

Pak-Qatar Asset Management Company Limited

Keynote July 31, 2024

PAK-QATAR
ASSET MANAGEMENT

پاک قطر

Market Summary

	31-Jul-24	MTD	30days	90days	FYTD	CYTD
KSE100	77,887	-1.19%	-1.2%	10.2%	-0.7%	24.7%
KMI30	122,928	-2.99%	-3.0%	3.5%	-2.8%	17.4%
KMIALL	34,403	-1.32%	-1.3%	4.1%	-1.3%	12.2%

Global Markets

	31-Jul-24	MTD	30days	90days	FYTD	CYTD
UK	8,283	-1.4%	-1.4%	-1.3%	-1.4%	-6.6%
USA	17,194	4.9%	4.9%	-7.9%	4.0%	-12.7%
China	2,931	2.2%	2.2%	5.9%	1.2%	1.5%
Japan	39,102	1.4%	1.4%	-2.2%	-10.9%	-14.4%
India	81,606	-2.6%	-2.6%	-8.6%	-3.2%	-11.5%

Portfolio Investments (USD mn)

	7 days	30 days	90 days	365days	FYTD	CYTD
FIPI (net)	(1)	25	39	145	165	167
LIPI (net)	1	(25)	(39)	(145)	(165)	(167)
Ind.	(1)	3	(24)	(57)	(55)	(19)
Banks/DFIs	(1)	2	(9)	(131)	(136)	(112)
Companies	0	(9)	1	23	27	104
M.Funds	2	(12)	(14)	(43)	(62)	(143)
Brokers	(0)	(4)	(2)	(24)	(26)	(33)
Others	(2)	(4)	(15)	(36)	(37)	(28)
Ins.	3	(2)	24	123	125	64
NBFC	(0)	0	(0)	(1)	(1)	1

Key Economic Figures

		FY21	FY22	FY23	FY24	31-Jul
Policy Rate	31-Jul-24	7.0%	13.8%	22.0%	20.5%	19.5%
1yr KIBOR	31-Jul-24	8.1%	15.7%	23.3%	19.2%	18.5%
Inflation	Oct End	9.8%	21.3%	29.4%	12.6%	11.1%
PKR USD*	31-Jul-24	157.3	204.8	286.0	279.0	278.5%

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	14,392

PKRV Rates (change in bps)

	Rate %	15day Δ	1m Δ	3m Δ	6m Δ	12m Δ
PKRV 1Y	18.06	(62)	(62)	(277)	(290)	(485)
PKRV 3Y	16.25	(25)	(25)	(37)	(48)	(302)
PKRV 5Y	15.25	(12)	(12)	(21)	(22)	(153)
PKRV 10Y	14.07	(2)	(2)	(12)	(11)	(183)
PKRV 20Y	13.95	(2)	(2)	(6)	(8)	(148)

*Inter Bank Rate

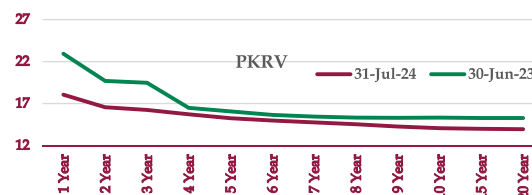
KSE100 Index Top Ten Sector Details (on Free Float Market Capitalization)

SECTORS	Index Weight (%)	Current Market Cap (PKR'Bn)	Previous Market Cap (PKR'Bn)	Change (%) in Market Cap.
COMMERCIAL BANKS	20	657	647	1.54
FERTILIZER	8	352	330	6.66
OIL & GAS EXPLORATION COMPANIE	13	302	302	0.02
CEMENT	5	186	193	(3.32)
CHEMICAL	4	47	48	(1.85)
OIL & GAS MARKETING COMPANIES	2	82	70	17.27
PHARMACEUTICALS	2	63	63	1.40

Commentary

Economic Review: The month ended with some positive notes for the economy with Central bank tweaking down policy rate to 19.5% amid decelerating y/y inflation forecast 10.5% for July'24 compared to y/y 12.5% in Jun'24 while keeping ample real rate which will keep the market in positive flux. Central bank indicated several pointers with key ones being GDP growth target in the range of 2.5%-3.5%. This range indicates that financial managers are awaiting recovery/improvements in Industrial sector with LSM growth as stated by PBS remained for 11MFY24 at 0.9% while Agricultural growth remaining upbeat averaged ~6.1% (three quarters FY24). On a positive note, Current Account deficit also subdued to USD \$700 million in FY24, now only 0.2% of GDP aided by 10% y/y increase in exports, mainly rice and high-value textiles, and flat imports due to lower commodity prices and decreased oil imports contributed to this improvement. The country managed to cope with trade balance deficit of USD22 billion with assistance from remittances which have reach to USD30billion an increase of over 10% y/y basis. The country also had some respite from international rating agency with Pakistan's Long-Term Foreign-Currency Issuer Default Rating (IDR) improved to 'CCC+' from 'CCC'. The upgrade reflects improved external funding prospects, narrowed fiscal deficits, and increased foreign exchange reserves. However, Pakistan still faces large funding needs and risks from challenging reforms, with continued support from bilateral partners crucial for maintaining stability and further improvements. Economic managers also had some success in having some foreign loans rescheduled from China which would release burden on overall Balance of Payment account and on USD PKR parity. On the fiscal account, the country managed to have positive primary balance at 0.4% of GDP in FY24, with an overall fiscal deficit reduction due to higher tax and Petroleum Development Levy collections , increased SBP profits, and reduced non-interest expenditures. Going forward, central bank will continue to soften monetary stance amid a tight fiscal policy with aim to increase employment and aid in productivity in the economy.

Stock Market Review: During the month, the KSE 100 recorded a negative return of -1.19%, and the KMI 30 also showed negative returns, marking a -2.99% decrease. Notably, the Fertilizers, Oil & Gas Marketing Companies & Commercial Banks 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, SNGP, SHEL, ILP and CHCC witnessing increased trading prices. Conversely, NML, TPLP, FCCL, HUBC and NRL experienced noticeable decreases in their trading prices



31-Jul-24

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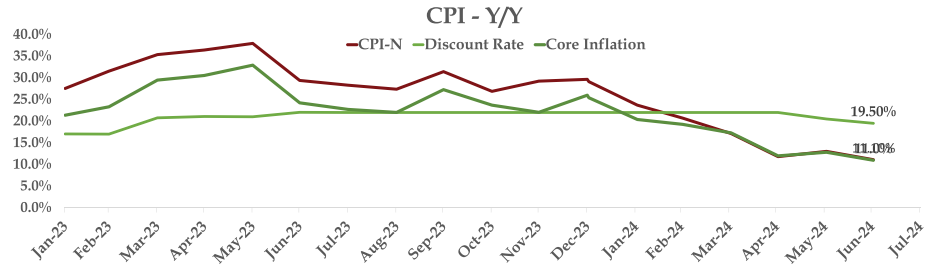
Pakistan Macro Report - Inflation

July'24: CPI drops to 33-month low at 11.10%

•In July 2024, the headline inflation rate fell to a 33-month low of 11.1%, the lowest since October 2021, down from the previous month's YoY rate of 12.6%. This significant decrease stands in stark contrast to July 2023, which saw a much higher YoY inflation rate of 28.31%.

•This represents the first CPI for FY25 and continues the disinflation trend observed over the past few months.

CPI -National Groups	Weight	Jul'24	Jun'24	MoM	YoY
General	100.0%	261.3	255.9	2.0%	11.1%
Food & Beverages	34.6%	276.7	264.3	4.6%	1.6%
Clothing & Footwear	8.6%	243.8	241.7	0.9%	18.2%
Housing & Utilities	23.6%	240.3	240.2	0.1%	25.3%
Furnishing & Maintenance	4.1%	269.8	268.3	0.6%	11.1%
Health	2.8%	248.5	244.6	1.6%	19.1%
Transport	5.9%	312.5	308.2	1.4%	12.2%
Communication	2.2%	134.6	134.5	0.1%	13.3%
Recreation & Culture	1.6%	270.5	269.0	0.5%	10.2%
Education	3.8%	199.7	199.6	0.2%	15.9%
Restaurants & Hotels	6.9%	269.3	266.5	1.2%	11.2%
Misc. Goods & Services	4.9%	288.4	284.9	1.2%	14.6%



Average FY25 CPI forecast

The projected average inflation rate for the upcoming FY2025 is 12.11%, indicating a potential decline. This could lead to a more lenient monetary policy as announced in the forthcoming Monetary Policy Statement

Inflation Jumps 2.0% MoM, Prices Soar Across the Board

•Rising prices for staples like tomatoes, onions, lentils, milk powder, and fresh produce fueled a 4.6% monthly surge in food & Beverages Index.

•The health index rose by 1.6% MoM, primarily driven by higher hospital service charges.

•The housing index saw a slight increase of 0.1% MoM, attributed to a drop in electricity charges.

•The transport index went up by 1.4% MoM, mainly because of a rise in domestic petroleum prices.

