



**KARACHI** : Shares went into free fall at the Karachi stock market on Monday with the KSE-100 index taking a sharp plunge of 390.57 points or 1.69 per cent to close at 22,701.30.

The market initially gained 33 points to the day's high at 23,125.30, but soon reversed the trend to enter the red.

The sell-off accelerated about mid-day with the index hitting the intra-day massive fall of 790 points.

However, late buying pulled the index up by about 400 points.

A major broker said that the reason for the heavy decline was "profit taking by institutions ahead of long holidays."

Most other market participants attributed the panic-like selling to above expectation July inflation of 8.26pc which raised spectre of increase in discount rate by the SBP in the next Monetary Policy.

Mohammad Rizwan, equity dealer at Topline Securities, said that the panic-like situation was seen at local bourses though there was no major negative news.

Speculation about foreign selling in key stocks affected market sentiments. Local investors were also not keen to buy ahead of long holiday season.

Index that at one moment fell by 790 points recovered due to institutional support.

Affect of floods on Pakistan economy and fear that interest rate may rise impacted investors' behaviour.

The figures released by the National Clearing Company of Pakistan set at rest the fear of foreign selling, for the foreigners were net purchasers of \$2.175 million worth stocks on Monday.

Companies; NBFCs and 'other organisations' also bought shares in the net sum of \$1.5m; \$1.7m and \$0.3m.

The major sellers were local banks and individuals of stocks valued at \$2.6 million and \$2.7m, respectively.

Dealers on equity sales desk at Arif Habib Limited stated that the pressure was visible across the board as shares tanked to the day's floor increasing the agony of day traders to stay put or square their positions. However, with passage of time, sanity was restored in the market and as the final hour started the activity picked up and the index recovered some lost ground by the close of trading.

Analyst Fahad M. Ali at JS Global stated that the bears were seen in control of the bourse at the start of the week.

Selling was triggered after Engro Foods hit its lower circuit early in the day. With only two trading sessions left before Eid holidays, the market was expected to remain volatile and activity remain lacklustre.

Dealers at Sherman Securities observed that the market witnessed recovery during mid-session of the trading. POL closed up 0.5pc, and Dawood Hercules closed at its 'upper circuit'.

One dealer said: "OGDC results, which are due on Tuesday, may

Written by Administrator

Tuesday, 06 August 2013 09:25 -

---

drive the sentiment to a positive direction. The stock closed up 0.9pc on Monday."</p> <p style="text-align: justify;">◆</p> <p style="text-align: justify;">In all, 346 shares came up for trading with 257 losers and 74 gainers. Trading value increased to Rs10.1bn on Monday, from Rs9.0bn the previous Thursday.</p> <p style="text-align: justify;">◆</p> <p style="text-align: justify;">Market capitalisation lost Rs71bn to Rs5.604 trillion.</p> <p style="text-align: justify;">◆</p> <p style="text-align: justify;">Most of the 10-volume leaders were the second-tier scrips. Fauji Cement with 24m shares, stood down by 79 paisa to Rs14.97. Bank of Punjab declined by 61 paisa to Rs12.67 on 15m shares; Maple Leaf Cement shed 6 paisa to Rs29.75 on 15m shares; PTCL trading spot was down 5 paisa to Rs26.76 on 14m shares; NBP declined by Rs2.61 to Rs53.07 on 12m shares; Lafarge Pakistan lost 62 paisa to Rs9.26 on 7m shares; Byco decreased by 81 paisa to Rs9.24 on 7m shares; Engro Polymer was sharply lower by 96 paisa to Rs12.71 on 7m shares; Engro Corporation dived by Rs7.55 to Rs146.15 on 6m shares.<br /><br /><br /><br /><br />Courtesy: ◆ dawn</p>