65	191.30	196.65	199.30	195.30
Bank Al-Falah	33.42	50.16	33.10	32.80	33.85	34.30	33.55
BankIslami Pak	9.95	49.39	9.90	9.85	10.00	10.05	9.95
Bank.Of.Punjab	10.53	48.45	10.45	10.35	10.65	10.80	10.55
Fauji Cement	31.98	71.83	31.60	31.25	32.50	33.05	32.15
Fauji Fert Bin	51.79	68.74	51.60	51.40	52.15	52.45	51.90
Fauji Fertilizer	137.11	73.02	136.20	135.30	138.60	140.10	137.70
Habib Bank Ltd	208.09	39.96	206.20	204.35	211.20	214.35	209.35
Hub Power	86.61	65.79	86.10	85.55	87.60	88.55	87.05
ICI Pakistan	479.25	40.47	476.15	473.10	485.15	491.10	482.10
Jah Siddiq Co	21.35	44.21	20.90	20.40	22.05	22.80	21.60
Lucky Cement	537.50	64.11	530.00	522.50	545.00	552.50	537.50
MCB Bank Ltd	314.52	41.11	310.60	306.70	320.70	326.95	316.80
Maple Leaf Cement	56.40	75.79	55.85	55.30	57.30	58.20	56.75
National Bank	68.44	46.14	67.90	67.40	69.10	69.75	68.60
NIB Bank	2.47	55.26	2.35	2.30	2.55	2.65	2.45
Oil & Gas Dev. XD	214.97	50.55	213.60	212.20	217.30	219.60	215.90
P.S.O. XD	405.51	69.57	402.65	399.85	409.80	414.10	406.95
Sui North Gas	25.98	30.67	25.60	25.25	26.60	27.20	26.25

Board Meetings

Company	DATE	TIME
Pak Hotels Developers Ltd	10-02-2015	11:00
Habib-ADM Ltd	10-02-2015	11:00
Cherat Cement Co. Ltd	10-02-2015	11:00
NetSol Technologies Ltd	10-02-2015	12:00
Lotte Chemical Pak Ltd	11-02-2015	10:30
Jubilee General Insurance	12-02-2015	10:00

Key Data
Money Market

T-Bills (3 Mths)	04-Feb-2015	8.43%
T-Bills (6 Mths)	04-Feb-2015	8.47%
T-Bills (12 Mths)	04-Feb-2015	8.39%
Discount Rate	24-Jan-2015	8.50%
Kibor (1 Mth)	09-Feb-2015	8.71%
Kibor (3 Mths)	09-Feb-2015	8.49%
Kibor (6 Mths)	09-Feb-2015	8.52%
Kibor (9 Mths)	09-Feb-2015	8.78%
Kibor (1 Yr)	09-Feb-2015	8.81%
P.I.B (3 Yrs)	09-Feb-2015	8.50%
P.I.B (5 Yrs)	09-Feb-2015	8.80%
P.I.B (10 Yrs)	09-Feb-2015	9.78%
P.I.B (15 Yrs)	09-Feb-2015	10.40%
P.I.B (20 Yrs)	09-Feb-2015	10.75%
P.I.B (30 Yrs)	09-Feb-2015	11.10%

Commodities

Crude Oil (brent)\$/bbl	58.29
Crude Oil (WTI)\$/bbl	53.11
Cotton \$/lb	61.88
Gold \$/ozs	1,242.36
Silver \$/ozs	17.02
Malaysian Palm \$	624
GOLD (PMEX) PKR	40,624
KHI Cotton 40Kg PKR	5,198

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

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Tuesday, February 10, 2015

MTS Leverage Position

	Unrel Volume	Unrel Value	MTS Volume	MTS Value	Total Volume	Total Value	MTS Rate
9-Feb-15	95,503,900	4,062,494,575	6,417,850	403,004,159	101,921,750	4,465,498,734	13.99
6-Feb-15	95,210,550	4,034,335,524	8,902,300	537,936,381	104,112,850	4,572,271,905	14.42
Chg DoD %	0.31%	0.70%	-27.91%	-25.08%	-2.10%	-2.34%	-0.43 bps
Symbol	Unrel Volume	Unrel Value	MTS Volume	MTS Value	Total Volume	Total Value	MTS Rate
AHCL	1,490,500	45,350,926	16,500	500,361	1,507,000	45,851,287	16.73
AICL	1,306,700	60,190,255	43,000	2,065,897	1,349,700	62,256,151	14.54
AKBL	4,398,000	91,371,343	256,500	5,531,768	4,654,500	96,903,111	16.61
ATRL	188,550	31,445,823	11,950	1,981,478	200,500	33,427,301	15.98
BAFL	1,223,000	34,872,701	54,500	1,547,772	1,277,500	36,420,472	12.13
BAHL	35,000	1,481,256	27,500	1,191,365	62,500	2,672,620	12.54
BOP	24,720,200	222,381,270	1,153,500	10,394,913	25,873,700	232,776,183	16.73
CHCC	1,458,500	104,636,984	115,000	8,518,515	1,573,500	113,155,499	15.07
DGKC	1,056,000	110,517,136	141,000	15,528,970	1,197,000	126,046,106	12.05
EFOODS	694,800	77,965,087	119,900	13,270,649	814,700	91,235,736	14.84
ENGRO	5,402,200	1,235,524,926	395,200	100,731,693	5,797,400	1,336,256,619	14.38
FABL	3,698,000	57,107,702	281,000	4,255,388	3,979,000	61,363,090	12.54
FATIMA	4,540,000	143,119,974	2,500	79,291	4,542,500	143,199,265	13.00
FCCL	3,990,200	104,871,875	530,500	14,350,182	4,520,700	119,222,057	15.92
FFBL	2,231,500	98,293,473	5,000	220,225	2,236,500	98,513,698	12.40
FFC	1,040,000	119,641,087	70,600	8,233,080	1,110,600	127,874,167	12.01
HUBC	1,763,000	124,635,627	138,000	10,152,460	1,901,000	134,788,087	12.02
KEL	7,483,750	53,431,277	314,000	2,243,812	7,797,750	55,675,088	16.20
LPCL	4,779,500	71,651,907	77,500	1,174,586	4,857,000	72,826,493	16.03
LUCK	137,300	60,956,093	159,400	72,918,762	296,700	133,874,856	12.59
MCB	1,000	273,944	-	-	1,000	273,944	-
MLCF	2,314,500	103,347,694	395,500	19,001,946	2,710,000	122,349,640	15.47
NBP	1,661,500	97,408,856	199,500	11,632,882	1,861,000	109,041,738	14.53
NCL	1,330,000	51,344,699	78,000	3,053,863	1,408,000	54,398,561	13.28
NML	344,900	37,771,644	36,500	4,119,997	381,400	41,891,641	12.64
NPL	100,000	3,822,720	-	-	100,000	3,822,720	-
OGDC	33,400	6,143,800	500	91,618	33,900	6,235,418	11.99
PAEL	3,879,000	171,041,844	335,500	16,088,366	4,214,500	187,130,210	16.71
PIOC	1,513,500	111,159,557	28,500	2,096,377	1,542,000	113,255,934	15.93
PKGP	111,500	3,153,402	100,000	2,861,420	211,500	6,014,822	15.00
PPL	932,600	137,623,713	30,900	4,666,434	963,500	142,290,148	12.52
PSO	345,600	115,043,025	75,500	26,031,516	421,100	141,074,542	12.00
PTC	2,430,000	52,202,007	515,000	11,122,789	2,945,000	63,324,797	12.90
SNGP	1,417,500	32,135,261	101,000	2,225,349	1,518,500	34,360,611	15.98
SSGC	7,070,500	233,083,821	562,000	18,151,183	7,632,500	251,235,004	15.98
UBL	381,700	57,491,863	46,400	6,969,254	428,100	64,461,117	12.48
TOTAL	95,503,900	4,062,494,575	6,417,850	403,004,159	101,921,750	4,465,498,734	13.99

Risk Disclosure

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