

Pak-Qatar Asset Management Company Limited

Keynote January 31, 2024

Market Summary

	31-Jan-24	MTD	30days	90days	FYTD	CYTD
KSE100	61,979	-0.76%	-4.1%	17.7%	49.5%	-0.8%
KMI30	103,713	-0.97%	-5.0%	16.1%	46.6%	-1.0%
KMIALL	30,294	-1.16%	-4.4%	18.0%	48.1%	-1.2%

Global Markets

	31-Jan-24	MTD	30days	90days	FYTD	CYTD
UK	7,668	0.8%	0.8%	-2.9%	-1.8%	0.8%
USA	15,306	-1.9%	-1.9%	-13.1%	-9.9%	-1.9%
China	2,792	6.6%	6.6%	7.8%	14.7%	6.6%
Japan	36,272	-7.7%	-7.7%	-11.9%	-8.5%	-7.7%
India	71,796	0.6%	0.7%	-10.7%	-9.9%	0.6%

Portfolio Investments (USD mn)

	7 days	30 days	90 days	365days	FYTD	CYTD
FIPI (net)	(28)	(37)	24	28	34	36
LIPI (net)	28	37	(24)	(28)	(34)	(36)
Ind.	4	2	(17)	11	(9)	27
Banks/DFIs	1	0	(50)	(74)	(92)	(68)
Companies	4	13	22	141	64	141
M.Funds	(3)	(5)	(10)	(115)	(55)	(136)
Brokers	(1)	(0)	(11)	(32)	(21)	(28)
Others	(0)	(2)	(8)	(5)	(9)	(1)
Ins.	24	29	49	46	89	28
NBFC	0	0	0	1	(0)	1

Key Economic Figures

	FY20	FY21	FY22	FY23	31-Jan	
Policy Rate	31-Jan-24	7.0%	7.0%	13.8%	22.0%	22.0%
1yr KIBOR	31-Jan-24	7.4%	8.1%	15.7%	23.3%	21.1%
Inflation	Oct End	7.8%	9.8%	21.3%	29.4%	27.0%
PKR USD*	31-Jan-24	168.2	157.3	204.8	286.0	279.57

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	13,435
FX Reserves	USD'mn	18,886	24,398	15,742	9,181	13,341

PKRV Rates (change in bps)

	Rate %	15day Δ	1m Δ	3m Δ	6m Δ	12m Δ
PKRV 1Y	20.84	(48)	(48)	(80)	(205)	289
PKRV 3Y	16.73	19	19	(90)	(262)	(10)
PKRV 5Y	15.47	(43)	(43)	(10)	(99)	(1)
PKRV 10Y	14.17	(74)	(74)	(99)	(160)	(28)
PKRV 20Y	14.03	(65)	(65)	(97)	(135)	(34)

*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	489	479	2.03
FERTILIZER	6	261	251	3.70
OIL & GAS EXPLORATION COMPANIE	15	281	260	7.87
CEMENT	5	161	176	(8.78)
CHEMICAL	5	53	59	(10.32)
OIL & GAS MARKETING COMPANIES	2	73	78	(6.57)
PHARMACEUTICALS	1	42	43	(3.48)

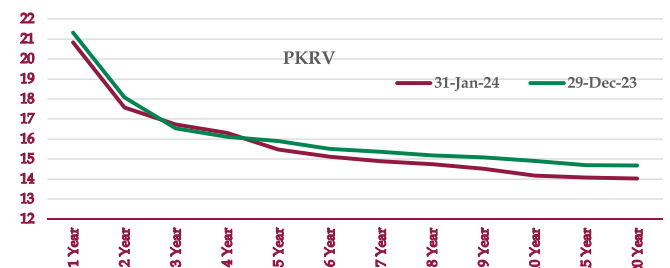
Commentary

Economic Review

Central Bank kept policy rate unchanged citing inflation current inflation and expected uptick i.e. in energy prices while also projecting average CPI for FY24 at ~23%. Keeping a moderate GDP growth target in range of 2-3% while expecting a strict follow up by IMF on budget deficit and on primary deficit. Inflation projection for the later half of FY24 remains decelerating amid fall in global energy prices, local agricultural output and higher base affect. This would allow SBP room for toning down policy rate which would allow central bank a positive real interest rate while keeping a managed Current Account. Current Account Deficit (CAD) has moderated to USD800 million in 1HFY24 compared to USD3,629 million SPLFY resulting from demand rationing by the government which is also visible in Balance of trade which shrunk by USD5,384 million during 1HFY24 compared to SPLFY. Remittances have also started to show a positive trend during the last quarter consistent with a stable exchange rate inducing confidence in the diaspora. FBR also remained active with collection of PKR5,150 billion for 7MFY24 compared PKR3,973 billion SPLFY consistent with their target. The country, along with many big players, is moving toward elections where volatility spikes while the overall economic policies are expected to continue irrespective of the outcome.

Stock Market Review

During the month, KSE 100 shrunk by -0.76% while KMI 30 also generated a negative return of -0.97%. Notably, sectors like Cement, Chemical, Oil & Gas Marketing companies, and Pharmaceuticals faced downward trends, contrasting with the positive trajectory witnessed in the Oil and Gas Exploration companies. 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 OGDC, EFERT, MARI, ENGRO, and APL, attracting heightened trading volumes. Conversely, UNITY, TPLP, CNERGY, and LOTCHEM experienced a discernible downtick in trading volume.



31-Jan-24

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