

Pakistan Economy

Jul'24: LSMI output improved by 2.38% YoY

16-Sep-2024

Sana Tawfik | Menka Kirpalani

D: +92 21 32462589

UAN: +92 21 111 245 111, Ext: 248

F: +92 21 32420742

E: sana.tawfik@arifhabibltd.com

menka.kumari@arifhabibltd.com



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

Large Scale Manufacturing Industries

LSMI output improved by 2.38% YoY

- Following the commencement of FY25, the Pakistan Bureau of Statistics reported a 2.38% YoY increase in the production levels of Large Scale Manufacturing Industries (LSMI) compared to corresponding period last year.
- In Jul'24, the LSMI Index was recorded at 106.26, reflecting a 2.08% MoM decline from the index of about 108.46 in Jun'24.
- In Jul'24, 15 out of 22 sectors saw positive growth, including food, coke and petroleum products, chemicals, wearing apparel, beverages, and automobile.
- Looking ahead, factors such as revival in demand followed by stability in currency, global oil prices and continuation of interest rate reversal cycle are further going to improve LSMI production.

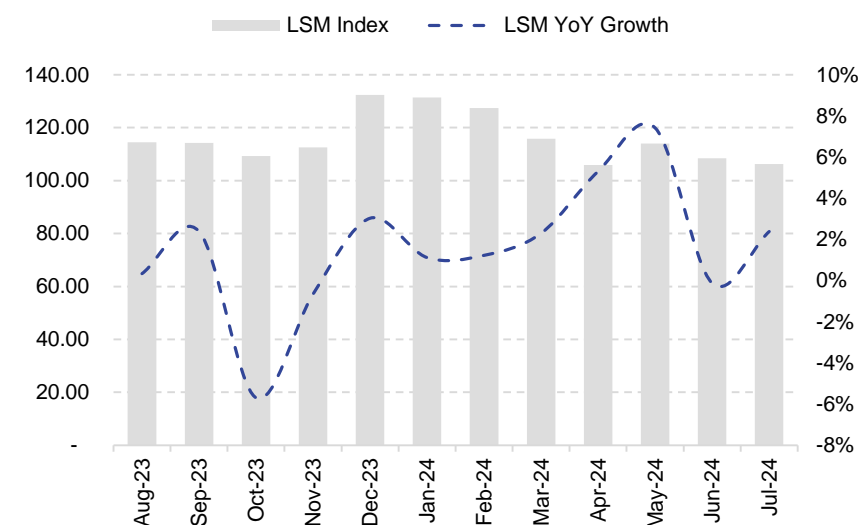
The sector-wise increase during Jul'24 was led primarily by:

- Textile (+8.4% YoY), Food (+4.8% YoY), Coke & Petroleum Products (+5.6% YoY), Chemicals (+9.6% YoY), Beverages (+6.8% YoY), Automobiles (+72.0% YoY), Tobacco (+90.2% YoY), Paper & Board (+6.4% YoY), Leather Products (+1.1% YoY), Other manufacturing (Football) (+10.7% YoY), Wood products(+8.6% YoY) , and Computer, electronics and optical products (+1.1% YoY).

The sector-wise decrease during Jul'24 was led primarily by:

- Pharmaceuticals (-3.4% YoY), Iron (-12.7%), Electrical Equipment (-19.4% YoY), Furniture (-55.8% YoY), Fabricated Metal (- 18.4% YoY) and Rubber Products (-16.0% YoY).

Figure: Quantum index of manufacturing



Source (s): PBS, AHL Research

Exhibit: Large Scale Manufacturing Industries (Base year 2015-16)

	Jul-24	Jul-23	YoY	Jun-24	MoM
Over All	106.26	103.7	2.38%	108.46	-2.08%

Source (s): PBS, AHL Research

Large Scale Manufacturing Industries

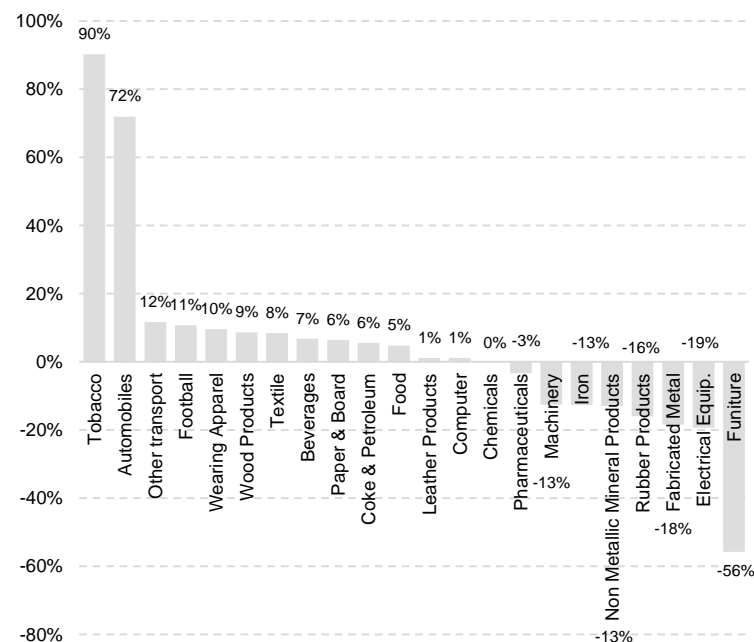
LSMI output improved by 2.38% YoY

Exhibit: Sector Wise Details (Base year 2015-16)

Manufacturing Items	Weight (%)	YoY Change		YoY Growth Impact
		Jul-24	Jul-23	
Textile	18.2	8.4%	-22.0%	-0.9%
Food	10.7	4.8%	6.5%	0.3%
Coke & Petroleum Products	6.7	5.6%	-2.3%	0.6%
Chemicals	6.5	0.2%	5.7%	0.4%
Wearing Apparel	6.1	9.6%	-2.5%	1.2%
Pharmaceuticals	5.2	-3.4%	54.2%	0.8%
Non Metallic Mineral Products	5.0	-12.9%	33.3%	-0.4%
Beverages	3.8	6.8%	-7.8%	-0.1%
Iron & Steel Products	3.5	-12.7%	-2.7%	-0.2%
Automobiles	3.1	72.0%	-66.1%	-0.6%
Tobacco	2.1	90.2%	54.1%	-0.4%
Electrical Equipment	2.1	-19.4%	-22.4%	-0.3%
Paper & Board	1.6	6.4%	-15.3%	0.0%
Leather Products	1.2	1.1%	-2.0%	0.0%
Other transport Equipment	0.7	11.7%	-19.9%	0.0%
Furniture	0.5	-55.8%	-27.7%	0.4%
Fabricated Metal	0.4	-18.4%	-4.6%	0.0%
Machinery and Equipment	0.4	-12.6%	4.2%	0.2%
Other Manufacturing (Football)	0.3	10.7%	-5.4%	0.0%
Rubber Products	0.2	-16.0%	10.2%	0.0%
Wood Products	0.2	8.6%	-4.5%	0.0%
Computer, electronics and Optical products	0.0	1.1%	-32.1%	0.0%

Source (s): PBS, AHL Research

Figure: Sector-wise YoY growth during Jul'24



Source (s): PBS, AHL Research

Analyst Certification and Disclaimer

Analyst Certification: The research analyst(s) is (are) principally responsible for preparation of this report. The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject security (ies) or sector (or economy), and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. In addition, we currently do not have any interest (financial or otherwise) in the subject security (ies). Furthermore, compensation of the Analyst(s) is not determined nor based on any other service(s) that AHL is offering. Analyst(s) are not subject to the supervision or control of any employee of AHL's non-research departments, and no personal engaged in providing non-research services have any influence or control over the compensatory evaluation of the Analyst(s).

Equity Research Ratings

Arif Habib Limited (AHL) uses three rating categories, depending upon return form current market price, with Target period as Jun 2025 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

Disclaimer: This document has been prepared by Research analysts at Arif Habib Limited (AHL). This document does not constitute an offer or solicitation for the purchase or sale of any security. This publication is intended only for distribution to the clients of the Company who are assumed to be reasonably sophisticated investors that understand the risks involved in investing in equity securities. The information contained herein is based upon publicly available data and sources believed to be reliable. While every care was taken to ensure accuracy and objectivity, AHL does not represent that it is accurate or complete and it should not be relied on as such. In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. AHL reserves the right to make modifications and alterations to this statement as may be required from time to time. However, AHL is under no obligation to update or keep the information current. AHL is committed to providing independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Past performance is not necessarily a guide to future performance. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for any investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his or her own advisors to determine the merits and risks of such investment. AHL or any of its affiliates shall not be in any way responsible for any loss or damage that may be arise to any person from any inadvertent error in the information contained in this report.