



Pak-Qatar Asset Management Company Limited

Keynote March 15, 2024

PAK-QATAR
ASSET MANAGEMENT



Market Summary

	15-Mar-24	MTD	30days	90days	FYTD	CYTD
KSE100	64,816	1.75%	4.3%	-2.0%	56.4%	3.8%
KMI30	110,060	2.98%	6.4%	-1.5%	55.6%	5.1%
KMIAII	31,147	1.47%	3.0%	-3.3%	52.3%	1.6%

Global Markets

	15-Mar-24	MTD	30days	90days	FYTD	CYTD
UK	31,147	-75.5%	-75.7%	-75.7%	-75.8%	-75.2%
USA	15,973	-0.2%	-0.7%	-7.3%	-13.7%	-6.0%
China	3,055	-3.2%	-6.2%	-3.6%	4.8%	-2.6%
Japan	38,708	1.3%	-2.6%	-14.8%	-14.3%	-13.5%
India	72,643	-0.5%	-1.1%	-2.2%	-10.9%	-0.6%

Portfolio Investments (USD mn)

	7 days	30 days	90 days	365days	FYTD	CYTD
FIPI (net)	3	24	(1)	59	69	72
LIPI (net)	(3)	(24)	1	(59)	(69)	(72)
Ind.	(0)	(6)	(13)	17	(12)	24
Banks/DFIs	(1)	(5)	(2)	(83)	(102)	(79)
Companies	(3)	(14)	(5)	71	47	124
M.Funds	1	8	(14)	(86)	(51)	(132)
Brokers	(2)	(2)	(5)	(29)	(26)	(33)
Others	1	(1)	(1)	(8)	(12)	(4)
Ins.	1	(5)	41	57	88	27
NBFC	0	(0)	0	1	(0)	1

Key Economic Figures

	FY20	FY21	FY22	FY23	15-Mar
Policy Rate	15-Mar-24	7.0%	7.0%	13.8%	22.0%
1yr KIBOR	15-Mar-24	7.4%	8.1%	15.7%	23.3%
Inflation	Oct End	7.8%	9.8%	21.3%	29.4%
PKR USD*	15-Mar-24	168.2	157.3	204.8	286.0
					279.35

Key Economic Figures

	FY20	FY21	FY22	FY23	FY24-TD
Imports	USD'mn	46,417	56,380	72,048	51,979
Exports	USD'mn	23,462	25,304	32,450	27,903
Trade Deficit	USD'mn	(22,955)	(31,076)	(39,598)	(24,076)
Remittances	USD'mn	23,131	29,370	31,238	27,028
FX Reserves	USD'mn	18,886	24,398	15,742	9,181
					13,151

PKRV Rates (change in bps)

	Rate %	15day Δ	1m Δ	3m Δ	6m Δ	12m Δ
PKRV 1Y	20.34	(39)	(40)	(85)	(262)	(66)
PKRV 3Y	16.72	(18)	14	29	(291)	(151)
PKRV 5Y	15.45	(17)	(2)	(48)	(180)	29
PKRV 10Y	14.22	(11)	10	(71)	(200)	(102)
PKRV 20Y	14.02	(4)	1	(67)	(135)	(117)

*Inter Bank Rate

SECTORS	Index Weight (%)	Current Market Cap (PKR'Bn)	Previous Market Cap (PKR'Bn)	Change (%) in Market Cap.
COMMERCIAL BANKS	17	503	520	(3.14)
FERTILIZER	7	280	282	(0.73)
OIL & GAS EXPLORATION COMPANIES	14	274	275	(0.18)
CEMENT	5	164	165	(0.53)
CHEMICAL	4	50	51	(1.57)
OIL & GAS MARKETING COMPANIES	2	74	74	(0.99)
PHARMACEUTICALS	2	45	46	(1.92)

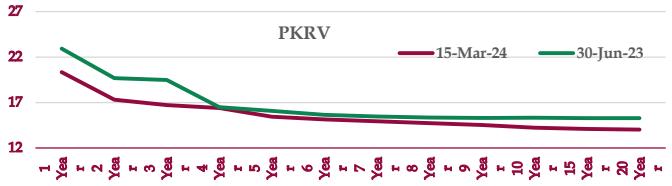
Commentary

Economic Review

Central Bank delivered a Monetary Policy statement keeping policy rate unchanged at 22%. One key highlight stated in the MPS was a comparison of change in key rates across the globe sighting a cautious approach adopted by the banks. While the central bank has been upbeat on declining inflation rate i.e., energy and food strata decelerating to 34.4 % and 19.7 % respectively in Feb'24, compared to 39.0% and 24.9% in Jan'24. Inflation trajectory is expected to decelerate with Mar'24 figure expected to hover around the 19% mark, suggesting a favorable real interest rate. The decreasing trend in headline inflation and the stable domestic currency could prompt the central bank to contemplate implementing monetary easing. Albeit positive growth sentiments in GDP, expected growth of ~3% for FY24, with agriculture growth and a balanced approach to Current account bodes well for overall economies. In a positive trend PKR USD has stabilized, indicating a favorable trend especially with a notable increase in remittances on YoY basis while Central bank on the external front, Pakistan's total liquid foreign exchange reserves increased to USD 13.0 billion near month end, with SBP's reserves stood at USD 7.9 billion and Commercial banks' reserves remained at USD 5.1 billion while there's a sustained improvement in the trade balance. The policy rate has profoundly impacted the business environment of the country. Companies have encountered challenges in securing financing for their operational expenses at these higher rates. Additionally, reduced consumer spending has placed pressure on the demand for goods and services. Yields have also decreased by around 300 to 400 basis points since their peak in September 2023, which further suggests that an interest rate reduction is imminent.

Stock Market Review

During fortnightly basis, the KSE 100 recorded a gain of 1.75%, and the KMI 30 also showed positive returns, marking a 2.98% increase. Notably, the Commercial Banks, Pharmaceuticals and Chemicals observed a downward trend. 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 NRL, CENERGY, MEBL, MARL, and ATRL witnessing increased trading prices. Conversely, MLCF, MTL, PIOC, SNGP, and TPLP experienced noticeable decreases in their trading prices.



15-Mar-24

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