

## African Securities Exchanges Association Launches New Website

-ASEA Press Release



Treet Corporation Limited senior management visited The Lahore Stock Exchange to participate in the Corporate Briefing Program. CBP is an interactive program initiated by the Lahore Stock Exchange under the Corporate Communications Department to encourage companies to come forward and share their financials and non financial projects before the members, TREC Holders, investors and the media to abridge the communicational gap between the listed companies and the market participants through this platform. Company Secretary, Mr. Ayaz Ahmad and the Chief Financial Officer, Mr. Amir Zia addressed the

participants explaining and highlighting the financial performance of the company. Mr. Amir while addressing stated that energy shortage is a worrisome issue for which Treet Corporation Limited is already planning to launch alternate sources of power generation to meet the energy shortage. He also stated that the company is at the stage of expanding its business by looking forward to explore trade with India.

Managing Director and Chief Executive Officer of Lahore Stock Exchange, Mr. Aftab Ahmad Chaudhry while addressing the participants stated that the purpose of the Corporate Briefing Program is to provide an opportunity to the companies to brief investors and the broker community on the updated operational, financial and strategic positioning of the companies. He expressed that an opportunity of periodical communication through the Corporate Briefing Program would enable the companies to create a strong investors following, besides, providing the investors an opportunity to gain first-hand knowledge from a company's management. He stated that Lahore

Stock Exchange considers it essential for the companies to participate in such programs so that there is no information asymmetry regarding our listed companies.

Corporate Briefing Program (CBP) aims to bridge the gap between the listed companies and investor's community and provide them with an opportunity to share company's first hand information. The basic goal of the Corporate Briefing Program is to enhance investor's understanding of financial statements, company's short term and long term projects. CBP is an opportunity for investors to better understand the economic/financial affairs of a company which might affect company's share price and ultimately impact their investments as well as investment decisions. The LSE under this initiative will be conducting regular programs for different listed companies. Management of the companies shall brief and explain the investors about company's assets and liabilities, financial soundness, credit worthiness, current and expected revenue and growth rates.

## India's growth story: Looking forward into 2014

-D.R. Dogra, MD & CEO,  
CARE Ratings



The Indian economy is traversing a challenging phase where growth is at a low level while inflation continues to be the Achilles heel. While there have been significant improvements in the current account due to some positive intervention by the government and RBI to control growth in imports, there are constraints on the fiscal side where there is determination in controlling the level of deficit which would mean some compromise on affirmative action by the government on project expenditure. In this situation, both monetary and fiscal policy has been defensive which will be the tone for the rest of the fiscal year ending March 2014.

In the current fiscal, the monsoon was good to begin with. However, manufacturing activity is yet to pick up and has been virtually stagnant so far with hopes of a revival in demand on account of the festival cum harvest season receding gradually. However, some recent decisions relating to FDI should further help to change the

investment sentiment. But, on the whole, the growth rate in the current year may stay subdued around 4.8%- 4.9% as weak output, negative business sentiments and higher interest rates limit the potential of recovery. But, it is believed that as financial markets stabilize, exporters shall continue to take advantage of improvements in external competitiveness following the rupee depreciation. Also the clearance of several investment projects government would work at the margin to provide a foundation for the coming year. The question now is whether or not 2014 will be a better year for the economy?

### Pickup in growth

The growth rate can be expected to be higher compared to the current year. On one hand, strengthening economic performance in the US and Europe – India's major export markets – is expected to support growth momentum. On the domestic front, the full impact of change in investment activity may be reflected through the year

resulting in improvement particularly in the manufacturing sector. We can look forward to a modest recovery in GDP growth that could inch past the 5.5% mark and move towards 6% for FY15.

#### **Likely moderation in inflation**

The downward momentum in core Wholesale price inflation, observed throughout the year 2013, can be expected to continue in 2014. Food prices, which have pushed inflation in the current year, may also moderate as agricultural output is expected to improve. However, fuel prices are likely to add to the inflationary drive as international oil prices are likely to remain elevated. A lot will depend on how the new government to assume power later in May 2014 draws a balance between the amount of subsidy to be borne and the pass through in market prices to the consumer. A global recovery which is on the anvil will mean some pressure on core inflation and hence while overall inflation should be more manageable relative to 2013, it will have to be monitored by the RBI continuously.

#### **Improvement in balance of payments**

While exports rebounded strongly since July'13 and imports declined, a continuation of these trends is expected to moderate the trade deficit in the coming year though admittedly the oil price will hold the clue in determining largely the state of trade balance. Although, exports are expected to increase, the response of the manufacturing sector could be somewhat muted by rising costs of imported raw materials, particularly the metal prices which could remain elevated. Hence, the improvement in the trade deficit will be gradual. In addition, the improved employment and growth conditions in the US can be expected to further support the current account balance through

higher exports and probably also other receipts such as software and remittances. Subsequently, the combination of these trends can be expected to result in narrowing of current account deficit in the next fiscal.

#### **Fiscal performance**

The fiscal performance by the central government has been very challenging in the current year. The roll-out of the National Food Security Bill is expected to raise expenditure pressures. The effect of implementing the Act is likely to be felt in the coming year. The challenge is really to meet the fiscal deficit target which has been positioned at 0.5% lower than that for FY14 by garnering fresh revenue. A new government in place could probably hasten the implementation of two fiscal reforms that have been pending for some time – Direct Tax Code and Goods and Services Tax. But given that the new Budget would run for not more than three quarters, there could just be more emphasis on fiscal discipline.

#### **Monetary Policy**

The tightening of monetary policy by RBI in July'13 propped up short-term interest rates. This led to increase in borrowing costs which added further stress to the corporate and banking sector profitability. However, these initiatives by RBI were taken more in order to curb the volatility in the exchange rate and adjust rates to rising inflation. Considering moderation of food prices easing inflation, stability in rupee, higher growth, and narrowing of current account deficit in the next the fiscal , interest rates may be kept at a lower level. Therefore, there could be some cautious relaxation of interest rates especially after the first impact of the tapering programme is well absorbed in the domestic system. Improvement in policy environment

The current macro-economic environment of sluggish growth and rising external vulnerabilities offers an opportunity for authorities to strengthen the foundations for higher long-term growth. In order to bring about further acceleration in growth there is the inbuilt assumption of continued progress on the policy reform agenda and improved global prospects. Hence, the steps taken by the Cabinet committee on Investments to clear the stalled investment projects shall be followed by with additional actions and close monitoring. On the banking front, the policy reform measures announced by the new RBI Governor shall improve the flexibility in the banking system and facilitate financial inclusion.

#### **Capital markets scenario**

The capital market remained fairly stable in the equity segment while the debt part was subdued due to high interest rates which came in the way of raising debt and the expectation of the tapering programme of the Fed which caused funds to move out. While the direction of the Election wave will have an impact till the Elections, improved domestic conditions and stable global economic environment should see some cheer in this segment.

To sum up, the overall Macroeconomic environment in the next year is likely to improve in a better way with rise in GDP growth, moderation in inflation, improvement in current account deficit and fiscal deficits. Besides, the fiscal and monetary performances will hopefully provide some incentive to investment. Therefore, overall, the upcoming year is expected to have better growth prospects compared to the current year.

## **REGULATORY DEVELOPMENTS CMDA**

-CMDA News



CMDA has recently introduced a new market intermediary to assist in the process of structuring Sukuk. "Regulation on Registration of Shariáh Adviser" was passed by the CMDA Board of Directors and it was published in the government Gazette on 21st July 2013. This Regulation stipulates the process to register Shariáh Adviser's with the Authority.

Another important Regulation introduced by

CMDA is the "Regulation on Capital Market Shariáh Advisory Council (CMSAC)", which was published in the gazette on November 2013. The main purpose of the Council is to provide Shariáh rulings to the CMDA Board and provide technical assistance in developing the Islamic Capital Market in the Maldives.

## Infotech Announces Capizar® SIM: Financial Market Application Development Community

-INFOTECH Press Release



Application development for capital markets has always been a challenge for various reasons. Sometimes lack of adequate knowledge and standardization hampers the effort, at other, inadequate technical support makes it nearly impossible to make these efforts conducive. Firms with abundance of resources in terms of time, efforts and money can invest into these areas, however small to medium firms are left with no other choice to acquire such facilities on subscription or other cost effective models, if possible. Still in many conditions, diverse permutations

that are required for completion of such solutions remain unattainable. Consequently, many solutions for capital markets has a pre-requisite requirement for such an environment that not only mirror the actual financial market in a virtual world, but also provide additional capabilities to create many different scenarios that contributes in the overall maturity of the solution, before it is rolled out in a production environment with confidence. Back office application, real-time surveillance system, algorithmic trading system and online paper trading systems are just few examples out of many.

Perceiving this gap, InfoTech taken the step to bridge it, especially for small to medium size firms and as a result, it offers Capizar® SIM, which is a high performance, cross platform, real-time market simulator for electronic trading of multi asset financial instruments.

Capizar® SIM is offered as Express and Professional Editions, in which it supports all standard market fundamentals & operations that constitute the marketplaces to make it equivalent to any financial venue. Additionally, to enhance the value of client products, Capizar® SIM is FIX

and FAST protocols compliant to support development of client application on industry standards. The architecture of Capizar® SIM is highly scalable and can be configured for horizontal as well as vertical scaling.

The Professional Edition provides additional level of control to the user by the virtue of higher level of customizations, at few clicks to generate different kinds of price movements for financial instruments to create desired effects. Further add-ons that are bundled with Professional Edition, such as such as Smart Order Router & Real-Time Risk Management, further enhancements its horizon with complete customization capabilities.

Overall, Capizar® SIM is a solution that offers the capabilities to small-to-medium size firms to tap the market potential with ease of development, back testing, market analysis & research etc. in timely manner, allowing the firms to focus on their core business and strategies rather than exhausting their energies and resources to develop and maintain supporting tools and environments.

## Lahore Stock Exchange Leads Investor Awareness Program For Women Chamber Of Commerce And Industry

- Press Release



Lahore Stock Exchange has launched Investor Awareness Program catering the potential investors to provide financial education to different segments of the society. The first session under this program invited the members of Women Chamber of Commerce-(WCCI) at the LSE Auditorium. Investor Awareness Program aims at holding regular sessions of market information for the general and potential investors on monthly basis.



While addressing the session, Ms. Hifsa Siddiqi-Deputy Manager Corporate Communications delivered a presentation informing of the various investment instruments available in the capital market of Pakistan. She explained the investor protection guideline points, stressing as an initial step in making an investment in the capital market in a secure fashion. While explaining the composition of the stock exchanges, the participants were acquainted with the role and functioning of the Securities and Exchange Commission of Pakistan (SECP), Central Depository Company (CDC) and National Clearing Company Limited (NCCPL) in the capital market of Pakistan. At the event organized at the Exchange, Managing Director –LSE Mr. Aftab Ahmad Chaudhry,

stated that as a financial market, LSE has a basic responsibility to invest in expanding the knowledge about our markets and increase the participation of new investors in the market. He said that with running of two regular programs, i.e. the Financial Literacy Initiative- Campus Outreach Program and Investor Awareness Program, LSE shall fulfill the objectives of Corporate Social Responsibility. In his welcoming note, he encouraged the participants to sign up for the program to continue sharing knowledge from our platform.

Director Lahore Stock Exchange- Mr. Asif Baig Mirza, as a special guest appearance advised the participants to follow business news in order to understand the mechanics of the capital market industry. Director – LSE, Mr. Baig addressed to the queries of the participants through his high expertise. The basic objective of the Investor Awareness Program is to provide a medium to learn about the fresh perspectives on the market investments. LSE believes IAP shall educate the citizens of Pakistan to have a comprehensive knowledge of the investment instruments that the capital market has to offer them.