

Morning Kick-off

KSE 100 index is currently up by 57 points. There is positive activity in banking, oil & gas, fertilizers and technology & communication while there is mixed trading in cements. LUCK is the volume leader and is up by PKR 1.90

Business, Economic and Political News

ICI announces expansion of soda ash plant by 23%

ICI announced expansion of its soda ash plant by 65,000MT/annum to 350,000MT/annum from 285,000MT/annum. The project is expected to be completed by 2Q CY09 and would cost PKR 1.36bn which would be financed through internal cash. ICI recently completed expansion of its soda ash plant by 50,000MT/annum and production came online in Feb07. The total capital expenditure of the expansion project was PKR 1bn which was financed through internal resources.

Soda Ash business contributed 19% to total net revenue of the company during CY06, total sales volume from soda ash and sodium bicarbonate increased by 3% to 268,628MT in CY06 with the highest contribution coming from sodium bi-carbonate sales which rose by 21% during the period under review. Main cost drivers in the soda ash business are coke and gas, despite increase in prices of both the key raw materials company managed to maintain gross profit margin from soda ash business at 26% in CY06. ICI has a low gearing ratio of 0.52 (total debt to equity ratio) in CY06 while it has cash balances of PKR 1.79bn.

Petroleum Policy

According to reports Pakistan Exploration and Production Companies Association (PEPCA) has aired concerns over some of the conditions laid out in the E&P policy due to be implemented soon. According to initial reports PEPCA is concerned over the excessive taxation which could pose a serious threat to the overall E&P industry. A new fee would be levied in the policy under which companies would pay a research/training fee to train government officials. The government has further imposed a 3% duty on the import of equipment used in drilling and exploration. Maritime research fee would amount to USD 50,000/annum until a discovery is made. Post discovery the fee would be increased to USD 100,000/annum until a declaration of commerciality. This would be further increased to USD 250,000 and USD 500,000/annum in the development and production phase. Training fee would amount to USD 50,000/annum in the exploration phase and USD 250,000/annum in the development and production phase. As per extension of exploration periods DGPC would have the authority to extend the term of the license on a case to case basis. Furthermore in case of a significant gas discovery DGPC would consider a retention period of up to 5yrs which could vary from case to case.

SECP to provide details on broker's clearance

National Assembly Standing Committee on Finance and Revenue has asked for details from SECP over the decision of clearing 56 out of 69 brokers who were given notices in regards to Mar05 crisis. According to reports, the committee has asked SECP Chairman to come up with a detail report on the investigation process and there is a possibility that the committee might ask for re-opening of the cases against the brokers.

Discos want tariffs raised

According to sources at the Ministry of Water and Power, Power and distribution companies (Discos) want a further 10% increase in the power tariff as the recent increase of 10% would not be sufficient to compensate for financial shortfall. Power companies are basing their arguments on the increase in prices of furnace oil and gas over the recent years.

Equities	Apr 5'07	% Δ
KSE100	11,596.08 ▲	1.59
Market Cap (PKR bn)	3,159.69 ▲	1.49
Volume (shares mn)	243.10 ▲	4.26
Value (PKR mn)	23,158.48 ▲	28.36

Fixed Income	Apr 5'07	
T-bills	YTM	Bp Δ
3 months	8.70% ▼	3
6 months	8.83% ▼	1
12 months	9.02%	-

PIBs	YTM	
2 – 3 yr	9.29%	-
3 – 5 yr	9.51% ▲	1
7 – 9yr	9.67%	-

KIBOR	Apr 5'07	Bp Δ
1 month	9.57% ▲	8
3 months	10.05% ▲	2
6 months	10.34% ▲	4

Foreign Exchange	Bid	Offer
PKR/USD	60.74	60.75

Crude Oil (Apr 05'07)	USD/barrel	% Δ
US light sweet (WTI)	64.28 ▼	0.16

Major Events

Apr 10'07	Trade Figures
Apr 11'07	Inflation Figures

Board Meetings

Apr 6'07	Shaheen Insurance Company Limited
Apr 6'07	Beema Pakistan
Apr 11'07	Bank Al-Habib
Apr 16'07	Shell Pakistan Ltd.
Apr 19'07	Bata Pakistan Ltd.
Apr 19'07	Packages Limited
Apr 19'07	Fauji Fertilizer Bin Qasim Ltd.

AGMs / EOGM

Apr 16'07	Al-Ghazi Tractors
Apr 17'07	Packages Ltd.
Apr 18'07	Pak Suzuki Motor Co.

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