



# WEEKLY REVIEW

---

PAKISTAN EQUITIES

April 04, 2024

Research  
research@nextcapital.com.pk  
+92-21-111-639-825 Ext 129  
+92-21-35222 204

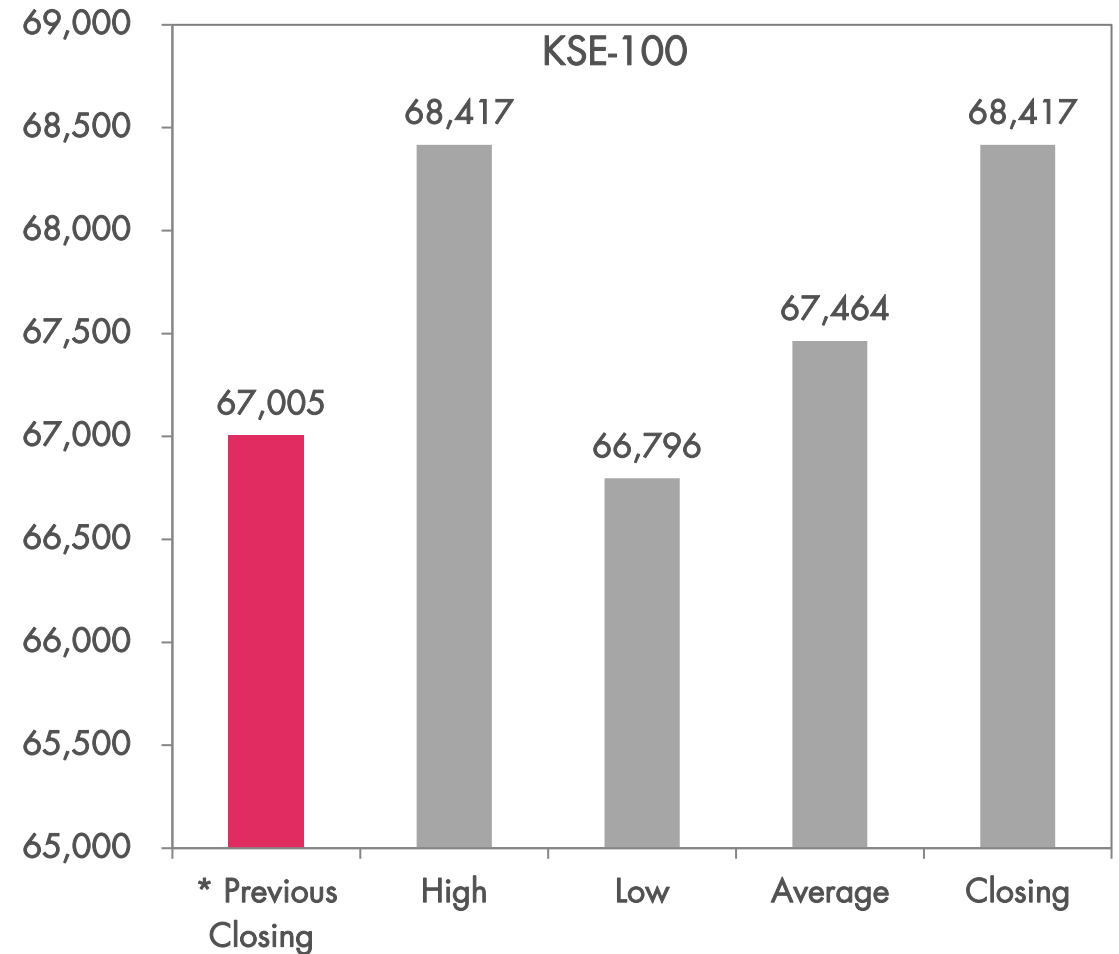
Research Entity Notification No.: REP-116

See last page for analyst certification and other important disclosures

# PSX Indices

KSE100 Gain 2.1% w/w

| PSX Indices | Level   | w/w  |
|-------------|---------|------|
| KSE-100     | 68,417  | 2.1% |
| KSE-30      | 22,438  | 1.9% |
| KSE-ALL     | 45,036  | 1.1% |
| KMI-30      | 114,971 | 2.3% |
| KMI-ALL     | 32,049  | 1.5% |
| OGTi        | 15,889  | 1.8% |
| BKTi        | 16,930  | 2.0% |

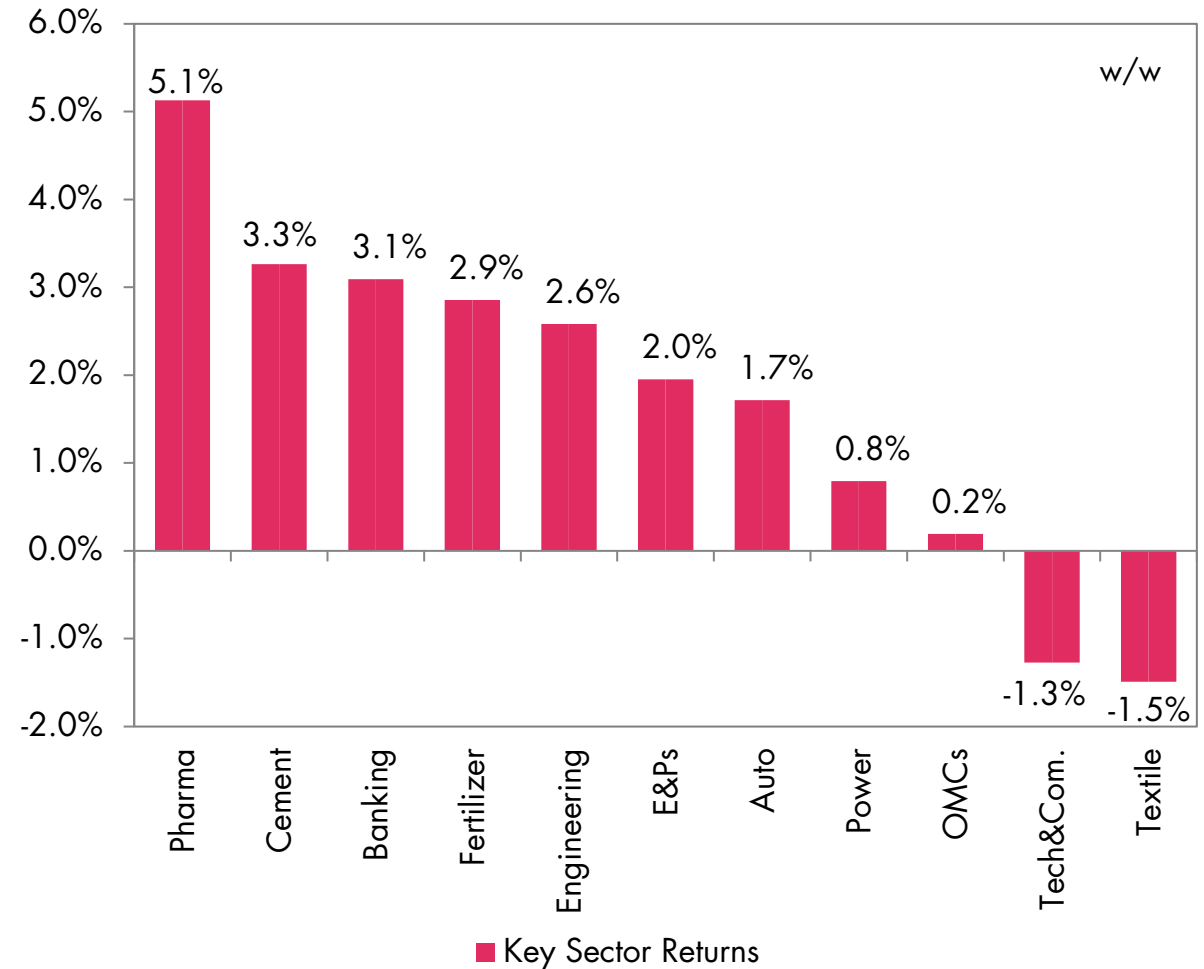
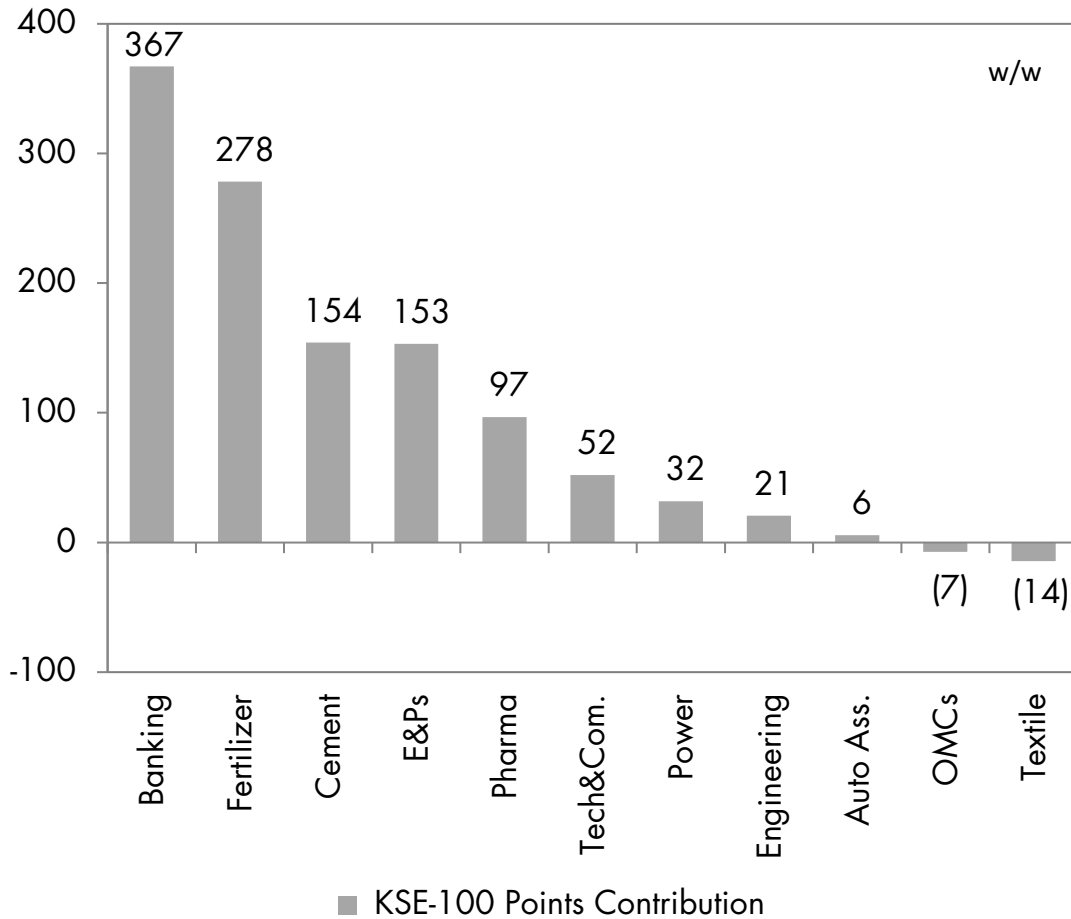


\* Last week closing

Source: PSX , Next Research

# Banking sector took 367 points to KSE100 Index

Textile sector dropped 1.5% w/w



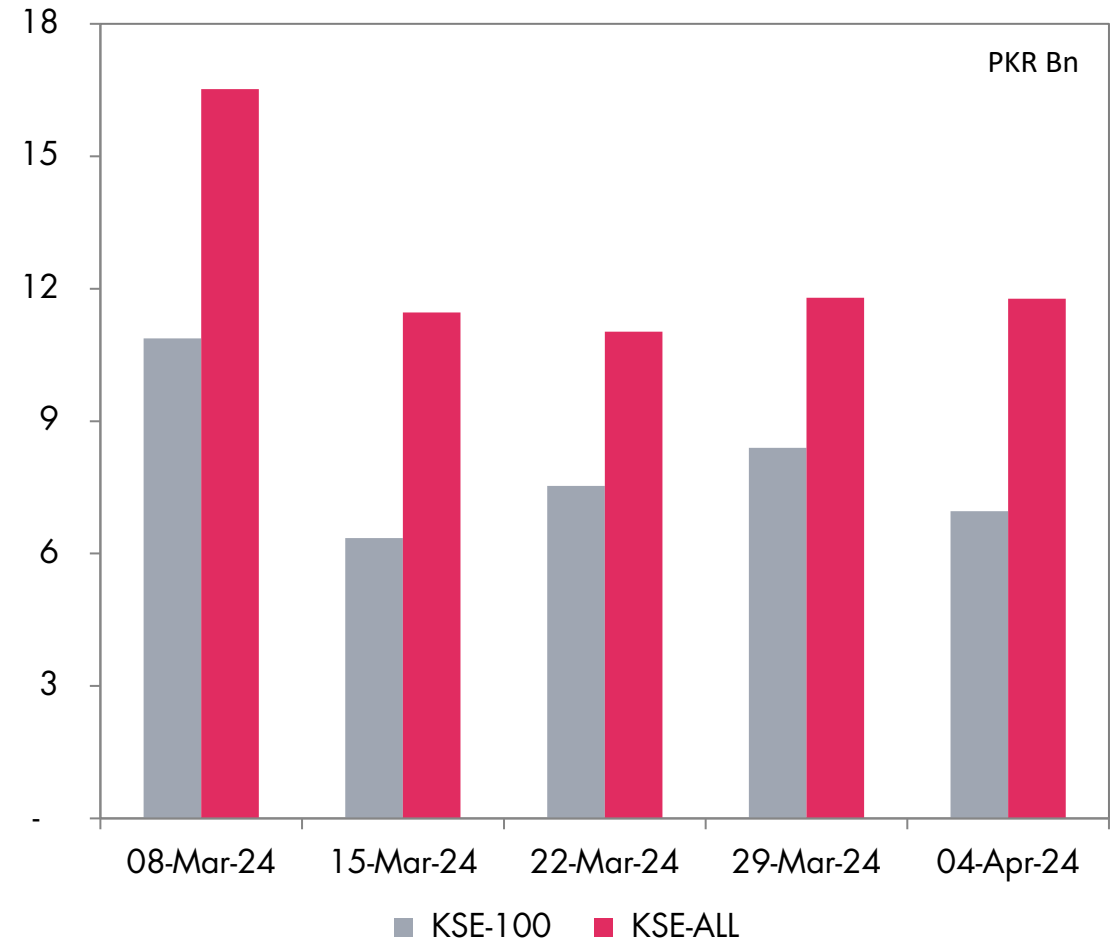
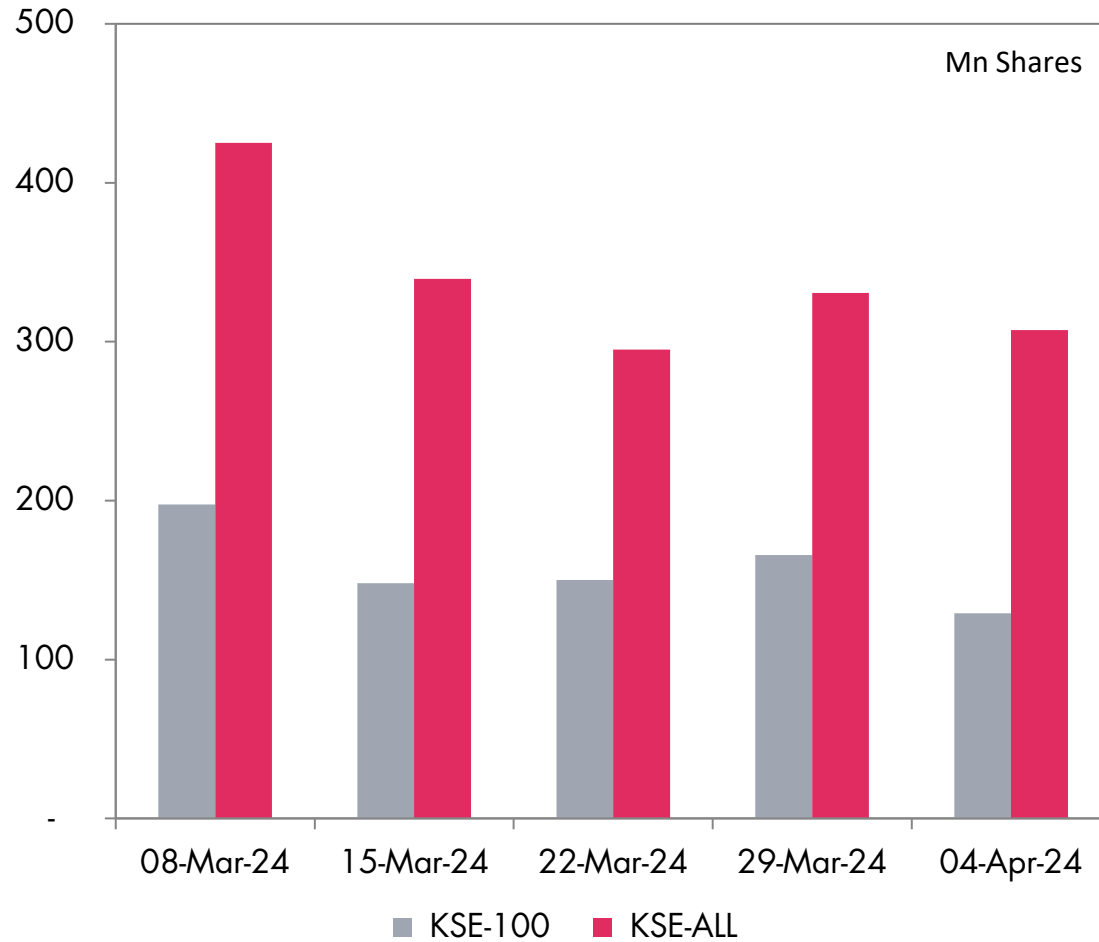
# Top 10 positive contributors added 541 points to KSE100 Index

Top 10 negative contributors took 168 points from KSE100 Index

| Top 10 Positive Contributors |              | Top 10 Negative Contributors |              |
|------------------------------|--------------|------------------------------|--------------|
|                              | Index Points |                              | Index Points |
| DAWH                         | 199.82       | PTC                          | (38.38)      |
| ENGRO                        | 156.68       | PAKT                         | (18.75)      |
| EFERT                        | 101.18       | COLG                         | (17.28)      |
| PPL                          | 83.74        | PKGS                         | (17.27)      |
| SYS                          | 81.17        | MARI                         | (16.62)      |
| HBL                          | 81.03        | UBL                          | (14.64)      |
| OGDC                         | 73.44        | PSO                          | (12.95)      |
| LUCK                         | 71.52        | LCI                          | (11.43)      |
| MEBL                         | 54.44        | KOHC                         | (11.40)      |
| MCB                          | 49.77        | KTML                         | (9.05)       |

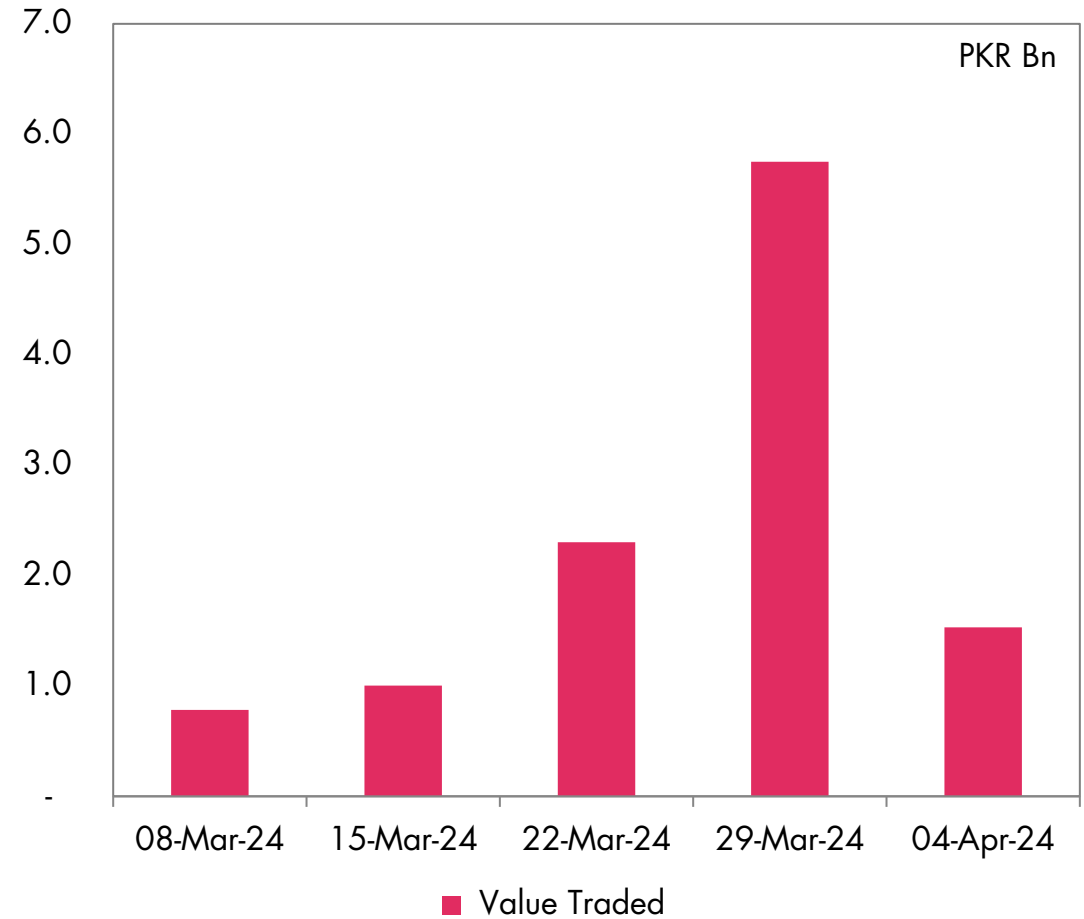
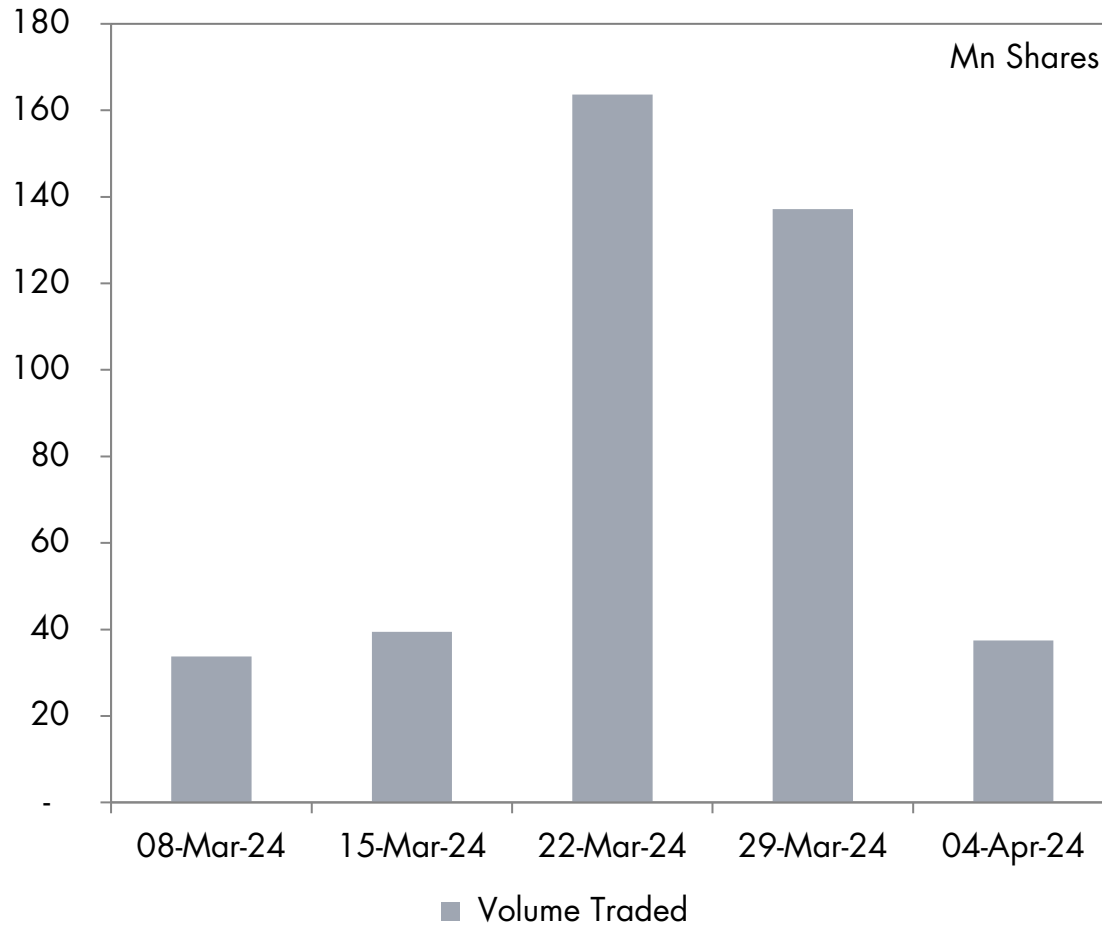
# Average volume decreased 7% w/w

## Average value traded decreased 0.2% w/w



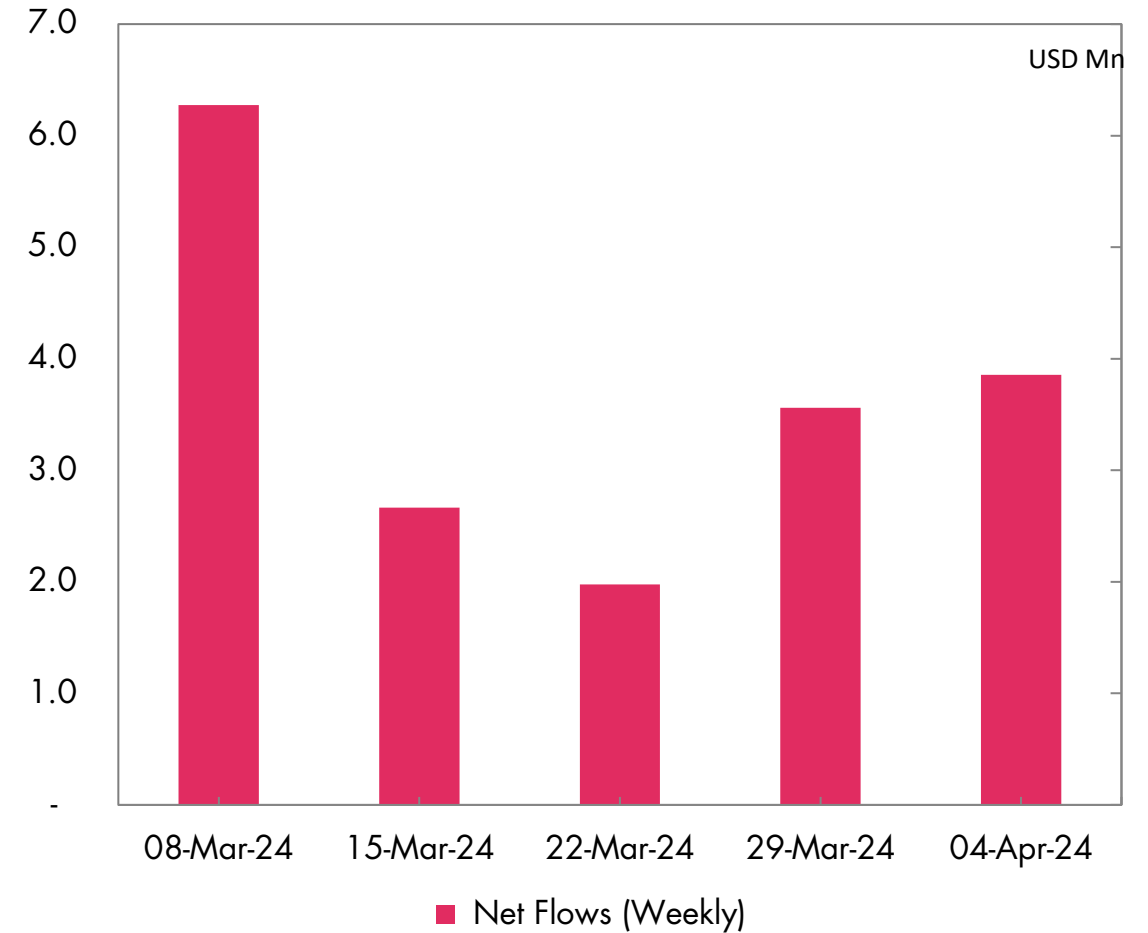
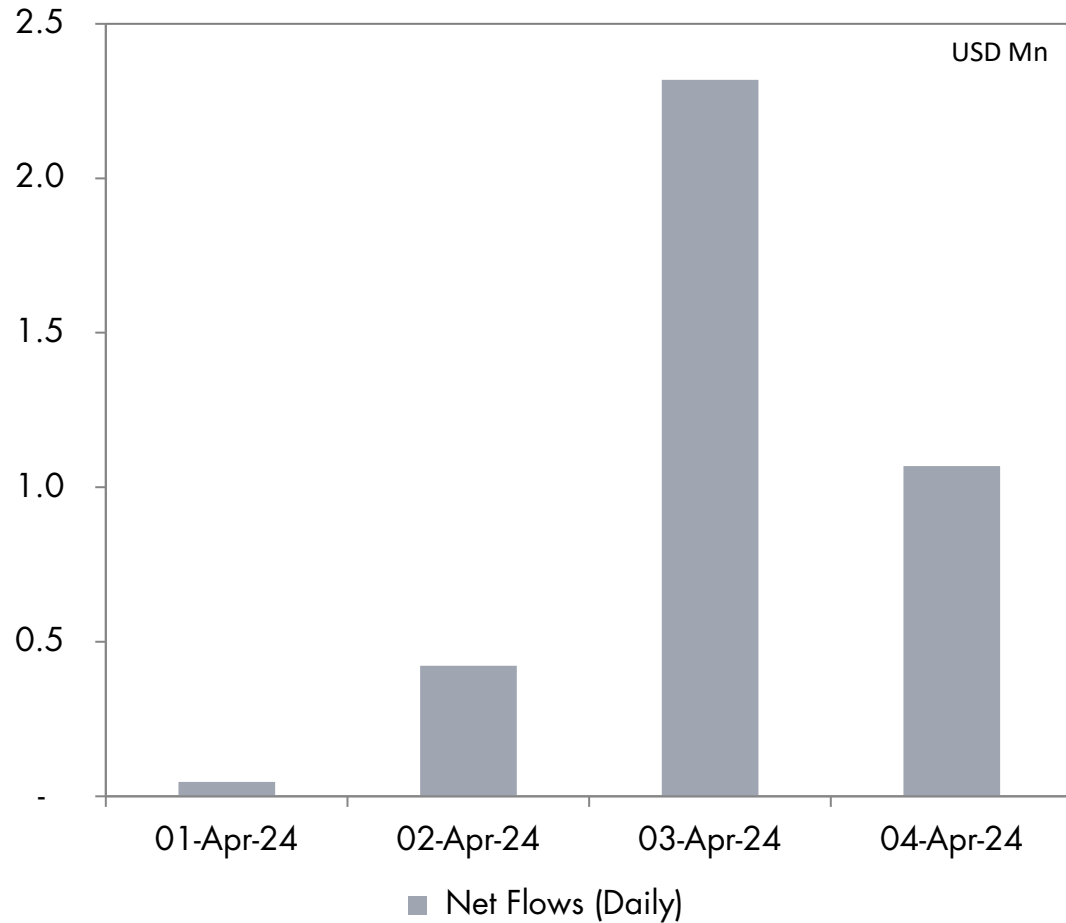
# Off-market volume was 37mn shares during the week

Off-market value traded was PKR 1.5bn during the week



# Foreigners were buying during the week

Foreign buying stood at USD 3.9mn during the week



# Individuals were the largest net buyers

## Insurance emerged as the largest net sellers

| Weekly Net Flows (USD Mn)  | FIPI        | Individuals | Banks       | Companies   | M. Funds      | Brokers       | Others        | Insurance     | NBFC          |
|----------------------------|-------------|-------------|-------------|-------------|---------------|---------------|---------------|---------------|---------------|
| All other Sectors          | (0.16)      | 1.53        | (0.31)      | 0.81        | 0.12          | (0.46)        | (0.04)        | (1.46)        | (0.01)        |
| Cement                     | 0.48        | 0.36        | (0.29)      | (0.15)      | (0.03)        | 0.31          | (0.04)        | (0.63)        | (0.00)        |
| Commercial Banks           | 1.95        | (0.18)      | (0.16)      | (0.73)      | 0.07          | (1.01)        | 0.06          | 0.01          | 0.00          |
| Fertilizer                 | 0.86        | (0.70)      | (0.51)      | 0.48        | (0.09)        | 0.04          | (0.05)        | (0.02)        | (0.00)        |
| Consumers                  | (0.11)      | (0.24)      | 0.03        | 0.03        | 0.05          | 0.27          | 0.00          | (0.03)        | 0.00          |
| Oil and Gas Exploration    | 0.69        | 2.21        | 0.50        | 0.09        | 0.02          | 0.12          | (0.02)        | (3.60)        | (0.01)        |
| Oil and Gas Marketing      | (0.07)      | (0.13)      | 0.04        | 0.07        | (0.04)        | 0.14          | (0.02)        | 0.01          | (0.00)        |
| Power                      | 0.10        | 0.27        | 0.32        | 0.03        | (0.09)        | (0.72)        | 0.02          | 0.08          | 0.00          |
| Technology & Communication | 0.10        | (0.37)      | 0.73        | 0.06        | (0.17)        | (0.40)        | 0.01          | 0.04          | 0.00          |
| Textile Composite          | 0.01        | 0.05        | (0.00)      | (0.05)      | (0.01)        | 0.01          | (0.00)        | 0.01          | 0.00          |
| <b>Total</b>               | <b>3.86</b> | <b>2.79</b> | <b>0.33</b> | <b>0.63</b> | <b>(0.18)</b> | <b>(1.71)</b> | <b>(0.09)</b> | <b>(5.60)</b> | <b>(0.02)</b> |

Source: NCCPL , Next Research



## WB identifies hurdles to foreign investment

- **WB identifies hurdles to foreign investment (BR):** Tax policies in Pakistan discourage investment in the tradable sector, and investment laws discriminate against foreign investors, says the World Bank. The bank in its report, "South Asia Development Update Jobs for Resilience", stated that sales and value-added tax systems can have limited revenue potential unless properly designed. These narrow base, multiple exemptions, and concessional rates in Pakistan's current sales tax are estimated to cost the country 15 per cent of the tax's potential revenue.
- **UN rights body to mull call for Israel arms embargo (Dawn):** The UN Human Rights Council will consider on Friday a draft resolution moved by Pakistan calling for an arms embargo on Israel, citing the "plausible risk of genocide in Gaza". If the draft resolution is adopted, it would mark the first time that the United Nations' top rights body has taken a position on the war raging in Gaza.
- **WB revises Pakistan GDP forecast down to 1.8pc (The News):** With continuous recommendations for hiking electricity and gas tariffs, the World Bank (WB) has revised downward the GDP growth projection to 1.8 percent and kept inflation at 26 percent for the current fiscal year. This has led to poverty level stagnant at 40 percent population living below the poverty line in Pakistan.
- **Saudis may invest \$1b in Reko Diq (ET):** Saudi Arabia is likely to invest up to \$1 billion in the Reko Diq Copper-Gold Project located in the Chaghi district of Pakistan's Balochistan province. According to finance ministry sources, the shares of Oil and Gas Development Company Limited (OGDCL) and Pakistan Petroleum Limited (PPL) will be sold to the Kingdom. Saudi Arabia is expected to invest in the project next month.
- **\$120bn needed in external financing over five years: think tank (The News):** Pakistan's external financing requirements stand at \$120 billion for the next five-year period which exceeds the gross reserves. The country is nearing a default-like crisis with this status-quo approach.
- **PM seeks induction of tech advisors from private sector into public sector (BR):** Prime Minister Shehbaz Sharif has chaired a meeting regarding the induction of technical advisors and consultants from the private sector into the public sector, said a press release on Wednesday.
- **T-bill auction hits double target, foreign interest spikes (The News):** The government exceeded its target in a treasury bill auction on Wednesday, securing Rs558 billion, more than double the initial aim of Rs225 billion, signaling a steady interest rate outlook and growing foreign investment in the country's debt market.
- **Inflation slows to 20.7pc (Dawn):** Inflation decelerated for the third month in a row to 20.7 per cent year-on-year in March, down from 23.06pc the previous month owing to a high base effect and favourable domestic and global conditions. It is the lowest reading in 22 months, down from a peak of 37.97pc in May 2023. This is mostly owing to the ongoing execution of tough conditions as part of the International Monetary Fund's (IMF) bailout plan.
- **Exports rise 7.99pc to \$2.555bn in March, marking seventh month of growth (The News):** Pakistan's merchandise exports have risen for a seventh consecutive month in March, albeit at a slightly more moderate pace, pointing to a continued recovery in the country's struggling economy. Exports increased by 7.99 percent to \$2.555 billion in March 2024 from \$2.366 billion in the same month of the previous year.
- **Petroleum sales surge 4pc to 1.15 million tonnes in March (The News):** According to the oil sale data, the total dispatches of petroleum products in March 2024 amounted to 1.15mn tonnes, depicting an increase of 4 percent year-on-year. The sales of petrol saw an increase of 3 percent in March 2024, clocking in at 0.57 million tonnes. Similarly, High Speed Diesel (HSD) sales volumes increased by 17 percent year-on-year, reaching 0.46 million tonnes during the same period. However, furnace oil (FO) sales plunged by 48 percent year-on-year to 0.04 million tonnes in March 2024 amid lower dependency on FO-based power plants.
- **Energy sector circular debt surges to Rs5.5tr (Dawn):** Despite massive repetitive price shocks to consumers and countrywide drive against theft and billing defaults, the World Bank has found power and gas circular debts increasing by an average of Rs135 billion to Rs5.5 trillion (about 5.1pc of GDP) by end-January this year and wants the government to do more to recover true cost of supply.
- **Cement dispatches up 3.85pc in March, exports leap 38.02pc (The News):** The cement industry has reported a modest recovery in March 2024, with total dispatches rising by 3.85 percent to 3.941 million tonnes, compared to 3.795 million tonnes in the same month of the previous fiscal year, data from the All Pakistan Cement Manufacturers Association (APCMA) showed on Tuesday.
- **Textile exports rise 3pc to \$1.3 billion in March (The News):** Textile exports witnessed a modest increase of 3 percent year-on-year in March, reaching \$1.3 billion up from \$1.26 billion in the same month last year, according to provisional figures released by the All Pakistan Textile Mills Association (APTMA) on Tuesday.
- **PRL, Air Link withdraw Shell bid (The News):** Pakistan Refinery Limited (PRL) and Air Link Communication Limited announced on Wednesday that they have withdrawn their bid to acquire a 77.42 percent stake in Shell Pakistan Limited.
- **Multipurpose terminal; KGTL aims to invest \$75m (BR):** KGTL stands out as a key player in enhancing port logistics at Karachi Port. The investment of US\$75 million would cover upfront fees, prepayments, superstructure, and equipment.
- **Cotton production increases 71pc (Dawn):** The Pakistan Cotton Ginners Association (PCGA) on Wednesday reported that the country produced 8.397 million bales in 2023-24, a 71 per cent increase over the preceding year.

# Commodities

WTI increase 3% WoW

| Commodity     | Unit  | 15-Mar-24 | 22-Mar-24 | 29-Mar-24 | 04-Apr-24 |
|---------------|-------|-----------|-----------|-----------|-----------|
| WTI           | bbl   | 81.26     | 81.07     | 83.17     | 85.43     |
| Brent         | bbl   | 85.42     | 85.24     | 87.00     | 89.35     |
| Arab Light    | bbl   | 85.21     | 86.38     | 87.96     | 90.00     |
| Coal          | MT    | 99.00     | 98.50     | 98.60     | 107.90    |
| Natural Gas   | mmbtu | 1.74      | 1.69      | 1.75      | 1.84      |
| Polypropylene | MT    | 0.57      | 0.57      | 0.57      | 0.55      |
| Ethanol       | MT    | 2.16      | 2.16      | 2.16      | 2.16      |
| Urea          | MT    | 365.00    | 365.00    | 632.00    | 325.00    |
| DAP           | MT    | 630.00    | 632.50    | 626.50    | 565.00    |

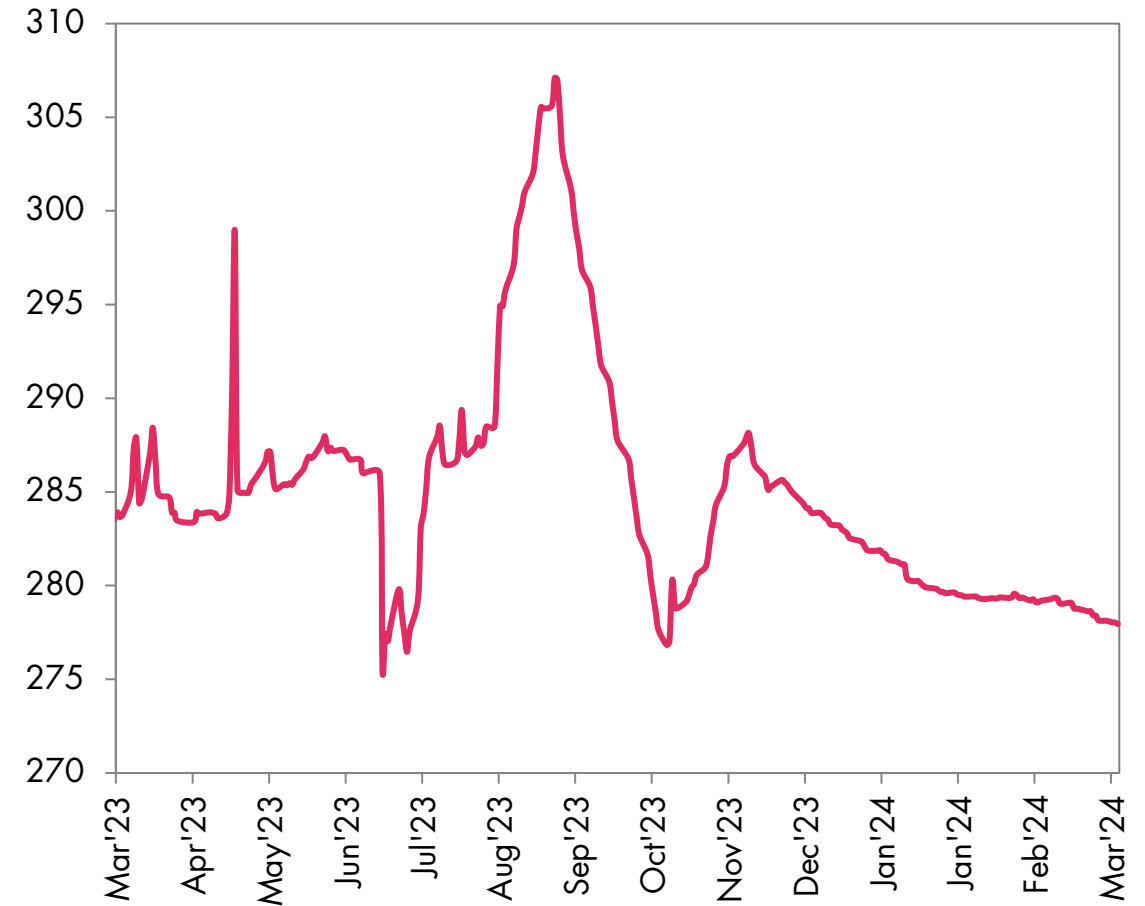
| Commodity       | Unit  | 15-Mar-24 | 22-Mar-24 | 29-Mar-24 | 04-Apr-24 |
|-----------------|-------|-----------|-----------|-----------|-----------|
| Cotton          | lb    | 93.48     | 92.21     | 91.38     | 88.98     |
| Gold            | Ounce | 2,167.50  | 2,184.70  | 2,238.40  | 2,315.00  |
| Silver          | Ounce | 25.06     | 25.01     | 24.92     | 27.06     |
| Copper          | lb    | 4.05      | 4.06      | 4.01      | 4.19      |
| Iron Ore        | MT    | 833.00    | 852.00    | 816.50    | 834.50    |
| Steel Scrap LME | MT    | 381.50    | 382.50    | 382.06    | 384.50    |
| Steel Rebar LME | MT    | 574.00    | 583.00    | 589.00    | 588.50    |
| Rubber          | KG    | 168.20    | 169.90    | 164.30    | 162.90    |

Source: Bloomberg, Mettis, other websites, Next Research

# Currencies

## PKR appreciated against USD (Interbank)

| Currency  | 08-Mar-24 | 15-Mar-24 | 22-Mar-24 | 29-Mar-24 | 04-Apr-24 |
|-----------|-----------|-----------|-----------|-----------|-----------|
| PKR / USD | 279.04    | 278.74    | 278.14    | 277.95    | 2.77.93   |
| PKR / EUR | 305.20    | 303.33    | 301.03    | 299.56    | 301.75    |
| PKR / GBP | 357.68    | 355.17    | 350.65    | 350.87    | 351.97    |
| PKR / JPY | 1.89      | 1.88      | 1.84      | 1.84      | 1.83      |
| PKR / CAD | 207.67    | 205.91    | 204.91    | 205.13    | 205.71    |
| PKR / AUD | 185.17    | 183.13    | 181.24    | 180.89    | 183.21    |

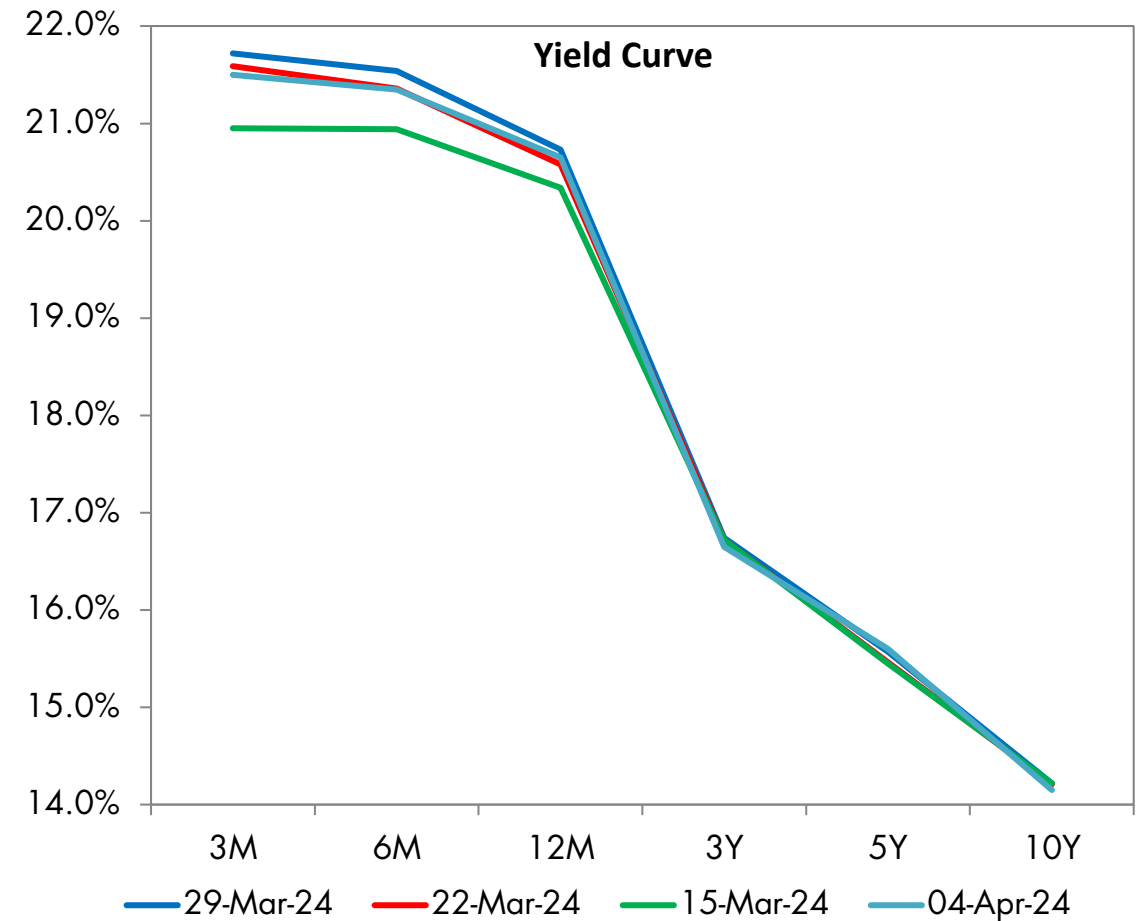


Source: SBP, Next Research

# 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%  | 21.7%   |
| CPI                               | 29.7%  | 28.3%  | 23.1%  | 20.7%   |
| CPI – NFNE Urban                  | 18.5%  | 17.8%  | 15.5%  | 12.8%   |
| M2 – Growth YoY                   | 17.9%  | 15.0%  | 15.3%  | 13.4%   |
| CIC – Growth YoY                  | 9.9%   | 8.3%   | 5.4%   | 4.9%    |
| NDA – Banking Growth YoY          | 17.5%  | 12.0%  | 12.4%  | 10.5%   |
| NFA – Banking Growth YoY          | 11.7%  | -17.8% | -17.0% | -18.9%  |
| Private Sector Credit Growth YoY  | 0.1%   | -1.8%  | 0.4%   | -0.6%   |
| Govt. Borrowing W/ SBP Growth YoY | -37.4% | -26.9% | -22.0% | -21.4%  |



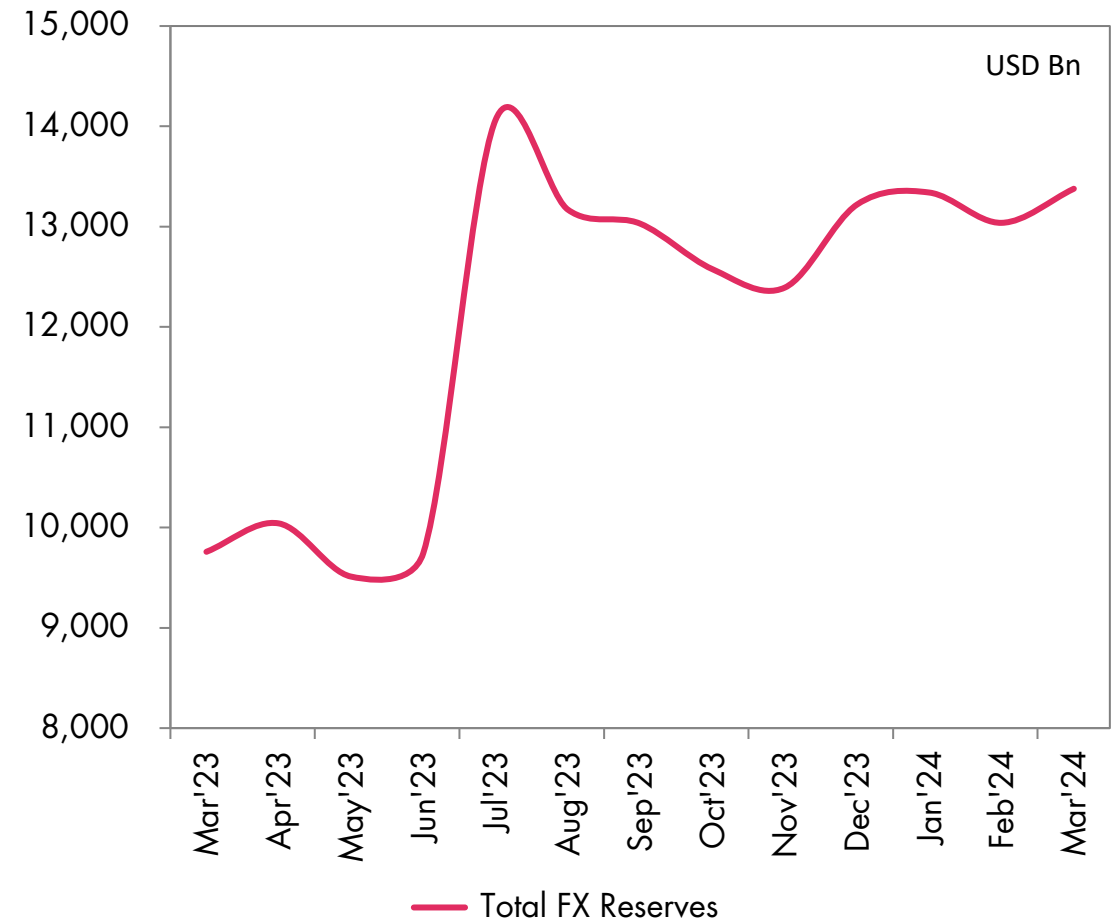
\*Latest Number Available

Source: SBP, PBS, Next Research

# Economic Indicators

## External account

| USD Million               | Dec-23  | Jan-24  | Feb-24  | Mar-24  |
|---------------------------|---------|---------|---------|---------|
| Current Account           | 404     | (303)   | 128     | n/a     |
| Financial Account         | 1,222   | (119)   | (235)   | n/a     |
| Balance of Payment        | 1,479   | (641)   | (158)   | n/a     |
| FDI                       | 211     | (173)   | 131     | n/a     |
| Remittances               | 2,382   | 2,398   | 2,250   | n/a     |
| Commodities Exports – SBP | 2,795   | 2,697   | 2,556   | n/a     |
| Commodities Imports – SBP | 4,101   | 4,554   | 4,275   | n/a     |
| Trade Balance – SBP       | (1,306) | (1,857) | (1,719) | n/a     |
| Exports – PBS             | 2,822   | 2,792   | 2,583   | 2,555   |
| Imports – PBS             | 4,650   | 4,771   | 4,326   | 4,726   |
| Trade Balance – PBS       | (1,828) | (1,979) | (1,743) | (2,171) |



Source: SBP, PBS, Next Research

### 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

# Annexure

## 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.