

Pak-Qatar Asset Management Company Limited

Keynote July 15, 2024

Market Summary

	15-Jul-24	MTD	30days	90days	FYTD	CYTD
KSE100	81,156	14.14%	5.8%	15.1%	95.8%	30.0%
KMI30	129,002	8.00%	2.6%	9.1%	82.3%	23.2%
KMIAII	35,853	7.76%	3.6%	9.1%	75.3%	17.0%

Global Markets

	15-Jul-24	MTD	30days	90days	FYTD	CYTD
UK	8,183	-0.4%	-0.4%	-4.4%	-8.0%	-5.5%
USA	18,473	-15.2%	-4.2%	-14.1%	-25.4%	-18.7%
China	2,974	4.4%	2.0%	1.1%	7.7%	0.0%
Japan	41,191	-6.8%	-16.0%	-6.6%	-19.4%	-18.8%
India	80,665	-7.7%	-4.6%	-9.6%	-19.8%	-10.4%

Portfolio Investments (USD mn)

	7 days	30 days	90 days	365days	FYTD	CYTD
FIPI (net)	7	18	67	148	155	158
LIPI (net)	(7)	(18)	(67)	(148)	(155)	(158)
Ind.	(3)	2	(46)	(61)	(58)	(23)
Banks/DFIs	2	(5)	(10)	(130)	(134)	(110)
Companies	(2)	3	(2)	28	29	106
M.Funds	(3)	(22)	(10)	(56)	(62)	(143)
Brokers	(1)	7	2	(21)	(23)	(30)
Others	(1)	(4)	(16)	(30)	(35)	(26)
Ins.	2	1	15	123	128	67
NBFC	0	0	(0)	(1)	(1)	1

Key Economic Figures

		FY21	FY22	FY23	FY24	15-Jul
Policy Rate	15-Jul-24	7.0%	13.8%	22.0%	20.5%	20.5%
1yr KIBOR	15-Jul-24	8.1%	15.7%	23.3%	19.2%	19.0%
Inflation	Oct End	9.8%	21.3%	29.4%	12.6%	12.6%
PKR USD*	15-Jul-24	157.3	204.8	286.0	279.0	278.2%

Key Economic Figures

		FY21	FY22	FY23	FY24	FY25-TD
Imports	USD'mn	56,380	72,048	51,979	48,402	53,167
Exports	USD'mn	25,304	32,450	27,903	28,678	31,090
Trade Deficit	USD'mn	(31,076)	(39,598)	(24,076)	(19,724)	(22,077)
Remittances	USD'mn	29,370	31,238	27,028	27,093	30,251
FX Reserves	USD'mn	24,398	15,742	9,181	14,207	14,704

PKRV Rates (change in bps)

	Rate %	15day Δ	1m Δ	3m Δ	6m Δ	12m Δ
PKRV 1Y	18.50	(230)	(45)	(230)	(185)	(413)
PKRV 3Y	16.47	(14)	14	(30)	15	(236)
PKRV 5Y	15.39	(6)	11	(15)	9	(70)
PKRV 10Y	14.10	(8)	5	(11)	(22)	(134)
PKRV 20Y	13.96	(5)	3	(5)	(20)	(131)

*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	20	685	647	5.73
FERTILIZER	7	344	330	4.21
OIL & GAS EXPLORATION COMPANIE	13	308	302	2.23
CEMENT	5	198	193	2.74
CHEMICAL	3	47	48	(2.33)
OIL & GAS MARKETING COMPANIES	2	74	70	5.01
PHARMACEUTICALS	2	65	63	4.54

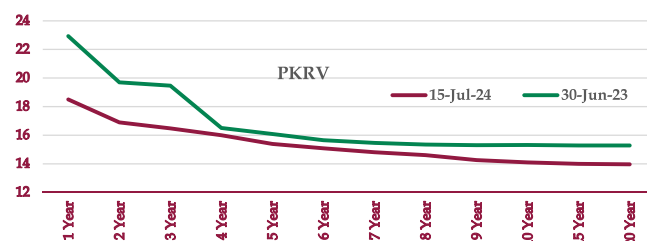
Commentary

Economic Review :

After the successful completion of the 9-month, \$3 billion Stand-By Arrangement (SBA) in 2023, Pakistan authorities and IMF staff have reached an agreement on a significant, larger, and longer 37-month Extended Fund Facility (EFF) amounting to approximately \$7 billion. This agreement is subject to approval by the IMF's Executive Board. Pakistan had to implement certain measures, including passing the FY25 budget according to IMF guidelines. The new program aims to strengthen macroeconomic stability and foster more robust, inclusive, and resilient growth. It builds on the stability achieved during the past year and the recent SBA, focusing on improving public finances, lower inflation, rebuilding foreign exchange reserves, and removing economic distortions to encourage private sector-led growth. To achieve sustainable public finance, the program will focus on fiscal consolidation through reforms designed to expand the tax base and eliminate exemptions. The authorities aim to increase tax revenue by 1% of GDP this year (from an estimated 9% in FY24) and by 3% of GDP over the program's duration. Revenue collections will be bolstered by implementing simpler and fairer direct and indirect taxes, including properly incorporating net income from the retail, export, and agriculture sectors into the tax system. To control inflation, improving access to financing, and strengthening foreign exchange reserves are key for development and resilience. Monetary policy will remain focused on reducing inflation, which will help protect real incomes, particularly for the most vulnerable populations. To safeguard against economic shocks and build reserves, the State Bank of Pakistan (SBP) will maintain a flexible exchange rate and enhance the operation and transparency of the foreign exchange market.

Stock Market Review:

During the fortnightly basis, the KSE 100 recorded a gain of 14.14%, and the KMI 30 also showed positive returns, marking a 8.00% increase. Notably, the Commercial Banks, Fertilizers, Oil & Gas Marketing Companies & Pharmaceuticals have experienced positive sentiments. The Central Bank maintained a stable policy rate, leading market participants to adopt a stable approach, anticipating the peak of the interest rate cycle. Notable performers in the KMI 30 index for the month included AIRLINK, UNITY, SYS, ILP and SHEL witnessing increased trading prices. Conversely, MEBL, NRL, EPCL, NML and MTL experienced noticeable decreases in their trading prices



15-Jul-24

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