

## Pak-Qatar Asset Management Company Limited

Keynote May 31, 2024

### Market Summary

	31-May-24	MTD	30days	90days	FYTD	CYTD
KSE100	75,878	6.72%	6.7%	16.2%	83.0%	21.5%
KMI30	125,780	5.30%	5.3%	14.2%	77.8%	20.1%
KMIAII	34,824	4.66%	4.7%	11.4%	70.3%	13.6%

### Global Markets

	31-May-24	MTD	30days	90days	FYTD	CYTD
UK	8,275	-1.6%	-1.9%	-7.2%	-9.0%	-6.6%
USA	16,735	-6.4%	-6.7%	-2.7%	-17.6%	-10.3%
China	3,087	0.6%	0.6%	-1.9%	3.7%	-3.6%
Japan	38,488	-0.2%	-0.6%	3.7%	-13.8%	-13.1%
India	73,961	0.7%	0.7%	-0.3%	-12.5%	-2.3%

### Portfolio Investments (USD mn)

	7 days	30 days	90 days	365days	FYTD	CYTD
FIPI (net)	6	16	79	145	139	141
LIPI (net)	(6)	(16)	(79)	(145)	(139)	(141)
Ind.	(1)	(13)	(29)	(37)	(43)	(7)
Banks/DFIs	(2)	(3)	(29)	(132)	(131)	(107)
Companies	(8)	(3)	(34)	31	22	99
M.Funds	(9)	(6)	(1)	(67)	(53)	(134)
Brokers	1	(2)	(1)	(28)	(25)	(32)
Others	1	(9)	(17)	(27)	(29)	(21)
Ins.	13	20	33	115	120	59
NBFC	0	(0)	(0)	(1)	(1)	1

### Key Economic Figures

		FY20	FY21	FY22	FY23	31-May
Policy Rate	31-May-24	7.0%	7.0%	13.8%	22.0%	22.0%
1yr KIBOR	31-May-24	7.4%	8.1%	15.7%	23.3%	20.4%
Inflation	Oct End	7.8%	9.8%	21.3%	29.4%	11.8%
PKR USD*	31-May-24	168.2	157.3	204.8	286.0	278.4%

### Key Economic Figures

		FY20	FY21	FY22	FY23	FY24-TD
Imports	USD'mn	46,417	56,380	72,048	51,979	43,353
Exports	USD'mn	23,462	25,304	32,450	27,903	25,669
Trade Deficit	USD'mn	(22,955)	(31,076)	(39,598)	(24,076)	(17,684)
Remittances	USD'mn	23,131	29,370	31,238	27,028	23,849
FX Reserves	USD'mn	18,886	24,398	15,742	9,181	14,315

### PKRV Rates (change in bps)

	Rate %	15day Δ	1m Δ	3m Δ	6m Δ	12m Δ
PKRV 1Y	19.92	(88)	(88)	(83)	(140)	(204)
PKRV 3Y	16.59	(2)	(2)	(31)	11	(254)
PKRV 5Y	15.39	(6)	(6)	(20)	(50)	41
PKRV 10Y	14.14	(4)	(4)	(19)	(79)	(96)
PKRV 20Y	14.00	(1)	(1)	(8)	(74)	(115)

\*Inter Bank Rate

31-May-24

### 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	600	563	6.47
FERTILIZER	7	311	323	(3.72)
OIL & GAS EXPLORATION COMPANIE	14	304	294	3.45
CEMENT	5	189	175	8.07
CHEMICAL	4	50	50	(0.08)
OIL & GAS MARKETING COMPANIES	2	72	74	(3.29)
PHARMACEUTICALS	2	59	51	15.43

### Commentary

### Economic Review

Pakistan's GDP growth has shown encouraging signs of recovery and resilience during FY24. In Q3, the GDP growth rate reached an impressive 2.90%, significantly higher than the 1.79% recorded in the Q2 of FY24. The real sectors have shown positive trends specifically in agriculture. Although the inflation figures are gradually decreasing with a positive primary balance. During the month National CPI (Consumer Price Index) kept hovering around 11.8% as compared to 17.3% in the previous month ~ with a significant drop in food and transportation prices being passed on to consumers. The Real Interest Rate indicates on a positive trajectory while keeping managed a Current Account. The Current Account deficit for FY2024 (July-April) reduced significantly, dropping to \$0.2 billion from \$3.9 billion last year, mainly due to a better trade balance. In a positive trend PKRUSD has stabilized, indicating a favorable trend, especially with a notable increase in remittances on a year-on-year basis. Foreign Exchange Reserves showed stability with Pakistan's total liquid foreign exchange reserves rising to \$14.3 billion, with SBP's reserves at \$9.1 billion and commercial banks' reserves at \$5.2 billion. The upcoming Federal Budget for FY25, scheduled for June 7th, sets the stage for the country's potentially largest IMF program ever. This involves boosting tax collection through tax rationalization efforts. It has been expected that the FBR's tax collection for FY25 stands at Rs 11 trillion, marking a 17% increase from the budgeted tax collection of FY24. Additionally, an anticipated 18% GST on food is projected to contribute an extra Rs700 billion. The new government is reaffirming its dedication to the stringent measures implemented over the past 18 months to stabilize the economy, aiming to foster sustained growth and further bolster investor confidence.

### Stock Market Review

During the month, the KSE 100 recorded a gain of 5.84%, and the KMI 30 also showed positive returns, marking a 4.59% increase. Notably, the Pharmaceuticals, Cement and Commercial Banks 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 FCCL, SYS, MEBL, and DCR witnessing increased trading prices. Conversely, ATRL, PSO, AVN, ENGRO and NRL experienced noticeable decreases in their trading prices.

