



Pak-Qatar Asset Management Company Limited

Keynote December 15, 2023



Market Summary

	15-Dec-23	MTD	30days	90days	FYTD	CYTD
KSE100	66,130	9.30%	16.7%	44.5%	59.5%	63.6%
KMI30	111,761	10.63%	14.8%	44.2%	58.0%	63.7%
KMIAII	32,207	9.82%	15.1%	45.1%	57.5%	61.1%

Global Markets

	15-Dec-23	MTD	30days	90days	FYTD	CYTD
UK	7,576	-2.0%	-1.2%	1.8%	-0.6%	-1.6%
USA	14,814	-3.7%	-4.8%	-7.5%	-6.9%	-29.3%
China	2,946	2.6%	4.3%	5.8%	8.7%	4.9%
Japan	32,990	1.0%	1.6%	1.8%	0.6%	-20.9%
India	71,011	-5.8%	-7.5%	-4.6%	-8.9%	-14.3%

Portfolio Investments (USD mn)

	7 days	30 days	90 days	365days	FYTD	CYTD
FIPI (net)	13	55	49	51	70	73
LIPI (net)	(13)	(55)	(49)	(51)	(70)	(73)
Ind.	1	3	4	23	1	37
Banks/DFIs	1	(37)	(65)	(41)	(101)	(77)
Companies	(3)	(6)	29	135	52	129
M.Funds	0	8	1	(120)	(37)	(118)
Brokers	(4)	(10)	(14)	(33)	(21)	(28)
Others	(3)	(5)	(5)	2	(11)	(3)
Ins.	(6)	(8)	0	(18)	47	(14)
NBFC	(0)	(0)	(0)	1	(0)	1

Key Economic Figures

	FY20	FY21	FY22	FY23	15-Dec
Policy Rate	15-Dec-23	7.0%	7.0%	13.8%	22.0%
1yr KIBOR	15-Dec-23	7.4%	8.1%	15.7%	21.7%
Inflation	Oct End	7.8%	9.8%	21.3%	29.2%
PKR USD*	15-Dec-23	168.2	157.3	204.8	286.0
					283.13

Key Economic Figures

	FY20	FY21	FY22	FY23	FY24-TD
Imports	USD'mn	46,417	56,380	72,048	51,979
Exports	USD'mn	23,462	25,304	32,450	27,903
Trade Deficit	USD'mn	(22,955)	(31,076)	(39,598)	(24,076)
Remittances	USD'mn	23,131	29,370	31,238	27,028
FX Reserves	USD'mn	18,886	24,398	15,742	9,181
					12,206

PKRV Rates (change in bps)

	Rate %	15day Δ	1m Δ	3m Δ	6m Δ	12m Δ
PKRV 1Y	21.19	9	(30)	(177)	(79)	427
PKRV 3Y	16.43	(7)	(52)	(320)	(263)	114
PKRV 5Y	15.93	4	16	(132)	92	167
PKRV 10Y	14.93	(4)	1	(129)	(17)	143
PKRV 20Y	14.69	(10)	(16)	(68)	(46)	73

*Inter Bank Rate

15-Dec-23

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KSE100 Index Top Ten Sector Details (on Free Float Market Capitalization)				
SECTORS	Index Weight (%)	Current Market Cap (PKR/Bn)	Previous Week Market Cap (PKR/Bn)	Change (%) in Market Cap.
COMMERCIAL BANKS	16	501	463	8.22
FERTILIZER	6	264	239	10.44
OIL & GAS EXPLORATION COMPANIES	14	281	234	20.53
CEMENT	5	181	171	5.78
CHEMICAL	5	62	61	1.14
OIL & GAS MARKETING COMPANIES	2	87	75	16.54
PHARMACEUTICALS	2	46	44	4.84

Commentary

Economic Review

SBP has kept a vigilant tone with keeping policy rate unchanged at 22% amid a transition of gas prices effect consumer price index with y/y figures standing at ~29%. Albeit, positive growth sentiments in GDP, expected increase of ~2.1% for FY24, with agricultural growth i.e. better rice output, and a balanced approach to Current Account bodes well for overall economics, a secondary impact on LSM has also been visible on y/y decline of 0.4% and ~2% on m/m basis reflecting pressure on import based industries. Gov. has geared efforts to shored up funding for upcoming maturities which has to certain extent brought stability on PKR verses greenback while also relieving pressures on exchange reserves. The country will continue to be under the IMF program further inducing confidence of foreign investors in reforms structured in the economy. Inflationary trends are expected to subside amid declining global prices specially on energy side. This would also be translated in policy rates cuts further encouraging growth over next fiscal year. Continuing with these policies, a stable political environment would also boost confidence in the country.

Stock Market Review

During the month, KSE100 advanced by 9.30% while KMI 30 also generated return of 10.63%. As central bank endorsed stable policy rate, market participants entered stable mode with expectation of peaked interest rate cycle. The KSE-100 benchmark experienced volatility during the week, fluctuating within a range of 2,667 points. It reached a high of 67,094 and a low of 64,427 before ultimately closing the week at 66,130. During the month Commercial Banks, Oil & Gas Marketing Companies, Fertilizers and automobile grew. Saudi Aramco's deal to acquire 40% of GO Petroleum Ltd, further strengthen the confidence of foreign investors. We recommend bourse for investors with atleast twelve months horizon with triggers i.e. policy rates cuts, stable political transition, continued IMF program, stability of Current Account, to unlock potential in fundamentally driven sectors.

