



WEEKLY REVIEW

PAKISTAN EQUITIES

March 22, 2024

Research

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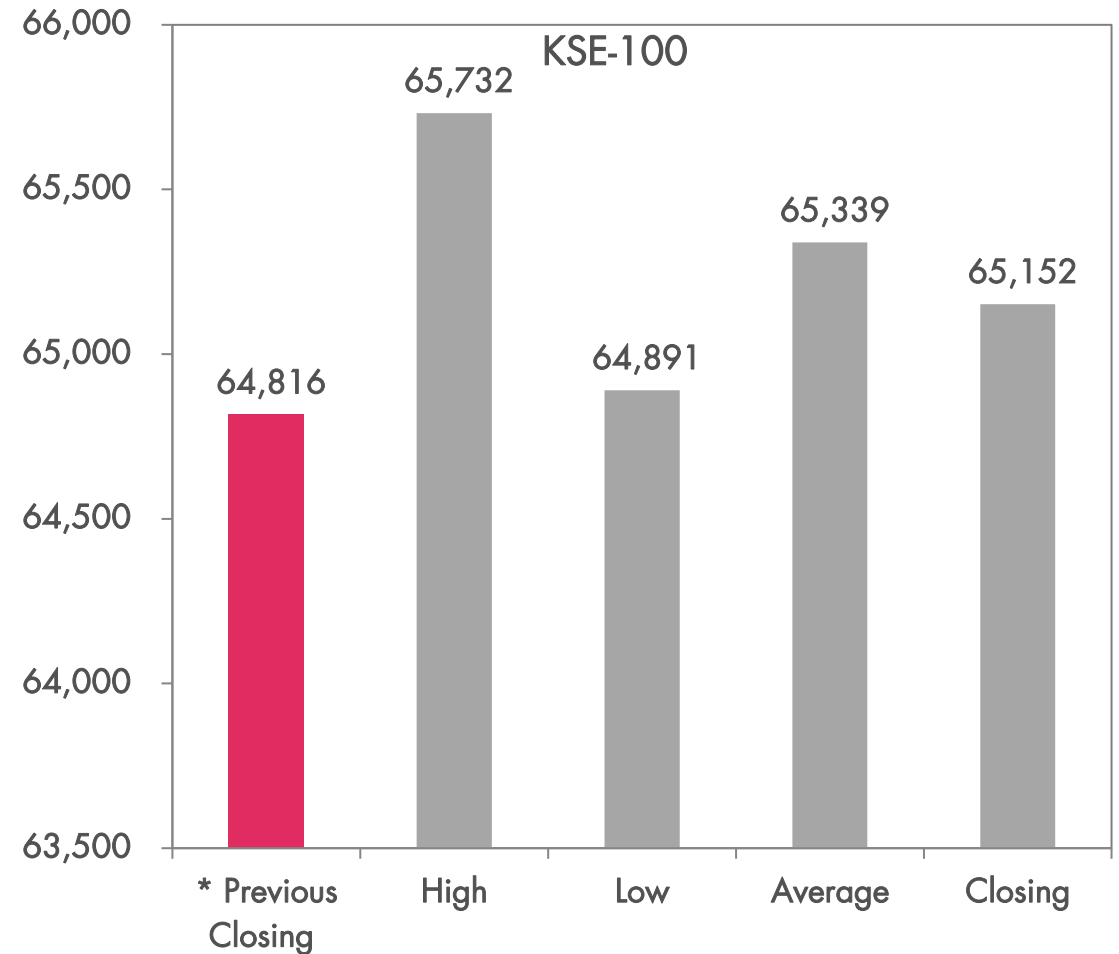
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PSX Indices

KSE100 Gain 0.5% w/w

| PSX Indices | Level | w/w |
|-------------|---------|-------|
| KSE-100 | 65,152 | 0.5% |
| KSE-30 | 21,448 | -0.5% |
| KSE-ALL | 43,241 | 0.2% |
| KMI-30 | 109,234 | -0.8% |
| KMI-ALL | 30,789 | -1.2% |
| OGTi | 15,375 | -1.8% |
| BKTi | 15,998 | 0.7% |

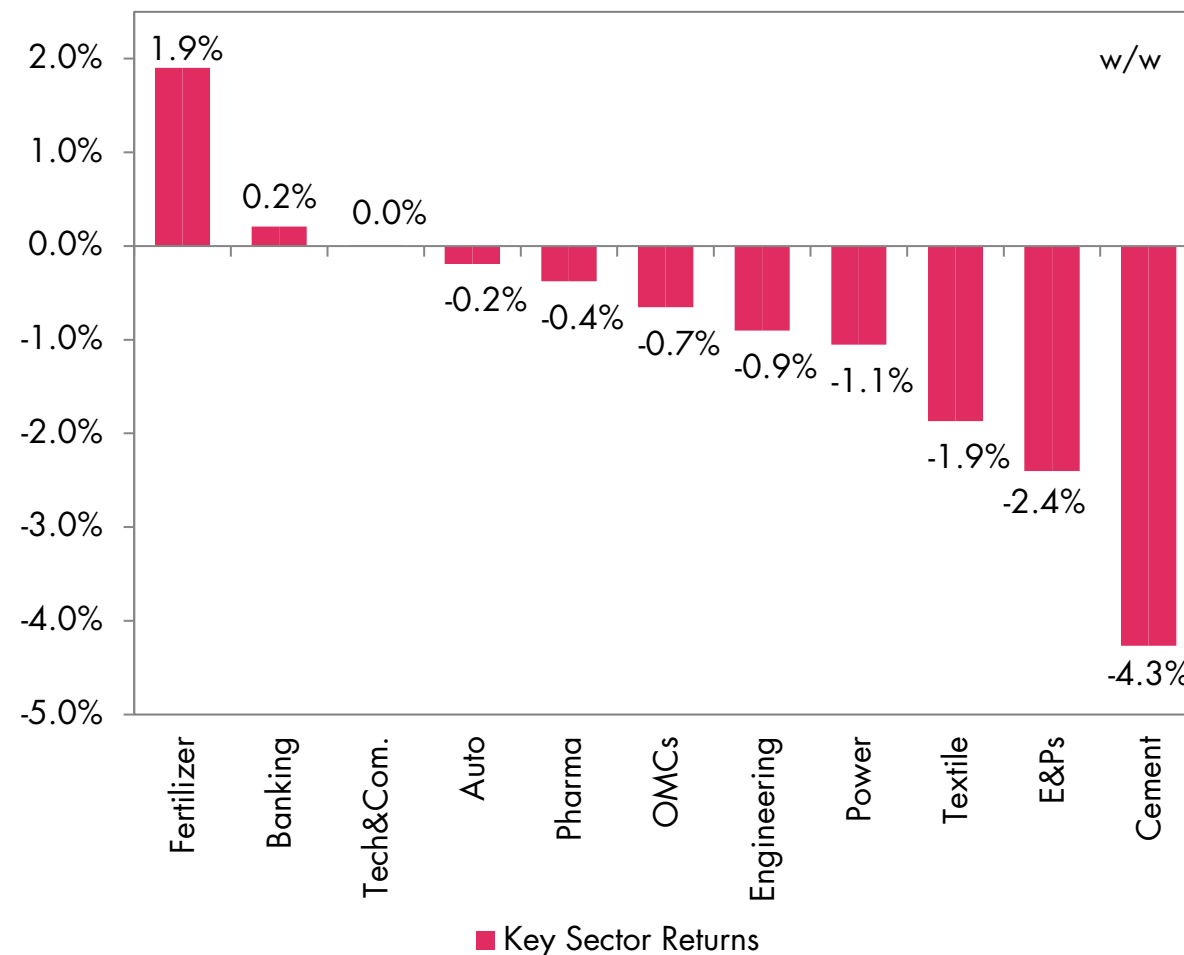
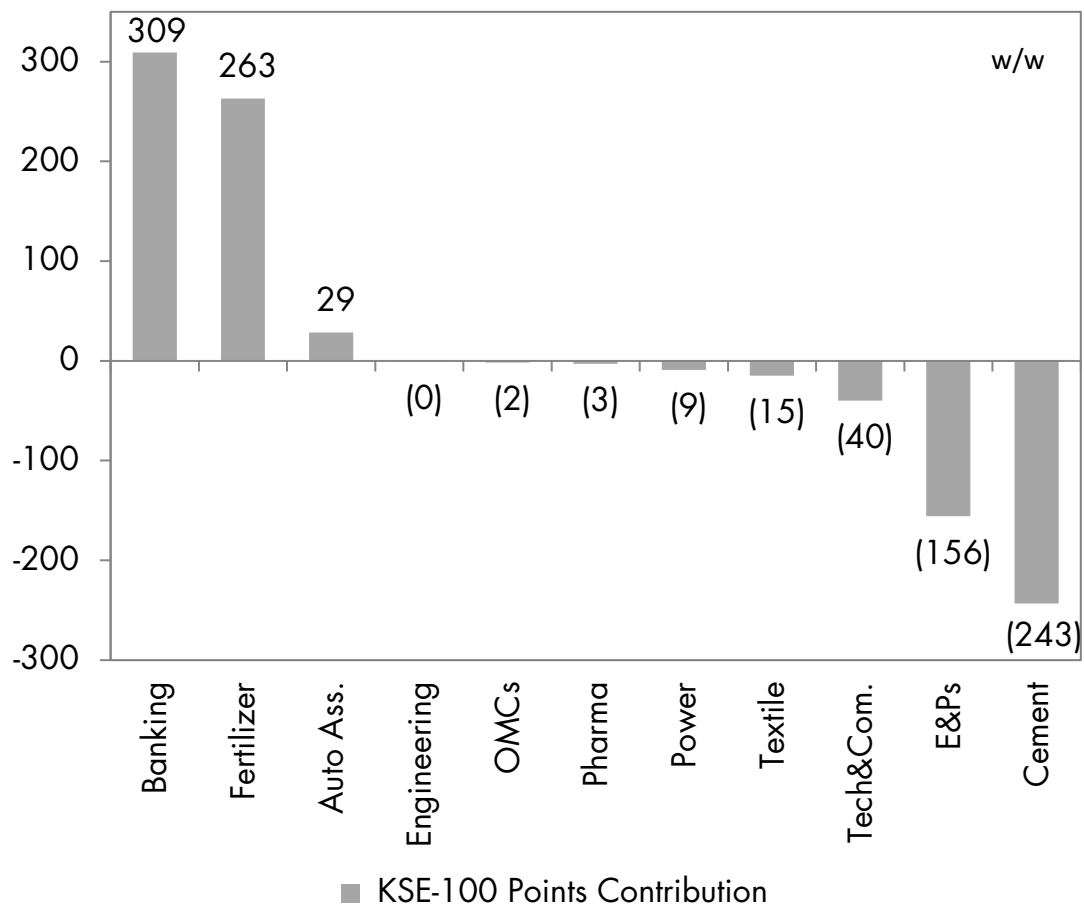


* Last week closing

Source: PSX , Next Research

Banking sector took 309 points to KSE100 Index

Cement sector dropped 4.3% w/w



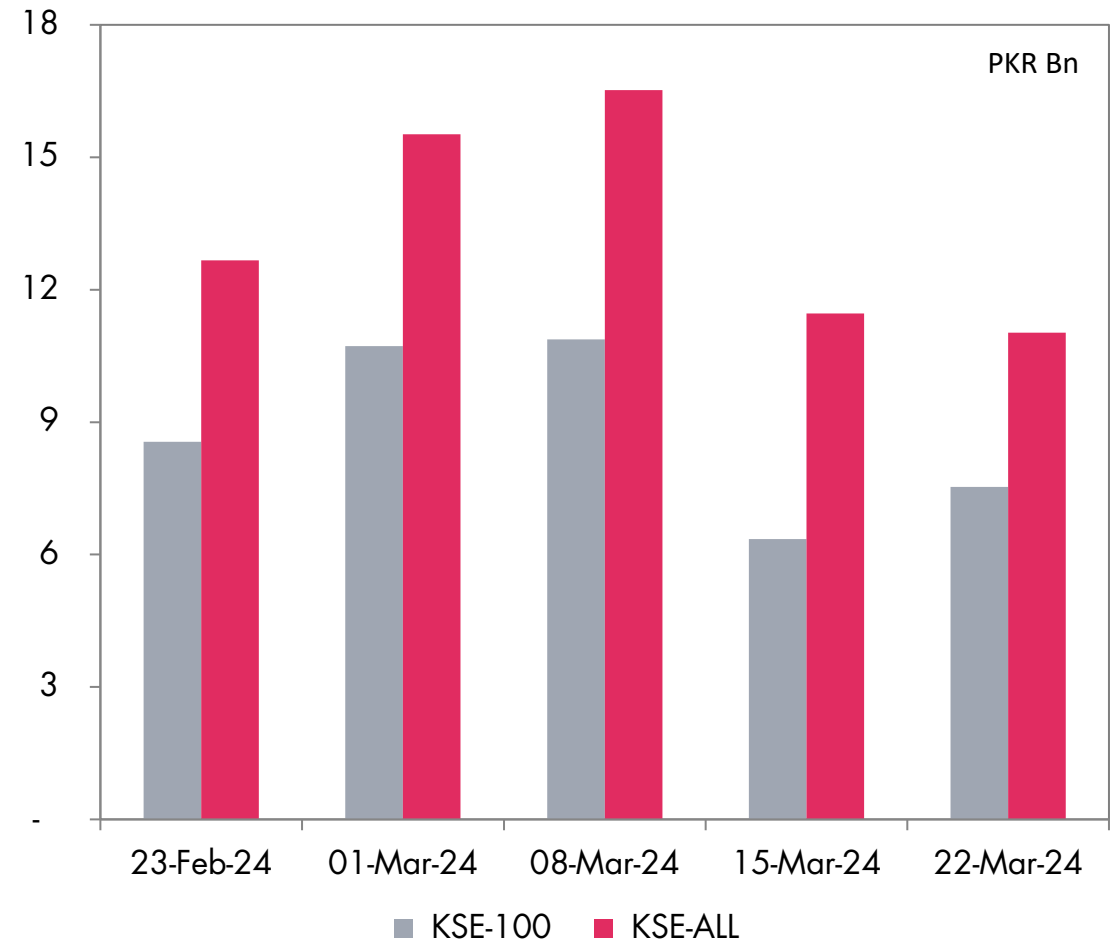
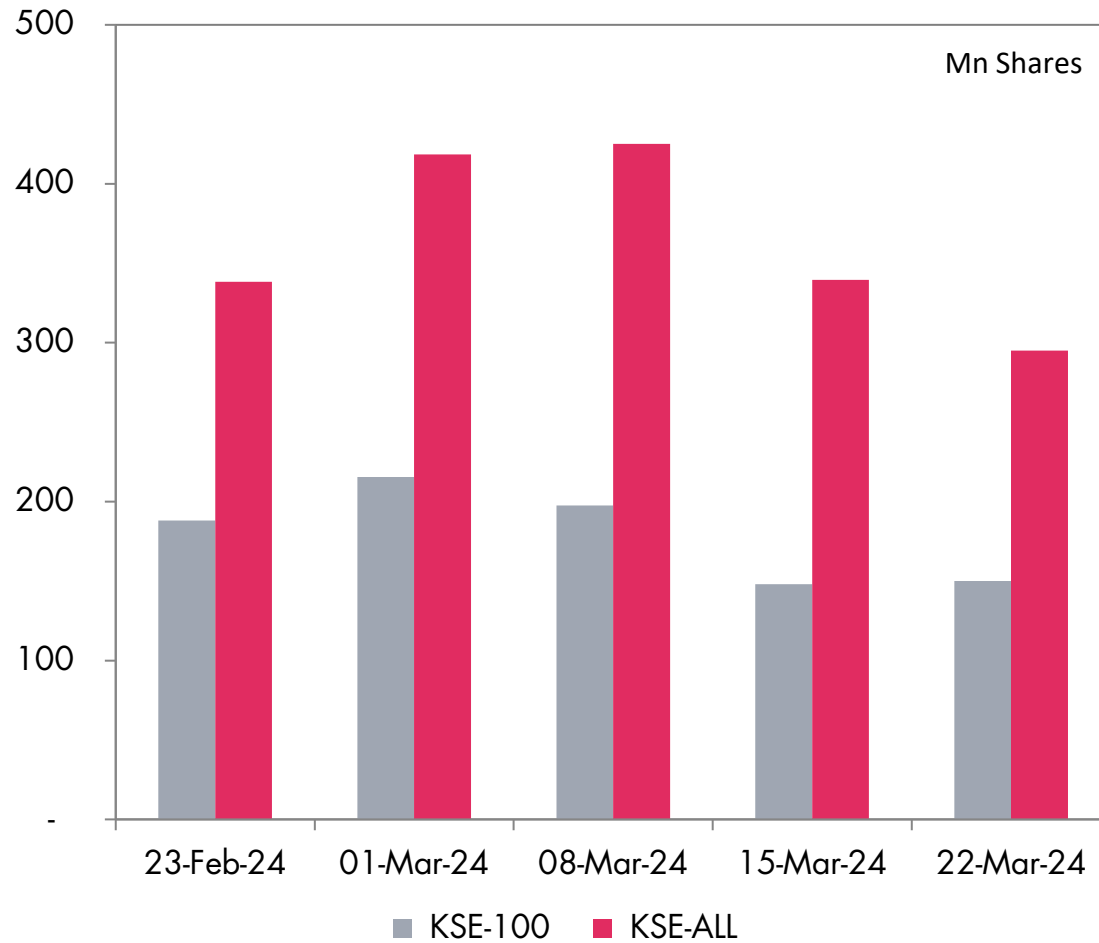
Top 10 positive contributors added 653 points to KSE100 Index

Top 10 negative contributors took 632 points from KSE100 Index

| Top 10 Positive Contributors | | Index Points | Top 10 Negative Contributors | | Index Points |
|------------------------------|--|--------------|------------------------------|--|--------------|
| DAWH | | 212.20 | PPL | | (116.67) |
| MEBL | | 172.39 | OGDC | | (114.77) |
| FFC | | 163.57 | HBL | | (84.19) |
| NBP | | 104.61 | SYS | | (77.37) |
| MCB | | 76.91 | LUCK | | (76.00) |
| ENGRO | | 57.71 | MLCF | | (35.37) |
| EFERT | | 43.64 | UBL | | (33.83) |
| MARI | | 40.56 | PIOC | | (32.60) |
| POL | | 35.13 | FCCL | | (32.15) |
| BAFL | | 34.70 | DGKC | | (28.94) |

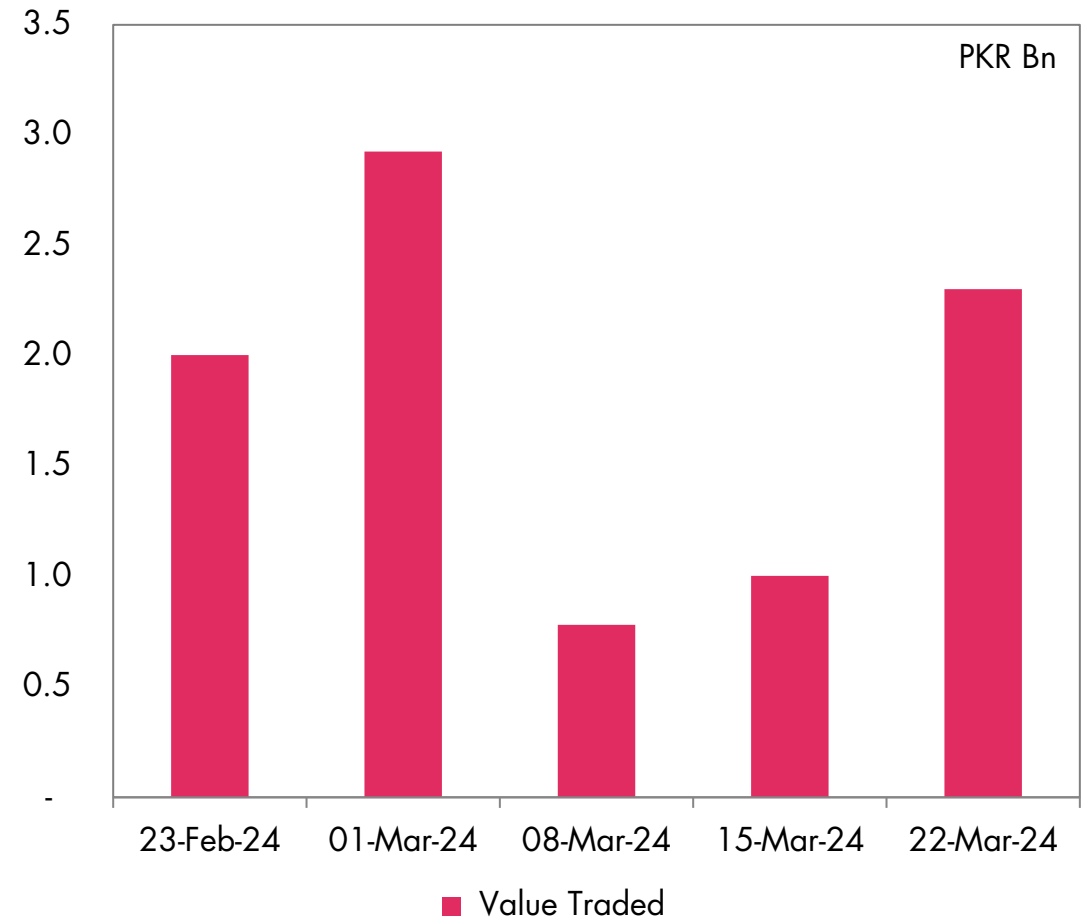
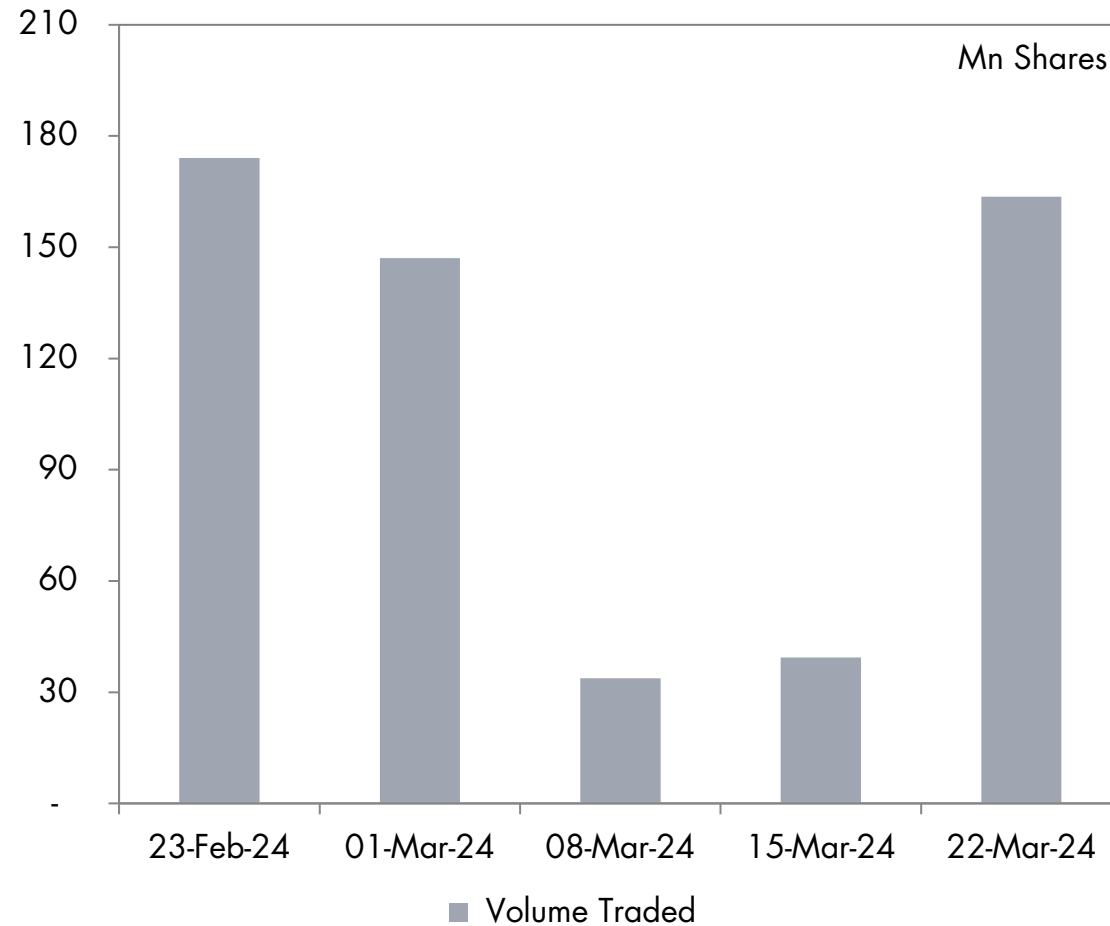
Average volume decreased 13% w/w

Average value traded decreased 4% w/w



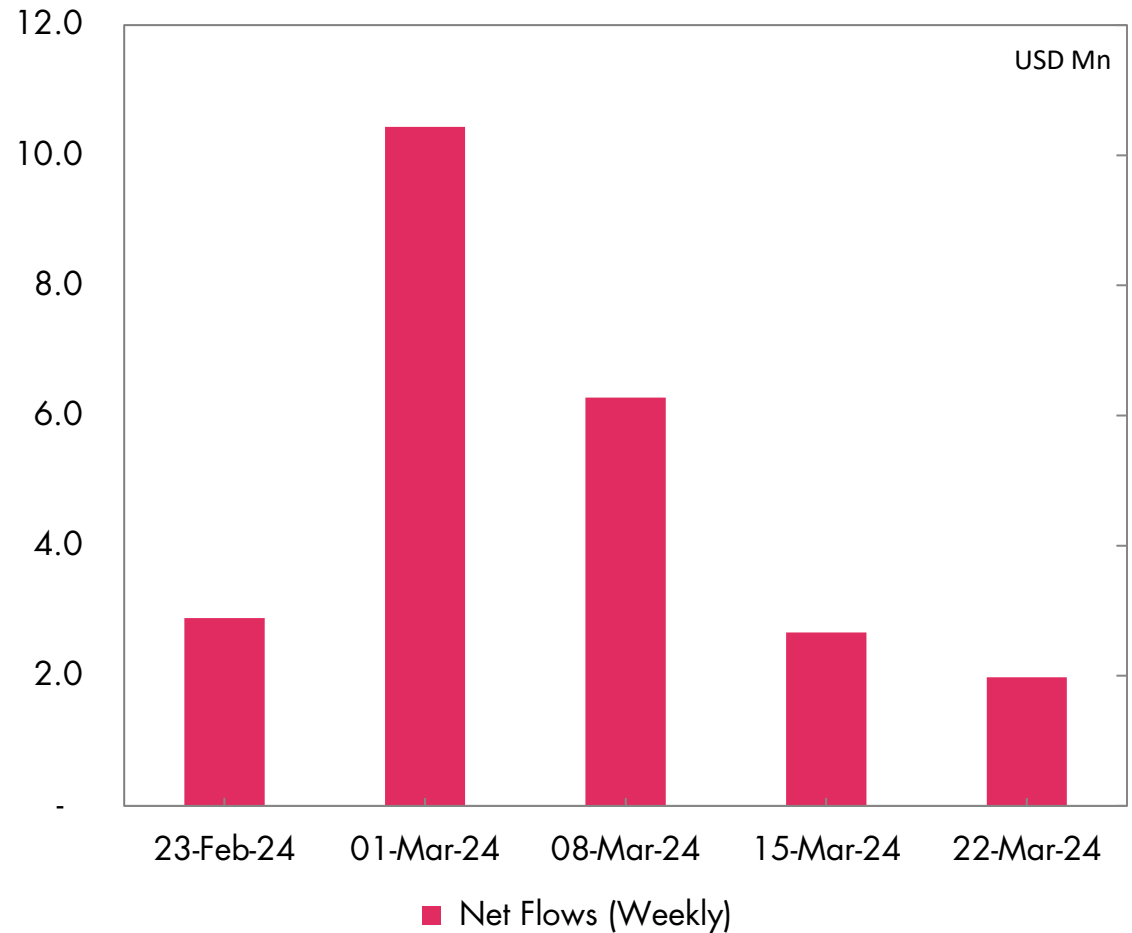
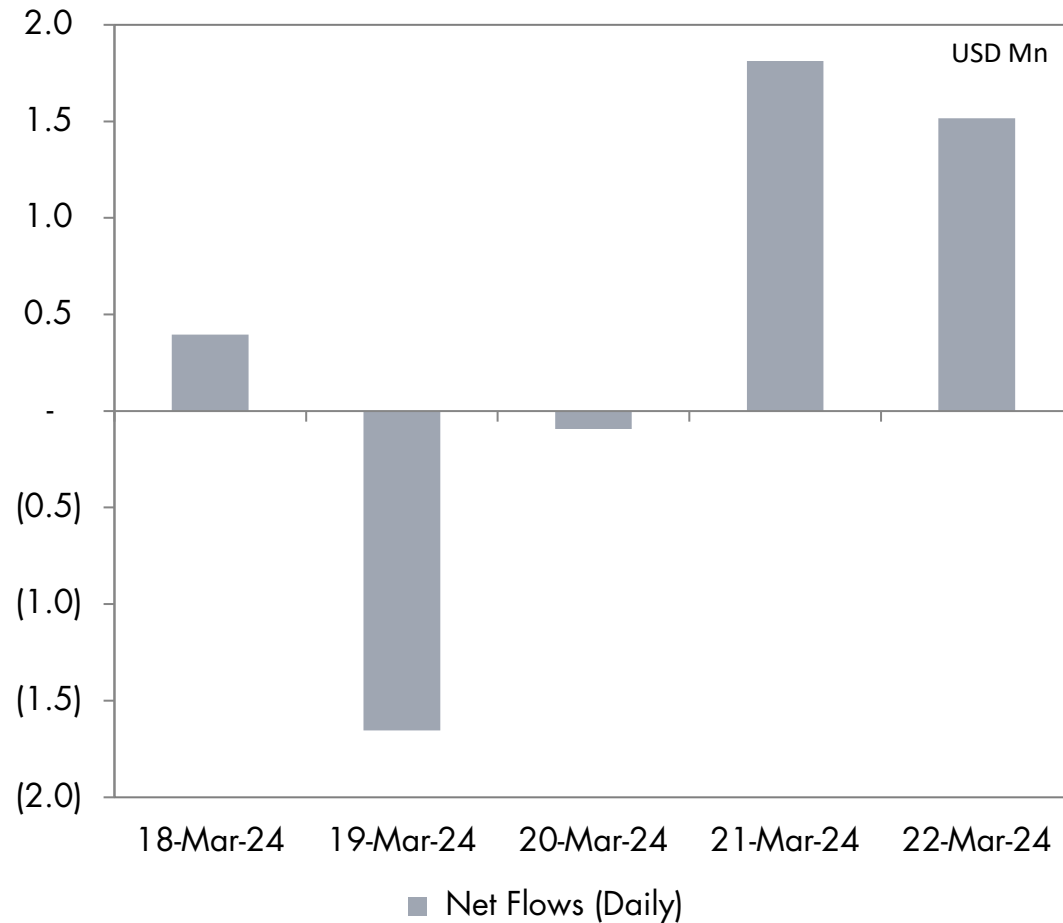
Off-market volume was 164mn shares during the week

Off-market value traded was PKR 2.3bn during the week



Foreigners were buying during the week

Foreign buying stood at USD 2.0mn during the week



Insurance were the largest net buyers

Companies emerged as the largest net sellers

| Weekly Net Flows (USD Mn) | FIPI | Individuals | Banks | Companies | M. Funds | Brokers | Others | Insurance | NBFC |
|----------------------------|--------|-------------|--------|-----------|----------|---------|--------|-----------|--------|
| All other Sectors | 0.18 | (1.29) | (0.38) | 0.74 | (0.47) | (1.21) | 0.11 | 2.32 | (0.00) |
| Cement | 0.63 | 0.40 | 0.05 | (0.90) | (0.62) | (0.04) | 0.03 | 0.44 | 0.00 |
| Commercial Banks | 0.81 | 2.26 | (1.42) | (7.54) | (0.82) | (0.31) | (0.20) | 7.19 | 0.03 |
| Fertilizer | 0.09 | (3.68) | (2.06) | (0.58) | (0.46) | (0.70) | (0.10) | 7.48 | 0.01 |
| Consumers | 0.00 | 0.04 | (0.24) | (0.30) | 0.25 | 1.42 | (1.29) | 0.11 | (0.01) |
| Oil and Gas Exploration | 0.62 | (0.86) | 0.63 | 0.01 | (1.05) | (0.98) | (0.08) | 1.67 | 0.03 |
| Oil and Gas Marketing | (0.37) | (1.50) | (1.01) | (0.16) | (0.45) | (0.25) | 0.08 | 3.67 | (0.00) |
| Power | (0.11) | 0.29 | (1.49) | 0.02 | (0.47) | (0.34) | (0.02) | 2.13 | (0.01) |
| Technology & Communication | 0.15 | (0.20) | 0.29 | (0.13) | (0.13) | 0.18 | (0.22) | 0.06 | 0.00 |
| Textile Composite | (0.02) | 0.47 | 0.66 | (0.12) | (0.14) | 0.03 | 0.05 | (0.93) | 0.00 |
| Total | 1.98 | (4.06) | (4.95) | (8.96) | (4.36) | (2.20) | (1.64) | 24.13 | 0.06 |

Source: NCCPL , Next Research

IMF says will disburse final SBA tranche

- **PM says another IMF bailout is inevitable (The News):** Prime Minister Shehbaz Sharif Thursday said the government was going to take tough economic decisions to steer the country out of crises and pledged to protect the downtrodden segments of society. However, he made it clear that the burden of tough decisions would primarily be borne by the wealthy and elite, with safeguards in place to protect the interests of the poor and vulnerable.
- **IMF says will disburse final SBA tranche (BR):** The International Monetary Fund (IMF) and Pakistan have reached a staff-level agreement on the second and final review under the nine-month \$3 billion Stand-By Arrangement (SBA). The Fund, on Wednesday, announced that the agreement is subject to approval by the IMF's Executive Board, upon which the remaining access under the SBA, \$1.1 billion (SDR 828 million), will be disbursed to Pakistan.
- **IMF wants 18pc GST on top of PDL on petroleum products (The News):** The IMF has recommended the government to apply the same rate of Federal Excise Duty (FED) on the locally manufactured cigarettes regardless of whether the manufacturer is local or foreign and slap Petroleum Development Levy (PDL) on machinery input polluting the environment. The IMF has also asked the FBR to progressively raise excises on domestically produced cars and on luxury goods such as yachts and increase border control to avoid smuggling of oil derivatives, especially from the sensitive areas. The Fund also recommended the FBR to tax e-cigarettes in a similar way to tobacco given equivalent internality.
- **Missing trader fraud arrangements: IMF underscores need for amending STA (BR):** The International Monetary Fund (IMF) has recommended amendments to the Sales Tax Act, 1990 to check "missing trader fraud arrangements" used within the sales tax regime to evade sales tax. The IMF understands anecdotally from the FBR that missing trader fraud arrangements present a considerable problem in Pakistan, especially in the construction sector and reprocessing of used raw materials.
- **Key allies assure govt of support to shore up economy (Dawn):** Pakistan's key diplomatic allies have begun discussions with the new government's economic team to foster bilateral and multilateral economic and financial cooperation. European Union Ambassador to Pakistan Dr Riina Kionka, US and China's envoys Donald Blome and Jiang Zaidong met Finance Minister Muhammad Aurangzeb in the last four days.
- **WB may approve \$150m for two projects today (BR):** The World Bank's Board of Executive Directors is likely to approve \$ 150 million in financing for "Pakistan: Digital Economy Enhancement Project (DEEP) and Sindh Barrages Improvement Project" on Friday (today), it is learnt.
- **Pakistan's dollar bonds surge 1.2pc, touch two-year high post IMF's \$1.1billion nod (The News):** Pakistan's dollar bonds soared to a two-year peak on Wednesday, buoyed by the International Monetary Fund's (IMF) preliminary nod for a final \$1.1 billion bailout tranche and the country's pursuit of another loan to bolster its economy. The 10-year \$500 million bond, which matures in September 2025, increased 1.2 cents to 93.5 cents on the dollar, reaching its highest level since March 2022, as reported by Bloomberg.
- **Foreign inflows clock in at \$6.67bn in 8MFY24, down by 10pc (The News):** Pakistan has received \$6.67 billion in the shape of total foreign loans during the first eight months (July-Feb) period of the current fiscal year against \$7.76 billion in the same period of the last financial year. The government has sought \$17.6 billion in the whole financial year 2023-24 through foreign loans and grants.
- **FDI drops 17.1pc to \$820.6 million in July-Feb (The News):** Pakistan's foreign direct investment (FDI) fell by 17.1 percent year-on-year to \$820.6 million in the first eight months of the current fiscal year, data from the State Bank of Pakistan showed on Wednesday. In February, the country attracted \$131 million in foreign direct investment, a 16 percent increase from the same month last year. According to data from the SBP, FDI in the power sector fell by 59 percent to \$249 million between July and February of FY24.
- **Mixed outcomes in T-bill auction; 3-month yield climbs, 6-month steady (The News):** The treasury bill yields saw a mixed response in Wednesday's auction, with the three-month T-bill rate climbing 26 basis points to 21.6601 percent, while the six-month yield held steady at 20.3944 percent. The twelve-month paper experienced a significant increase, with yields rising 60 basis points to 20.8998 percent. The government raised Rs704 billion through the auction of T-bills, which was higher than the original target of Rs340 billion.
- **IMF Wants Sales Tax on E-Commerce, Facebook and Digital Platforms (Propakistani):** International Monetary Fund (IMF) has recommended sales tax registration of online digital platforms doing transactions with local consumers in Pakistan, sources informed.
- **SBP forex reserves grow for second week to \$8.018bn (The News):** Pakistan's central bank reserves increased for the second consecutive week, reaching \$8.018 billion as of March 15, up from \$7.913 billion in the previous week, the State Bank of Pakistan (SBP) said on Thursday. That is an increase of \$105 million from the previous week. The country's forex reserves rose by \$239 million to \$13.391 billion. The reserves of commercial banks also increased by \$134 million to \$5.373 billion.
- **Eyebrows raised over massive tariff hike sought by gas firms (The News):** The new government functionaries have raised eyebrows over petitions of gas companies submitted to Ogra, seeking up to 380 percent hike in gas tariff for the next financial year 2024-25 applicable from July 1, 2024.

Commodities

WTI decrease 0.2% WoW

| Commodity | Unit | 01-Mar-24 | 08-Mar-24 | 15-Mar-24 | 22-Mar-24 |
|---------------|-------|-----------|-----------|-----------|-----------|
| WTI | bbl | 78.26 | 78.93 | 81.26 | 81.07 |
| Brent | bbl | 81.91 | 82.96 | 85.42 | 85.24 |
| Arab Light | bbl | 83.39 | 83.50 | 85.21 | 86.38 |
| Coal | MT | 101.10 | 99.75 | 99.00 | 98.50 |
| Natural Gas | mmbtu | 1.86 | 1.82 | 1.74 | 1.69 |
| Polypropylene | MT | 0.52 | 0.56 | 0.57 | 0.57 |
| Ethanol | MT | 2.16 | 2.16 | 2.16 | 2.16 |
| Urea | MT | 380.00 | 366.50 | 365.00 | 365.00 |
| DAP | MT | 585.00 | 625.00 | 630.00 | 632.50 |

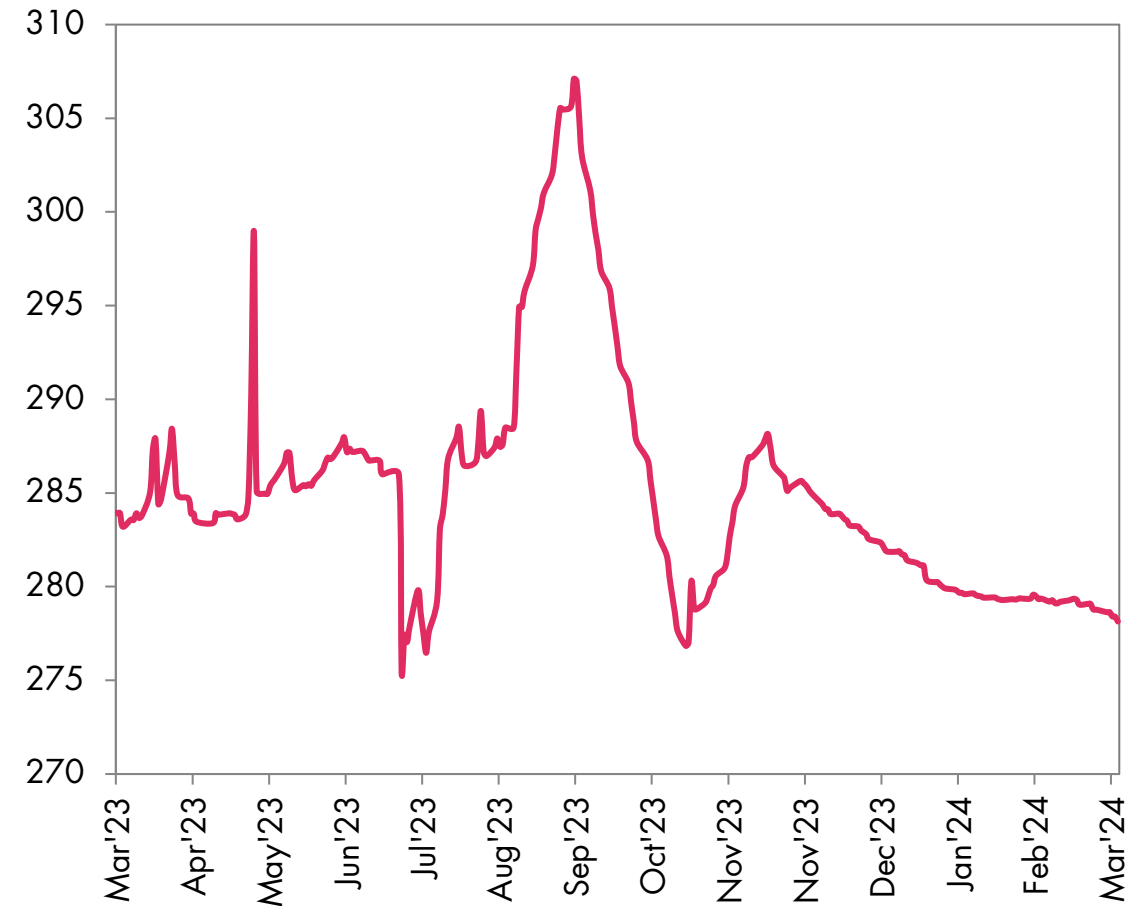
| Commodity | Unit | 01-Mar-24 | 08-Mar-24 | 15-Mar-24 | 22-Mar-24 |
|-----------------|-------|-----------|-----------|-----------|-----------|
| Cotton | lb | 99.57 | 99.28 | 93.48 | 92.21 |
| Gold | Ounce | 2,054.70 | 2165.20 | 2,167.50 | 2,184.70 |
| Silver | Ounce | 22.89 | 24.58 | 25.06 | 25.01 |
| Copper | lb | 3.85 | 3.93 | 4.05 | 4.06 |
| Iron Ore | MT | 964.50 | 994.00 | 833.00 | 852.00 |
| Steel Scrap LME | MT | 413.37 | 397.00 | 381.50 | 382.50 |
| Steel Rebar LME | MT | 607.69 | 577.00 | 574.00 | 583.00 |
| Rubber | KG | 160.50 | 159.90 | 168.20 | 169.90 |

Source: Bloomberg, Mettis, other websites, Next Research

Currencies

PKR appreciated against USD (Interbank)

| Currency | 23-Feb-24 | 01-Mar-24 | 08-Mar-24 | 15-Mar-24 | 22-Mar-24 |
|-----------|-----------|-----------|-----------|-----------|-----------|
| PKR / USD | 279.36 | 279.19 | 279.04 | 278.74 | 278.14 |
| PKR / EUR | 302.55 | 302.06 | 305.20 | 303.33 | 301.03 |
| PKR / GBP | 353.95 | 352.87 | 357.68 | 355.17 | 350.65 |
| PKR / JPY | 1.85 | 1.85 | 1.89 | 1.88 | 1.84 |
| PKR / CAD | 207.29 | 205.49 | 207.67 | 205.91 | 204.91 |
| PKR / AUD | 183.61 | 181.48 | 185.17 | 183.13 | 181.24 |

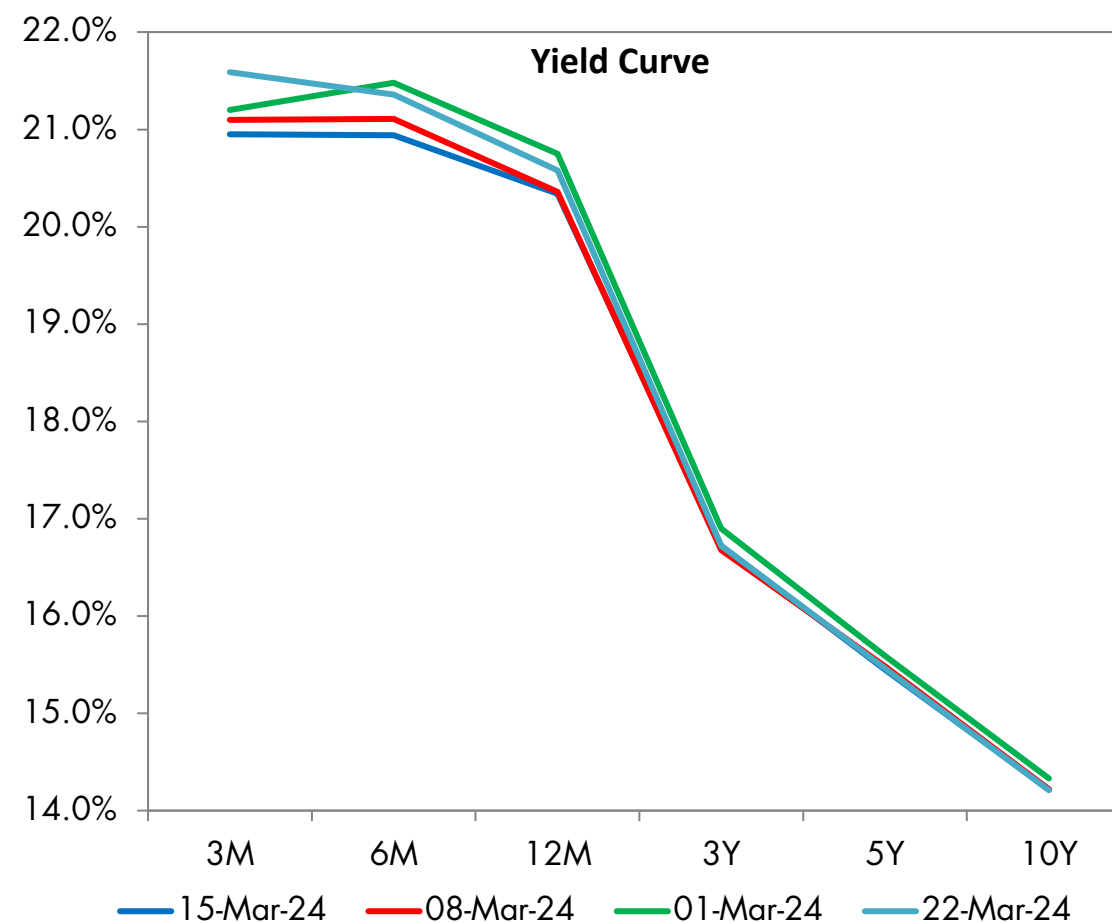


Source: SBP, Next Research

Economic Indicators

Monetary aggregates

| | Dec-23 | Jan-24 | Feb-24 | Mar-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% | 21.0% | 21.7% | 21.5% |
| CPI | 29.7% | 28.3% | 23.1% | n/a |
| CPI – NFNE Urban | 18.5% | 17.8% | 15.5% | n/a |
| M2 – Growth YoY | 17.9% | 15.0% | 15.3% | 12.7% |
| CIC – Growth YoY | 9.9% | 8.3% | 5.4% | 4.7% |
| NDA – Banking Growth YoY | 17.5% | 12.0% | 12.4% | 9.7% |
| NFA – Banking Growth YoY | 11.7% | -17.8% | -17.0% | -20.8% |
| Private Sector Credit Growth YoY | 0.1% | -1.8% | 0.4% | -0.2% |
| Govt. Borrowing W/ SBP Growth YoY | -37.4% | -26.9% | -22.0% | -15.2% |



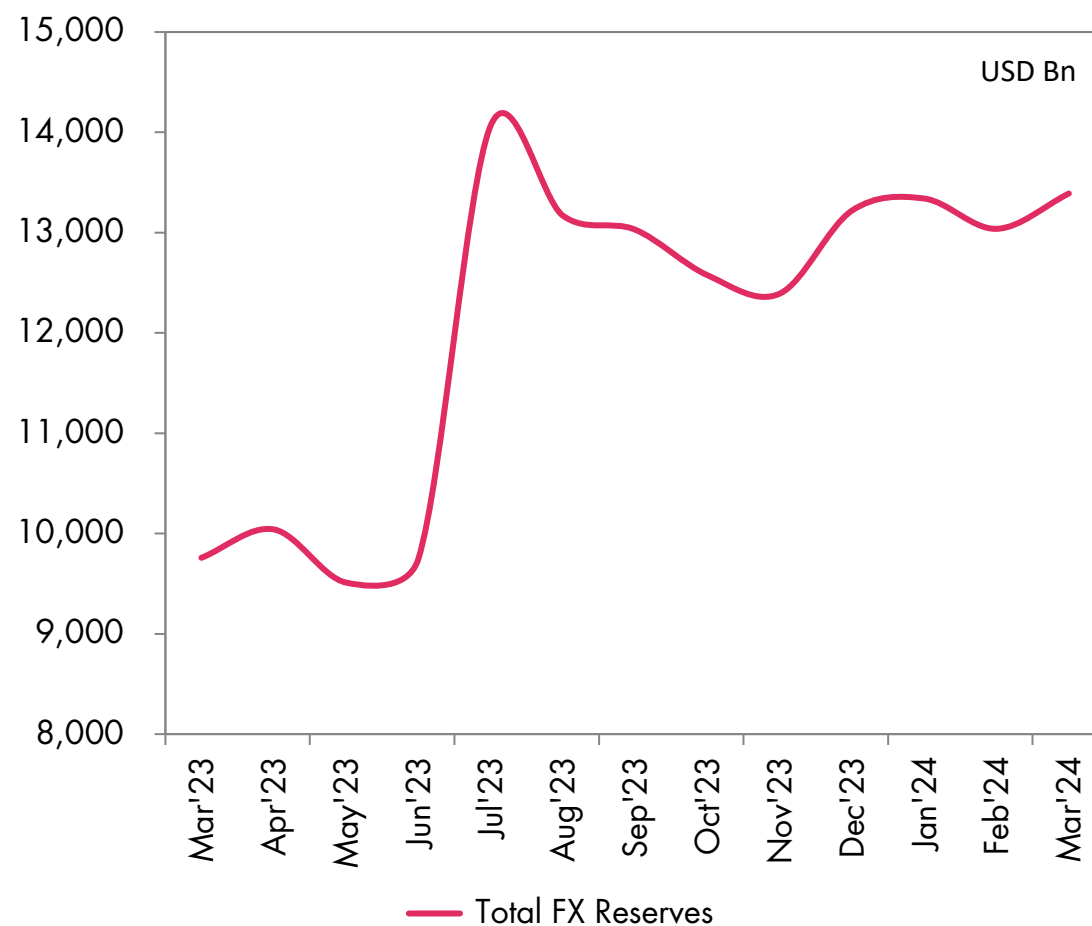
*Latest Number Available

Source: SBP, PBS, Next Research

Economic Indicators

External account

| USD Million | Nov-23 | Dec-23 | Jan-24 | Feb-24 |
|---------------------------|---------|---------|---------|---------|
| Current Account | (15) | 404 | (303) | 128 |
| Financial Account | (361) | 1,222 | (119) | (235) |
| Balance of Payment | (540) | 1,479 | (641) | (158) |
| FDI | 131 | 211 | (173) | 131 |
| Remittances | 2,259 | 2,382 | 2,398 | 2,250 |
| Commodities Exports – SBP | 2,724 | 2,795 | 2,697 | 2,556 |
| Commodities Imports – SBP | 4,442 | 4,101 | 4,554 | 4,275 |
| Trade Balance – SBP | (1,718) | (1,306) | (1,857) | (1,719) |
| Exports – PBS | 2,573 | 2,822 | 2,792 | 2,583 |
| Imports – PBS | 4,539 | 4,650 | 4,771 | 4,326 |
| Trade Balance – PBS | (1,966) | (1,828) | (1,979) | (1,743) |



Source: SBP, PBS, Next Research

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