



PAK-QATAR
ASSET MANAGEMENT



INVESTOR'S OUTLOOK

October 15, 2024

Pak-Qatar Asset Management Company Limited

Keynote October 15, 2024

Market Summary

	15-Oct-24	MTD	30days	90days	FYTD	CYTD
KSE100	85,840	5.83%	8.2%	4.9%	9.4%	37.5%
KMI30	129,360	3.69%	3.1%	-0.8%	2.3%	23.5%
KMIAll	37,330	4.39%	4.7%	3.2%	7.1%	21.8%

Global Markets

	15-Oct-24	MTD	30days	90days	FYTD	CYTD
UK	8,285	-0.6%	-0.1%	-1.2%	-1.5%	-6.7%
USA	18,316	-0.7%	-3.4%	-2.4%	-2.4%	-18.0%
China	3,201	4.2%	-15.5%	-7.4%	-7.3%	-7.1%
Japan	39,911	-5.0%	-8.3%	0.5%	-12.7%	-16.2%
India	81,820	3.0%	1.3%	-1.3%	-3.4%	-11.7%

Portfolio Investments (USD mn)

	7 days	30 days	90 days	365days	FYTD	CYTD
FIPI (net)	(29)	(89)	(85)	57	70	73
LIPI (net)	29	89	85	(57)	(70)	(73)
Ind.	(4)	(3)	34	(28)	(25)	11
Banks/DFIs	(26)	(13)	(25)	(126)	(159)	(136)
Companies	26	25	20	19	49	126
M.Funds	10	80	78	55	16	(65)
Brokers	(1)	(7)	(7)	(19)	(30)	(37)
Others	1	14	2	(28)	(32)	(24)
Ins.	22	(7)	(17)	70	111	51
NBFC	0	0	0	(1)	(1)	1

Key Economic Figures

		FY21	FY22	FY23	FY24	15-Oct
Policy Rate	15-Oct-24	7.0%	13.8%	22.0%	20.5%	17.5%
1yr KIBOR	15-Oct-24	8.1%	15.7%	23.3%	19.2%	14.1%
Inflation	Oct End	9.8%	21.3%	29.4%	12.6%	6.9%
PKR USD*	15-Oct-24	157.3	204.8	286.0	279.0	278.0%

Key Economic Figures

		FY21	FY22	FY23	FY24	FY25-TD
Imports	USD'mn	56,380	72,048	51,979	48,402	9,534
Exports	USD'mn	25,304	32,450	27,903	28,678	4,862
Trade Deficit	USD'mn	(31,076)	(39,598)	(24,076)	(19,724)	(4,672)
Remittances	USD'mn	29,370	31,238	27,028	27,093	9,534
FX Reserves	USD'mn	24,398	15,742	9,181	14,207	10,808

PKRV Rates (change in bps)

	Rate %	15day Δ	1m Δ	3m Δ	6m Δ	12m Δ
PKRV 1Y	13.62	14	(281)	(488)	(713)	(901)
PKRV 3Y	12.50	20	(171)	(397)	(427)	(585)
PKRV 5Y	12.49	30	(157)	(290)	(302)	(383)
PKRV 10Y	12.12	-	(99)	(198)	(210)	(379)
PKRV 20Y	11.93	(8)	(100)	(203)	(208)	(336)

*Inter Bank Rate

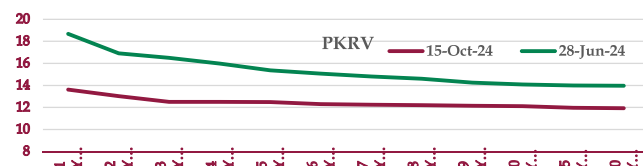
KSE100 Index Top Ten Sector Details (on Free Float Market Capitalization)

SECTORS	Index Weight (%)	Current Market Cap (PKR'Bn)	Previous Market Cap (PKR'Bn)	Change (%) in Market Cap.
COMMERCIAL BANKS	20	708	660	7.25
FERTILIZER	9	426	393	8.37
OIL & GAS EXPLORATION COMPANIE	16	379	347	9.11
CEMENT	5	199	194	2.60
CHEMICAL	3	45	45	(0.52)
OIL & GAS MARKETING COMPANIES	2	81	81	(0.80)
PHARMACEUTICALS	2	73	69	6.31

Commentary

Economic Review: The country continues to make progress on economic recovery by securing a landmark IMF program of ~USD 7 billion. The program highlights major structural refit for the economic managers to maintain a strong, resilient and inclusive growth. The Fund mentioned Pakistan Economic Performance and the road ahead (i)Measuring gains from structural reforms, (ii)Climate adaptation investment in Pakistan and the (iii)Sovereign Bank nexus in Pakistan which highlights the systematic liquidity shortage in the banking system, coupled with banks' substantial purchases of government bonds, has significantly altering the transmission of monetary policy from the financial system to the wider economy. The impact of the Fund's condition to take administrative measures to achieve full cost recovery has resulted in consistently increasing tariffs and a gradual decline in disposable income. This situation has led to considerable public dissatisfaction~The IMF document highlights the expected growth rate to increase from 3.2% in 2024-25 to 4.0% in 2025-26. Inflation is projected to be at 9.5% in 2024-25 and further declining to 7.8% in 2025-26. A gradual recovery in large-scale manufacturing, along with a stable exchange rate and sustained buildup of foreign exchange reserves, is anticipated to provide a strong foundation for ongoing economic growth. The current account deficit is expected to remain below 1% of GDP, contingent on the implementation of suitable policies to manage it effectively, considering the country's limited foreign exchange reserves. The IMF also calls for a significant reduction in the budget deficit, if achieved, would mark a major breakthrough in stabilizing the economy. Pakistan is lagging behind its peers in export performance. This declining export performance, coupled with limited trade openness, poses challenges to Pakistan's development and external viability. The PKR has remained stable at 280 to the dollar, with narrow spreads between foreign exchange rates in the interbank and parallel markets, which have contributed to increased remittance inflows. The significant risks persist, particularly due to ongoing political uncertainty and strong pressures for policy easing. Additionally, reduced external financing could threaten debt sustainability by increasing gross financing needs and exerting pressure on both the exchange rate and banks to support government financing.

Stock Market Review : During the fortnightly basis the KSE 100 recorded a positive return of 5.83 % and the KMI 30 also showed positive returns, marking a 3.69% increase. Notably, the Commercial Banks, Fertilizers, Oil & Gas Exploration Companies and 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 PTC, PSO, ATILH, LCI PPL. Conversely, HUBC, KOSM, NCPL and LUCK experienced noticeable decreases in their trading prices



15-Oct-24

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