

Pak-Qatar Asset Management Company Limited

Keynote August 15, 2024

Market Summary

	15-Aug-24	MTD	30days	90days	FYTD	CYTD
KSEI100	78,106	0.28%	-3.8%	3.7%	-0.4%	25.1%
KMI30	124,664	1.41%	-3.4%	0.5%	-1.4%	19.0%
KMIAII	35,160	2.20%	-1.9%	1.0%	0.9%	14.7%

Global Markets

	15-Aug-24	MTD	30days	90days	FYTD	CYTD
UK	8,347	-0.8%	-2.2%	0.9%	-2.2%	-7.4%
USA	17,595	-2.3%	2.3%	-5.2%	1.6%	-14.7%
China	2,877	1.9%	3.4%	9.6%	3.1%	3.4%
Japan	36,703	6.5%	12.0%	5.7%	-5.0%	-8.8%
India	79,106	3.2%	2.0%	-6.6%	-0.1%	-8.7%

Portfolio Investments (USD mn)

	7 days	30 days	90 days	365days	FYTD	CYTD
FIPI (net)	1	11	21	142	166	169
LIPI (net)	1	(11)	(21)	(142)	(166)	(169)
Incl.	(1)	18	(5)	(40)	(40)	(4)
Banks/DFIs	(1)	(5)	(1)	(127)	(139)	(116)
Companies	0	(10)	(6)	4	19	96
M.Funds	2	(8)	(24)	(40)	(70)	(151)
Brokers	(0)	(1)	(0)	(21)	(24)	(31)
Others	(2)	(2)	(8)	(32)	(37)	(28)
Ins.	3	(3)	23	114	125	64
NBFC	(0)	0	0	(0)	(0)	1

Key Economic Figures

		FY21	FY22	FY23	FY24	15-Aug
Policy Rate	15-Aug-24	7.0%	13.8%	22.0%	20.5%	19.5%
1yr KIBOR	15-Aug-24	8.1%	15.7%	23.3%	19.2%	17.9%
Inflation	Oct End	9.8%	21.3%	29.4%	12.6%	11.1%
PKR USD*	15-Aug-24	157.3	204.8	286.0	279.0	278.5%

Key Economic Figures

		FY21	FY22	FY23	FY24	FY25-TD
Imports	USD'mn	56,380	72,048	51,979	48,402	53,167
Exports	USD'mn	25,304	32,450	27,903	28,678	31,090
Trade Deficit	USD'mn	(31,076)	(39,598)	(24,076)	(19,724)	(22,077)
Remittances	USD'mn	29,370	31,238	27,028	27,093	2,995
FX Reserves	USD'mn	24,398	15,742	9,181	14,207	14,645

PKRV Rates (change in bps)

	Rate %	15day Δ	1m Δ	3m Δ	6m Δ	12m Δ
PKRV 1Y	17.21	(85)	(129)	(282)	(376)	(577)
PKRV 3Y	15.63	(62)	(84)	(85)	(109)	(382)
PKRV 5Y	14.97	(28)	(42)	(39)	(53)	(179)
PKRV 10Y	14.00	(7)	(10)	(13)	(18)	(213)
PKRV 20Y	13.87	(8)	(9)	(13)	(16)	(150)

*Inter Bank Rate

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

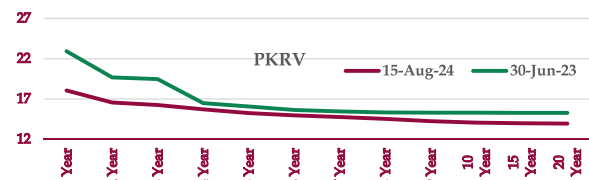
SECTORS	Index Weight (%)	Current Market Cap (PKR'Bn)	Previous Market Cap (PKR'Bn)	Change (%) in Market Cap.
COMMERCIAL BANKS	20	641	657	(2.43)
FERTILIZER	7	343	352	(2.61)
OIL & GAS EXPLORATION COMPANIE	14	329	302	9.01
CEMENT	5	179	186	(3.89)
CHEMICAL	3	46	47	(3.16)
OIL & GAS MARKETING COMPANIES	2	82	82	(0.26)
PHARMACEUTICALS	2	63	63	(0.55)

Commentary

Economic Review: Pakistan's economy showed promising signs of stabilization in FY2024, marked by lower inflation, a surplus in the primary fiscal account for the period from July to May, a minimal current account deficit, and a stable exchange rate. The agricultural sector has performed exceptionally well, targeting a 2% growth in FY2025. Large-scale manufacturing is expected to continue its positive trend throughout FY2025, supported by a stable exchange rate, macroeconomic stability, and relaxed import restrictions. Inflation is anticipated to range between 11.0% and 12.0% in August 2024.

The external account has improved due to reduced imports, effective fiscal and monetary policies, and significant increases in exports and remittances. In July 2024, remittance inflows reached \$2.995 billion, a 5% decrease from the \$3.158 billion recorded in June 2024, but still the highest amount ever for July. Both exports and imports are projected to rise, with exports expected to be between \$2.4 billion and \$2.7 billion, and imports between \$4.5 billion and \$4.9 billion in July 2024. As of August 9, 2024, the country's total liquid foreign reserves stood at \$14,645.2 million. The State Bank of Pakistan holds \$9,272.6 million, while commercial banks hold \$5,372.6 million in net reserves. The combined total liquid reserves amount to \$14,645.2 million. Contributing factors to external sector stability include revived domestic economic activities, improved agricultural output, a stable exchange rate, increased foreign demand, and lower global commodity prices. Additionally, the government has recently secured a staff-level agreement with the IMF for a 37-month Extended Fund Facility (EFF) worth \$7 billion to further support stability. Overall, these factors collectively signal a period of economic recovery, setting a favorable outlook for FY2025.

Stock Market Review: During the fortnightly basis the KSE 100 recorded a positive return of 0.28 % and the KMI 30 also showed positive returns, marking a 1.41% increase. Notably, the Oil & Gas Exploration Companies 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 AIRLINK, MARI, PRL SYS and ATRL witnessing increased trading prices. Conversely, FABL, MTL, MLCF, DGKC and PIOC experienced noticeable decreases in their trading prices



15-Aug-24