

## Pak-Qatar Asset Management Company Limited

Keynote December 31, 2023

### Market Summary

	29-Dec-23	MTD	30days	90days	FYTD	CYTD
KSE100	62,451	3.17%	3.2%	35.1%	50.7%	54.5%
KMI30	104,729	2.98%	3.7%	34.8%	48.0%	53.4%
KMIAll	30,649	4.10%	4.5%	35.4%	49.9%	53.3%

### Global Markets

	29-Dec-23	MTD	30days	90days	FYTD	CYTD
UK	7,733	-3.6%	-4.0%	-1.6%	-2.6%	-3.6%
USA	15,011	-5.2%	-5.0%	-11.9%	-8.2%	-30.3%
China	2,975	1.8%	1.6%	4.6%	7.6%	3.8%
Japan	33,464	0.1%	-0.4%	-4.8%	-0.8%	-22.0%
India	72,240	-7.5%	-7.4%	-8.9%	-10.4%	-15.8%

### Portfolio Investments (USD mn)

	7 days	30 days	90 days	365days	FYTD	CYTD
FIPI (net)	(2)	25	50	74	71	74
LIPI (net)	2	(25)	(50)	(74)	(71)	(74)
Ind.	(7)	(12)	(9)	28	(8)	28
Banks/DFIs	3	(3)	(52)	(69)	(92)	(69)
Companies	(1)	(2)	26	129	52	129
M.Funds	0	(7)	(13)	(132)	(51)	(132)
Brokers	1	(7)	(12)	(29)	(21)	(29)
Others	1	(1)	(7)	(2)	(11)	(2)
Ins.	4	8	16	(1)	60	(1)
NBFC	0	0	(0)	1	(0)	1

### Key Economic Figures

		FY20	FY21	FY22	FY23	29-Dec
Policy Rate	29-Dec-23	7.0%	7.0%	13.8%	22.0%	22.0%
1yr KIBOR	29-Dec-23	7.4%	8.1%	15.7%	23.3%	21.7%
Inflation	Oct End	7.8%	9.8%	21.3%	29.4%	29.4%
PKR USD*	29-Dec-23	168.2	157.3	204.8	286.0	281.86

### Key Economic Figures

		FY20	FY21	FY22	FY23	FY24-TD
Imports	USD'mn	46,417	56,380	72,048	51,979	21,281
Exports	USD'mn	23,462	25,304	32,450	27,903	12,511
Trade Deficit	USD'mn	(22,955)	(31,076)	(39,598)	(24,076)	(8,770)
Remittances	USD'mn	23,131	29,370	31,238	27,028	11,045
FX Reserves	USD'mn	18,886	24,398	15,742	9,181	12,856

### PKRV Rates (change in bps)

	Rate %	15day Δ	1m Δ	3m Δ	6m Δ	12m Δ
PKRV 1Y	21.32	2	22	(158)	(161)	433
PKRV 3Y	16.54	4	4	(257)	(293)	35
PKRV 5Y	15.90	-	1	(133)	(18)	127
PKRV 10Y	14.91	(6)	(6)	(121)	(41)	114
PKRV 20Y	14.68	(11)	(11)	(66)	(60)	88

\*Inter Bank Rate

### KSE100 Index Top Ten Sector Details (on Free Float Market Capitalization)

SECTORS	Index Weight (%)	Current Market Cap (PKR'Bn)	Previous Market Cap (PKR'Bn)	Change (%) in Market Cap.
COMMERCIAL BANKS	17	479	463	3.51
FERTILIZER	6	251	239	5.14
OIL & GAS EXPLORATION COMPANIES	13	260	234	11.38
CEMENT	5	176	171	2.90
CHEMICAL	5	59	61	(2.90)
OIL & GAS MARKETING COMPANIES	2	78	75	4.23
PHARMACEUTICALS	2	43	44	(1.93)

### Commentary

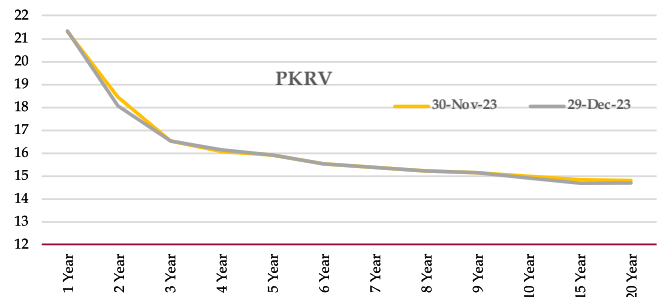
#### Economic Review

The economy traversed a controlled path for 1HFY24 with central bank keeping a tight monetary stance, managed Current Account and controlled fiscal space given IMF stringent measures. Notably, CPI kept hovering around 25% in Dec'23 as gov. passes on full brunt of energy tariff to consumers., Fiscal discipline continue to be imperative under IMF program and notable reduction in subsidies and expansion of revenue base remains crucial for consistent economic sustenance. Key initiatives i.e., SFIC to boost FDI flow to reboot economic activity in the country while also integrating economy with regional players. These policy actions are expected to cascade the later half with some respite from international crude prices, provided a smooth supply chain exist amid current conflict in Middle East, which can help ease off inflation burden allowing central bank to ratchet down interest rates at far end of FY24. Remittances would remain a backbone for the economy as Financial Account will continue to test nerves for economic managers as loan repayments continue to pile up. An expected stability in commodity prices and a passive mode in Ukrainian-Russian conflict would help in easing pressure on oil import economies. The country is expected to sustain economic trajectory provided a smooth election cycle and religious follow-up on IMF program.

#### Stock Market Review

For CY23, the bourse remained sloppy for 1HFY23 while key initiatives i.e., IMF talks and controlled Current Account pushed investors' confidence back in the economy paving way for a charming 2HCY23 return of 54% in PKR with 23% in USD terms with Banks, Fertilizers and E&P being the large contributors to benchmark index. The best-performing stocks during the year were PGLC, PKGP, COLG, SCBPL, and UBL as they gained 273%, 162%, 157%, 153%, and 141%, respectively. Meanwhile, the overall PSX average traded volume (All-Share) was recorded at 322.5m shares worth Rs10.1bn, marking an increase of 41% YoY in the number of shares and 46% YoY in traded value.

During the month, KSE100 advanced by 3.17% while KMI 30 also generated return of 2.98%. As central bank endorsed stable policy rate, market participants entered stable mood with expectation of peaked interest rate cycle. The KSE-100 benchmark experienced volatility near month end as bourse faced some redemption pressure and absence of Foreign Investors made the movements more visible. During the month Commercial Banks, Oil & Gas Marketing Companies, Fertilizers and automobile enhanced. Market sentiment is expected to return amid positive news flows on elections, result season and MPS surprise. Investors are advised to maintain their position to realized optimal benefit from shifting interest rate cycle.



29-Dec-23

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