



## BUSINESS & FINANCE

### Finance yet to weigh impact of new monetary policy on borrowing (BR)

ISLAMABAD: The finance ministry has yet to calculate the impact of new monetary policy on federal government's borrowing, but analysts believe that the central bank may not be able to serve the purpose through tight measures. However, the announcement of coordination-lacked monetary policy announced by State Bank of Pakistan (SBP) Governor Dr Shamshad Akhtar on January 31, sent shocking wave not only to the economic managers in Islamabad, but also business community throughout the country, who are of the view that the increase in interest rate would hurt the growth. Official and financial analysts, who are closely watching a new tension between the finance ministry and the central bank, told Business Recorder here on Tuesday that President Pervez Musharraf has noticed lack of coordination between the finance minister and the SBP governor over a policy that would set future trends of the economy.

### External debt hits \$40.322bn in 4 years (DAWN)

KARACHI: How much the government added to the external debt is much more important than the build-up of a heap of new record domestic debt, adding a trillion rupees to the total. The huge external debt, which witnessed an addition of about \$7 billion to the total of over \$40 billion in just four years, is set to start a vicious cycle of borrowing — servicing — borrowing. The rising bill of external debt-servicing gets more importance in the wake of widening current account deficit. This deficit curtails the government's ability to pay external bills, forcing it to borrow to meet the requirement or sell the assets it has for yielding foreign exchange.

### Withholding tax collection: FBR compiles list of 2,300 development projects (BR)

ISLAMABAD: The Federal Board of Revenue (FBR) has compiled a list of 2,300 public sector development projects, for collection of withholding tax from this major non-compliant area under various provisions of the Income Tax Ordinance 2001. The board has dispatched a list of 2,300 development projects to the Director Generals, Large Taxpayers Units (LTUs) and Regional Tax Offices (RTOs) for recovery of withholding tax, liable to be paid during the execution of government projects. Secretary General of Revenue Division M. Abdullah Yousuf has directed the Direct Taxes Wing to chalk out a special monitoring mechanism for the development projects so that the withholding tax must be generated from this hitherto neglected area.

### Steel products sales tax formula: Supreme Court to take up FBR appeal today (BR)

ISLAMABAD: The Supreme Court will hear the appeal of the Federal Board of Revenue on Wednesday against judgement of the Lahore High Court about the formula of collection of sales tax on steel products from 130 steel mills. A three-member bench, headed by Chief Justice Abdul Hameed Dogar, will hear the appeal. The other members of the bench are Justice Ejazul Hassan and Justice Chaudhry Mohammad Yousuf. The FBR and the steel mills association had agreed on a formula to levy sales tax @ Rs 4.75 per unit of electricity consumed by the steel mills, with effect from July 1, 2007. At this rate, the FBR charged Rs 3800 per ton, which was almost the same if the steel was sold @ Rs 25,000 per ton in the market.

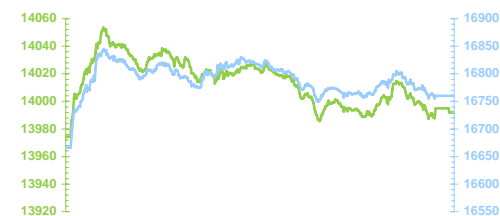
### World economic crisis-II (BR)

ARTICLE: RECESSION AND DE-COUPLING: Another term introduced into the jargon of economists, not familiar to many, is "de-coupling." It is derived from the notion, that the US economy has been a locomotive that has been pulling the rest of the world's economy along its own tracks. When the US sneezes, the other countries catch pneumonia, goes the adage. Two Asian giants (China and India) and a South American upstart (Brazil) look set to buck the trend, meaning, that their economy based on a strong domestic demand, is not going to be affected too much by the partial loss of US business (due to recession in that country).

### Albaraka eyes \$40 million share sale in Pakistan (BR)

MANAMA: The Bahrain Islamic lender, Albaraka Banking Group, said on Tuesday it was eyeing an Indonesian acquisition of about \$60 million and a \$40 million share sale in Pakistan to expand the industry's largest branch network. Albaraka, which sold shares in a Turkish unit last year, is also on track to raise \$100 million in an initial public offering in Syria this year, Albaraka Chief Executive Officer Adnan Yousif told Reuters the Islamic Finance Summit in Manama. "Our next target is going to be the Asian market, both the Far East as well as India," he said.

## Yesterday's Index Movement



KSE 100 INDEX      KSE 30 INDEX

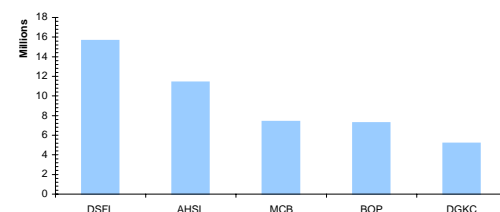
## Market Snapshot

	Index	Chg	Chg (%)
<b>KSE 30</b>	16759.93	93.90	0.56%
<b>Kse 100</b>	13995.00	20.59	0.15%
<b>All Share</b>	9932.40	19.66	0.20%

Vol(mn)	Curr.	Prv.	Chg (%)
<b>KSE 30</b>	61.457	48.615	26.42%
<b>KSE 100</b>	83.450	73.531	13.49%
<b>All Share</b>	153.546	130.211	17.92%

CFS	Cur.	Prv.	Chg(%)
<b>Vol (mn)</b>	587.232	587.161	0.01%
<b>Value (bn)</b>	50.894	51.163	-0.53%
<b>Avg Rate</b>	11.24	11.22	2.64%

## Volume Leaders



<b>MCB</b>	24.50	1538.60
<b>OGDCL</b>	19.50	1224.60
<b>UBL</b>	11.51	722.83

## Economic Data

<b>ForexReserves(\$)(bn)</b>	15.371
<b>FPI(SCRA)(\$)(mn) ( Feb to date)</b>	▶ 2.556

## Board Meetings

Company	Date	Time
PSO	6-Feb-08	11:00:00 AM
BOC Pakistan	11-Feb-08	10:00:00 AM

## Spot Items

Company	From	To
International Ind	11-Feb-08	15-Feb-08

**Pakistan nuclear weapons vulnerable: US (BR)**

WASHINGTON: Political turmoil in Pakistan has not seriously threatened the military's control of its nuclear weapons 'but vulnerabilities exist,' US intelligence said in a report on Tuesday. "We judge the ongoing political uncertainty in Pakistan has not seriously threatened the military's control of the nuclear arsenal, but vulnerabilities exist," the US intelligence community said in its annual threat assessment. Noting that the Pakistani army was responsible for the country's nuclear programs, the report said, "we judge that the army's management of nuclear policy issues -- to include physical security -- has not been degraded by Pakistan's political crisis."

**'Kayani reversing Musharraf's policies' (TheNews)**

WASHINGTON: Little more than two months into his tenure as the chief of Pakistan's enormously influential Army, Gen. Ashfaq Kayani has begun to systematically reverse some of the most significant policies of his predecessor, President Pervez Musharraf, says the Christian Science Monitor. Kayani has issued two key guidelines: prohibiting soldiers from meeting with politicians and ordering all active officers who hold posts in civilian agencies to resign from those positions. Those orders contrast starkly with those promoted by Musharraf when he was Army chief, the paper said.

**Pak UN envoy slams US expert's anti-Pakistan report (TheNews)**

NEW YORK: Pakistan is a strong state, Permanent Ambassador to the UN Munir Akram asserted on Tuesday, while denouncing a pro-India American expert on South Asia for saying that Pakistan might break up. Responding to Selig Harrison's opinion piece in The New York Times on Feb 1, the ambassador said the expert's views "will confirm the belief of many Pakistanis that there is an international conspiracy to destabilise and disintegrate Pakistan, the only Islamic nuclear state." "The orchestrated campaign against President Musharraf, the denigration of the Pakistani Army, calls for the capture of Pakistan's nuclear assets, the string of suicide bombings and terrorism in Balochistan are all seen as aimed at this malevolent design," he added.

**PPP unveils will naming Asif as successor (BR)**

NAUDERO: The party of slain opposition leader Benazir Bhutto released her will to the public on Tuesday to prove that it names her husband as her political heir. The move follows a whispering campaign that Benazir Bhutto had not handed the leadership of the Pakistan People's Party (PPP) to her spouse Asif Ali Zardari, and that she instead picked their 19-year-old son Bilawal.

INTERNATIONAL

**Taliban in Pakistan a global threat: UK think tank (Thenews)**

LONDON: Senior researchers at Britain's International Institute for Strategic Studies warned on Tuesday that "neo-Taliban" groups operating in Pakistan's tribal areas may soon become a global menace. "They have the potential to turn a local threat into a trans-national threat," said Nigel Inkster, who directs a risk analysis unit at the London-based security think tank. "There is some evidence they were involved with the assassination of Benazir Bhutto and that they have dispatched terrorists to the United Kingdom and Spain.

**Pakistan and Japan formalise arrangement for logistic support (BR)**

ISLAMABAD: Pakistan and Japan have formalised logistic support arrangement for Pakistan Navy ships participating in the Operation Enduring Freedom-Maritime Interdiction Operation in the Indian Ocean. Foreign Minister of Japan, Masahiko Kouchi and Pakistan Ambassador, Kamran Niaz formally signed and exchanged notes during a ceremony held at the Japanese Foreign Ministry on Tuesday. Two Japanese ships, a cruiser and an oil tanker have already left on January 25 and 26, respectively, for the Indian Ocean to participate in the counter-terrorism maritime interdiction activities.

**India's launch of spy satellite annoys Iran (DAWN)**

NEW DELHI: Iran said on Tuesday it had lodged an official complaint with New Delhi over India's commercial launch of an Israeli spy satellite last month. The satellite, blasted into orbit from southern India on Jan 21, is reported by the Israeli press to have the ability to see through clouds, carry out day and night all-weather imaging and will be used to spy on Iran's suspect nuclear programme. "The Indian government says the issue is a technical and commercial one, but we hope that the matter can be considered from the point of view of protocol," Iran's ambassador to New Delhi, Sayed Mahdi Nabizadeh, told reporters.

International Equity Markets

Country	Exchange	Index	Chg (%)
US	DJIA	12,265.13	-2.93%
US	NASDAQ	2,309.57	-3.08%
UK	FTSE	5,868.00	-2.60%
India	BSE 30	18,663.16	0.02%
Japan	NIKKEI	13,745.50	-3.58%
Hong Kong	HANG SENG	24,808.70	-5.12%

Key Interest Rates

3-month T-bills (%)	9.0942
6-month T-bills (%)	9.2962
12-month T-bills (%)	9.4493
SBP Discount Rate (%)	10.5000
6-month KIBOR (%)	9.8100

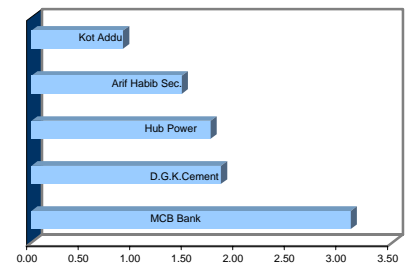
Major Commodities

NYMEX Light Sweet Crude	(\$/barrel)	87.96
Gold	\$/gm	895.30
Silver	\$/gm	16.460
Copper	\$/gm	3.1920
Cotton	\$/kg	68.100

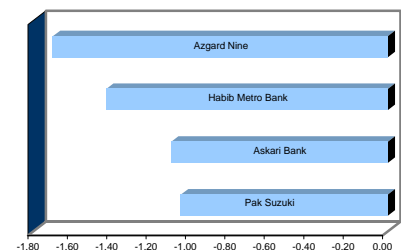
Major Currencies

Currency	Buying	Selling
Dollar	62.80	62.90
Pound	123.00	123.20
Euro	91.75	91.95
Japanese Yen	0.584	0.588
Saudi Riyal	16.65	16.75

Top 5 Gainer BY % (KSE-30)



Top 5 Loser BY % (KSE-30)



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