

Market Summary

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

	30-Nov-22	15day	30day	90day	FYTD	CYTD	SECTORS	Index Weight (%)	Current Market Cap (PKR'Bn)	Previous Week Market Cap (PKR'Bn)	Change (%) in Market Cap.
KSE100	42,349	-1.05%	2.6%	-0.3%	1.9%	-5.0%	COMMERCIAL BANKS	20	325	325	0.16
KMI30	71,769	-0.87%	3.5%	1.7%	4.4%	0.1%	FERTILIZER	14	223	215	3.97
KMIAll	20,887	-1.83%	1.2%	-2.9%	-0.1%	-5.2%	OIL & GAS EXPLORATION COMPANIES	12	184	175	5.18
							CEMENT	8	125	129	(3.03)
							CHEMICAL	4	58	58	(0.32)
							OIL & GAS MARKETING COMPANIES	4	59	55	7.37
							PHARMACEUTICALS	3	46	47	(3.02)

Global Markets

	30-Nov-22	15day	30day	90day	FYTD	CYTD
UK	7,573	-2.7%	-6.3%	-5.6%	-5.3%	-2.5%
USA	11,468	-1.0%	-4.2%	2.8%	-3.8%	36.4%
China	3,151	-0.5%	-8.2%	1.1%	7.8%	15.5%
Japan	27,969	0.1%	-1.1%	-1.1%	-5.6%	2.9%
India	63,100	-1.9%	-3.1%	-6.9%	-16.0%	-7.7%

Commentary

Central Bank delivered a shock with increase of 100 bps increase in Target Rate to 16%. Market participants expected a status quo, considering last MPS where central bank kept the policy rate unchanged despite short tenor yield indicating an uptick. The spike would jack up the discount rate to 17% with minimum deposit rate, Long Term Finance Facility (LTFF) also increasing by the 100bps with 06-Month KIBOR shooting up by ~90 basis point (bps) to ~16.81%. PKRV jumped significantly where T-Bill auction witnessed cut-off yields for 3M, 6M & 12M settled at 17%, 16.8% & 16.84% respectively, an increase of 129bps, 107bps & 114bps higher than previous T-bill auction.

The spike was announced with inflationary figures hitting ~24% on Y/Y basis for the month of Nov'22 while the core inflation also remained persistent which caused alarm for the monetary managers. IMF and SBP revised down GDP growth target to ~2% amid flood impacts.

Industrial output measured by QIM index published by PBS declined by 0.4% for 1QFY23 compared to SPLFY with Automobiles, Pharma, and Petroleum sectors taking sharp hits during the period. Faced with server FX reserves position, Deficit on Trade Balance and ballooning maturities, central bank has kept a tight lid of FX flows. Pakistan continued to face pressure from IMF with discussion on 9th IMF tranche underway over policies to reprioritize and better target support toward humanitarian/rehabilitation needs while accelerating reforms efforts to preserve fiscal and economic sustainability. A silver lining in overall response can be drawn that gov. cognizant of situation has put forward steps to safely honor upcoming debt maturities.

Stock & Money Market Review

KSE-100 & KMI-30 Indexes posted gains of 2.63% & 3.55% respectively. Investors digested the interest rate surprise with KSE100 declining ~800 points. Investors also remained cautious due to rumors of default on foreign bond payment, political noise. Oil & Gas exploration, Oil & Gas Marketing & Fertilizer sectors remained green while Cement & Pharmaceutical posted losses. Individual, local & foreign & Companies remained major buyer while Insurance, Mutual Funds & Brokers remained major sellers.

The market remains muted adjusting gov. policy actions as IMF dictate swallow margins amid inflationary pressures and erosion of disposable income under tight monetary scenario. An uncertain political scenario and economic tightening has kept investors at bay although some sanity has been recently observed with political candidates backtracking from creating a climax situation and taking a more constitutional stance on political demands aided by smooth transition at key power position in the country. Foreign Investors remained net buyers during the month with Individuals, Companies, and Banks also participating in accumulation during the month while FYTodate Foreign Portfolio Investment of ~USD30million remains a key positive for the market. PSX downside remained limited hinging on liquidity flow, and leverage, we opine our investors to hold position in the market.

Portfolio Investments (USD mn)

	7 days	30 days	90 days	365days	FYTD	CYTD
FIPI (net)	5	2	33	(9)	33	(14)
LIPI (net)	(5)	(2)	(32)	9	(33)	14
Ind.	3.2	16	35	144	52	137
Banks/DFIs	0.2	4	4	89	6	93
Companies	(0.4)	3	1	78	10	61
M.Funds	(5.5)	(7)	(35)	(192)	(49)	(167)
Brokers	(1.2)	(4)	(8)	(14)	(1)	(9)
Others	(0.7)	(0)	7	27	11	29
Ins.	(0.5)	(12)	(34)	(121)	(60)	(127)
NBFC	(0.3)	(2)	(1)	(1)	(1)	(2)

Key Economic Figures

		FY19	FY20	FY21	Fy22	30-Nov
Policy Rate	30-Nov-22	10.8%	7.0%	7.0%	13.8%	16.0%
1yr KIBOR	30-Nov-22	13.6%	7.4%	8.1%	15.7%	17.2%
Inflation	30-Nov-22	8.8%	7.8%	9.8%	21.3%	23.8%
PKR USD*	30-Nov-22	163.1	168.2	157.3	204.8	223.9

Key Economic Figures

		FY19	FY20	FY21	Fy22	FY23-TD
Imports	USD'mn	51,869	46,417	56,380	72,048	21,093
Exports	USD'mn	24,257	23,462	25,304	32,450	9,563
Trade Deficit	USD'mn	(27,612)	(22,955)	(31,076)	(39,598)	(11,530)
Remittances	USD'mn	21,740	23,131	29,370	31,238	9,900
FX Reserves	USD'mn	14,482	18,886	24,398	15,742	13,645

PKRV Rates (change in bps)

	Rate %	15day Δ	1m Δ	3m Δ	6m Δ	12m Δ
PKRV 1Y	16.90	119	118	100	146	618
PKRV 3Y	15.06	93	101	141	136	369
PKRV 5Y	14.00	80	82	105	128	252
PKRV 10Y	13.51	61	60	91	80	157
PKRV 20Y	13.94	44	44	53	44	151

\*Inter Bank Rate

30-Nov-22

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