



## Pak-Qatar Asset Management Company Limited

Keynote September 15, 2024

PAK-QATAR  
ASSET MANAGEMENT

پاکستان  
PAK-QATAR

### Market Summary

	13-Sep-24	MTD	30days	90days	FYTD	CYTD
KSE100	79,333	1.87%	1.9%	3.4%	1.1%	27.0%
KMI30	125,446	0.72%	0.7%	-0.2%	-0.8%	19.8%
KMIAII	35,650	1.52%	1.5%	3.0%	2.3%	16.3%
<b>Global Markets</b>						
UK	8,273	-0.5%	0.1%	-1.5%	-1.3%	-6.5%
USA	17,684	-2.8%	-2.8%	0.0%	1.1%	-15.1%
China	2,704	6.1%	5.4%	12.1%	9.7%	10.0%
Japan	36,582	-1.0%	-0.4%	-5.4%	-4.7%	-8.5%
India	82,891	-4.7%	-4.6%	-7.1%	-4.7%	-12.8%

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

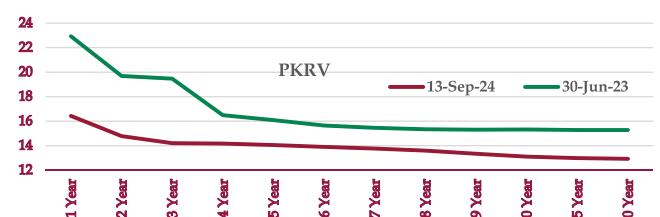
SECTORS	Index Weight (%)	Current Market Cap (PKR'Bn)	Previous Market Cap (PKR'Bn)	Change (%) in Market Cap.
COMMERCIAL BANKS	19	620	632	(1.87)
FERTILIZER	8	354	345	2.39
OIL & GAS EXPLORATION COMPANIES	15	339	327	3.55
CEMENT	5	190	181	5.33
CHEMICAL	3	47	47	(0.93)
OIL & GAS MARKETING COMPANIES	2	83	83	(0.18)
PHARMACEUTICALS	2	67	67	0.39

#### Commentary

**Economic Review:** The State Bank of Pakistan has reduced the policy rate by 200 basis points to 17.5%. This drop exceeds industry consensus by 50-basis point cut. Central Bank decision was influenced by favored CPI which stood at 9.6% on y/y basis in Aug'24. Falling energy prices and stable supply chain flowed with single digit inflation figures led to strong real spreads; comforting central bank to ease policy rate. The lower-than-expected inflation was partly due to a delay in raising energy prices. For FY25, average inflation is forecasted to average around 10.5% for FY25. Central cognizant of GDP growth target of 2.5% for FY25; aims to stimulate growth in Manufacturing and Services sectors. The country is also having comfortable Current Account position assisting the central bank to maintain Foreign Exchange Reserves which stood at US \$ 9.6 billion. The current account deficit in July was only US\$ 162 Mn, largely due to healthy remittances balance of US \$ 3bn and a moderate trade deficit of US \$ 2.4 bn. On the fiscal front, a primary surplus of 0.9% of GDP was achieved for FY24. This trend is expected to persist as the government focuses on expanding the tax base and reducing losses from public sector enterprises. Additionally, increased foreign inflows, supported by the commencement of the IMF program, are expected to improve the quality of monetary growth and sustain economic growth. SBP decisions endorse macroeconomic recovery as the country is on threshold of a fresh IMF program. the combined effects of monetary easing, improved external accounts, decline in international crude prices and anticipated foreign inflows should support economic recovery and growth, with a favorable impact on financial markets.

#### Stock Market Review

During the fortnightly basis the KSE 100 recorded a positive return of 1.87 % and the KMI 30 also showed positive returns, marking a 0.72% increase. Notably, the Cement, Oil & Gas Exploration Companies and Fertilizers have experienced positive sentiments. Market expected monetary easing for the upcoming MPS which kept investors excited during the month and investors' interest moved from Commercial Banks to Cements and Oil Exploration sectors. The shift in policy rates is expected to exacerbate some movement from fixed to equity markets. Market awaits a fresh start on the local political stage as a gradual economic stability has been witnessed during the last fiscal year to continue its momentum for a higher multiple.



\*Inter Bank Rate

13-Sep-24

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