



WEEKLY REVIEW

PAKISTAN EQUITIES

February 9, 2024

Research

research@nextcapital.com.pk

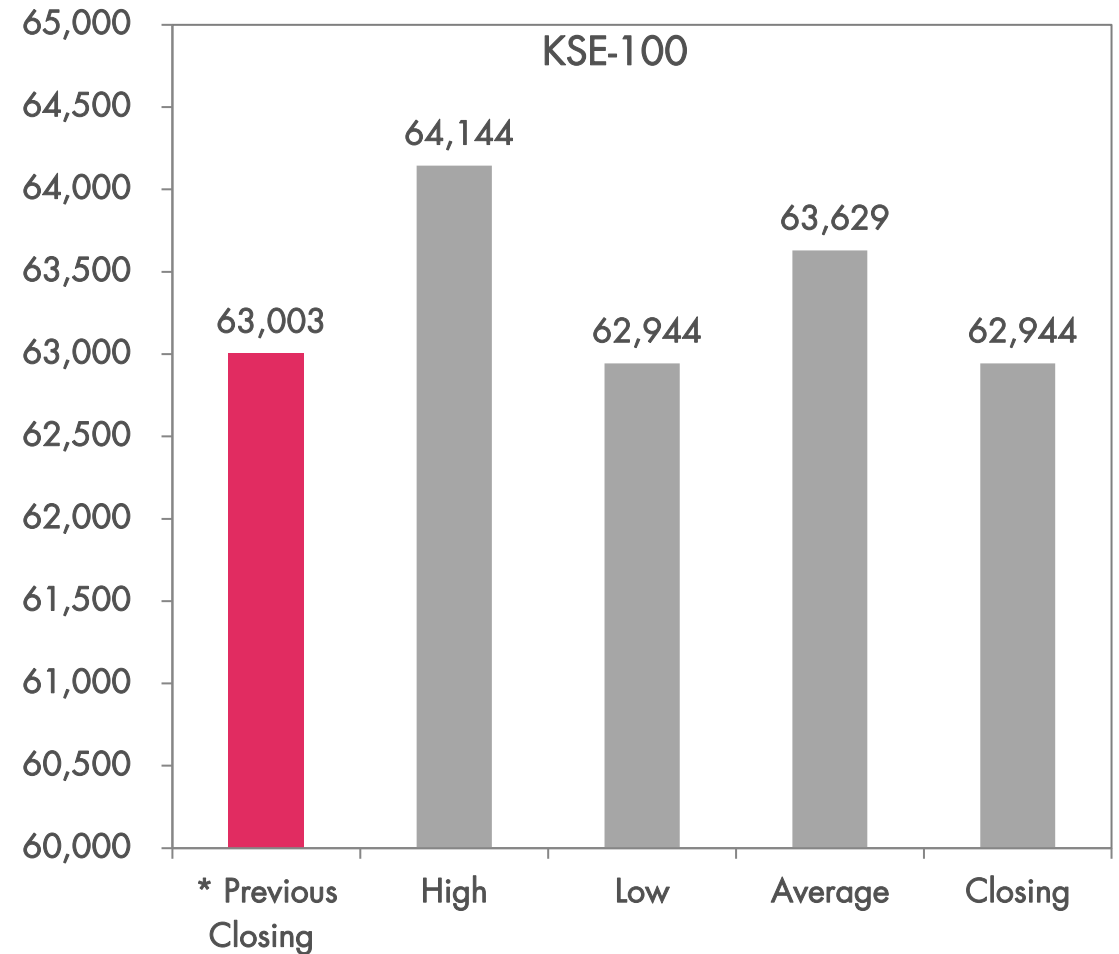
+92-21-111-639-825 Ext 129

+92-21-35222 204

PSX Indices

KSE100 lose 0.1% w/w

PSX Indices	Level	w/w
KSE-100	62,944	-0.1%
KSE-30	21,288	-0.2%
KSE-ALL	42,582	0.0%
KMI-30	106,190	-0.2%
KMI-ALL	30,967	0.0%
OGTi	16,501	0.2%
BKTi	15,549	0.1%

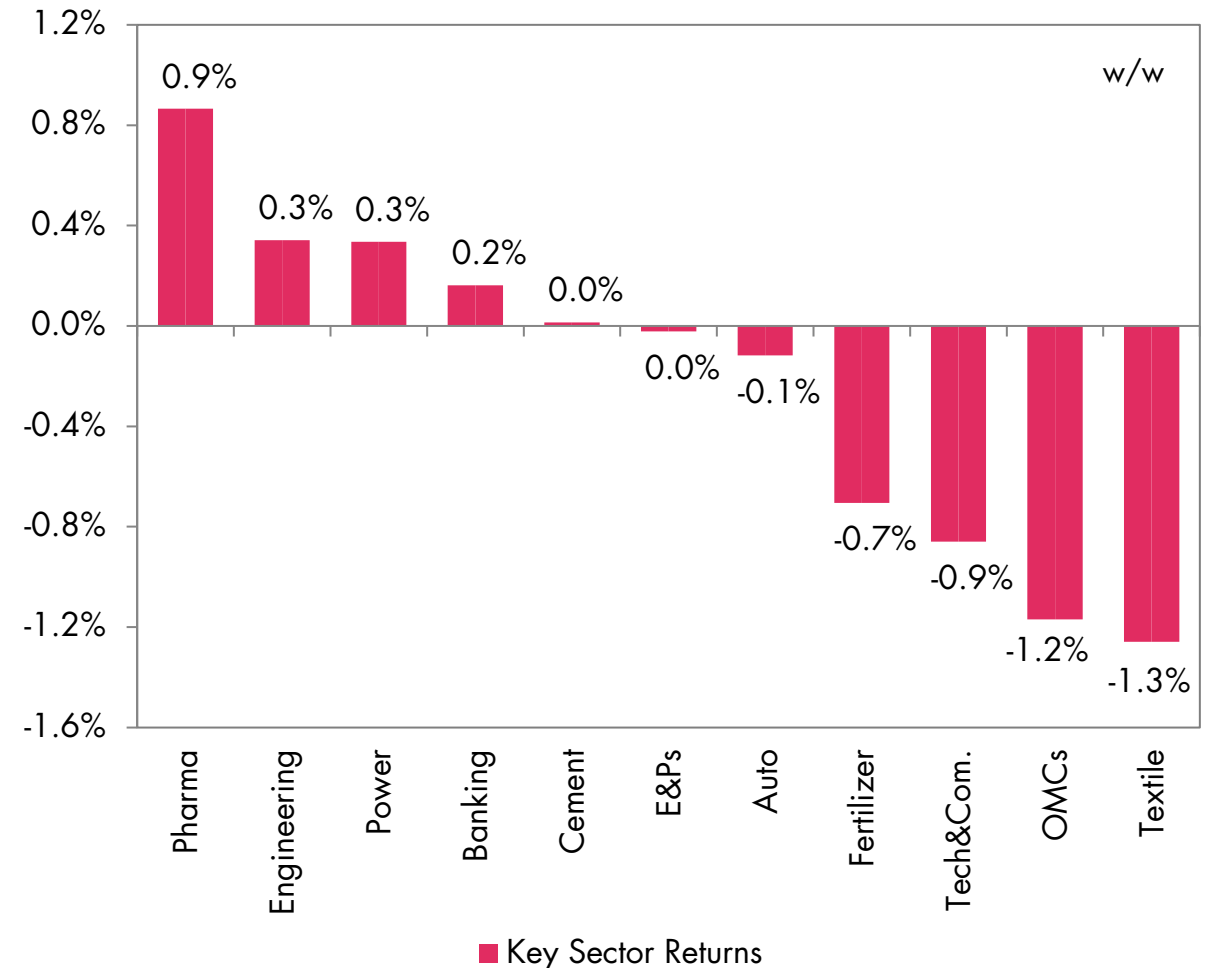
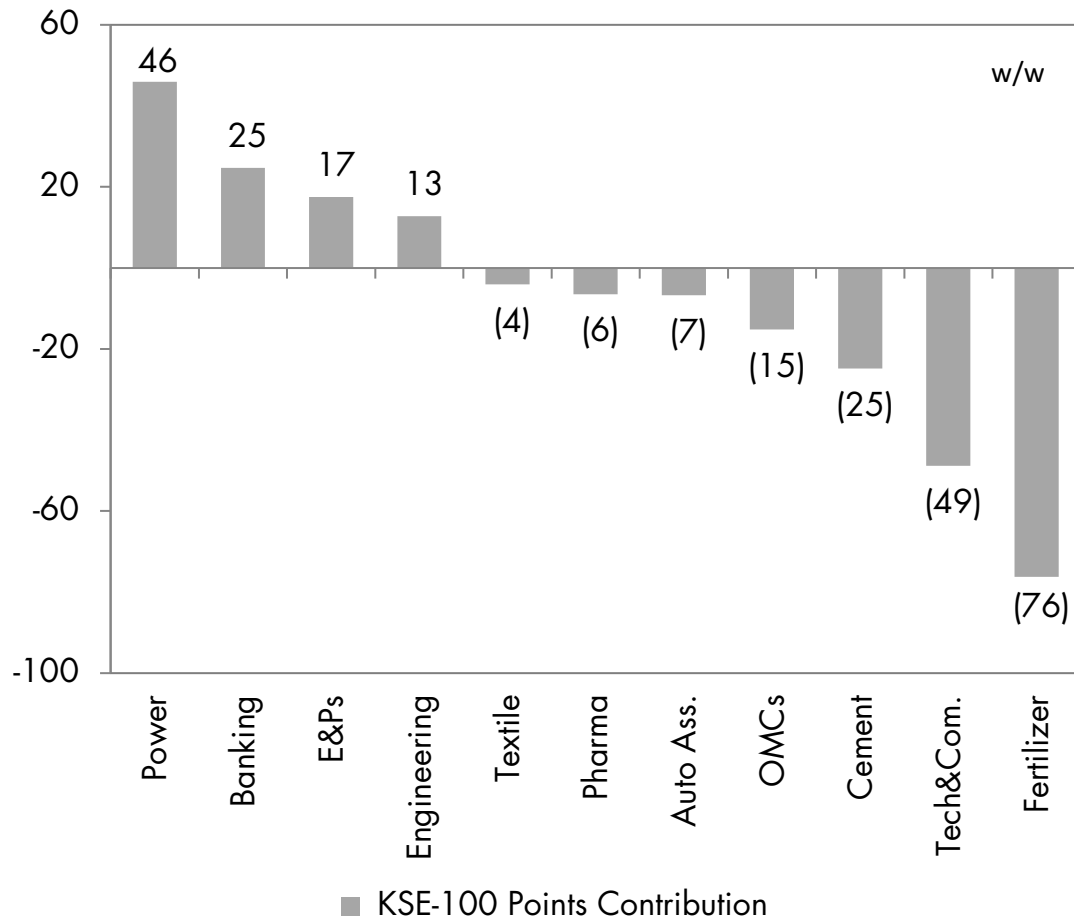


* Last week closing

Source: PSX , Next Research

Power sector added 46 points to KSE100 Index

Textile sector dropped 1.3% w/w



Top 10 positive contributors added 184 points to KSE100 Index

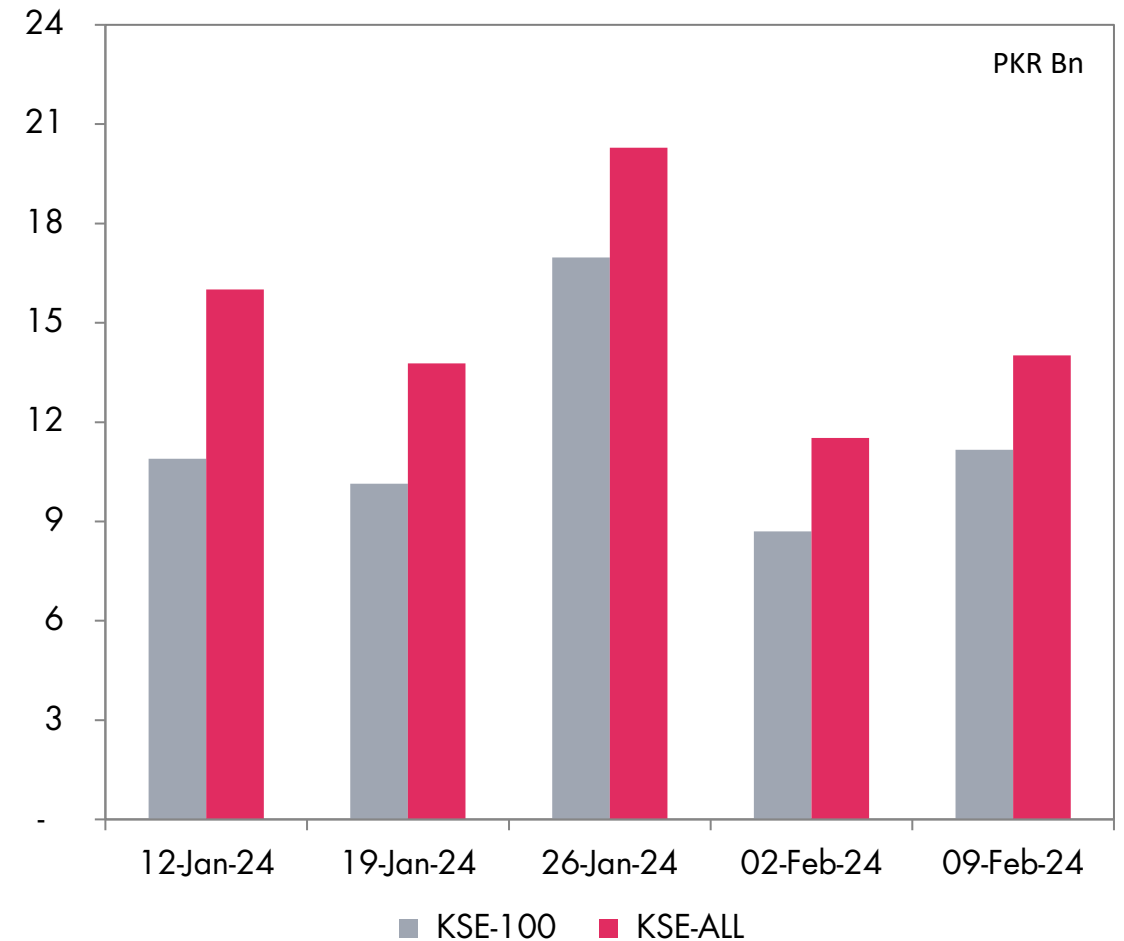
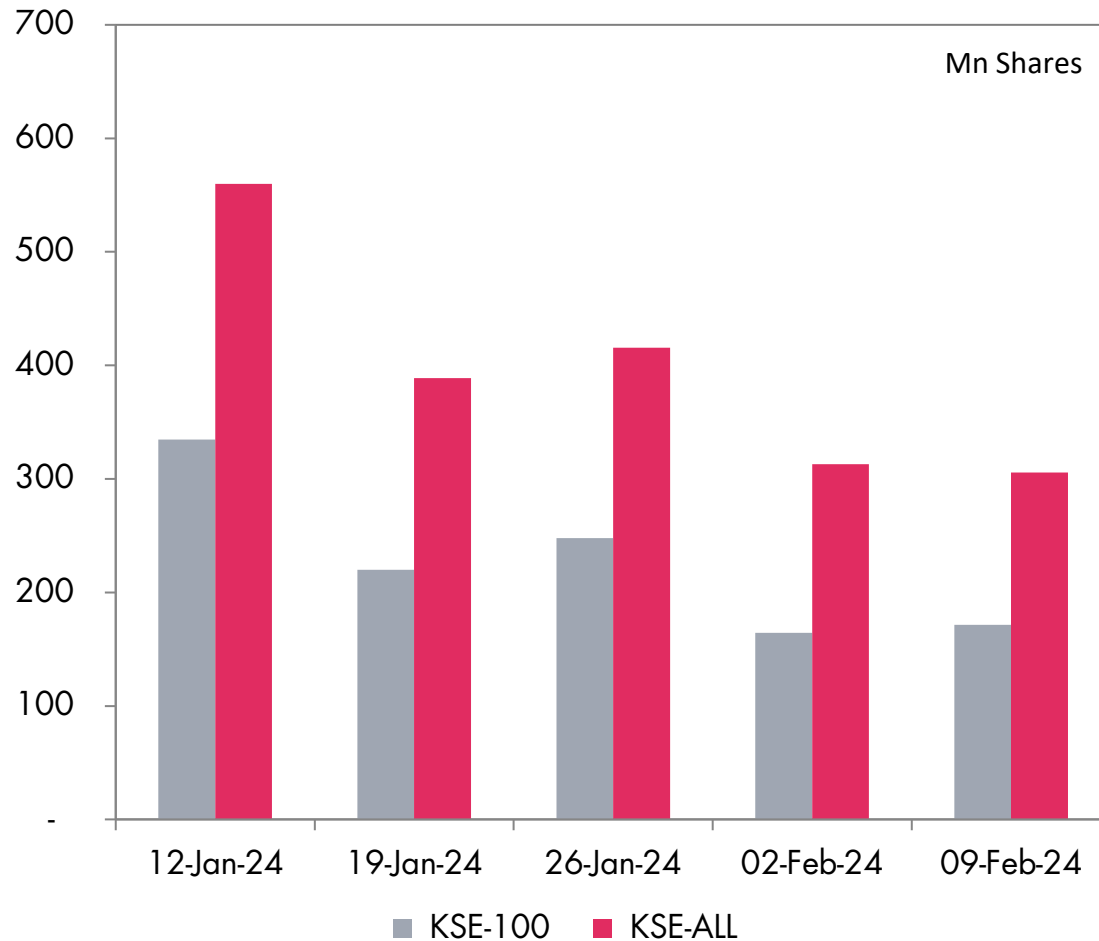
Top 10 negative contributors took 279 points from KSE100 Index

Top 10 Positive Contributors		Index Points	Top 10 Negative Contributors		Index Points
HUBC		52.97	ENGRO		(56.43)
PPL		49.53	OGDC		(49.53)
PSEL		47.49	SYS		(41.11)
BAHL		33.84	FFC		(26.82)
MARI		28.60	HBL		(20.55)
UBL		22.34	APL		(19.16)
PKGS		18.02	FABL		(18.24)
LUCK		14.86	NATF		(17.26)
ABL		13.31	MLCF		(16.03)
ABOT		13.09	CHCC		(13.55)

Source: PSX , Next Research

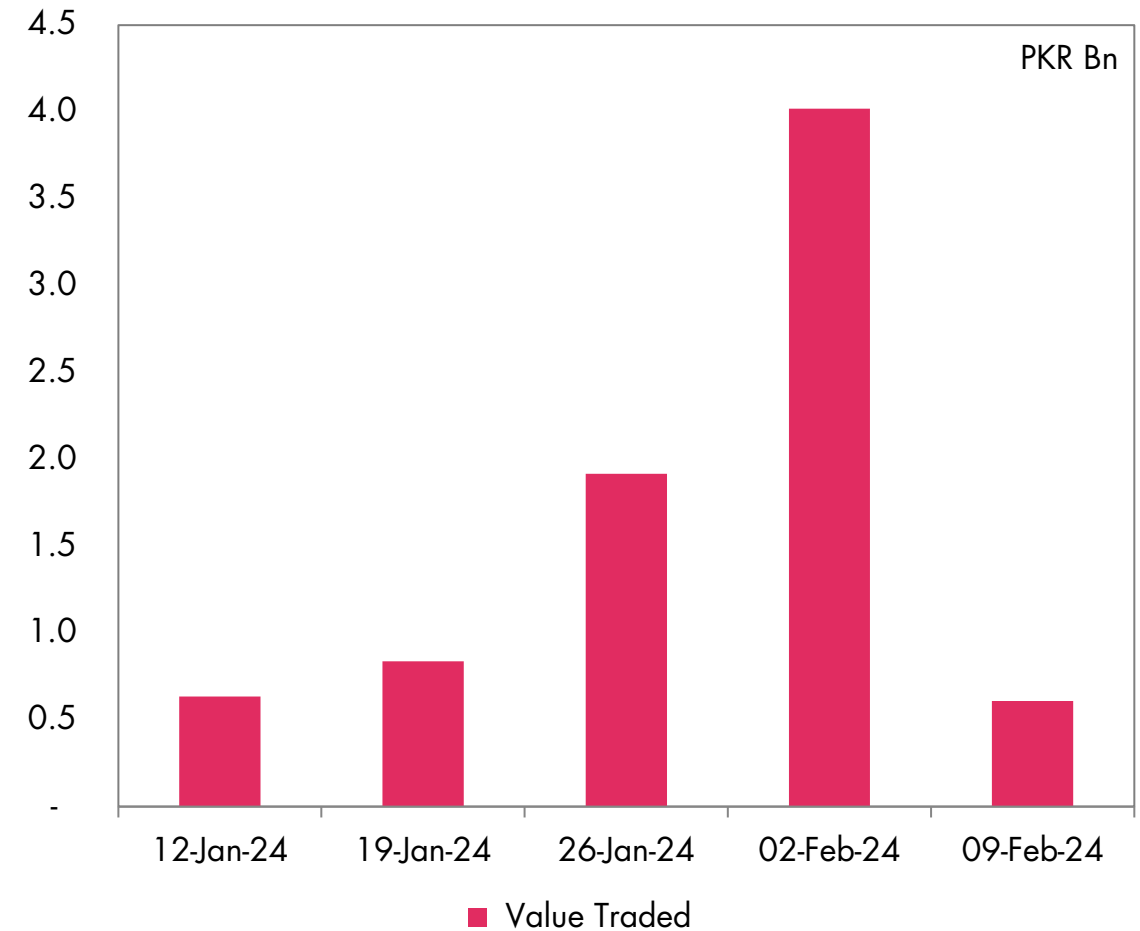
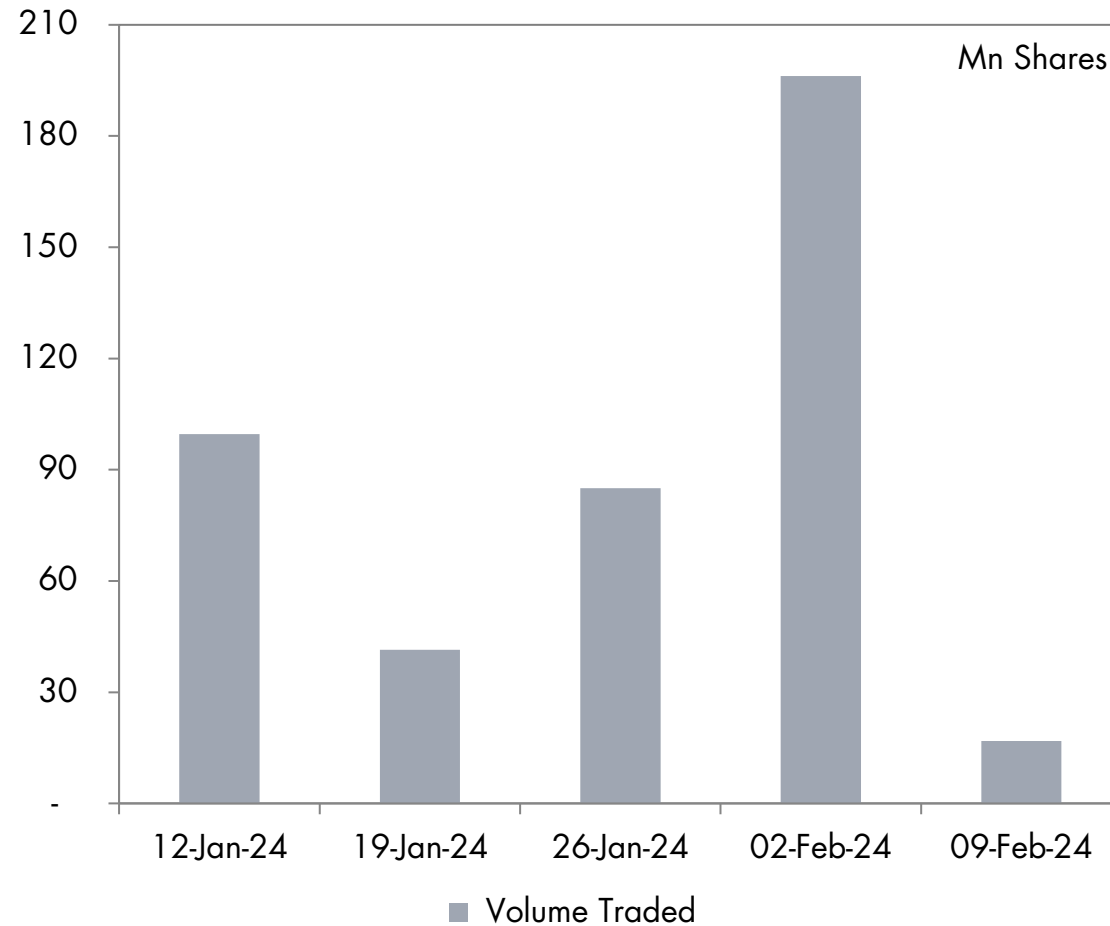
Average volume decreased 2% w/w

Average value traded increased 22% w/w



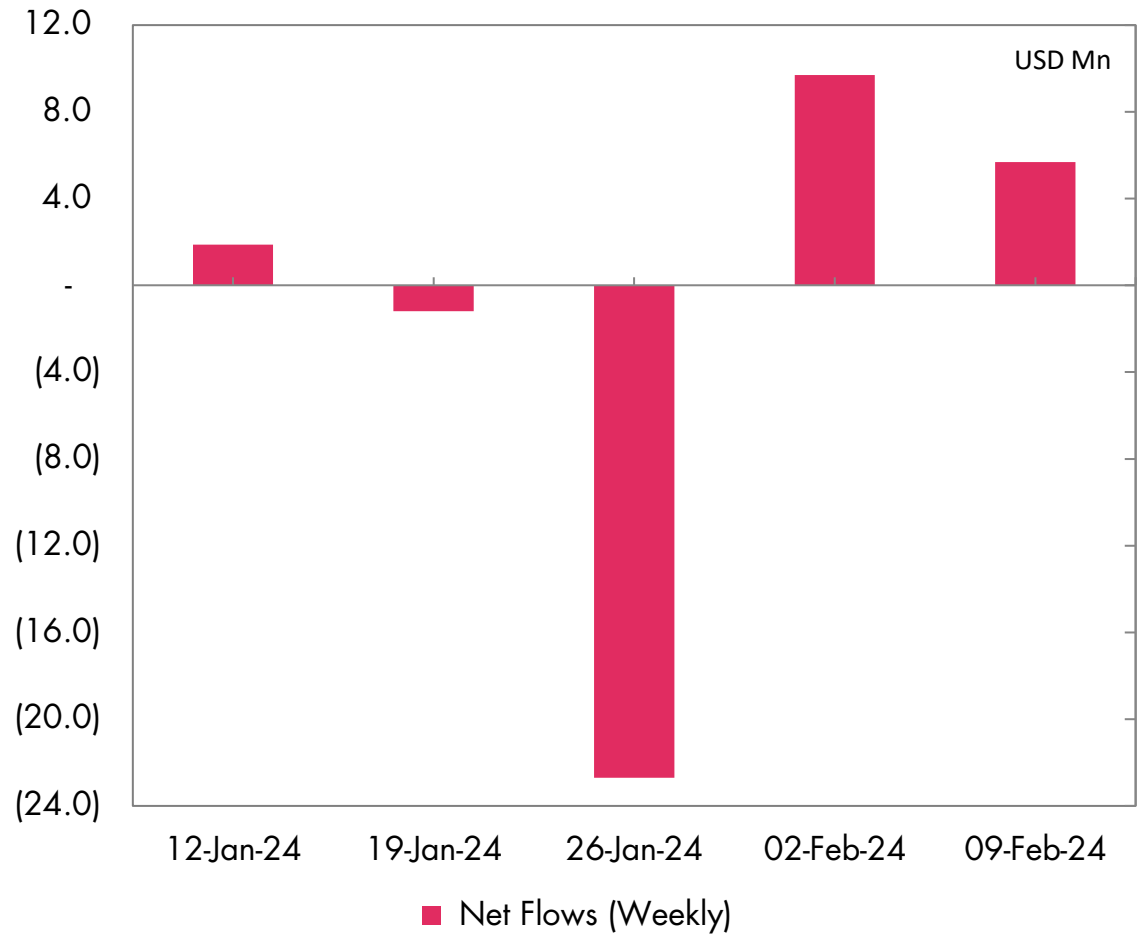
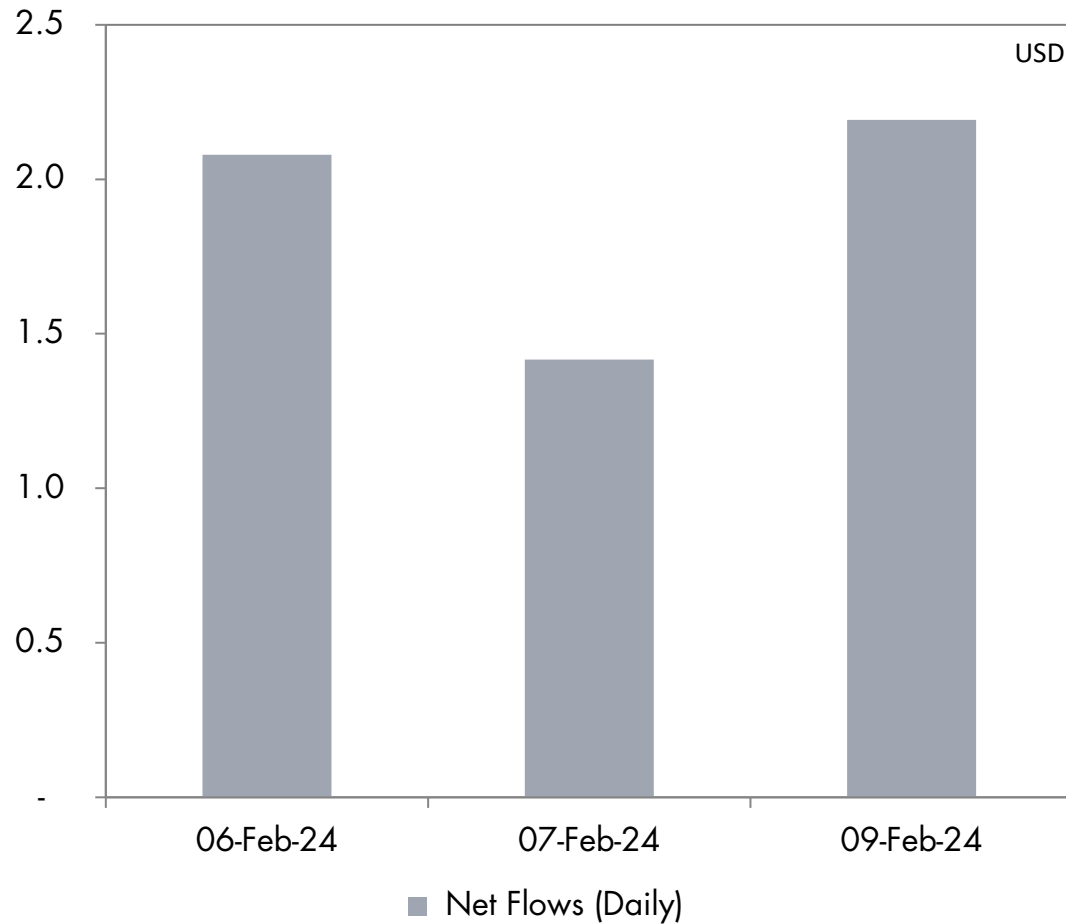
Off-market volume was 17mn shares during the week

Off-market value traded was PKR 0.6bn during the week



Foreigners were buying during the week

Foreign buying stood at USD 5.7mn during the week



Individuals were the largest net buyers

Mutual Funds emerged as the largest net sellers

Weekly Net Flows (USD Mn)	FIPI	Individuals	Banks	Companies	M. Funds	Brokers	Others	Insurance	NBFC
All other Sectors	(0.34)	0.05	0.16	0.18	(0.43)	0.34	(0.03)	0.06	0.01
Cement	(0.88)	0.50	0.52	0.11	(0.56)	0.12	(0.02)	0.21	0.00
Commercial Banks	1.20	0.50	(0.14)	(1.20)	(0.69)	0.13	0.11	0.10	(0.00)
Fertilizer	1.15	(0.07)	(1.14)	(0.03)	(0.38)	0.35	0.05	0.06	(0.00)
Consumers	(0.01)	(0.09)	0.00	0.02	(0.02)	0.05	0.04	0.00	0.00
Oil and Gas Exploration	4.89	1.36	0.41	0.02	(3.24)	(1.31)	(1.72)	(0.42)	0.00
Oil and Gas Marketing	(0.05)	0.50	0.23	0.03	(0.28)	(0.22)	(0.04)	(0.17)	(0.00)
Power	0.24	0.71	(0.68)	(0.24)	(0.01)	0.09	0.00	(0.12)	0.00
Technology & Communication	(0.53)	0.26	0.01	(0.01)	0.20	0.05	0.02	0.00	(0.00)
Textile Composite	0.01	0.09	(0.05)	0.00	(0.07)	0.00	0.00	(0.00)	0.00
Total	5.69	3.82	(0.68)	(1.13)	(5.46)	(0.76)	(1.21)	(0.28)	0.02

Source: NCCPL , Next Research

IMF lowers Pakistan's growth forecast to 2pc

- **Tough reforms needed to improve ratings: S&P (Dawn):** Pakistan's road to securing high credit ratings will depend on whether the elections this week will bring about a government that can push for tough reforms, according to S&P Global Ratings. Almost all top rating agencies have downgraded the country's ratings due to prolonged political and economic crisis.
- **Future stability of rupee, bonds linked to peaceful elections, IMF review: experts (The News):** The stability of Pakistan's currency and international bonds is linked with a successful second review of the country's ongoing International Monetary Fund (IMF) program and a peaceful transition of government after this week's national elections, Arab News reported.
- **Pakistan, Germany ink €45m agreements for technical development cooperation (Mettis):** Pakistan and Germany on Wednesday signed agreements worth €45 million for Technical Development Cooperation, marking the commencement of new bilateral cooperation projects, according to a press release issued on the said day.
- **ADB pledges \$100m for multipurpose dam in Balochistan (Dawn):** The Asian Development Bank will provide assistance worth \$100 million to Pakistan to build a climate-resilient multipurpose dam in Balochistan to boost agricultural production and ensure rural flood protection in the province.
- **Bonds rise on economic optimism (ET):** Pakistan's US dollar-denominated Eurobonds and Sukuks have emerged as some of the world's best-performing bonds in global markets, driven by optimism surrounding the nation's domestic macroeconomics amidst the ongoing elections to elect new political governments at the centre and in the provinces on Thursday.
- **Delayed poll results fuel confusion amid claims by parties (The News):** Confusion and anxiety gripped nation as the Election Commission of Pakistan (ECP) failed to release results, especially of several key constituencies, despite passage of nine hours after conclusion of polling. However, it was around 2:30 am early Friday that the ECP woke up only to tell media that the delay was due to internet, and announced two results of Khyber Pakhtunkhwa Assembly.
- **Trade deficit shrinks to \$13.1b (ET):** Pakistan's trade deficit shrank to \$13.1 billion during the first seven months of this fiscal year, which is \$6.4 billion less than the same period of the last fiscal year.
- **Govt raises 7.5 times lower financing at T-bills auction (ET):** The government has raised financing 7.5 times lower than the target, reaching Rs64 billion through the auctioning of sovereign debt securities (T-bills), while managing to stabilise the rate of return at around 20.4%. Commercial banks demanded a significantly higher rate of return (interest rate) to lend money to the cash-strapped government.
- **Govt borrows over Rs4 trillion from banks in seven months (The News):** The government borrowing from banks more than doubled in the first seven months of the 2023/24 fiscal year, as it struggled to finance a widening budget deficit and rising debt servicing costs amid high inflation and interest rates. The State Bank of Pakistan latest data showed that the caretaker government borrowed Rs4.133 trillion from banks between July 1, 2023, and January 26, 2024.
- **Govt to permit re-export of oil by foreign suppliers (ET):** The federal government has announced plans to permit the import, local sale, and re-export of petroleum products facilitated by foreign suppliers. This decision, aimed at streamlining trade processes, involves amendments to the Customs Rules, 2001, introducing the Customs Bonded Facilitation Rules, 2024.
- **Ogra seeks to raise gas prices again to meet IMF condition (Dawn):** In order to meet the IMF's mid-February deadline, the Oil and Gas Regulatory Authority (Ogra) made significant concessions to the gas utilities — SNGPL and SSGC — to extract another Rs100 billion from consumers over the next four months through an increase of 9 to 35 per cent in tariffs.
- **Saudi firm keen to invest in renewable energy sector (BR):** Saudi company ACWA Power is reportedly ready to offer low tariff for solar project of 600 MWp subject to minimum project risk in Pakistan as it has installed solar projects at Cents 2 per unit in UAE and Oman, well informed sources told.
- **Discos' management; CCoP defers approval to PD proposal (BR):** The Cabinet Committee on Privatisation (CCoP) has deferred approval of the Power Division's proposal to give Discos management to private sector on long-term concession agreement basis, seeking more information and comprehensive replies to questions raised by other ministries, well-informed sources told.
- **Power firms' performance below par despite high tariffs: Nepra (Dawn):** True to general perception, the country's power generation plants and transmission systems in the public and private sectors are below par in terms of their respective performance standards affecting the quality of service despite higher consumer tariffs, according to National Electric Power Regulatory Authority (Nepra).
- **Effective July 2023; ECC raises gas price for Fatima Fertilizer, Agritech (BR):** The Economic Coordination Committee (ECC) of the Cabinet has increased the gas price for Fatima Fertilizer (Sheikhupura) and Agritech (Mianwali) plants to Rs1,239 Mmbtu from July 2023 onward after the meeting was informed that manufacturers have already increased urea prices from Rs2,791 to Rs3,277 per 50-kg from July 4, 2023.
- **Industrial subsidies burden may be cut by 91% (ET):** The International Monetary Fund has agreed to review a proposal backed by the Special-Investment Facilitation Council aimed at reducing the subsidy burden of the industrial sector by 91%.

Commodities

WTI increase 3% WoW

Commodity	Unit	19-Jan-24	26-Jan-24	2-Feb-24	9-Feb-24
WTI	bbl	73.95	77.36	73.82	76.22
Brent	bbl	78.96	82.34	78.70	81.63
Arab Light	bbl	78.60	81.14	81.40	80.43
Coal	MT	96.05	95.15	93.50	92.50
Natural Gas	mmbtu	2.70	2.57	2.05	1.917
Polypropylene	MT	0.45	0.47	0.49	0.50
Ethanol	MT	2.16	2.16	2.16	2.16
Urea	MT	326.00	333.50	380.00	378.50
DAP	MT	590.00	595.00	582.50	582.50

Commodity	Unit	19-Jan-24	26-Jan-24	2-Feb-24	9-Feb-24
Cotton	lb	82.51	85.76	86.49	89.68
Gold	Ounce	2,022.67	2019.12	2,071.10	2,047.90
Silver	Ounce	22.74	22.91	23.24	22.64
Copper	lb	3.75	3.87	3.85	3.70
Iron Ore	MT	1,008.50	1065.00	1,054.00	981.50
Steel Scrap LME	MT	415.00	421.00	419.50	417.00
Steel Rebar LME	MT	605.50	610.00	619.50	613.50
Rubber	KG	154.00	155.20	105.70	151.80

Source: Bloomberg, Mettis, other websites, Next Research

Currencies

PKR appreciated against USD (Interbank)

Currency	12-Jan-24	19-Jan-24	26-Jan-24	2-Feb-24	9-Feb-24
PKR / USD	280.36	279.90	279.59	279.41	279.28
PKR / EUR	307.85	304.47	302.46	304.10	300.87
PKR / GBP	358.18	354.94	354.62	356.46	352.33
PKR / JPY	1.93	1.89	1.89	1.91	1.87
PKR / CAD	209.98	207.50	207.50	208.94	207.58
PKR / AUD	188.11	184.14	184.30	184.24	181.76

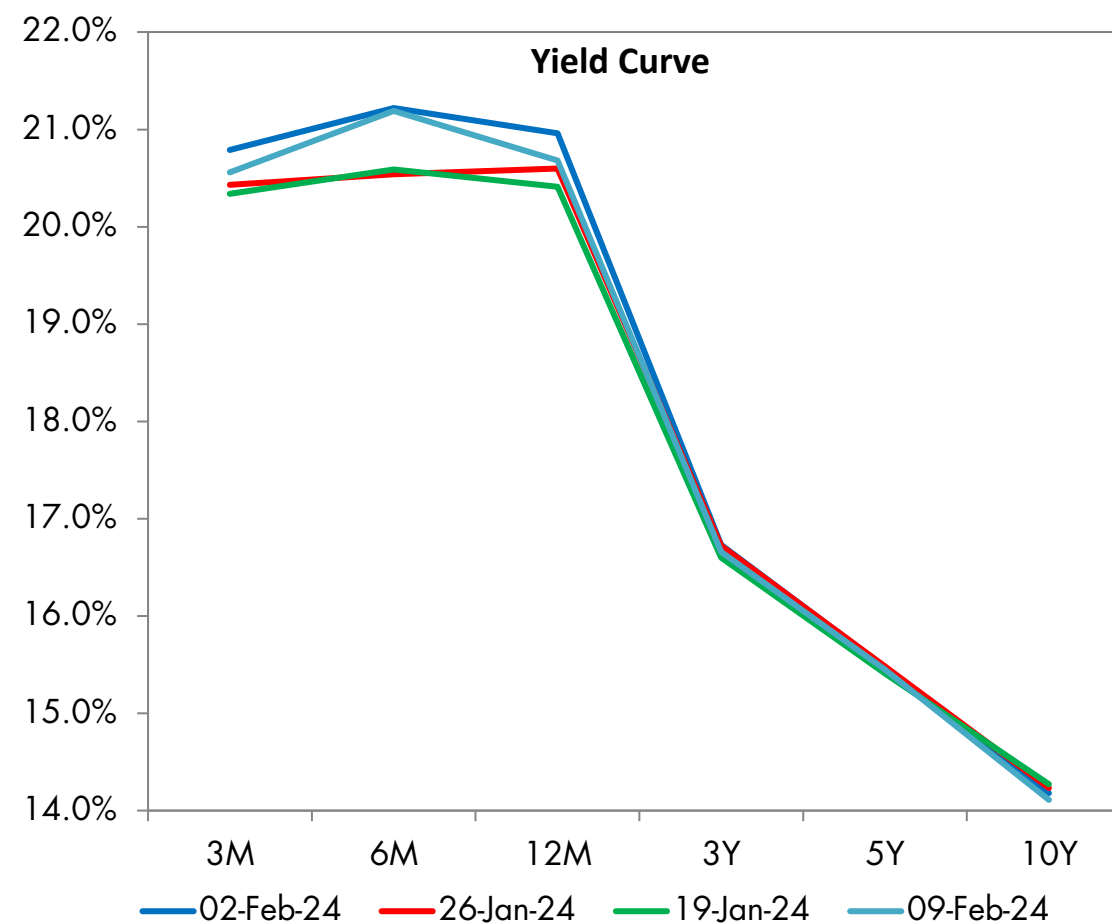


Source: SBP, Next Research

Economic Indicators

Monetary aggregates

	Nov-23	Dec-23	Jan-24	Feb-24*
Discount Rate	23.0%	23.0%	23.0%	23.0%
Policy Rate	22.0%	22.0%	22.0%	22.0%
6M KIBOR	21.5%	21.5%	21.0%	21.3%
CPI	29.2%	29.7%	28.3%	n/a
CPI – NFNE Urban	18.6%	18.5%	17.8%	n/a
M2 – Growth YoY	13.6%	17.8%	15.4%	n/a
CIC – Growth YoY	11.1%	9.9%	8.3%	n/a
NDA – Banking Growth YoY	16.6%	17.4%	12.3%	n/a
NFA – Banking Growth YoY	75.2%	11.7%	-18.1%	n/a
Private Sector Credit Growth YoY	1.3%	0.1%	-1.7%	n/a
Govt. Borrowing W/ SBP Growth YoY	6.2%	-37.4%	-26.9%	n/a



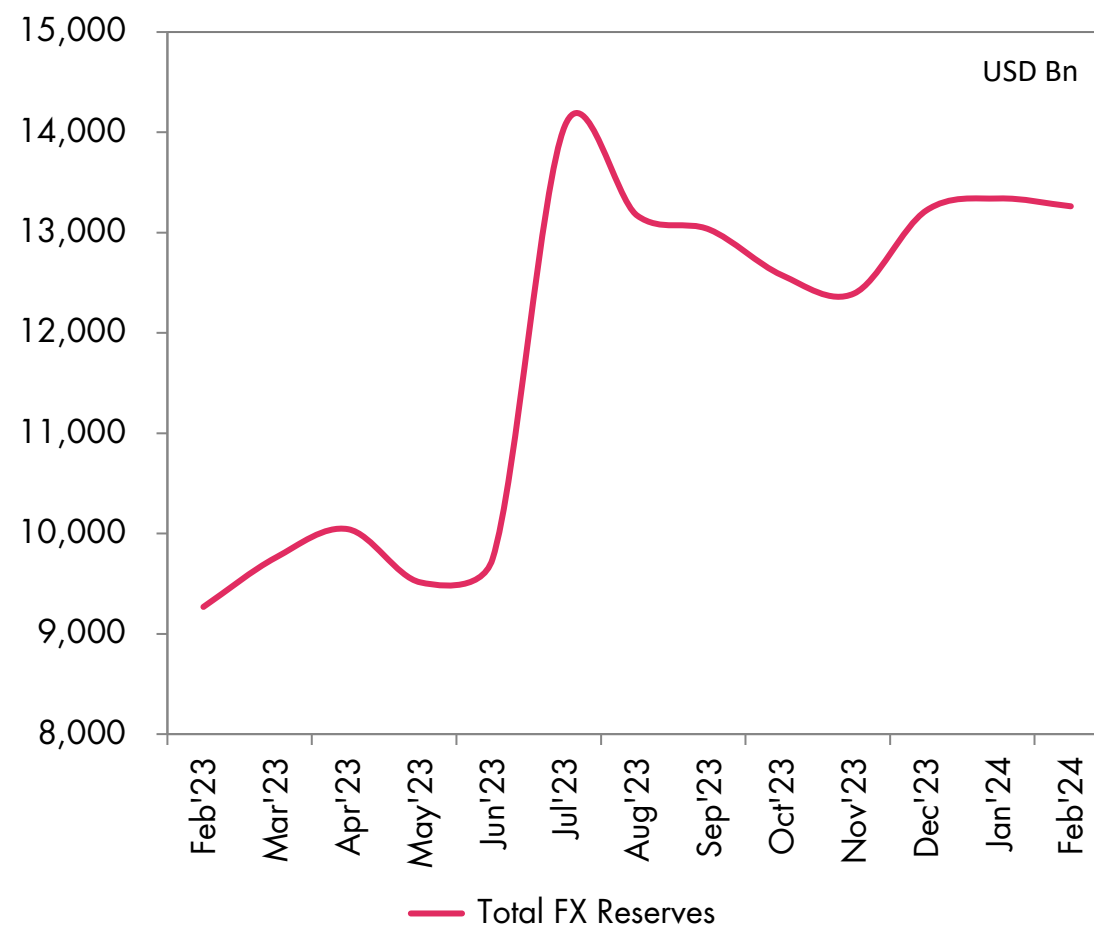
*Latest Number Available

Source: SBP, PBS, Next Research

Economic Indicators

External account

USD Million	Oct-23	Nov-23	Dec-23	Jan-24
Current Account	(184)	(15)	397	n/a
Financial Account	(112)	(361)	1,163	n/a
Balance of Payment	(172)	(540)	1,479	n/a
FDI	122	131	211	n/a
Remittances	2,463	2,259	2,381	n/a
Commodities Exports – SBP	2,764	2,724	2,799	n/a
Commodities Imports – SBP	4,378	4,442	4,092	n/a
Trade Balance – SBP	(1,614)	(1,718)	(1,293)	n/a
Exports – PBS	2,690	2,573	2,822	2,790
Imports – PBS	4,864	4,539	4,650	4,737
Trade Balance – PBS	(2,174)	(1,966)	(1,828)	(1,947)



Source: SBP, PBS, Next Research

Contacts

Karachi Office

2nd Floor Imperial Court Building,
Dr. Ziauddin Ahmed Road,
Karachi, Pakistan

UAN: +92-21-111-639-825

Fax: +92-21-35632321

DHA Lahore Office

63-A, Agora Eden City ,
DHA Phase VIII,
Lahore, Pakistan

Tel: +92-42-37135843-8

Fax: +92-42-37135840

Research

UAN: 92-21-111-639-825 Ext 113

Email:
research@nextcapital.com.pk

Sales and Trading

UAN: 92-21-111-639-825 Ext 105

Email: equitysales@nextcapital.com.pk
Email: cs@nextcapital.com.pk

Corporate Finance & Advisory

UAN: 92-21-111-639-825 Ext 114

Email: cf@nextcapital.com.pk

Disclaimer

Analyst Certification: All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Disclaimer

This information and opinion contained in this report have been compiled by our research department from sources believed by it to be reliable and in good faith, but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness. All opinions and estimates contained in the document constitute the department's judgment as of the date of this document and are subject to change without notice and are provided in good faith but without legal responsibility.

This report is not, and should not be construed as, an offer to sell or a solicitation of an offer to buy any securities. Next Capital Limited (the company) or persons connected with it may from time to time have an investment banking or other relationship, including but not limited to, the participation or investment in commercial banking transactions (including loans) with some or all of the issuers mentioned therein, either for their own account or the account of their customers. Persons connected with the company may provide or have provided corporate finance and other services to the issuer of the securities mentioned herein, including the issuance of options on securities mentioned herein or any related investment and may make a purchase and/or sale, or offer to make a purchase and/or sale of the securities or any related investment from time to time in the open market or otherwise, in each case either as principal or agent.

This report may contain forward looking statements which are often but not always identified by the use of words such as "anticipate", "believe", "estimate", "intend", "plan", "expect", "forecast", "predict" and "project" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. Such forward looking statements are based on assumptions made and information currently available to us and are subject to certain risks and uncertainties that could cause the actual results to differ materially from those expressed in any forward looking statements. Readers are cautioned not to place undue relevance on these forward looking statements. NCEL expressly disclaims any obligation to update or revise any such forward looking statements to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

Exchange rate fluctuations may affect the return to investors. Neither the company or any of its affiliates, nor any other person, accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or the information contained therein.

Next Capital Limited, its respective affiliate companies, associates, directors and/or employees may have investments in securities or derivatives of securities of companies mentioned in this report, and may make investment decisions that are inconsistent with the views expressed in this report.