

Pak-Qatar Asset Management Company Limited

Keynote February 15, 2024

Market Summary

	15-Feb-24	MTD	30days	90days	FYTD	CYTD
KSE100	61,020	-1.33%	-4.3%	6.9%	47.2%	-2.3%
KMI30	100,992	-2.47%	-6.0%	3.2%	42.7%	-3.6%
KMIALL	30,002	-1.24%	-4.8%	5.7%	46.7%	-2.1%

Global Markets

	15-Feb-24	MTD	30days	90days	FYTD	CYTD
UK	7,598	0.9%	-0.5%	-1.2%	-0.9%	1.8%
USA	15,906	-2.5%	-6.0%	-11.2%	-13.3%	-5.6%
China	2,866	-1.2%	1.0%	6.6%	11.7%	3.8%
Japan	38,158	-5.5%	-6.7%	-12.0%	-13.0%	-12.3%
India	71,836	-1.0%	1.8%	-8.4%	-9.9%	0.6%

Portfolio Investments (USD mn)

	7 days	30 days	90 days	365days	FYTD	CYTD
FIPI (net)	5	(25)	27	33	45	47
LIPI (net)	(5)	25	(27)	(33)	(45)	(47)
Ind.	2	7	(7)	3	(7)	29
Banks/DFIs	(0)	(2)	(27)	(80)	(96)	(73)
Companies	(3)	7	1	127	60	137
M.Funds	(3)	(7)	(14)	(106)	(58)	(139)
Brokers	(2)	(4)	(13)	(34)	(25)	(32)
Others	(1)	(6)	(5)	(8)	(12)	(3)
Ins.	3	30	38	63	92	31
NBFC	0	0	0	1	(0)	1

Key Economic Figures

		FY20	FY21	FY22	FY23	15-Feb
Policy Rate	15-Feb-24	7.0%	7.0%	13.8%	22.0%	22.0%
1yr KIBOR	15-Feb-24	7.4%	8.1%	15.7%	23.3%	21.2%
Inflation	Oct End	7.8%	9.8%	21.3%	29.4%	28.3%
PKR USD*	15-Feb-24	168.2	157.3	204.8	286.0	279.20

Key Economic Figures

		FY20	FY21	FY22	FY23	FY24-TD
Imports	USD'mn	46,417	56,380	72,048	51,979	25,241
Exports	USD'mn	23,462	25,304	32,450	27,903	15,289
Trade Deficit	USD'mn	(22,955)	(31,076)	(39,598)	(24,076)	(9,952)
Remittances	USD'mn	23,131	29,370	31,238	27,028	15,832
FX Reserves	USD'mn	18,886	24,398	15,742	9,181	13,149

PKRV Rates (change in bps)

	Rate %	15day Δ	1m Δ	3m Δ	6m Δ	12m Δ
PKRV 1Y	20.77	(3)	33	(8)	(225)	253
PKRV 3Y	16.69	(4)	36	9	(305)	(48)
PKRV 5Y	15.50	3	(6)	(12)	(125)	(3)
PKRV 10Y	14.19	1	(59)	(68)	(193)	(49)
PKRV 20Y	14.03	-	(55)	(69)	(134)	(47)

*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	493	489	0.76
FERTILIZER	7	260	261	(0.13)
OIL & GAS EXPLORATION COMPANIE	13	257	281	(8.54)
CEMENT	5	156	161	(2.61)
CHEMICAL	5	53	53	(1.08)
OIL & GAS MARKETING COMPANIES	2	68	73	(6.64)
PHARMACEUTICALS	2	42	42	0.71

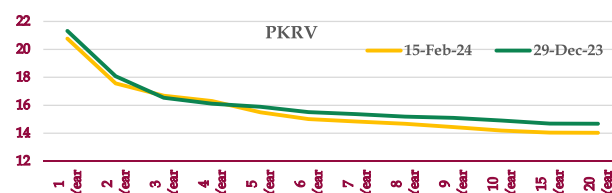
Commentary

Economic Review

The country's GDP, signaling a positive upturn in the initial quarter of FY2024. The real sector's indicators are showing positive trends. Specifically in agriculture, wheat cultivation has surpassed the target by 1.8 percent during the Rabi season of 2023-24. Projections suggest this positive trajectory will persist into the second quarter. Although Consumer Price Index (CPI) delivered an inflation figure of 28.3% with a severe impact of gas and electricity charges, food inflation being passed on end to consumers. In a positive trend the PKR: USD exchange rate has stabilized, indicating a favorable trend, especially with the notable increase in remittances on a year-on-year basis. Foreign Exchange Reserves showed stability with on a fortnightly basis with Central Bank reserves at: \$8.2 billion while total banking foreign exchange reserves at \$5.0 billion. The current account deficit improved amid a stable trade balance of \$831 million, showing an improvement from \$3.6 billion last year, resulting in a trade deficit of \$9.9 billion compared to \$15.4 billion last year. The interim government is focused on meeting IMF requirements by maintaining enough foreign reserves, adjusting gas prices, and stabilizing banking rates. Expect tough decisions to tackle the current account deficit and inflation, including adherence to the IMF program and fiscal deficit containment. Interest rates may remain high temporarily. Privatization efforts will be prioritized, with a focus on attracting foreign direct investment. Reconciliation and continuity of policies under the IMF program will characterize the approach, alongside efforts to build international relations and introduce agricultural reforms while maintaining a populist stance.

Stock Market Review

During fortnightly period KSE 100 shrunk by -1.33% while KMI 30 also generated a negative return of -2.47%. Notably sectors like Oil and Gas Exploration companies, Cement, Oil& Gas Marketing Companies and Chemicals faced downward trends, contrasting with the positive trajectory witnessed in the commercial banks and Pharmaceuticals. Central bank endorsed stable policy rate; market participants entered stable mode with expectation of peaked interest rate cycle. Noteworthy outperformers during the (MTD) period within the KMI30 index included MTL, EFERT, MEBL, DRC, TPLP, attracting heightened trading prices. Conversely, APL, PSO, DGKC, OGDC and NRL experienced a discernible downtick in trading volume.



15-Feb-24

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