



PAK-QATAR
ASSET MANAGEMENT



INVESTOR'S OUTLOOK

May 15, 2025

Pak-Qatar Asset Management Company Limited

Keynote May 15, 2025

Market Summary

	15-May-25	MTD	30days	90days	FYTD	CYTD
KSE100	119,881	7.68%	2.7%	7.0%	52.1%	4.1%
KMI30	181,627	9.16%	1.8%	8.1%	43.3%	1.7%
KMIAII	51,518	7.37%	1.0%	7.7%	47.8%	1.9%

Global Markets

	15-May-25	MTD	30days	90days	FYTD	CYTD
UK	8,634	1.6%	-4.5%	1.1%	-5.4%	-5.3%
USA	19,112	9.5%	-12.0%	4.8%	-5.7%	1.0%
China	3,381	3.1%	-3.3%	-1.0%	-11.4%	-0.9%
Japan	37,748	4.7%	-9.3%	3.7%	5.0%	5.7%
India	82,531	2.9%	-7.0%	-8.0%	-3.7%	-5.3%

Portfolio Investments (USD mn)

	15 days	30 days	90 days	365days	FYTD	CYTD
FIPI (net)	(13)	(12)	(43)	(260)	(260)	(74)
LIPI (net)	13	12	43	260	260	74
Ind.	(23)	(10)	(26)	6	27	0
Banks/DFIs	(6)	(3)	(8)	(79)	(53)	(34)
Companies	3	7	28	91	81	53
M.Funds	19	21	76	249	249	63
Brokers	7	2	(11)	(17)	(19)	(13)
Others	6	24	27	1	7	29
Ins.	8	(29)	(46)	(9)	(34)	(26)
NBFC	0	0	2	1	2	2

Key Economic Figures

		FY21	FY22	FY23	FY24	15-May
Policy Rate	15-May-25	7.0%	13.8%	22.0%	20.5%	11.00%
1yr KIBOR	15-May-25	8.1%	15.7%	23.3%	19.2%	11.66%
Inflation	April End	9.8%	21.3%	29.4%	12.6%	0.30%
PKR USD*	15-May-25	157.3	204.8	286.0	279.0	281.61

Key Economic Figures

		FY21	FY22	FY23	FY24	FY25-TD
Imports	USD'mn	56,380	72,048	51,979	48,402	48,619
Exports	USD'mn	25,304	32,450	27,903	28,678	27,276
Trade Deficit	USD'mn	(31,076)	(39,598)	(24,076)	(19,724)	(18,728)
Remittances	USD'mn	29,370	31,238	27,028	27,093	31,254
FX Reserves	USD'mn	24,398	15,742	9,181	14,207	15,613

PKRV Rates (change in bps)

	Rate %	15day Δ	1m Δ	3m Δ	6m Δ	12m Δ
PKRV 1Y	11.25	(70)	(56)	(38)	(189)	(937)
PKRV 3Y	11.45	(35)	(35)	(38)	(93)	(519)
PKRV 5Y	11.90	(47)	(41)	(41)	(42)	(355)
PKRV 10Y	12.43	(7)	(5)	18	28	(176)
PKRV 20Y	12.42	3	7	33	46	(159)

*Inter Bank Rate

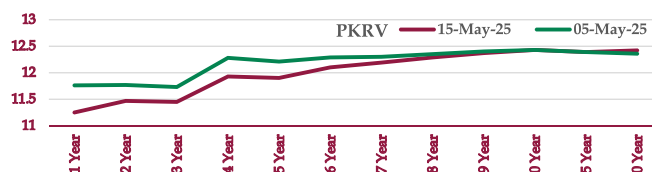
KSE100 Index Top Ten Sector Details (on Free Float Market Capitalization)

SECTORS	Index Weight (%)	Current Market Cap (PKR'Bn)	Previous Market Cap (PKR'Bn)	Change (%) in Market Cap.
COMMERCIAL BANKS	20	888	833	6.56
FERTILIZER	7	456	422	8.19
OIL & GAS EXPLORATION COMPANIE	16	480	440	9.15
CEMENT	7	345	318	8.24
CHEMICAL	3	51	48	5.63
OIL & GAS MARKETING COMPANIES	2	133	124	7.44
PHARMACEUTICALS	2	100	100	0.55

Commentary

Economic Review: Amid the geopolitical uncertainty in the subcontinent, Pakistan's economy has experienced a cautious yet notable shift this fortnight, marked by the central bank's decision to cut the policy rate by 100 basis points, bringing it down to 11%. This move, announced in the latest Monetary Policy Statement, signals a strategic shift toward supporting domestic demand while maintaining inflationary discipline. The decision reflects growing confidence in macroeconomic stability, buoyed by improving external indicators and a notable decline in inflation. Headline inflation dropped sharply to 0.3% year-on-year in April, driven primarily by lower food and electricity prices. Furthermore, the central bank took comfort in the pace of core inflation, which stood at 7.4% in urban areas and 9% in rural regions. These trends have expanded real interest rate spreads to 3%. Reflecting a shift toward a positive trend, the latest YoY growth in Large-Scale Manufacturing (LSM) has been reported at 1.4%. On the external front, remittance inflows have shown strong performance, totalling approximately \$3.2 billion this month—reflecting a 14% YoY increase. This surge, coupled with a decline in global oil prices and reduced imports bills, has helped maintain a stable external position. The current account is projected to remain in surplus for FY25, with a surplus of USD 12 million reported for April 2025, bringing the total to USD 1,880 million for the first 10MFY25, easing pressure on the balance of payments and supporting foreign exchange reserves, which currently stand at around USD 15.61 billion with central bank holding USD 10.4 billion. Adding to the positive momentum, the International Monetary Fund (IMF) approved the release of a \$1 billion tranche under its ongoing support program. This disbursement is expected to reinforce the reform agenda and bolster the country's financial resilience amid persistent structural challenges and global economic uncertainty. Meanwhile, on the global front, the U.S. Federal Reserve has maintained its interest rate at 4.25%, with inflation in the U.S. hovering around 2.4%. These international monetary dynamics, particularly in light of ongoing trade barriers, are being closely monitored as they may influence global capital flows and investor sentiment. Albeit these encouraging developments, regional instability continues to pose a risk to the exchange rate, with the PKR:USD facing potential volatility. Moreover, while the rate cut and easing inflation have narrowed real interest rate spreads, the Economic Managers have to keep an eye on their longer-term impact on investment and monetary conditions regarding both the domestic policy execution and evolving external factors. On money market front, in the recent T-bill auction conducted by the State Bank of Pakistan, the government raised PKR 664 billion. The weighted average yields were 11.18% for 1-month, 11.21% for 3-month, 11.25% for 6-month, and 11.32% for 12-month T-bills. Strong participation of total PKR 1,988 billion in bids were received.

Stock Market Review: During the fortnight, the KSE-100 Index gained ~7.68%, while the KMI-30 Index rose by around 9.16%, reflecting a strong market recovery despite significant volatility. The sharp fluctuation was largely driven by escalating geopolitical tensions between India and Pakistan, which triggered a one-day decline of nearly 10% due to investor concerns over regional stability. However, the announcement of a ceasefire led to a swift rebound in market sentiment. On the economic front, improvements in Pakistan's external financing and foreign exchange reserves further supported investor confidence. Foreign investors recorded net outflows of USD 12.7 million, primarily from foreign corporates, while overseas Pakistanis and local companies remained net buyers. In contrast, local banks and insurance firms were net sellers. Going forward, while the market remains sensitive to geopolitical developments, we expect the market to maintain its positive momentum.



15-May-25

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ASSET MANAGEMENT



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