



# WEEKLY REVIEW

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PAKISTAN EQUITIES

January 26, 2024

Research

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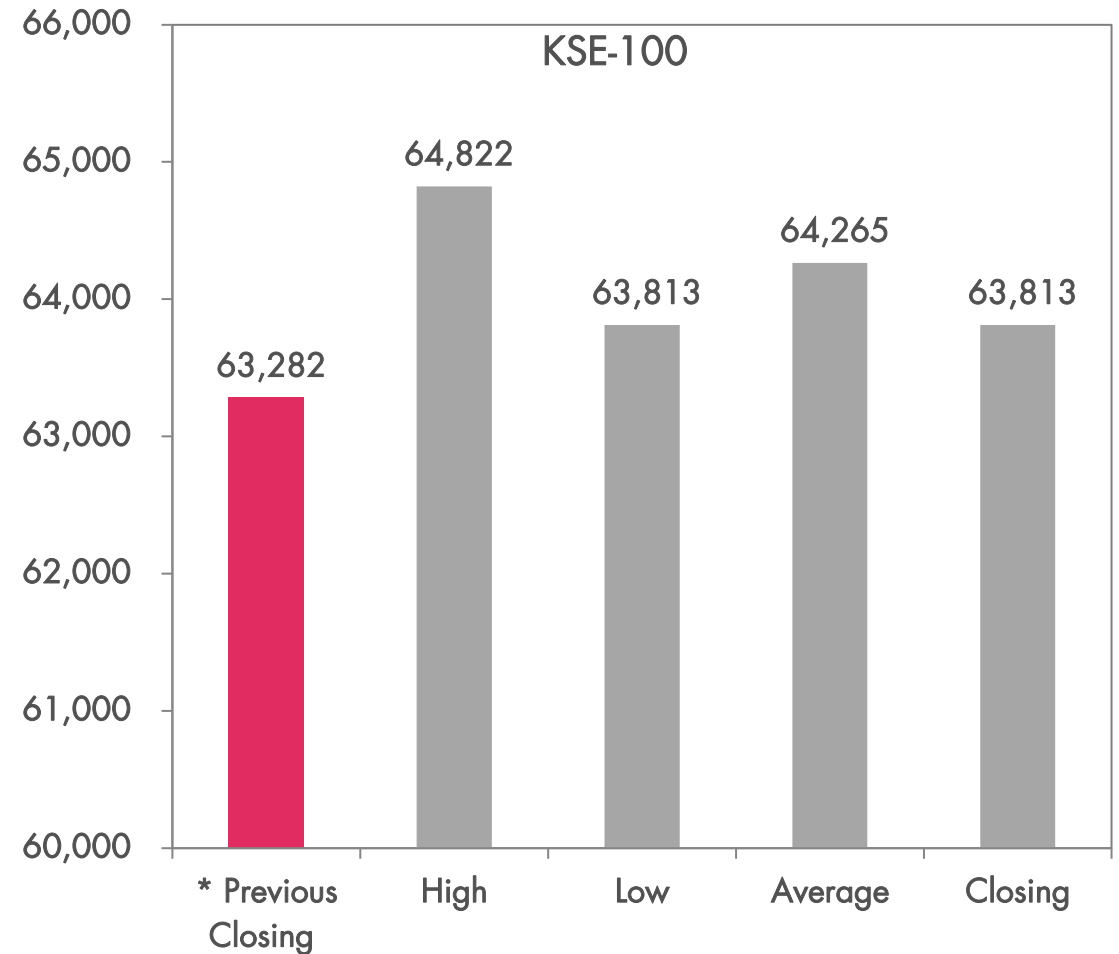
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# PSX Indices

KSE100 lose 0.8% w/w

PSX Indices	Level	w/w
KSE-100	63,813	0.8%
KSE-30	21,534	1.2%
KSE-ALL	43,213	0.8%
KMI-30	108,081	1.4%
KMI-ALL	31,537	1.3%
OGTi	16,713	3.7%
BKTi	15,517	1.8%

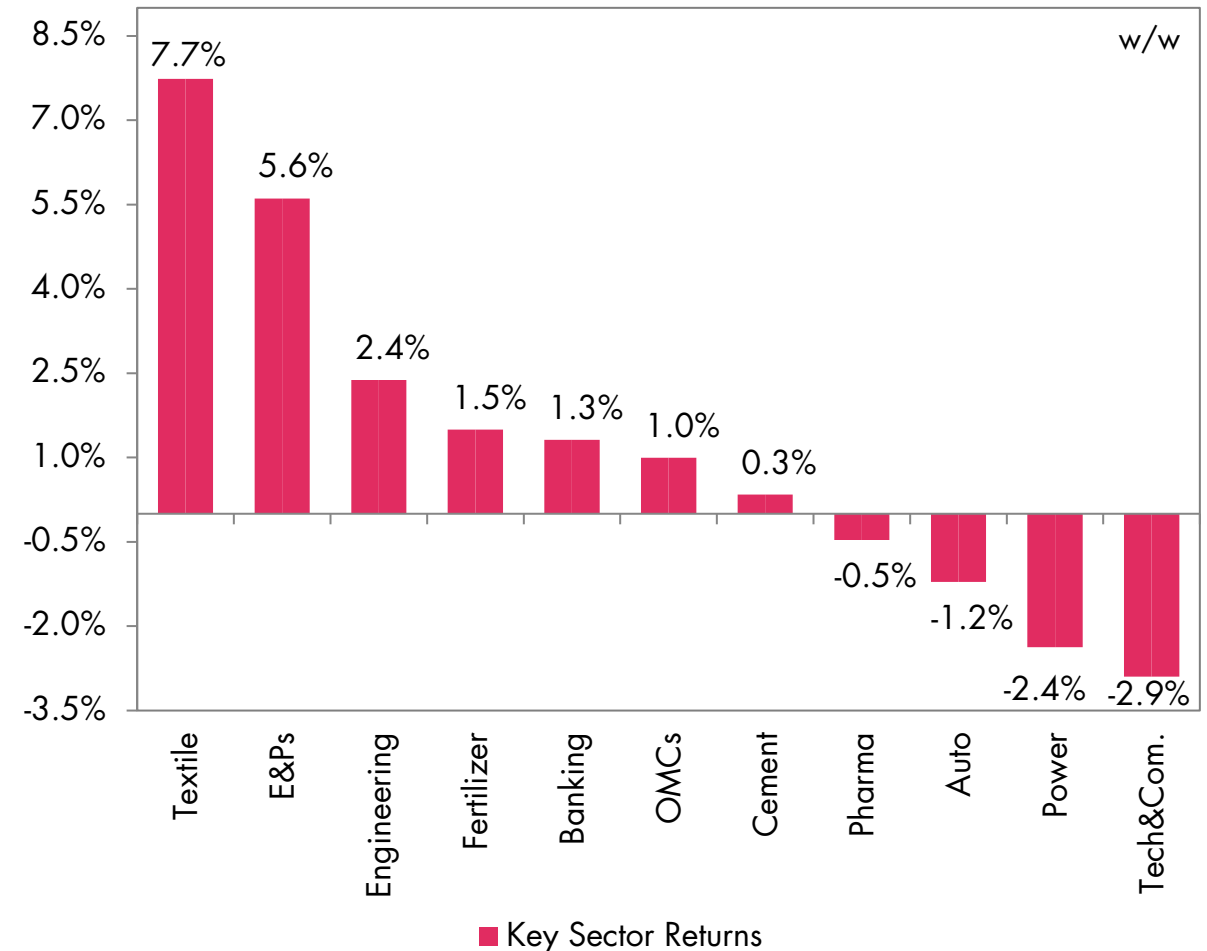
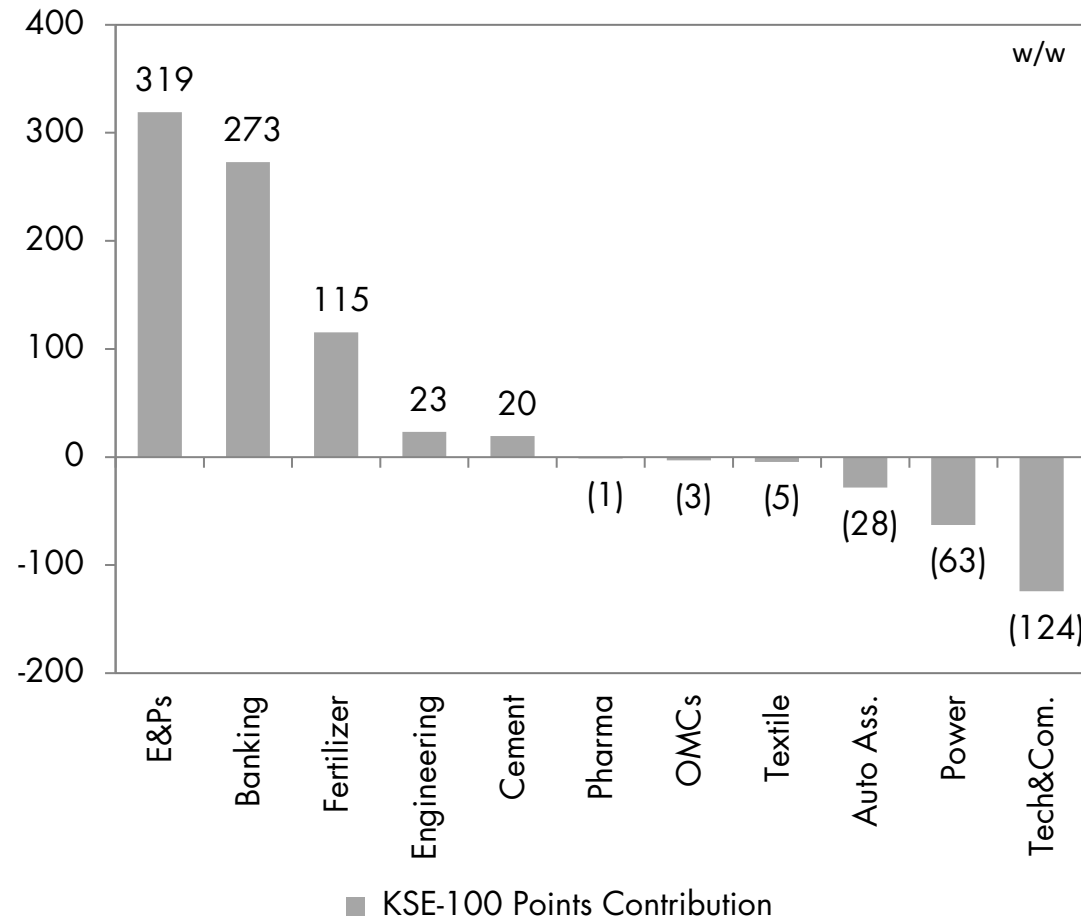


\* Last week closing

Source: PSX , Next Research

# E&P sector added 319 points to KSE100 Index

Tech & Com. sector dropped 2.9% w/w



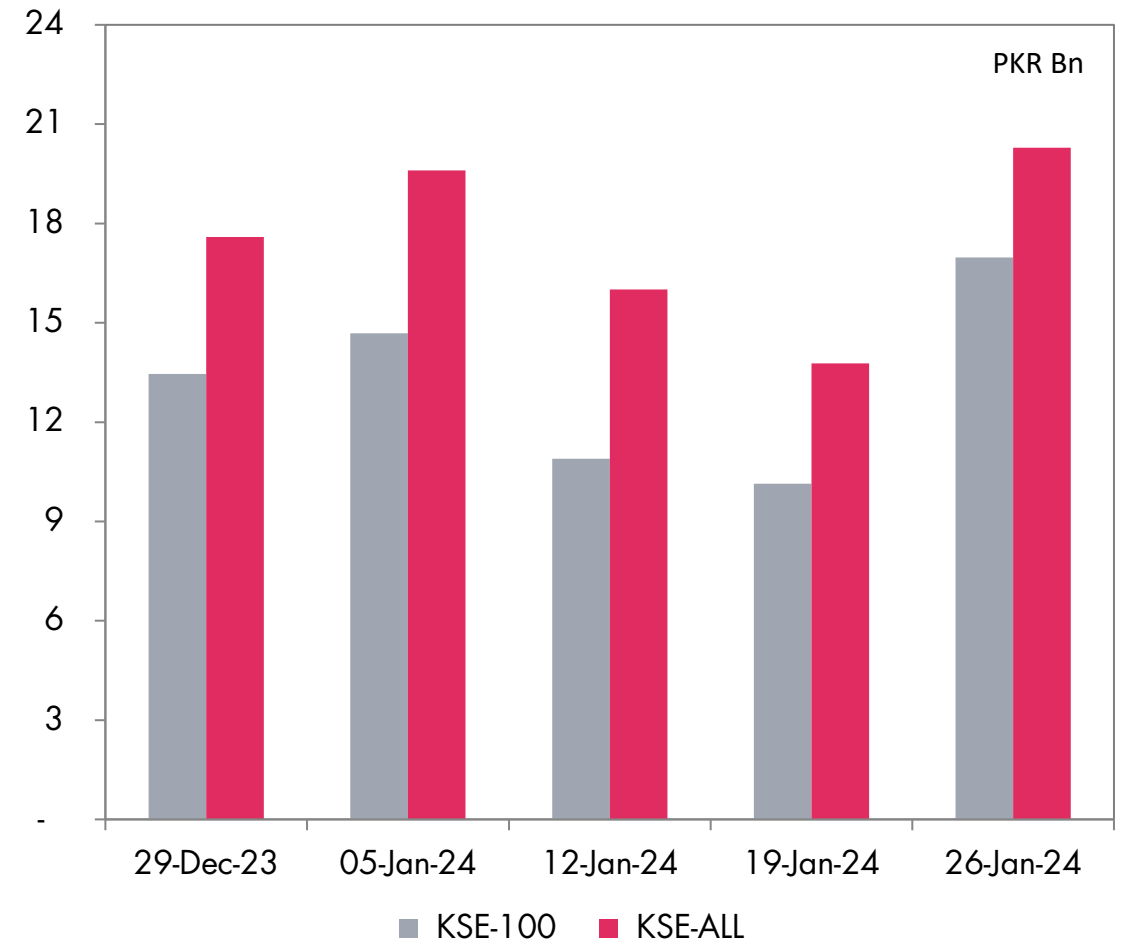
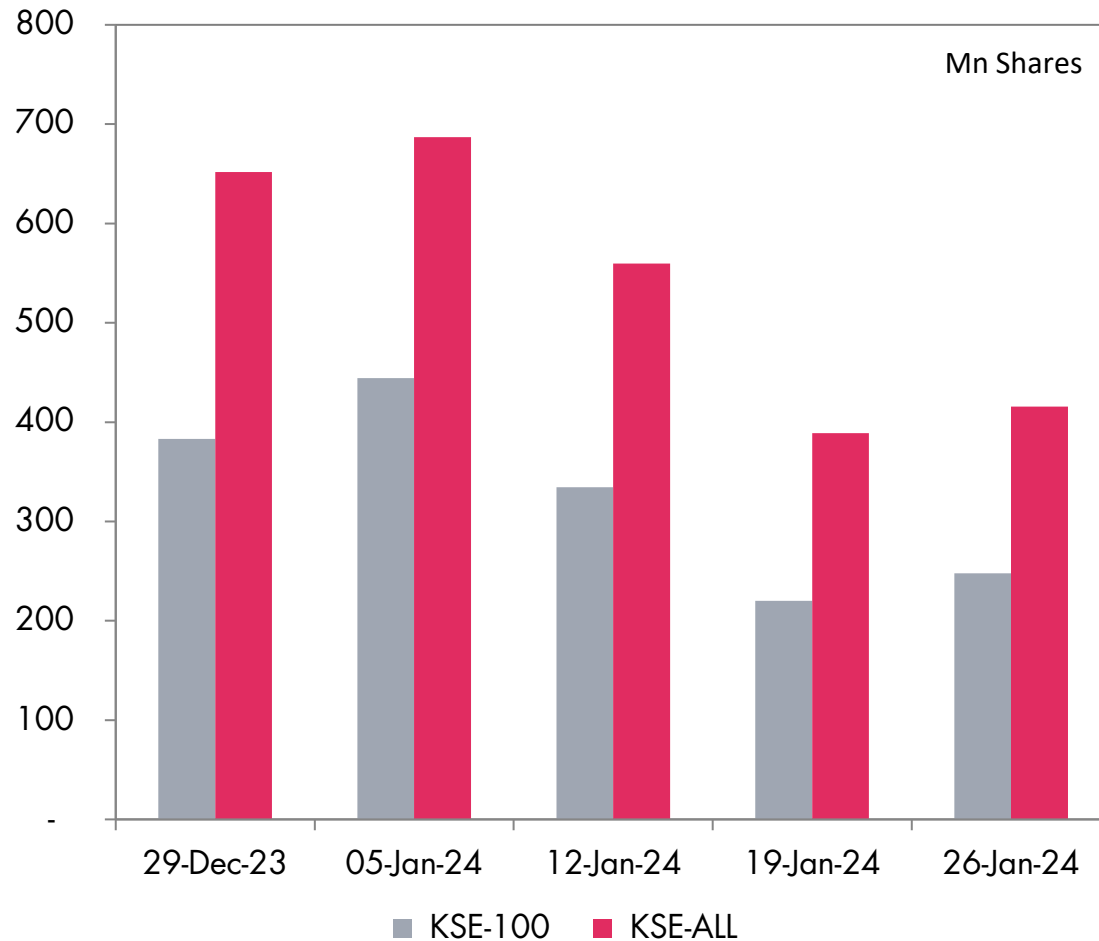
# Top 10 positive contributors added 655 points to KSE100 Index

Top 10 negative contributors took 404 points from KSE100 Index

Top 10 Positive Contributors		Index Points	Top 10 Negative Contributors		Index Points
OGDC		336.23	PPL		(80.77)
EFERT		130.67	SYS		(66.35)
BAHL		113.65	FFC		(55.04)
MEBL		74.67	HUBC		(40.78)
HMB		63.15	PSO		(31.58)
MARI		62.39	MTL		(29.49)
ENGRO		45.23	TRG		(27.37)
APL		35.63	PTC		(25.54)
LCI		29.15	KEL		(24.34)
BAFL		28.89	NBP		(22.73)

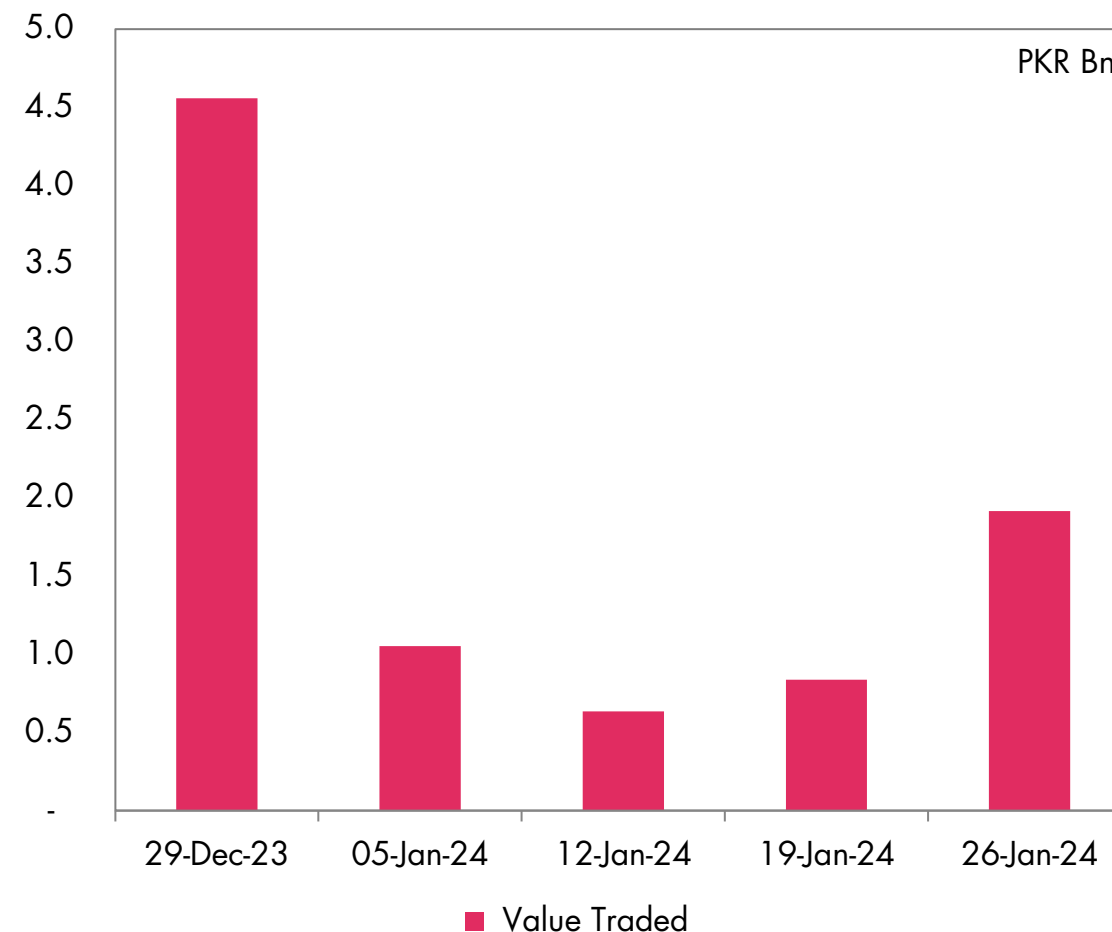
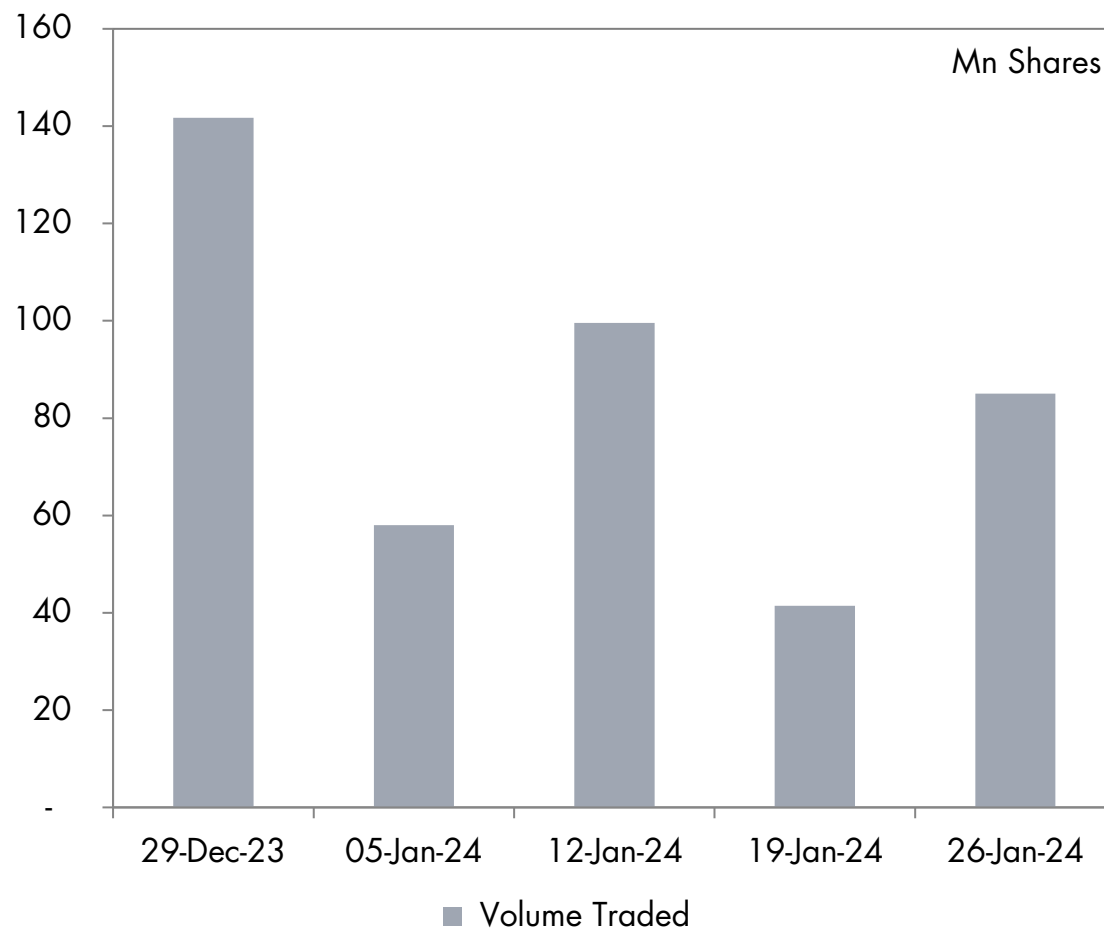
# Average volume increased 7% w/w

## Average value traded increased 47% w/w



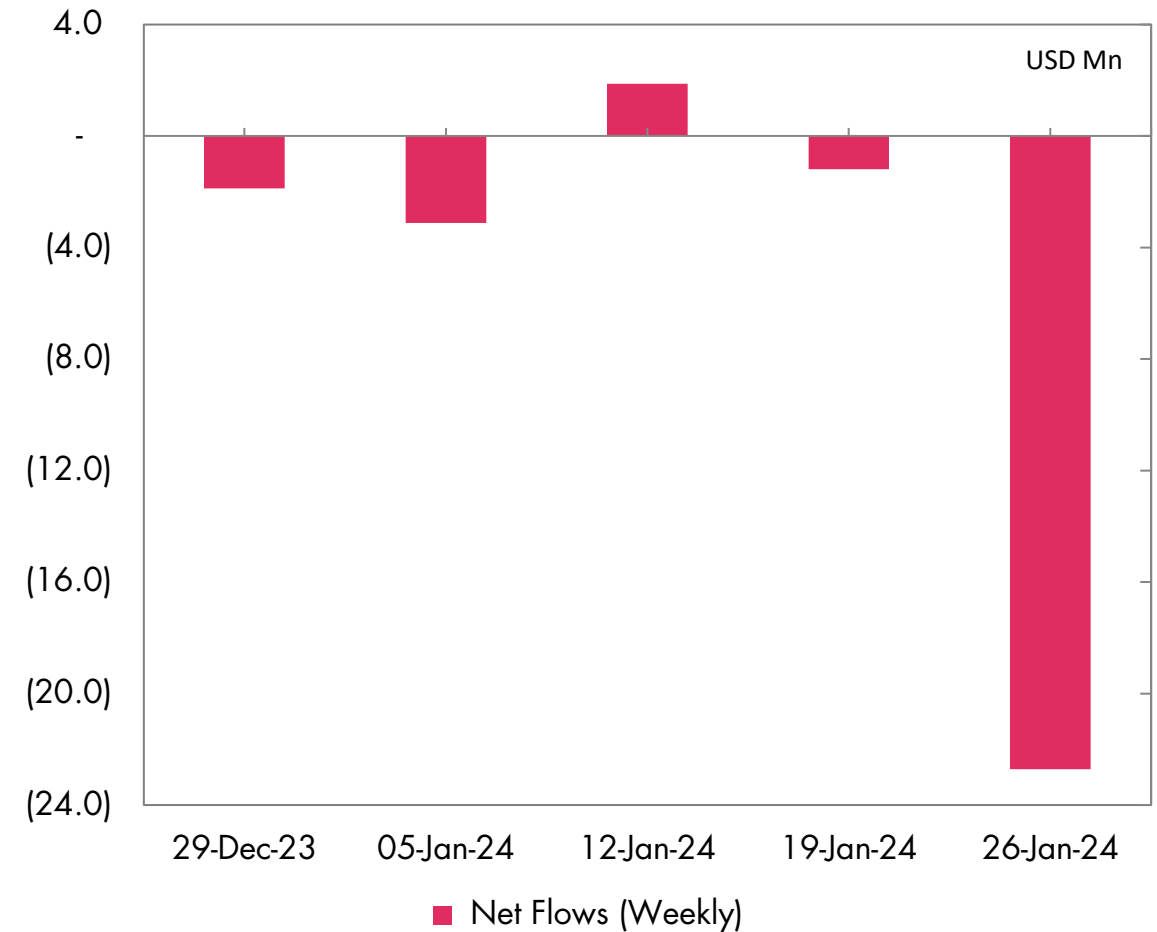
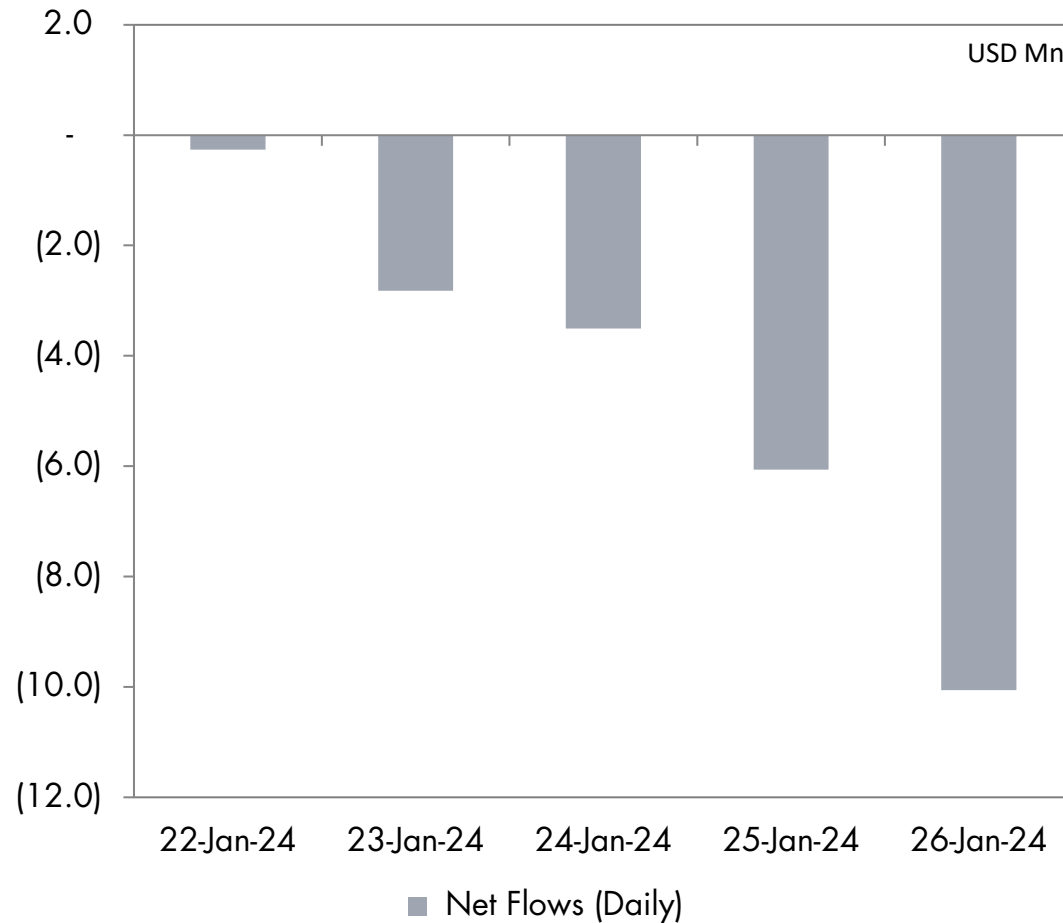
# Off-market volume was 85mn shares during the week

Off-market value traded was PKR 1.9bn during the week



# Foreigners were selling during the week

Foreign selling stood at USD 22.7mn during the week



# Insurance were the largest net buyers

## Others emerged as the largest net sellers

Weekly Net Flows (USD Mn)	FIPI	Individuals	Banks	Companies	M. Funds	Brokers	Others	Insurance	NBFC
All other Sectors	(1.24)	(0.49)	0.15	(0.13)	(0.57)	0.02	0.09	2.15	0.02
Cement	(2.54)	0.37	(0.09)	0.43	0.51	(0.10)	0.01	1.40	0.01
Commercial Banks	(6.72)	1.74	1.74	1.99	(0.21)	(0.14)	(0.47)	2.05	0.02
Fertilizer	(4.54)	(1.06)	0.90	0.15	(0.35)	(0.08)	(1.26)	6.28	(0.04)
Consumers	(0.20)	0.02	0.06	0.05	(0.00)	0.07	(0.01)	0.01	(0.00)
Oil and Gas Exploration	(3.05)	3.14	(1.29)	5.26	(2.01)	0.57	(1.64)	(0.93)	(0.04)
Oil and Gas Marketing	(0.54)	1.60	0.42	0.14	0.42	0.13	(0.09)	(2.08)	0.01
Power	(1.85)	0.82	0.72	(0.03)	0.38	(0.30)	(0.02)	0.28	0.01
Technology & Communication	(1.53)	1.29	(0.23)	(0.32)	0.54	(0.16)	(0.00)	0.40	0.00
Textile Composite	(0.50)	(0.26)	0.14	0.55	0.00	(0.00)	0.05	0.01	0.00
Total	(22.71)	7.23	2.52	8.08	(1.29)	(0.03)	(3.35)	9.58	(0.02)

Source: NCCPL , Next Research



## IMF review mission likely to visit Pakistan after polls

- **IMF review mission likely to visit Pakistan after polls (The News):** The International Monetary Fund (IMF) is likely to dispatch its review mission for holding talks with Pakistan after the February 8, 2024 general elections under the \$3 billion Standby Arrangement (SBA) programme.
- **Fitch expects Pakistan to be dependent on successful IMF programme implementation (The News):** Elections are scheduled for 2024 in almost half of our rated portfolio of APAC sovereigns and will lead to some uncertainty, including in India, Indonesia, Korea, Pakistan and Sri Lanka. Reform momentum has slowed in the run-up to elections and the policy agendas of the next governments could affect credit profiles, but we generally expect policy continuity to be the main theme in most places. We view the chance of election outcomes influencing credit profiles as being higher in Pakistan and Sri Lanka, which both will remain dependent in the next few years on successful IMF programme implementation and official support.
- **Pakistan to boost state insurer's capital to meet UAE rules (The News):** The government has decided to raise the paid-up capital of its state-owned life insurance company by Rs1.2 billion to avoid financial penalties from the United Arab Emirates (UAE), sources said on Thursday. The move is aimed at meeting a regulatory requirement of the UAE, where State Life Insurance Corporation (SLIC) operates a branch that serves Pakistani expatriates, the sources said. The paid-up capital of SLIC, the largest life insurer in Pakistan, will be increased to Rs8 billion from Rs6.2 billion, while the authorized share capital will be raised to Rs9 billion from Rs8 billion, the sources said.
- **Ready to upgrade CPEC, says Beijing (Dawn):** China has said it is ready to work with Pakistan to upgrade the China-Pakistan Economic Corridor (CPEC) and accelerate the building of an even closer China-Pakistan community with a shared future in the new era. Separately, caretaker Prime Minister Anwaarul Haq Kakar said after having achieved the first phase of CPEC, Pakistan is benefiting from its early harvest projects while remaining engaged with China to execute the next phase.
- **Forex repatriation against remittances; Govt striving to ink G2G pact with Saudi Arabia, UAE (BR):** The government is reportedly making hectic efforts for a government-to-government (G2G) agreement with Saudi Arabia and United Arab Emirates (UAE) on upfront foreign currency repatriation against future workers' remittances, well-informed sources told.
- **Govt bank borrowing triples to plug budget gap, debt payments (The News):** The government borrowed Rs3.9 trillion banks in six and a half months of the 2023/24 fiscal year, three times more than the same period a year ago, as it struggled to finance a widening budget deficit and rising debt payments, central bank data showed on Wednesday.
- **SBP sells T-bills worth Rs185bn, yields drop by up to 62bps (Metis):** The State Bank of Pakistan (SBP) conducted an auction on Wednesday in which it sold Market Treasury Bills (MTBs) worth Rs184.66 billion for 3, 6 and 12 months against a target of Rs225bn. Cut-off yields for 3, 6, and 12 months were 20.4997%, 20.4000%, and 20.2298%, depicting a fall of 50bps, 56bps, and 62bps in 3 month, 6 month, and 12 month papers, respectively.
- **IMF loan boosts SBP's reserves, but debt payments limit gains (The News):** The central bank's foreign exchange reserves rose \$243 million to \$8.271 billion in the week to Jan. 19, helped by a \$705.6 million (International Monetary Fund) IMF loan, but debt payments curbed the net increase, the State Bank of Pakistan (SBP) data showed on Thursday. The country's reserves rose by \$196 million to \$13.341 billion. However, the reserves of commercial banks fell by \$47 million to \$5.071 billion. The SBP's reserves are sufficient to pay two months' worth of imports.
- **Centralised FX platform for banks launched (Dawn):** In a significant move towards enhancing the transparency of the foreign exchange market, the State Bank of Pakistan (SBP) has decided to introduce a centralised trading platform called 'FX Matching', creating a more inclusive digital financial ecosystem.
- **Govt executes concession agreements with E&P firms (The News):** The government executed the Petroleum Concession Agreements (PCAs) and Exploration Licences (ELs) on Wednesday for eight blocks with Pakistani Exploration and Production (E&P) companies committed to investing over \$33 million in the next three years.
- **PSO faces acute liquidity crisis as Rs853bn receivables remain unpaid (The News):** Pakistan State Oil (PSO) is facing a massive liquidity crunch as its receivables have jacked up to a whopping Rs853 billion mainly because of default of Rs572 billion by Sui-Northern in the head of LNG imports. The power sector is also among the defaulters as it owes PSO Rs187 billion and PIA has to pay Rs27 billion to the state-owned oil marketing company.
- **PM urges Al-Jomaih Group to invest in alternative energy (BR):** The government welcomes Saudi investment in Pakistan's energy sector, stated caretaker Prime Minister Anwaar-ul-Haq Kakar on Thursday. The Prime Minister's Office said that Al-Jomaih Group has invested heavily in K-Electric. The delegation thanked the government for solving the long-standing problems of the KE and informed the caretaker premier about the new investment projects of 1,500-MW and stated that these projects will rely on local sources and renewable energy.
- **13 out of 15 'important targets' achieved: MoITT (BR):** Caretaker Federal Minister for Information Technology and Telecommunications Dr Umar Saif claimed that 13 out of 15 important targets have been achieved including an agreement where freelancers would receive their payments through PayPal for the promotion of the IT and Telecom sector in a short period of five months in the caretaker set-up.

# Commodities

WTI increase 5% WoW

Commodity	Unit	05-Jan-24	12-Jan-24	19-Jan-24	26-Jan-24
WTI	bbl	72.19	72.02	73.95	77.36
Brent	bbl	77.72	78.50	78.96	82.34
Arab Light	bbl	82.03	78.65	78.60	81.14
Coal	MT	100.50	95.90	96.05	95.15
Natural Gas	mmbtu	2.82	3.09	2.70	2.57
Polypropylene	MT	0.44	0.45	0.45	0.47
Ethanol	MT	2.16	2.16	2.16	2.16
Urea	MT	317.50	318.50	326.00	333.50
DAP	MT	580.00	592.50	590.00	595.00

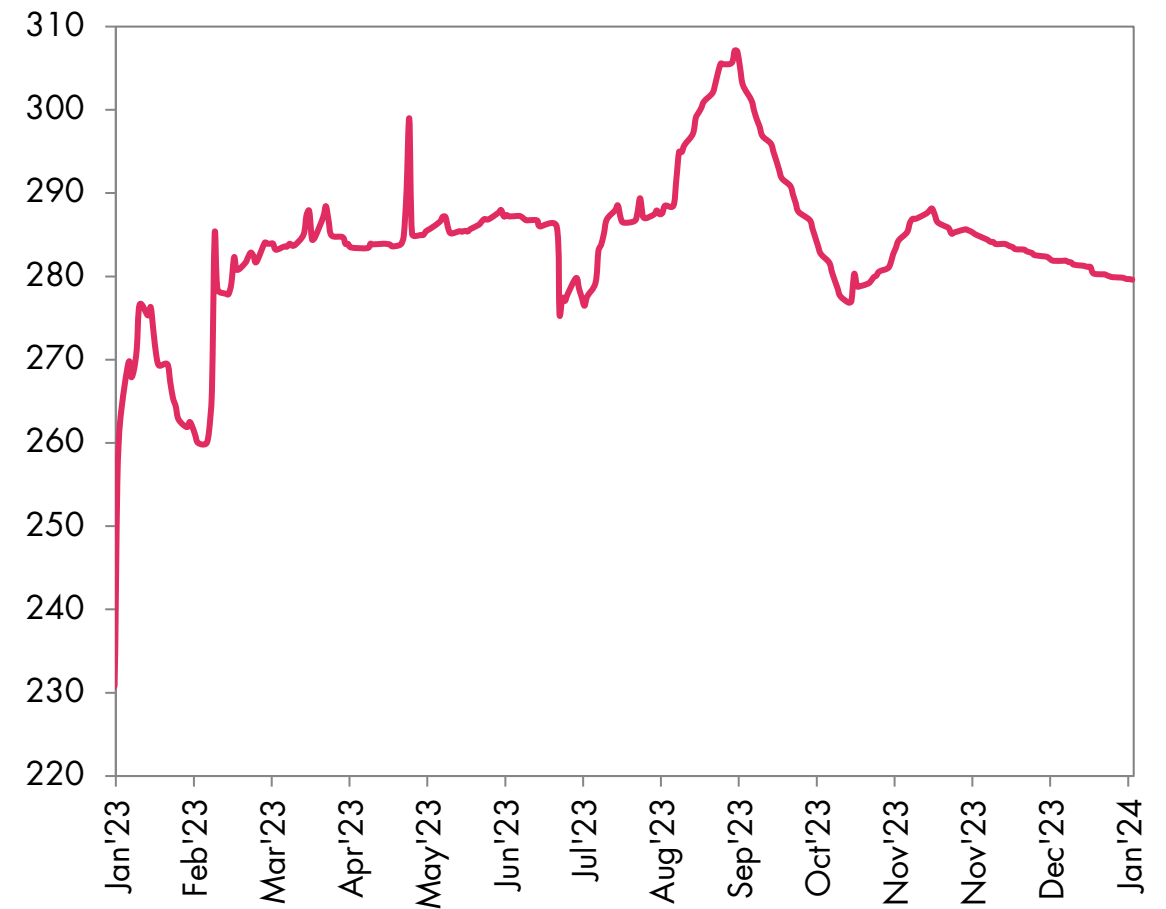
Commodity	Unit	05-Jan-24	12-Jan-24	19-Jan-24	26-Jan-24
Cotton	lb	80.12	81.36	82.51	85.76
Gold	Ounce	2043.22	2,028.09	2,022.67	2019.12
Silver	Ounce	22.99	22.75	22.74	22.91
Copper	lb	3.84	3.78	3.75	3.87
Iron Ore	MT	1083.50	1,067.50	1,008.50	1065.00
Steel Scrap LME	MT	418.50	417.00	415.00	421.00
Steel Rebar LME	MT	596.00	602.50	605.50	610.00
Rubber	KG	153.60	152.90	154.00	155.20

Source: Bloomberg, Mettis, other websites, Next Research

# Currencies

## PKR appreciated against USD (Interbank)

Currency	29-Dec-23	05-Jan-24	12-Jan-24	19-Jan-24	26-Jan-24
PKR / USD	281.86	281.40	280.36	279.90	279.59
PKR / EUR	311.50	307.34	307.85	304.47	302.46
PKR / GBP	358.60	356.67	358.18	354.94	354.62
PKR / JPY	1.99	1.94	1.93	1.89	1.89
PKR / CAD	212.81	210.64	209.98	207.50	207.50
PKR / AUD	192.03	188.55	188.11	184.14	184.30



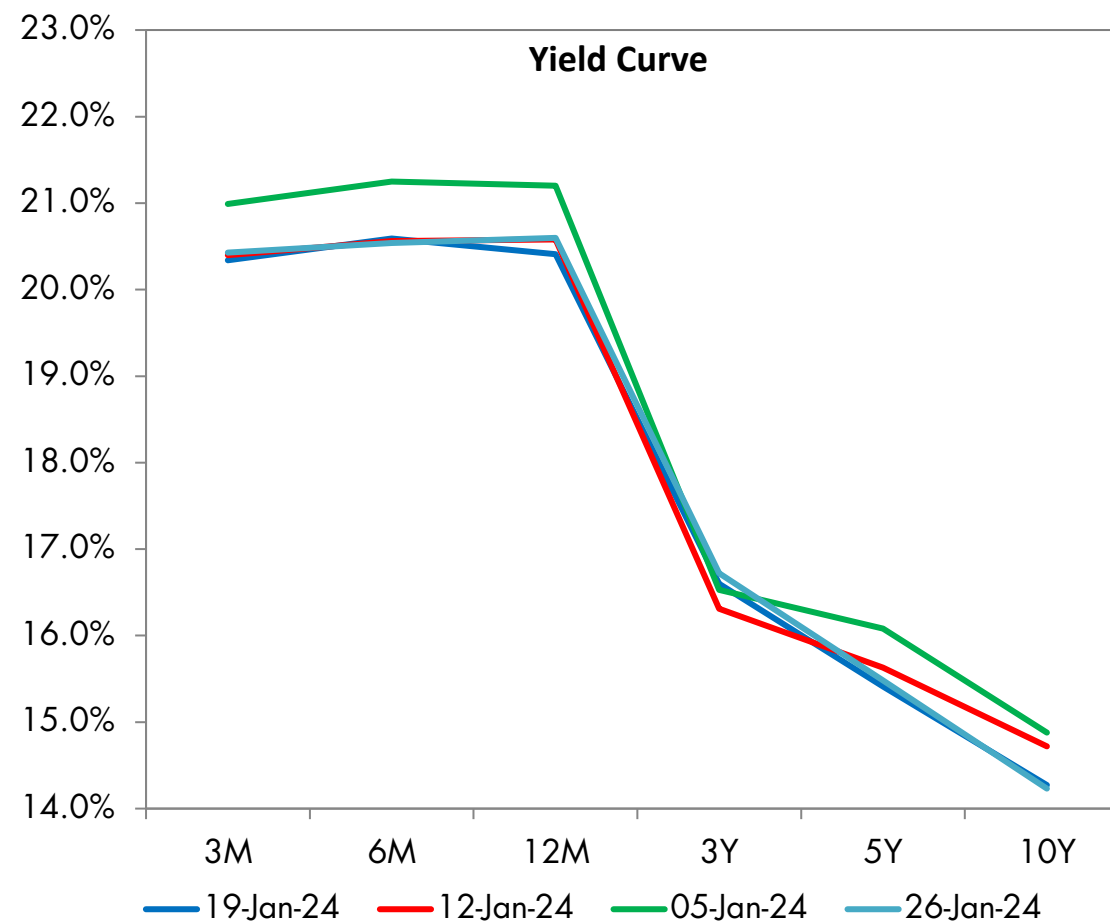
Source: SBP, Next Research

# Economic Indicators

## Monetary aggregates

	Oct-23	Nov-23	Dec-23	Jan-24*
Discount Rate	23.0%	23.0%	23.0%	23.0%
Policy Rate	22.0%	22.0%	22.0%	22.0%
6M KIBOR	22.0%	21.5%	21.5%	20.7%
CPI	26.9%	29.2%	29.7%	n/a
CPI – NFNE Urban	18.5%	18.6%	18.5%	n/a
M2 – Growth YoY	13.1%	13.6%	17.8%	16.3%
CIC – Growth YoY	10.5%	11.1%	9.9%	10.1%
NDA – Banking Growth YoY	17.3%	16.6%	17.4%	12.7%
NFA – Banking Growth YoY	121.5%	75.2%	11.7%	-23.4%
Private Sector Credit Growth YoY	0.3%	1.3%	0.1%	-2.6%
Govt. Borrowing W/ SBP Growth YoY	-15.8%	6.2%	-37.4%	-17.6%

\*Latest Number Available

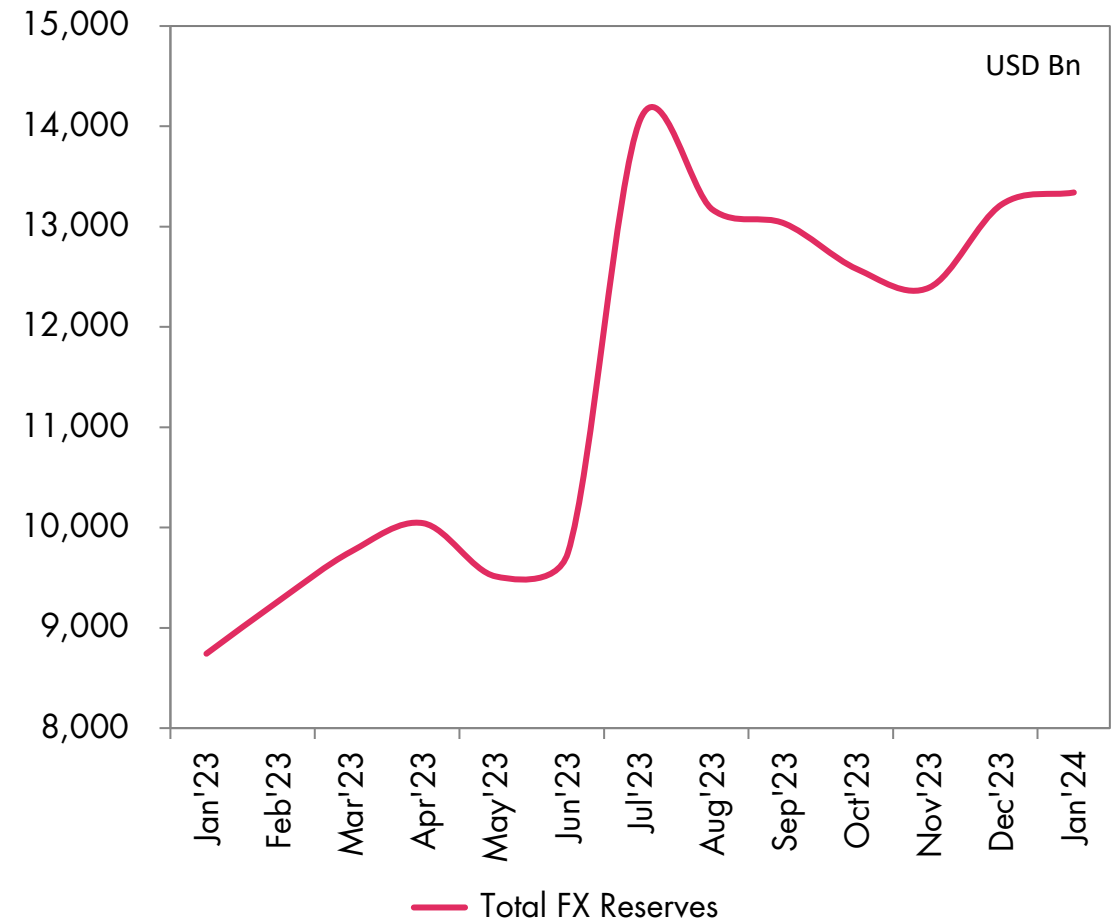


Source: SBP, PBS, Next Research

# Economic Indicators

## External account

USD Million	Sep-23	Oct-23	Nov-23	Dec-23
Current Account	(136)	(184)	(15)	397
Financial Account	308	(112)	(361)	1,163
Balance of Payment	29	(172)	(540)	1,479
FDI	172	122	131	211
Remittances	2,208	2,463	2,259	2,381
Commodities Exports – SBP	2,466	2,764	2,724	2,799
Commodities Imports – SBP	3,953	4,378	4,442	4,092
Trade Balance – SBP	(1,487)	(1,614)	(1,718)	(1,293)
Exports – PBS	2,476	2,690	2,573	2,812
Imports – PBS	3,994	4,864	4,539	4,514
Trade Balance – PBS	(1,518)	(2,174)	(1,966)	(1,702)



Source: SBP, PBS, Next Research

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