

Market Performance

Mar-24: KSE-100 surpassed 67k level, up by 3.8% MoM

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Best Securities House: 2023
Best Investment Bank: 2023



Best Investment Bank: 2022



Best Equity House: 2022



Best Equity Advisor: 2021



Best Brokerage House: 2023
Corporate Finance House: 2023
Best Economic Research House: 2023
Best Equity Sales Person (Runner up): 2023



Top 25 Companies
(2019, 2018 & 2017)



Excellence Award
Leading Brokerage House for RDA 2021



Best Money Market Broker
(Islamic) 2021

PSX Performance - Mar 2024

KSE100 climbed up 3.8% MoM in Mar'24

Stellar momentum amid optimism related to IMF program and privatization of SOEs

- The momentum of the market remained robust at the start of the month amid the formation of the cabinet and key portfolios.
- Furthermore, SBP kept the policy rate unchanged at 22% during the MPC meeting held in Mar'24.
- Meanwhile, the signing of staff-level agreement with the IMF was also witnessed during the month.
- In addition to this, the Government initiated talks with the IMF for an EFF program, which has further elevated the sentiment, taking KSE-100 to the highest-ever level of 67,246 points.
- Furthermore, the Government's commitment to speed up the privatization process also contributed to the positive momentum.
- The SBP reserves inched up by USD 69mn MoM, clocking in at USD 8.0bn by the end of Mar'24.
- The Pak Rupee appreciated by PKR 1.16 | 0.42% MoM, clocking in at PKR 277.94.
- Albeit, the market closed at 67,005 points, depicting a hefty gain of 2,427 points | 3.8% MoM.

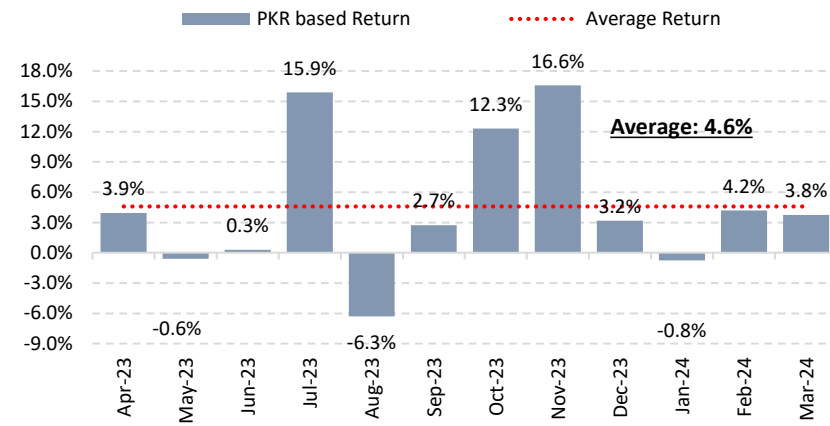
Major News

Feb CPI-based inflation up 23.1pc YoY, Pakistan's oil reserves decline by 14% amid production drops, Moody's upgrades Pakistan's banking sector outlook from negative to 'stable', Fuel oil exports hit half-million tonnes amid local demand shift, SC orders National Bank of Pakistan (NBP) to pay pension, Discos' tariffs for February: CPPA-G seeks Rs5 per unit positive adjustment, MTBs auction: govt borrowing well above target, Govt to offer OGDCL shares to Gulf investors, MLCF acquires 6,000,000 voting shares of Agritech Limited, Seven global investors express interest in PIA, airports, and Secure Logistics Group IPO Oversubscribed.

PSX Performance - Mar 2024

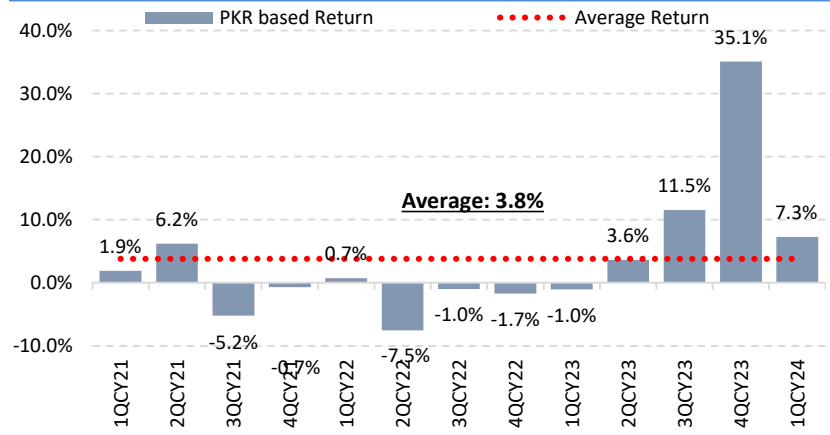
KSE100 climbed up by 3.8% MoM in Mar'24

Figure: KSE-100 historical performance (PKR based)



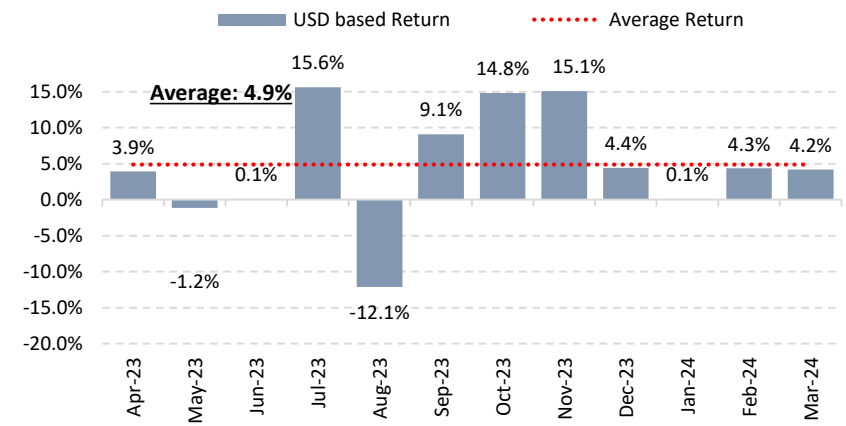
Source (s): PSX, AHL Research

Figure: KSE-100 historical performance (PKR based) 1QCY24



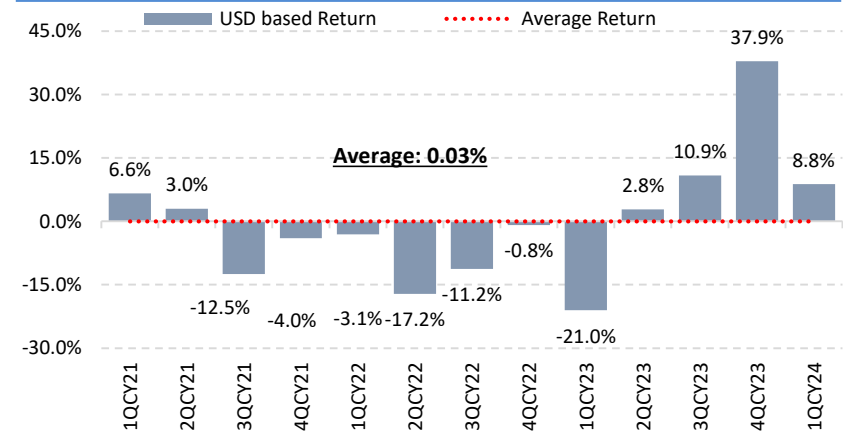
Source (s): PSX, AHL Research

Figure: KSE-100 historical performance (USD based)



Source (s): PSX, AHL Research

Figure: KSE-100 historical performance (USD based) 1QCY24



Source (s): PSX, AHL Research

PSX Performance - Mar 2024

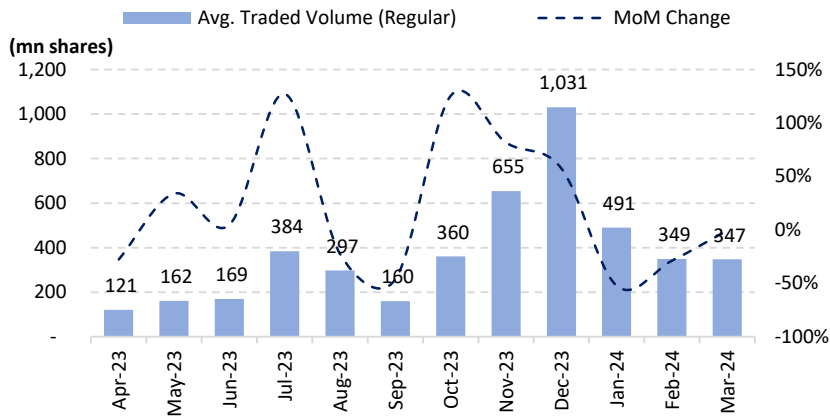
Economic developments

- In Feb'24, the Current Account shifted to a surplus of USD 128mn from a deficit of USD 303mn recorded in the previous month (Jan'24). This marked a significant improvement both MoM and YoY, as in the same period last year, the Current Account had posted a deficit of USD 50mn. Regarding MoM changes, total imports decreased by 9%, while total exports saw a 6% decrease in Feb'24. Remittances also experienced a 6% decrease compared to the previous month. On a YoY basis, exports grew by 14%, imports by 12%, and remittances by 13% in Feb'24. Overall, in 8MFY24, the Current Account Deficit decreased by 74% YoY to USD 999mn, marking a significant improvement from the USD 3.85bn deficit recorded in the same period last year.
- Remittances from overseas Pakistanis witnessed a reduction of 6% MoM, reaching USD 2.2bn in Feb'24 compared to USD 2.4bn in Jan'24. On a YoY basis, remittances increased by 13% (Feb'23: USD 2.0bn). In the 8MFY24, remittances experienced a meager 1% YoY decline, amounting to USD 18.1bn, as compared to USD 18.3bn in the 8MFY23. In Feb'24, remittance inflows from Saudi Arabia amounted to USD 540mn, showing a YoY increase of 19% and a MoM decrease of 8%. Remittances from the UAE stood at USD 385mn in Feb'24, depicting a YoY jump of 19% and a MoM decrease of 6%. The UK contributed USD 346mn in remittances during Feb'24, experiencing a YoY increase of 9% and a MoM decrease of 4%. Remittances from the USA totaled USD 287mn in Feb'24, reflecting a YoY increase of 31% and a 1% MoM increase.
- In Feb'24, the country experienced a net FDI inflow of USD 131mn, against the net inflow of USD 113mn in Feb'23. Over the 8MFY24, net FDI declined by 17% YoY to USD 821mn, compared to an inflow of USD 990mn during the same period last year. During the 8MFY24, Hong Kong emerged as the leading contributor to net FDI, recording a net FDI of USD 235mn, closely followed by the UK with a net FDI of USD 164mn. In terms of sectors, the power sector attracted the most significant investment during 8MFY24, totaling USD 249mn, followed by the oil and gas exploration sector with USD 151mn during the same period.
- The recent data released by the Pakistan Bureau of Statistics reveals a jump in the production of LSMI for Jan'24, indicating a 1.8% increase compared to the SPLY. LSMI Index stood at 132.4 during Jan'24 against 130.0 in SPLY. Additionally, on a MoM basis, LSMI remained flat.

PSX Performance - Mar 2024

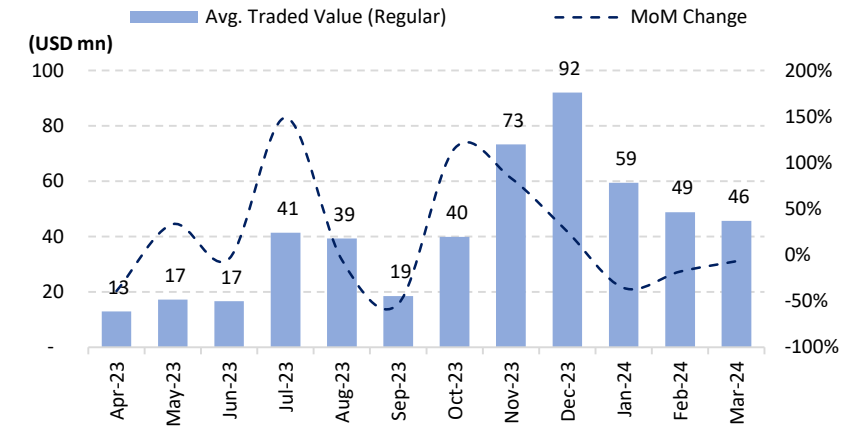
KSE100 climbed up by 3.8% MoM in Mar'24

Figure: PSX historic average traded volume



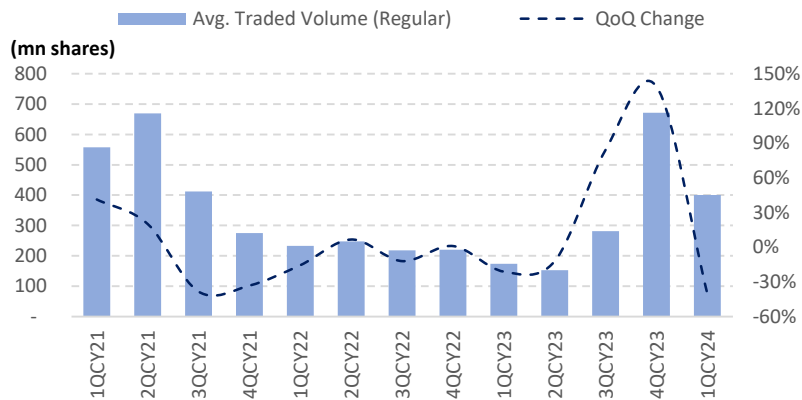
Source (s): PSX, AHL Research

Figure: PSX historic average traded value



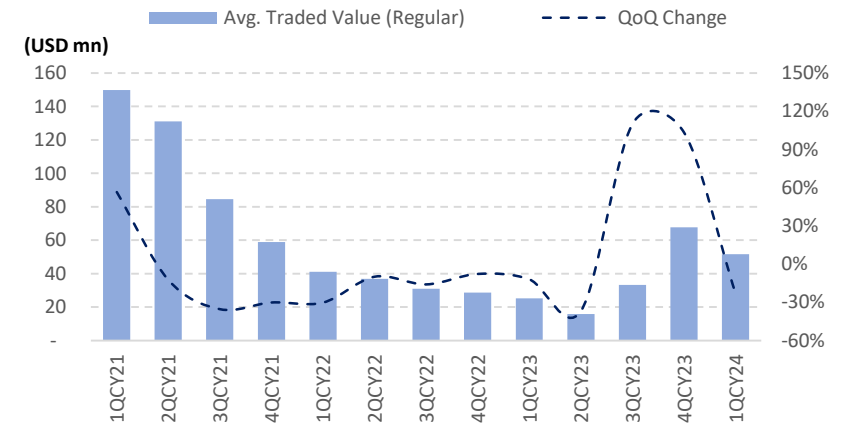
Source (s): PSX, AHL Research

Figure: PSX historic average traded volume 1QCY24



Source (s): PSX, AHL Research

Figure: PSX historic average traded value 1QCY24



Source (s): PSX, AHL Research

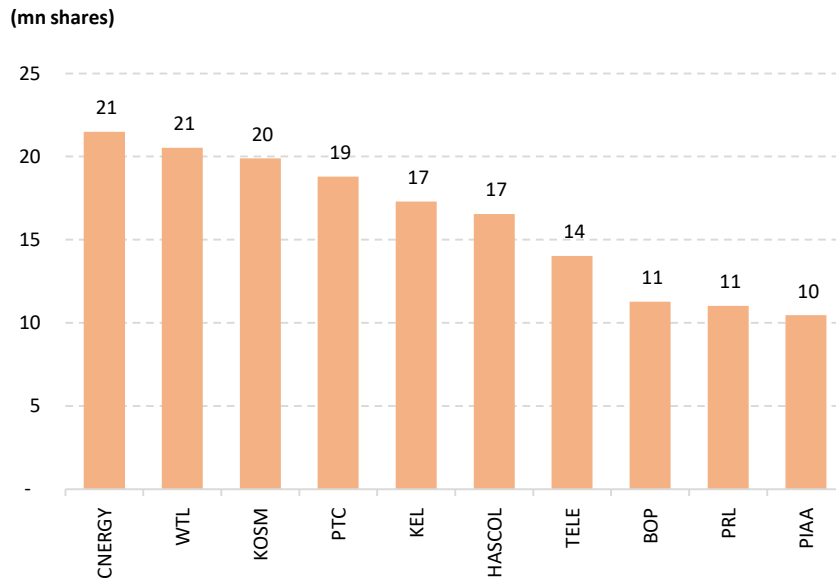
PSX Performance - Mar 2024

Company & sector wise volume leaders

Volume leaders during Mar-24

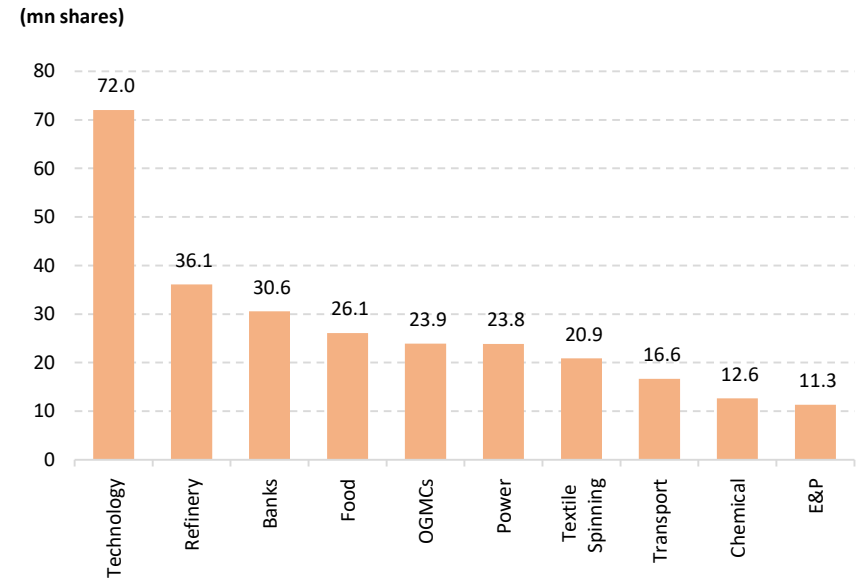
- Sectors that garnered the most activity during the month were Technology, Refinery, Banks, Food and OGMCs registering average volumes of 72mn, 36mn, 31mn, 26mn and 24mn, respectively.
- Whereas on a scrip-wise basis, volumes were led by CENERGY (21mn), WTL (21mn), KOSM (20mn), PTC (19mn) and KEL (17mn).

Figure: Top Scrip-wise volume leaders (Mar-24)



Source (s): PSX, AHL Research

Figure: Top sector-wise volume leaders (Mar-24)



Source (s): PSX, AHL Research

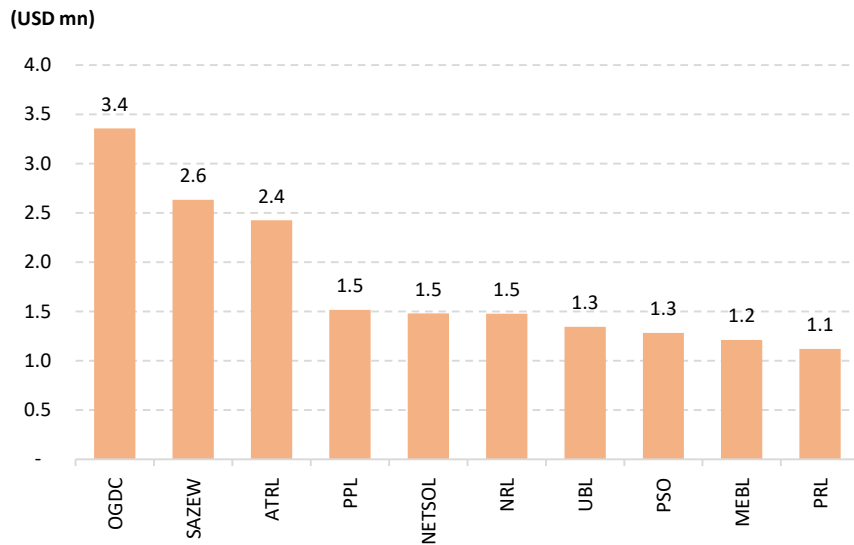
PSX Performance - Mar 2024

Company & sector wise value leaders

Value leaders during Mar-24

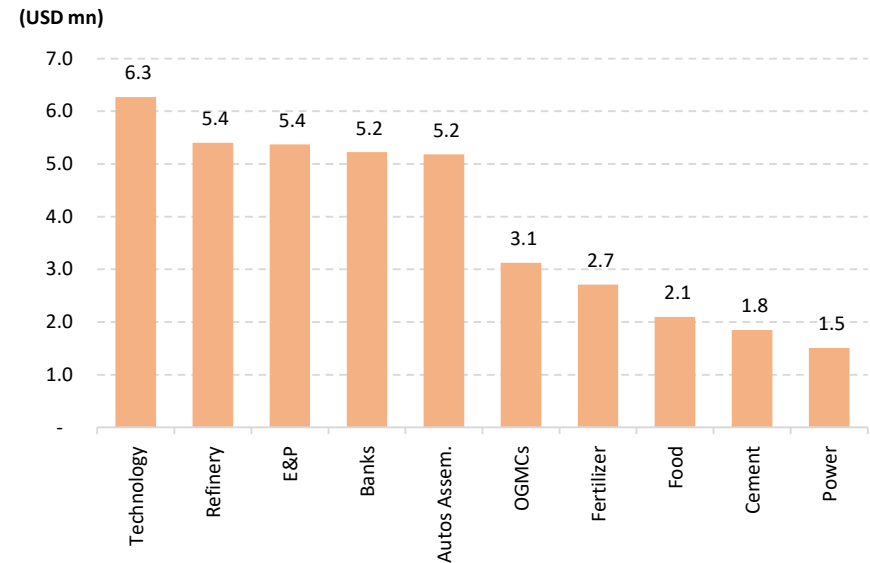
- On a sector-wise basis, the most activity during the period was witnessed in Technology, Refinery, E&P, Banks, and Auto Assembler posting a trade value of USD 6.3mn, USD 5.4mn, USD 5.4mn, USD 5.2mn, and USD 5.2mn, respectively.
- Meanwhile, on a scrip-wise basis, the highest trading values were dominated by OGDC (USD 3.4mn), followed by SAZEW (USD 2.6mn), ATRL (USD 2.4mn), PPL (USD 1.5mn), NETSOL (USD 1.5mn), and NRL (USD 1.5mn).

Figure: Top scrip-wise value leaders (Mar-24)



Source (s): PSX, AHL Research

Figure: Top sector-wise value leaders (Mar-24)



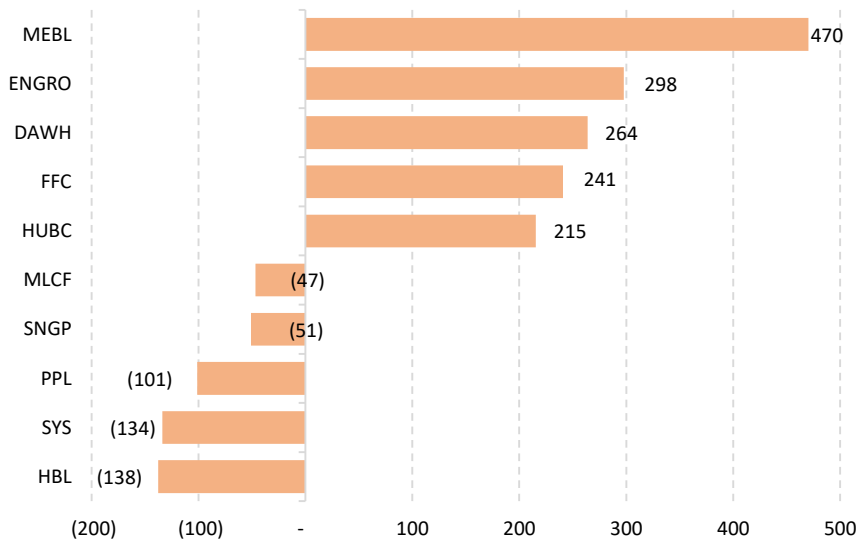
Source (s): PSX, AHL Research

PSX Performance - Mar 2024

Index contribution during Mar-24

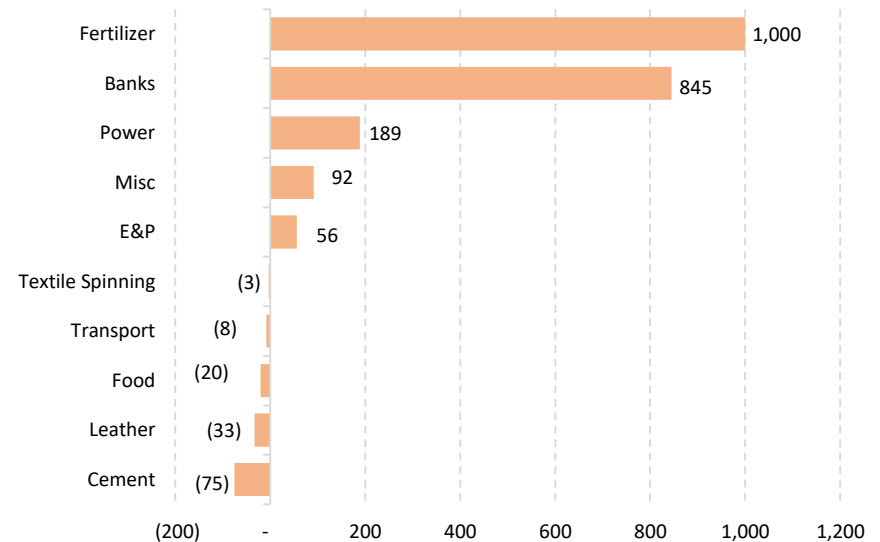
- Sectors contributing positively to the index during Mar'24 include Fertilizer (1,000pts), Banks (845pts), Power (189pts), Misc (92pts), and E&P (56pts). Whereas, the sectors contributing negatively comprised of Cement (-75pts) followed by Leather (-33pts), and Food (-20pts).
- Scrip wise positive contributors during the month were MEBL (470pts), ENGRO (298pts), DAWH (264pts) and FFC (241pts). Scrip wise negative contributors were HBL (-138pts), SYS (-134pts), PPL (-101pts), SNGP (51pts) and MLCF (-47pts).

Figure: Top Scrip-wise index contributors (Mar-24)



Source (s): PSX, AHL Research

Figure: Top sector-wise index contributors (Mar-24)



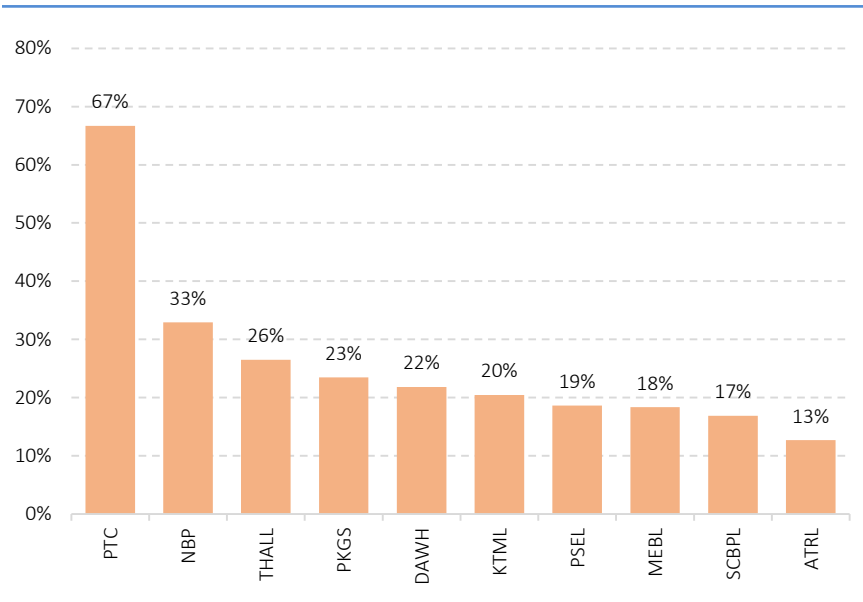
Source (s): PSX, AHL Research

PSX Performance - Mar 2024

Major gainers and losers during Mar'24

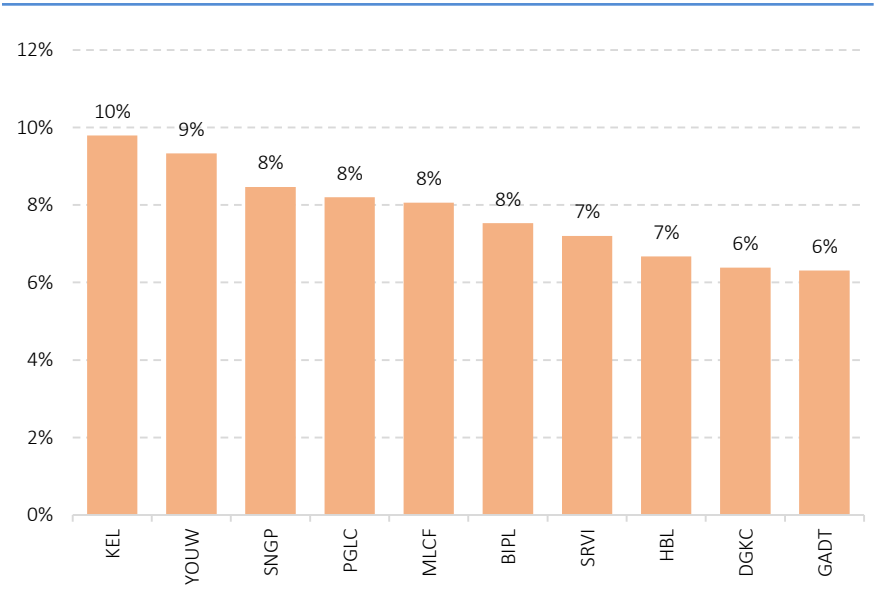
- Scrip-wise positive returns were witnessed in PTC, NBP, THALL, PKGS and DAWH posting returns of 67%, 33%, 26%, 23%, and 22%, respectively. Meanwhile, negative performance during the month came from KEL, YOUW, SNGP, PGLC and MLCF, each posting negative returns of 10%, 9%, 8%, 8%, and 8%, respectively.

Figure: Scrip wise major gainers (KSE100)



Source (s): PSX, AHL Research

Figure: Scrip wise major losers (KSE100)



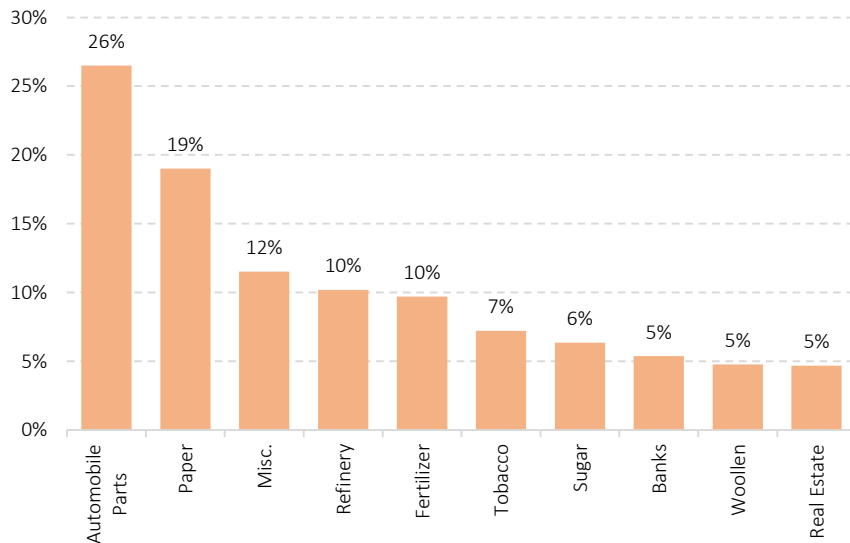
Source (s): PSX, AHL Research

PSX Performance - Mar 2024

Sector wise major gainers and losers during Mar'24

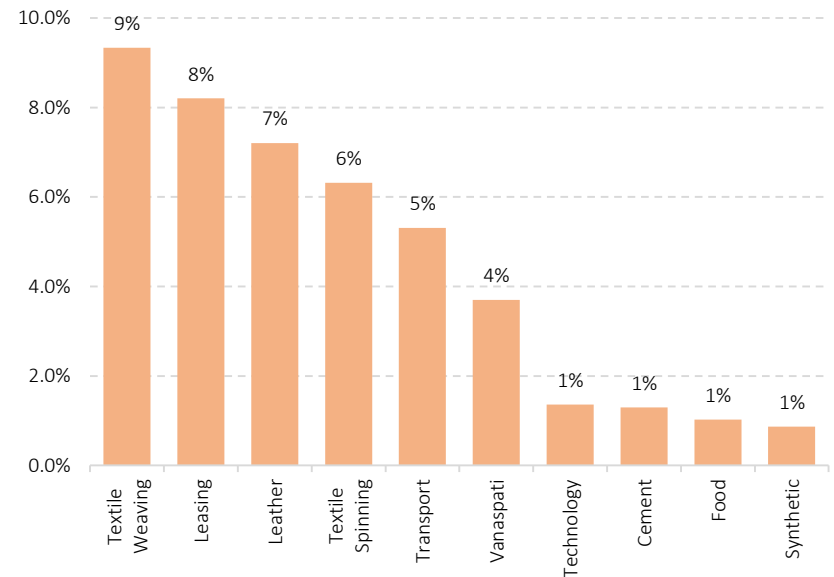
- In terms of sectors, major gainers were from Automobile Parts (26%), Paper (19%), Misc (12%), Refinery (10%) and Fertilizer (10%). Whereas, major losers were Textile Weaving (9%), Leasing (8%), Leather (7%), and Textile Spinning (6%).

Figure: Sector wise major gainers (KSE100)



Source (s): PSX, AHL Research

Figure: Sector wise major losers (KSE100)



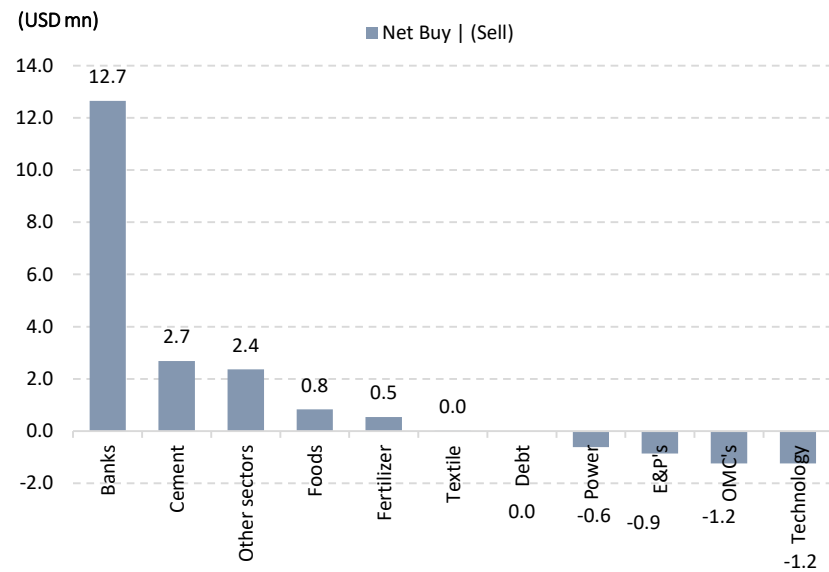
Source (s): PSX, AHL Research

PSX Performance - Mar 2024

Regional portfolio investment and FIPI/LIPI

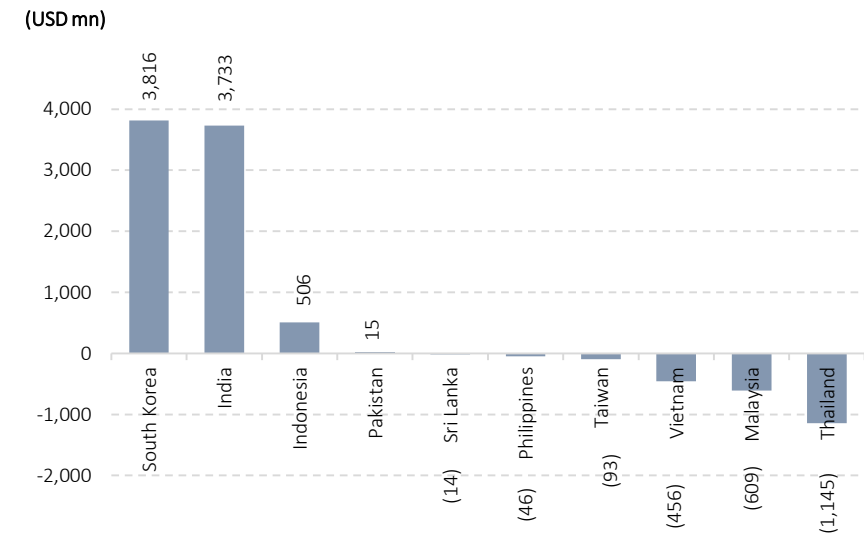
- Foreign buying was witnessed in the Asia-Pacific region during Mar'24, which was led by i) South Korea (USD 3.8bn) due to higher inclination of investors toward AI-related stocks, ii) India (USD 3.7bn) amid robust economic outlook, and iii) Indonesia (USD 0.5bn). Whereas foreign selling was observed in Thailand (USD 1.2bn) owed to economic slowdown.
- On the domestic stock exchange, foreign buying activity of USD 15.3mn was reported for the month of Mar'24. The inflows were predominantly in Banks (USD 12.7mn), Cement (USD 2.7mn), Other sectors (USD 2.4mn), Foods (USD 0.8mn), and Fertilizer (USD 0.5mn). Whereas, there was net selling observed in Technology (USD 1.2mn), OMC's (USD 1.2mn), E&P's (USD 0.9mn) and Power (USD 0.6mn).

Figure: Sector wise FIPI Mar-24



Source (s): NCCPL, AHL Research

Figure: Regional Portfolio investment during Mar-24



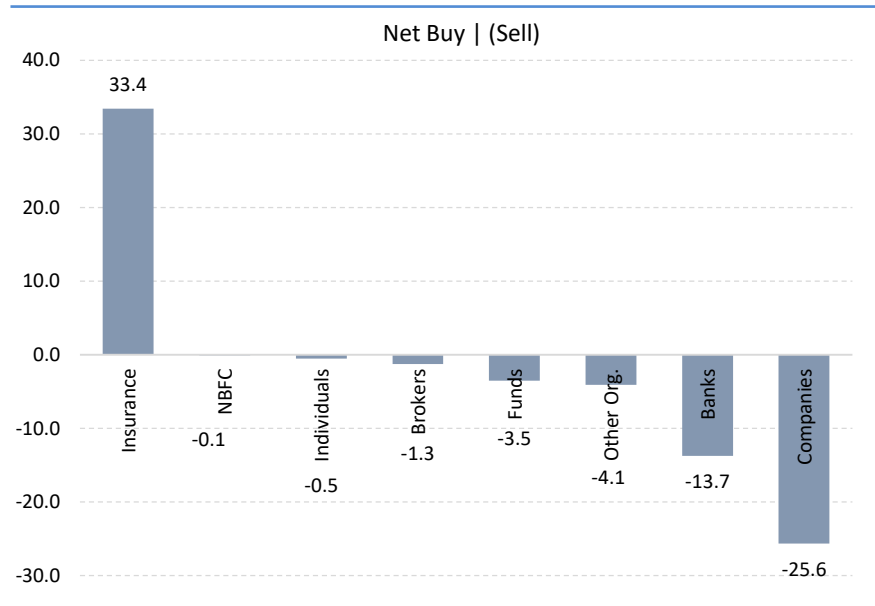
Source (s): NCCPL, Bloomberg, AHL Research

PSX Performance - Mar 2024

Portfolio investment (FIPI/LIPI)

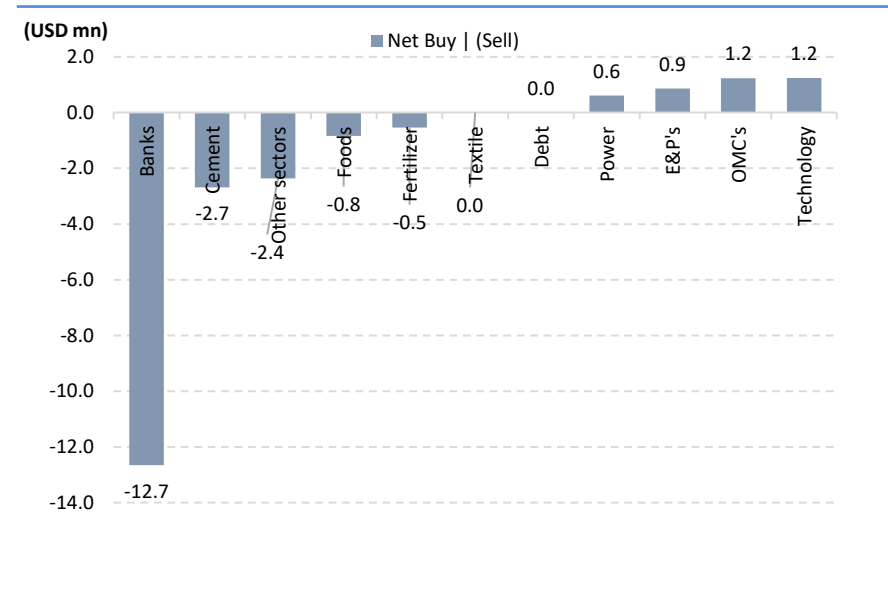
- On the local front, selling was reported by Companies (-USD 25.6mn), Banks (-USD 13.7mn), Other Organisation (USD 4.1mn), Mutual Funds (USD 3.5mn) and Brokers (USD 1.3mn). Meanwhile, buying was only witnessed by Insurance (USD 33.4mn) during Mar'24.

Figure: Local Investors Portfolio Investment (Mar-24)



Source (s): NCCPL, AHL Research

Figure: Figure: Sector wise LIPI (Mar-24)



Source (s): NCCPL, AHL Research

PSX Performance - Mar 2024

Outlook & Recommendation

The IMF's Executive Board is expected to approve and disburse second and final tranche of Standby Agreement program of ~USD 1.1bn, which could keep the sentiment positive in the market. In addition to this, the market participants will be closely monitoring developments related new EFF program of IMF (spring meetings to held in mid of Apr'24) coupled with privatization of SOEs. Moreover, SBP will be holding Monetary Policy Committee meeting on 29th Apr'24 to determine the monetary policy. Furthermore, the result season is expected to commence during the month, where certain scrips are anticipated to be in the limelight amid the expectation of robust results.

We expect the inflation to decline during the month of Apr'24 due to a significant base effect. However, some of the risk factors that could affect these forecasts, include: fluctuations in food prices, potential depreciation of the local currency against the USD, ongoing rises in international oil prices, and fiscal/budgetary actions following entry into a new IMF program.

The KSE-100 is currently trading at a PER of 4.2x (2024) as compared to its 5-year average of 5.6x offering a dividend yield of ~10.3% as compared to its 5-year average of ~7.6%. Our preferred stocks are OGDC, MARI, MCB, UBL, MEBL, FABL, HBL LUCK, MLCF, FCCL, FFC, HUBC, PSO and INDU.

PSX Performance - Mar 2024

World Indices Performance

Exhibit: World's Major Stock Market Performance (USD based return, Mar'24)

Sr#	Index	Country	Index	Return (%)	Sr#	Index	Country	Index	Return (%)
1	NSEASI Index	Kenya	113	36.3	39	GGSECI Index	Ghana	3,457	2.2
2	NGSEINDX Index	Nigeria	104,562	19.3	40	PSI20 Index	Portugal	6,281	2.0
3	MERVAL Index	Argentina	1,213,485	17.4	41	VNINDEX Index	Vietnam	1,284	1.9
4	ZHIALLSH Index	Zimbabwe	873,263	12.4	42	IPSA Index	Chile	6,644	1.7
5	IBEX Index	Spain	11,075	10.7	43	NDX Index	USA	18,255	1.2
6	CSEALL Index	Sri Lanka	11,444	10.7	44	SENSEX Index	India	73,651	1.0
7	BET Index	Romania	17,026	7.0	45	WIG20 Index	Poland	2,436	1.0
8	BELEX15 Index	Serbia	990	6.9	46	IMOEX Index	Russia	3,333	0.9
9	MEXBOL Index	Mexico	57,369	6.8	47	RTSI\$ Index	Russia	1,137	0.9
10	KZKAK Index	Kazakhstan	5,078	6.6	48	SMI Index	Switzerland	11,730	0.6
11	FTSEMIB Index	Italy	34,750	6.6	49	NZSE Index	New Zealand	1,804	0.4
12	TWSE Index	Taiwan	20,294	5.7	50	HSI Index	Hong Kong	16,541	0.2
13	ATX Index	Austria	3,536	5.6	51	SHSZ300 Index	China	3,537	0.1
14	KFX Index	Denmark	2,669	5.5	52	LUXXX Index	Luxembourg	1,490	0.0
15	BEL20 Index	Belgium	3,846	5.0	53	ASE Index	Greece	1,422	(0.2)
16	ISEQ Index	Ireland	9,957	4.9	54	ADSMI Index	UAE	9,228	(0.3)
17	DAX Index	Germany	18,492	4.6	55	JOSMGNFF Index	Jordan	2,458	(0.3)
18	UKX Index	UK	7,953	4.3	56	OMX Index	Sweden	2,518	(0.4)
19	KSE100 Index	Pakistan	67,005	4.2	57	SASEIDX Index	Saudi Arabia	12,566	(0.5)
20	SXSE Index	Europe	5,083	4.2	58	FBMKLCI Index	Malaysia	1,536	(0.6)
21	PX Index	Czech Republic	1,515	4.1	59	TALSE Index	Estonia	1,743	(0.7)
22	SPTSX Index	Canada	22,167	4.1	60	PCOMP Index	Philippines	6,904	(0.8)
23	JALSH Index	South Africa	74,536	4.0	61	SET Index	Thailand	1,378	(0.8)
24	SBITOP Index	Slovenia	1,462	3.9	62	VILSE Index	Lithuania	949	(1.0)
25	AEX Index	Netherland	882	3.9	63	BLOM Index	Lebanon	1,736	(1.0)
26	CRO Index	Croatia	2,835	3.9	64	HEX Index	Finland	9,747	(1.0)
27	CAC Index	France	8,206	3.5	65	BUX Index	Hungary	65,385	(1.2)
28	TUSISE Index	Tunisia	8,921	3.3	66	RIGSE Index	Latvia	1,319	(1.2)
29	KOSPI Index	South Korea	2,747	3.2	67	JCI Index	Indonesia	7,289	(1.3)
30	SPX Index	USA	5,254	3.1	68	IBOV Index	Brazil	128,106	(1.4)
31	AS51 Index	Australia	7,897	3.0	69	DFMGI Index	Dubai	4,246	(1.4)
32	OBXP Index	Norway	585	2.7	70	PFTS Index	Ukraine	507.0	(2.6)
33	SEMDEX Index	Mauritius	2,152	2.7	71	XU100 Index	Turkey	9,142	(4.0)
34	MSM30 Index	Oman	4,673	2.6	72	DSM Index	Qatar	9,944	(5.1)
35	BHSEASI Index	Bahrain	2,056	2.5	73	ICEXI Index	Iceland	2,065	(7.4)
36	FSSTI Index	Singapore	3,224	2.4	74	DSEX Index	Bangladesh	5,778	(7.6)
37	SOFIX Index	Bulgaria	807	2.3	75	EGX30 Index	Egypt	27,559	(38.0)
38	NKY Index	Japan	40,369	2.2					

Source (s): Bloomberg, AHL Research

Analyst Certification and Disclaimer

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Equity Research Ratings

Arif Habib Limited (AHL) uses three rating categories, depending upon return from current market price, with Target period as Dec 2024 for Target Price. In addition, return excludes all type of taxes. For more details, kindly refer the following table;

Rating	Description
BUY	Upside of subject security(ies) is more than +15% from last closing of market price(s)
HOLD	Upside of subject security(ies) is between -15% and +15% from last closing of market price(s)
SELL	Upside of subject security(ies) is less than -15% from last closing of market price(s)

Equity Valuation Methodology

AHL Research uses the following valuation technique(s) to arrive at the period end target prices;

- Discounted Cash Flow (DCF)
- Dividend Discount Model (DDM)
- Sum of the Parts (SoTP)
- Justified Price to Book (JPTB)
- Reserved Base Valuation (RBV)

Risks: The following risks may potentially impact our valuations of subject security (ies);

- Market risk
- Interest Rate Risk
- Exchange Rate (Currency) Risk

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In order to avoid any conflict of interest, we hereby disclosed that;

Arif Habib Limited (AHL) has a shareholding in PPL, OGDC, HBL, NBP, FCCL and MLCF.