

Pak-Qatar Asset Management Company Limited

Keynote February 29, 2024

Market Summary

	29-Feb-24	MTD	30days	90days	FYTD	CYTD
KSE100	64,579	4.43%	4.4%	4.7%	55.8%	3.4%
KMI30	108,852	5.12%	5.1%	4.4%	53.9%	3.9%
KMIALL	30,997	2.03%	2.0%	2.8%	51.6%	1.1%

Global Markets

	29-Feb-24	MTD	30days	90days	FYTD	CYTD
UK	7,630	0.5%	0.5%	-1.3%	-1.3%	1.4%
USA	16,092	-3.6%	-3.6%	-11.1%	-14.3%	-6.7%
China	3,015	-6.1%	-6.1%	0.5%	6.2%	-1.3%
Japan	39,166	-7.9%	-7.9%	-14.6%	-15.3%	-14.6%
India	72,500	-1.9%	-1.9%	-6.9%	-10.7%	-0.4%

Portfolio Investments (USD mn)

	7 days	30 days	90 days	365days	FYTD	CYTD
FIPI (net)	12	24	13	45	60	62
LIPI (net)	(12)	(24)	(13)	(45)	(60)	(62)
Ind.	(4)	(4)	(19)	5	(15)	20
Banks/DFIs	(3)	(9)	(10)	(82)	(99)	(75)
Companies	(4)	(6)	2	107	56	133
M.Funds	4	3	(7)	(92)	(51)	(132)
Brokers	1	(3)	(10)	(33)	(25)	(32)
Others	(1)	(4)	(4)	(9)	(13)	(4)
Ins.	(4)	(1)	35	59	87	27
NBFC	(0)	(0)	(0)	1	(0)	1

Key Economic Figures

		FY20	FY21	FY22	FY23	29-Feb
Policy Rate	29-Feb-24	7.0%	7.0%	13.8%	22.0%	22.0%
1yr KIBOR	29-Feb-24	7.4%	8.1%	15.7%	23.3%	21.4%
Inflation	Oct End	7.8%	9.8%	21.3%	29.4%	23.1%
PKR USD*	29-Feb-24	168.2	157.3	204.8	286.0	279.20

Key Economic Figures

		FY20	FY21	FY22	FY23	FY24-TD
Imports	USD'mn	46,417	56,380	72,048	51,979	29,761
Exports	USD'mn	23,462	25,304	32,450	27,903	17,978
Trade Deficit	USD'mn	(22,955)	(31,076)	(39,598)	(24,076)	(11,783)
Remittances	USD'mn	23,131	29,370	31,238	27,028	15,832
FX Reserves	USD'mn	18,886	24,398	15,742	9,181	13,039

PKRV Rates (change in bps)

	Rate %	15day Δ	1m Δ	3m Δ	6m Δ	12m Δ
PKRV 1Y	20.76	(4)	(4)	(56)	(274)	81
PKRV 3Y	16.90	17	17	42	(368)	(127)
PKRV 5Y	15.58	11	11	(31)	(167)	(29)
PKRV 10Y	14.32	14	14	(61)	(200)	(117)
PKRV 20Y	14.06	3	3	(68)	(132)	(119)

*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	18	520	489	6.25
FERTILIZER	7	282	261	8.29
OIL & GAS EXPLORATION COMPANIE	14	275	281	(2.14)
CEMENT	5	165	161	2.68
CHEMICAL	4	51	53	(3.95)
OIL & GAS MARKETING COMPANIES	2	74	73	1.79
PHARMACEUTICALS	2	46	42	9.80

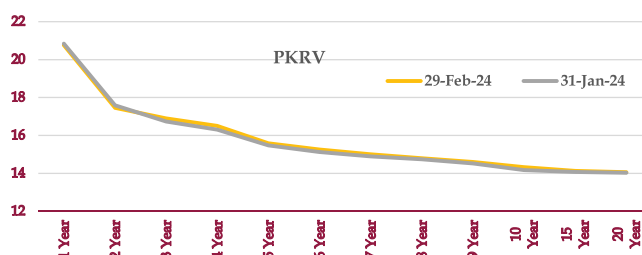
Commentary

Economic Review

Post General Elections, the country now pace towards a stable political govt. with CPI also projected to decline to ~23% moving to FY24 average of ~24%. The 1HFY24 remained a period of stability with agricultural output enhanced to cope with the dwindling LSM growth. Interim gov. has already passed many harsh economic measures during its term in office under IMF structural reforms dictate. The new govt. will have to traverse the path as the country seeks a fresh IMF program of ~USD6 billion. The country faces significant external debt maturities for which debt restructuring and IMF program remains key to USD PKR stability which also remains a challenge in managing cost push inflationary factors. 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, resulting in a positive shift in the Current Account. For the 1HFY24, the Current Account deficit stood at \$1.1 billion, a significant improvement from the \$3.8 billion deficit observed same period last fiscal year. After the February 8 elections, political actors are expected to prioritize economic stability and meeting IMF targets on budget i.e.; managing primary surplus and market based exchange rate with unhindered flows. This would be a challenge as managing demand and ensuring stability in exchange markets will be the test of new elected economic managers.

Stock Market Review

During the month, the KSE 100 recorded a gain of 4.43%, and the KMI 30 also showed positive returns, marking a 5.12% increase. Notably, the Oil and Gas Exploration and Chemical sectors observed a decline, contrasting with the upward trends in Commercial Banks, Fertilizer, Cement, Oil and Gas Marketing, and Pharmaceuticals. 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 MTL, MEBL PIOC, UNITY, and EFERT witnessing increased trading prices. Conversely, NRL, OGDC, EPCL, COLG and APL experienced noticeable decreases in their trading prices.



29-Feb-24

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