

KSE SYNOPSIS

The Karachi share market on **Monday** opened on a positive note and the KSE-100 index crossed 10,000 psychological level after two months to hit 10,053.56 points intra-day high level. However, after mid session the index could not continue that level primarily due to profit taking by local investors. The KSE-100 index, after briefly visiting negative zone, finally closed at the level of 9,979.07 points with a scanty gain of 4.67 points. Trading activities also remained low as the volumes at ready counter declined to 64.704 mn as compared to 102.747 mn traded on Friday. The capitalization increased by Rs 2 bn to stand at Rs 2.806 trn. The local corporate and resident participants stayed in an upbeat mood right from the opening, getting the inspiration from rising trend in international and regional oil and equity markets, high numbers of inflow by off-shore participants and mainly on the development regarding the re-introduction of leverage product.

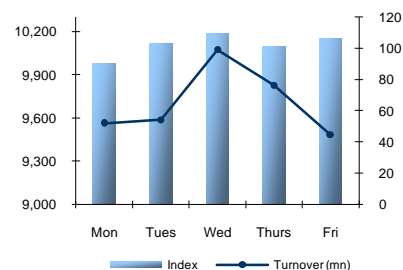
Bullish trend was witnessed at the Karachi share market on **Tuesday** on the back of investors interest on expectations of early launch of a flexible leverage product coupled with foreign interest. The benchmark KSE-100 index closed at the level of 10,114.65 points with healthy gain of 135.58 points. Trading volumes slightly increased to 67.917 mn as compared to 64.704 mn traded on Monday. The market cap. increased by Rs 36 bn to stand at Rs 2.842 trn. The investors' expectations regarding early introduction of leverage product invited fresh buying at the local bourse. The investors' interest was mainly seen in the E&P sector as fresh buying was seen in the index heavyweights that supported the index to register healthy gains.

Bullish trend continued at the Karachi share market on **Wednesday** on expectations of early approval of leverage product. The KSE-100 index gained another 72.35 points to close at the level of 10,187.00 points. Trading activity also improved significantly as the volumes at ready counter increased to 121.264 mn as compared to 67.917 mn traded on Tuesday. The capitalization increased by Rs 20 bn to stand at Rs 2.862 trn. The expectations of the approval of proposed leverage product kept the bulls rolling. The resident participants seems to have started revaluing the rates of the main board and some mid tier stocks, thereby allowing the index to continue the momentum with substantial improvement in turnover, despite sound echoing foreign selling.

The KSE-100 index on **Thursday** lost 91.20 points and closed at the level of 10,095.80 points, mainly due to the profit takings of the local investors. The trading activities also shrank as the volumes at ready counter declined to 91.695 mn as compared to 121.264 mn traded on Wednesday. The overall market capitalisation declined by Rs 24 bn to stand at Rs 2.838 trn.

The KSE-100 index on **Friday** recovered 58.05 points and closed the week at the level of 10,153.85 points on the back of late buying in some select stocks. Trading activity, however, further shrank as the volumes at ready counter declined to 55.815 mn as compared to already low volumes of 91.695 recorded on Thursday. The overall market capitalization increased by Rs 14 bn to stand at Rs 2.852 trn. Mixed activity was witnessed with low volumes. The index, however, finally managed to close in positive due to late buying in some select stocks. The local investors remained on the sidelines due to lack of clarity regarding introduction of leverage product, while the foreign investors' activity also remained low.

KSE INDEX MOVEMENT



KSE-100 INDEX

	This Week	Last Week	Change (%)
Index	10,153.85	9,974.40	1.80
Vol. (mn)	326.15	197.64	65.02

KSE-30 INDEX

	This Week	Last Week	Change (%)
Index	10,062	9,833.00	2.33

ECONOMIC SIGNS

Forex Reserves	\$ 16.63 bn
Inflation CPI %	11.73
Trade Deficit	\$(15.33) bn
Current A/C	\$(3.51) bn
Remittances	\$ 8.91bn
Foreign Investment	\$ 2.14 bn

MONEY MARKET

Offer Rates	Day 1	Day 2	Day 3	Day 4	Day 5
KIBOR 6 month	12.37	12.37	12.38	12.40	12.40

SCRA

	Inflow	Outflow	Net Flow (US\$ mn)
During July '10	28.54	(9.95)	18.58
July10 to date	25.54	(9.95)	18.58

GLOBAL MARKETS

US stocks barely budged on **Monday** as China's weakening demand for materials and concerns over Europe's fiscal issues sapped interest before the start of earnings season. US stocks rallied on earnings optimism on **Tuesday**, but options activity and technical indicators suggested growing investor uneasiness about whether the market can sustain its six-day advance. Tech shares led the Nasdaq higher on **Wednesday** after Intel's strong results, but the Dow and S&P sharply trimmed gains on tepid retail sales figures and ahead of the release of the minutes from the Fed's most recent meeting. US stocks fell on **Thursday** after anaemic economic data underscored fears about slumping economic growth. An unexpected fall in regional factory activity and a third straight month of decline in producer prices raised concerns about deflation, cooling investors' enthusiasm for the strong start to the earnings season that had lifted stocks off recent lows. Downbeat consumer sentiment data and weak revenues from GE and two big banks slammed US stocks on **Friday**, driving major indexes down more than 2.5 %. The Dow Jones industrial average slid 2.52 %, to end unofficially at 10,097.90.

COMMODITIES

US crude oil futures fell below \$75 per barrel on **Monday** on profit-taking ahead of earnings season, following gains in the previous three sessions. Oil prices rose nearly 3 % on **Tuesday** to a two-week high above \$77 per barrel as better-than-expected corporate earnings boosted confidence about the economy and lifted markets. Oil settled near \$77 per barrel on **Wednesday** as the combination of bullish US crude inventory data and bearish economic news left oil seesawing between positive and negative territory. Oil fell below \$77 a barrel on **Thursday** after disappointing US economic data curbed expectations for future demand growth. A US Federal Reserve report showed slowing growth in factory activity in the Mid-Atlantic region, pushing down both oil prices and equities markets. Oil fell to around \$76 a barrel on **Friday**, dropping alongside equities markets as weak US consumer sentiment and falling consumer prices lowered investor appetite for risk. Data released on Friday showed US consumer prices fell for a third straight month while consumer sentiment tumbled to an 11-month low, helping push down both oil and equities.

FOREX

The euro fell against the dollar on **Monday**, pulling back from a two-month high, with investors betting recent gains were too far, too fast as upcoming results of stress tests on European banks loom. The euro hit a two-month high above \$1.27 on **Tuesday** after a smooth Greek treasury bill auction eased some concerns about Europe's debt crisis and took the sting out of another credit rating downgrade for Portugal. The euro hit a two-month high on **Wednesday** and the dollar fell against the yen as data showing US retail sales declined for a second straight month stoked fears the US recovery may be slowing. The US dollar fell broadly on **Thursday**, and the euro soared to a two-month high above \$1.29 as soft inflation and manufacturing data added to concerns about the strength of the US economy. The euro rose 1.3 % to \$1.2901, marking its best day in two weeks. The euro stepped back after touching a two-month high versus a broadly weaker dollar on **Friday**, as investors bet that gains supported by rising European money market rates were overdone.

INTERNATIONAL MARKETS

	This Week	Last Week	Change (%)
NIKKEI-225	9,408.4	9,585.3	-1.8
HANG SENG	20,250.2	20,378.6	-0.6
SENSEX-30	17,955.8	17,833.5	0.7
DOW JONES	10,139.6	10,198.0	-0.6
FTSE-100	5,158.8	5,132.9	0.5

COMMODITIES

	This Week	Last Week	Change (%)
Crude Oil (Brent)\$/bbl	75.01	75.42	-0.54
Crude Oil (WTI)\$/bbl	75.7	76.09	-0.51
Cotton cents/lb	73.33	74.99	-2.21
Gold \$/ozs	1,190.1	1,209.8	-1.63
Silver \$/ozs	17.82	17.78	0.22

FOREX

	This Week	Last Week	Change (%)
US \$	86.15	85.85	0.35
GBP £	131.2	130.2	0.77
EURO €	109.7	108.5	1.11

The euro's rally over the past month could hit a speed bump next week as investors turn cautious ahead of the release of European banks' stress test results.