

# Market Performance

## Sep'24: Upbeat Momentum; KSE-100 up 2.6k pts

30-Sep-2024



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# PSX Performance - Sep'24

## Upbeat Momentum; KSE-100 up 2.6k pts

### Policy Rate cut & EFF approval by IMF kept the sentiment jubilant

- The KSE-100 index depicted a robust momentum during Sep'24.
- At the start of the month, the announcement of single digit inflation of 9.6% (34-month low) renewed investor's expectation of rate cut in the MPC meeting on 12th Sep'24.
- Hence, the SBP continued its monetary policy easing cycle, cutting the policy rate by 200bps to 17.5% (a move not seen since Apr'20).
- In addition to this, the IMF's EB meeting was held on 25th Sep'24, in which Extended Fund Facility (EFF) worth USD 7bn was approved and later in the week first tranche of USD 1bn was disbursed.
- The event resulted in KSE-100 index reaching highest ever level of 82,248 points on closing basis.
- However, subsequent profit taking resulted in market closing below 82k level.
- The SBP reserves reached the highest level since Jul'22 to USD 9.5bn, up USD 96mn MoM.
- Furthermore, Pak Rupee appreciated against the USD by PKR 0.82 | 0.30% MoM at 277.71.
- The market culminated at 81,114 points in Sep'24, showcasing a massive gain of 2,626 points or 3.3% MoM.
- On a quarterly basis, the index significantly climbed up 2,669pts | 3.40% QoQ amid approval of IMF's EFF program, decline in inflation and reduction in SBP's policy rate during 1QFY25, and stable Pak Rupee parity.

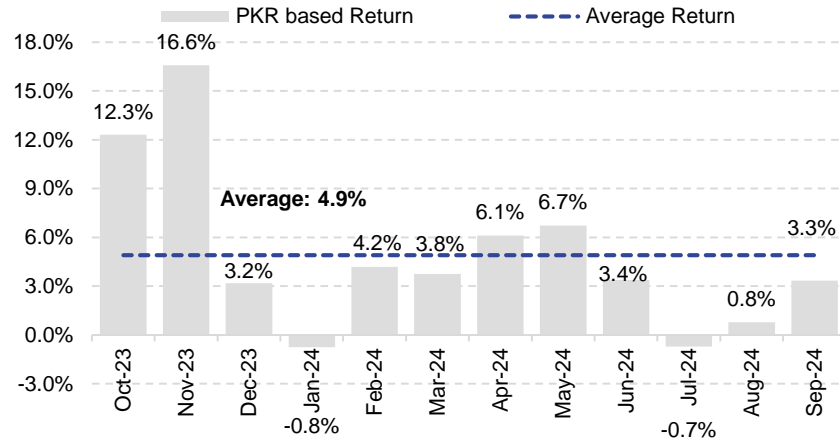
### Major News

Jul-Aug oil sales decline 12pc to 2.4m tons YoY, Urea, DAP sales plunge 29% in Aug as monsoon hits, Power generation drops 17% in Aug, High taxes lead to 25.68% drop in cement sales, Auto sales increase 15% YoY in August amid mixed segment performance FFBL shareholders to get 1 for 4.29 shares post FFC merger, FFC plans to acquire Agritech beyond threshold, Govt launches Rs500 billion T-Bill buyback to reduce debt costs, Kohat Cement board announces buyback of up to 12 million shares, Sazgar's four-wheel vehicle sales increase by 219% YoY in Aug'24, 3 Oct cargoes to be cancelled: Leading OMCs' Sept cargo deferred, OGDCL announces new gas discovery in Sindh's Khairpur district.

# PSX Performance - Sep'24

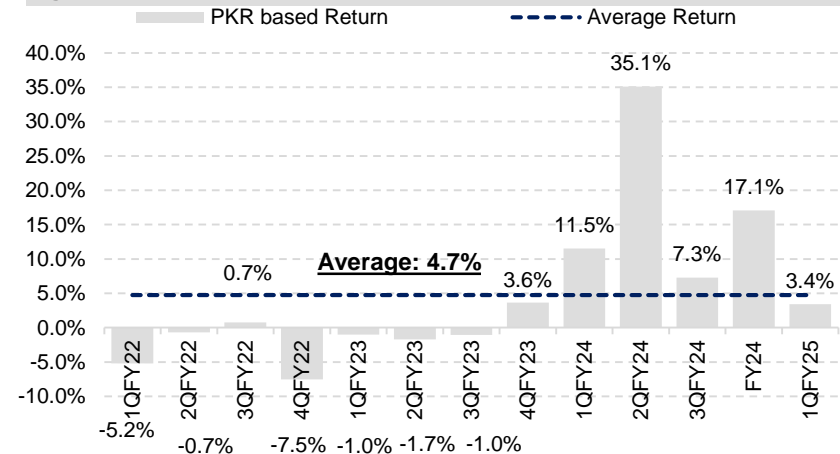
## Upbeat Momentum; KSE-100 up 2.6k pts

**Figure: KSE-100 historical performance (PKR based) – Sep-24**



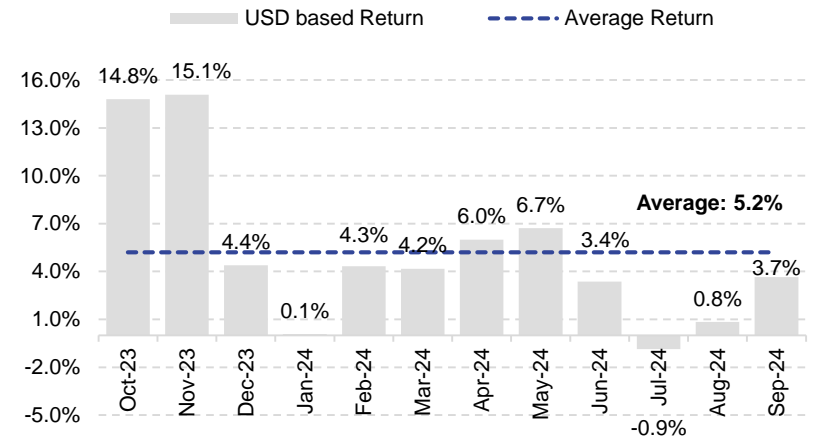
Source (s): PSX, AHL Research

**Figure: KSE-100 historical performance (PKR based) 1QFY25**



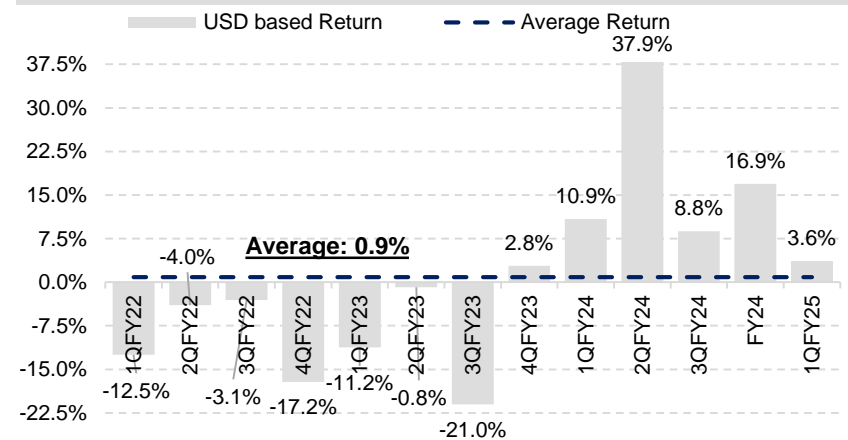
Source (s): PSX, AHL Research

**Figure: KSE-100 historical performance (USD based) – Sep-24**



Source (s): PSX, AHL Research

**Figure: KSE-100 historical performance (USD based) 1QFY25**



Source (s): PSX, AHL Research

# PSX Performance - Sep'24

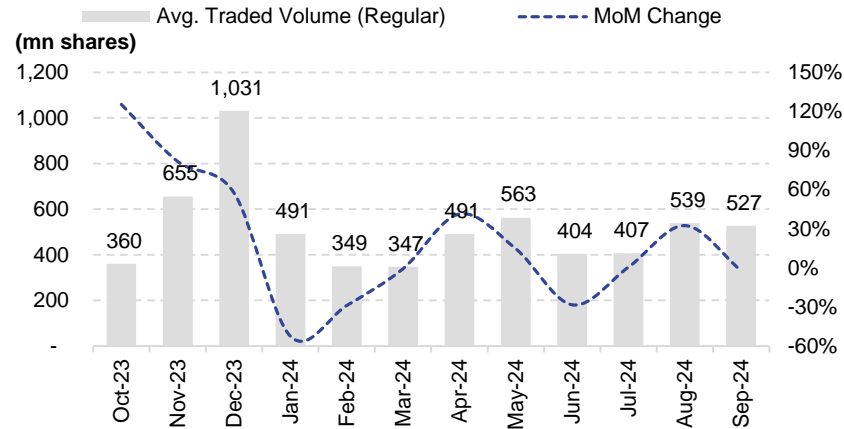
## Economic developments

- Pakistan reported a current account surplus of USD 75mn in Aug'24, a significant improvement from the USD 152mn deficit recorded in Aug'23. This is first surplus recorded after 4 months. In Aug'24, total imports, including both goods and services declined by 1% compared to the previous month, reaching USD 5.6bn. In Aug'24, the total exports, including both goods and services, reported a 1% increase compared to the preceding month, amounting to USD 3.1bn while up by 3% YoY. Hence, the current account deficit for 2MFY25 comes out to be USD 171mn
- In Aug'24, remittances from overseas Pakistanis totalled USD 2.94bn, reflecting a 2% MoM decline from USD 2.99bn in Jul'24. However, on a YoY basis, remittances increased by 40% from USD 2.09bn in Aug'23. Inflows from KSA clocked-in to USD 713mn, showing a 45% YoY increase but a 6% MoM decrease. Whereas, the remittances from UAE were USD 538mn, up 75% YoY while down 12% MoM. Moreover, contributions from United Kingdom totalled USD 475mn, up 44% YoY | 7% MoM. In addition to this, European Union remittances settled at USD 376mn, marking an increase of 29% YoY | 7% MoM. With this, the total remittances for 2MFY25 clocked in at USD 5.9bn. On the other hand, Foreign direct investment (inflow) settled at USD 214mn in Aug'24, compared USD 142mn during Aug'23. On a MoM basis, the country reported a growth of 57% compared to USD 136mn in the previous month. Cumulatively, in 2MFY25, foreign direct investment (FDI) reached USD 350mn, representing a 55.6% increase compared to USD 225mn in the same period last year. During 2MFY25, China emerged as the leading contributor to net FDI, recording a net FDI of USD 175mn, followed by the Hong Kong with a net FDI of USD 70mn.
- 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. During Jul'24, 15 out of 22 sectors saw positive growth, including food, coke and petroleum products, chemicals, wearing apparel, beverages, and automobile. 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).

# PSX Performance - Sep'24

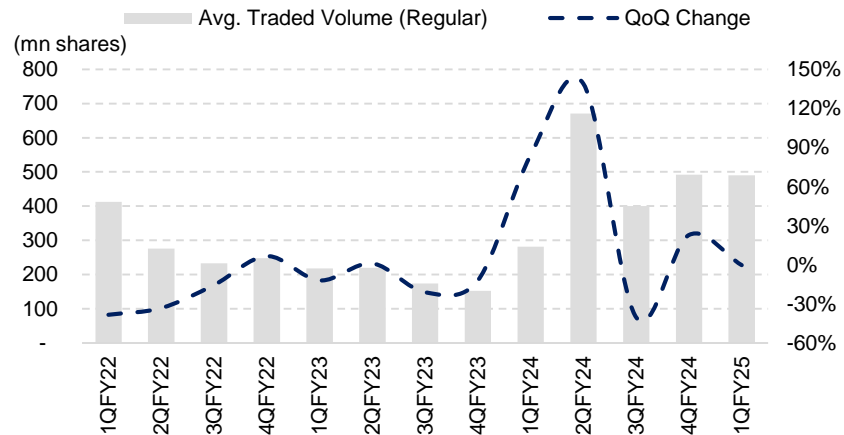
## Decline in volume and value on MoM basis

**Figure:** PSX historic average traded volume



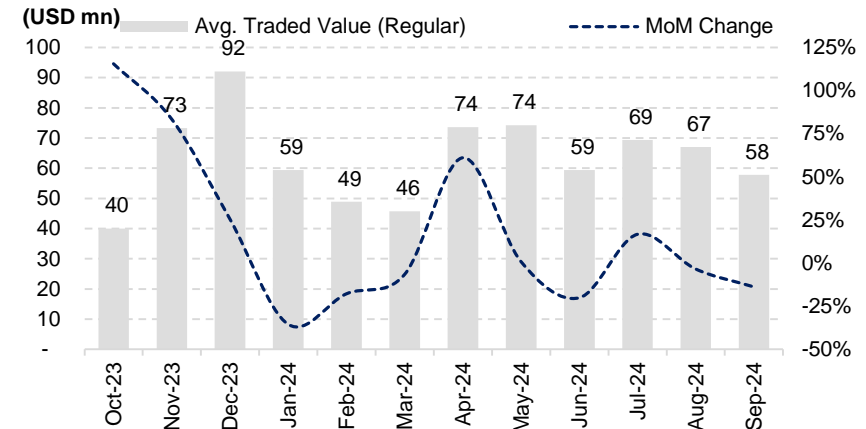
Source (s): PSX, AHL Research

**Figure:** PSX historic average traded volume 1QFY25



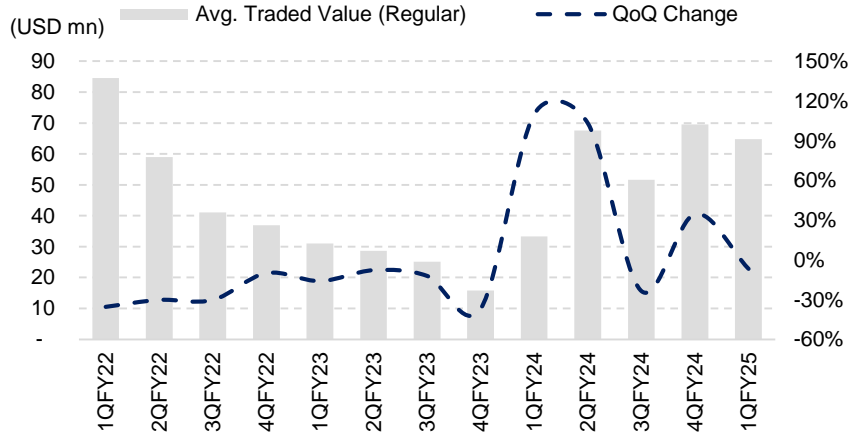
Source (s): PSX, AHL Research

**Figure:** PSX historic average traded value



Source (s): PSX, AHL Research

**Figure:** PSX historic average traded value 1QFY25



Source (s): PSX, AHL Research

# PSX Performance - Sep'24

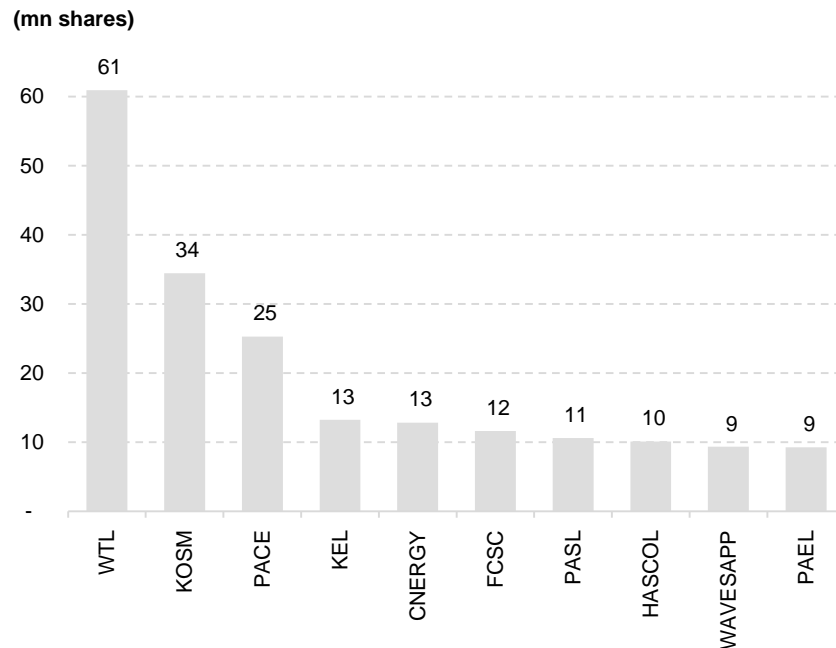
## Volume leaders

The average volumes during Sep'24 arrived at 527mn shares. On a quarterly basis, the average volumes stood at 490mn shares in 1QFY25.

### Sector & Company-wise volume leaders in Sep'24

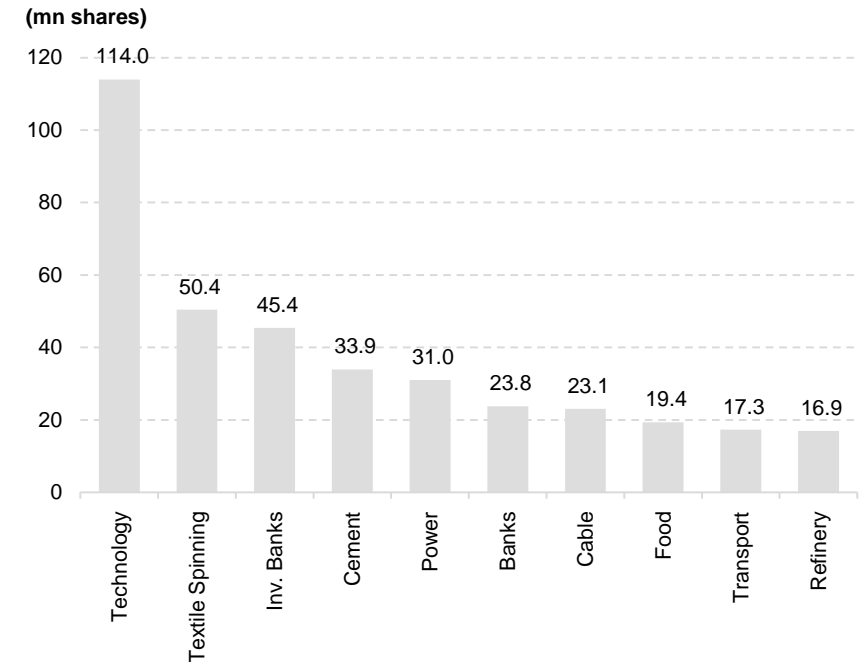
- Sectors that garnered the most activity during the Sep'24 were Technology, Textile Spinning, Inv. Banks, Cement, and Power recording average volumes of 114mn, 50mn, 45mn, 34mn and 31mn, respectively.
- Whereas on a scrip-wise basis, volumes were led by WTL (61mn), KOSM (34mn), PACE (25mn), KEL (13mn) and CNERGY (13mn) in Sep'24.

**Figure: Top Scrip-wise volume leaders (Sep-24)**



Source (s): PSX, AHL Research

**Figure: Top sector-wise volume leaders (Sep-24)**



Source (s): PSX, AHL Research

# PSX Performance - Sep'24

## Value leaders

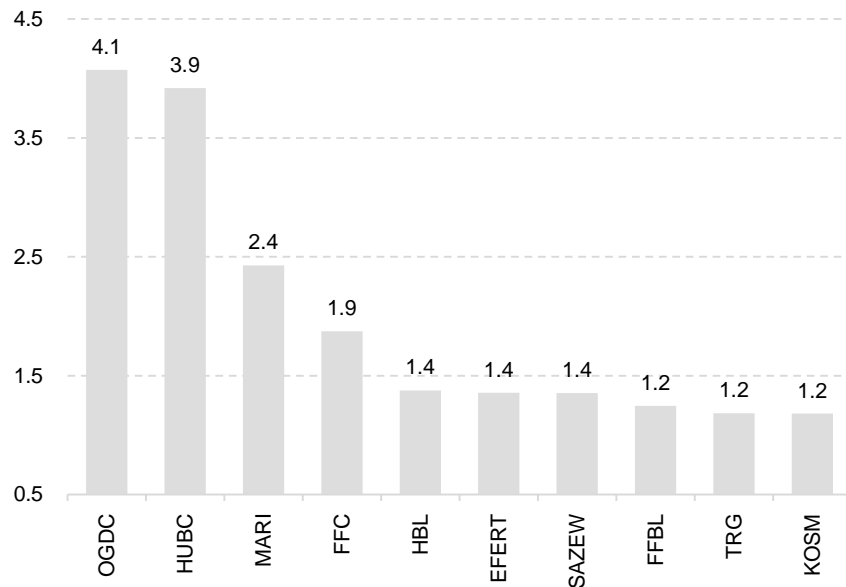
The average trading value during Sep'24 arrived at USD 58mn. Meanwhile during 1QFY25, the average trading value settled at USD 65mn.

### Sector & Company-wise value leaders in Sep'24

- On a sector-wise basis, the most activity during the period was witnessed in E&P, Technology, Fertilizer, Power, and Banks posting a traded value of USD 8.3mn, USD 7.4mn, USD 5.5mn, USD 5.1mn, and USD 5.1mn, respectively.
- Meanwhile, on a scrip-wise basis, the highest trading values were dominated by OGDC (USD 4.1mn), followed by HUBC (USD 3.9mn), MARI (USD 2.4mn), FFC (USD 1.9mn), HBL (USD 1.4mn), EFERT (USD 1.4mn), SAZEW (USD 1.4mn), FFBL (USD 1.2mn), TRG (USD 1.2mn), and KOSM (USD 1.2mn).

**Figure:** Top scrip-wise value leaders (Sep-24)

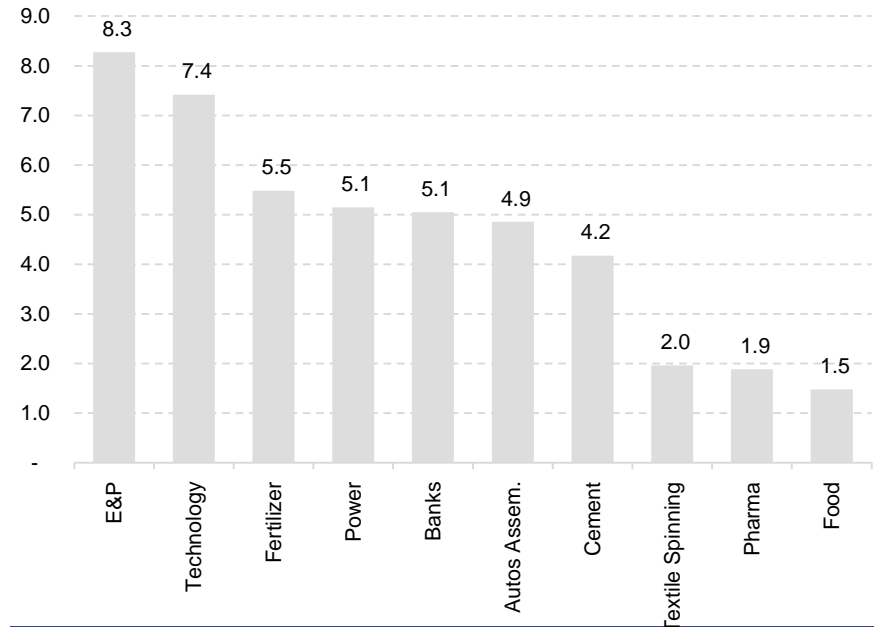
(USD mn)



Source (s): PSX, AHL Research

**Figure:** Top sector-wise value leaders (Sep-24)

(USD mn)



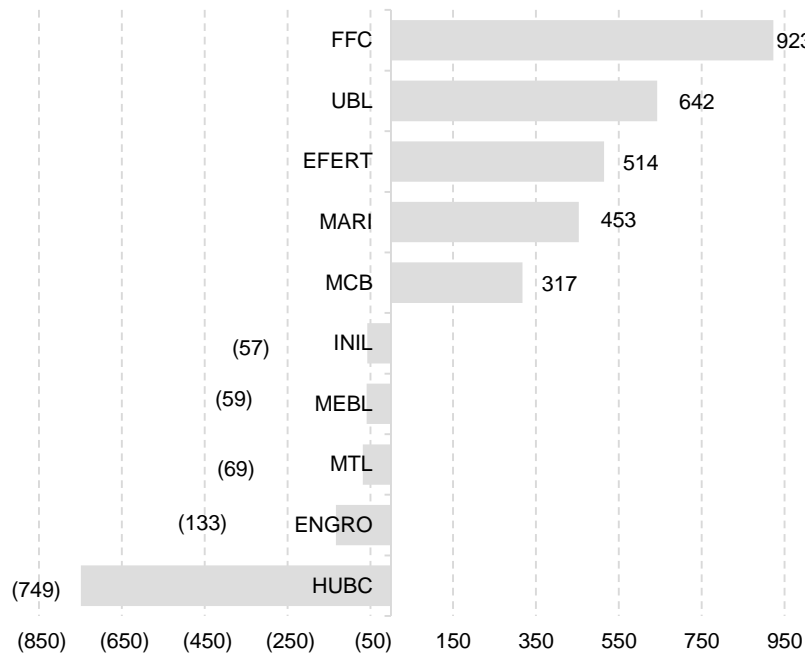
Source (s): PSX, AHL Research

# PSX Performance - Sep'24

## Index contribution

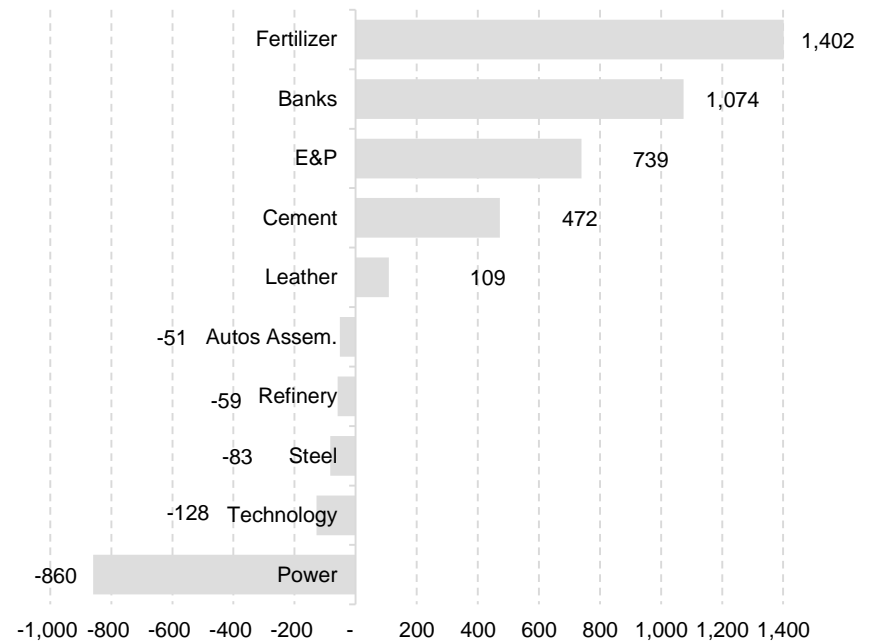
- Sectors contributing positively to the index during Sep'24 include Fertilizers (1,402pts), Banks (1,074pts), E&P (739pts), Cement (472pts), and Leather (109pts). Whereas, the sectors contributing negatively comprised of Power (-860pts) followed by Technology (-128pts), and Steel (-83pts).
- Scrip wise positive contributors during the year were FFC (923pts), UBL (642pts), EFERT (514pts) and MARI (453pts). Scrip-wise negative contributors were HUBC (-749pts), ENGRO (-133pts), MTL (-69pts), MEBL (-59pts), and INIL (-57pts).

**Figure: Top Scrip-wise index contributors (Sep-24)**



Source (s): PSX, AHL Research

**Figure: Top sector-wise index contributors (Sep-24)**



Source (s): PSX, AHL Research

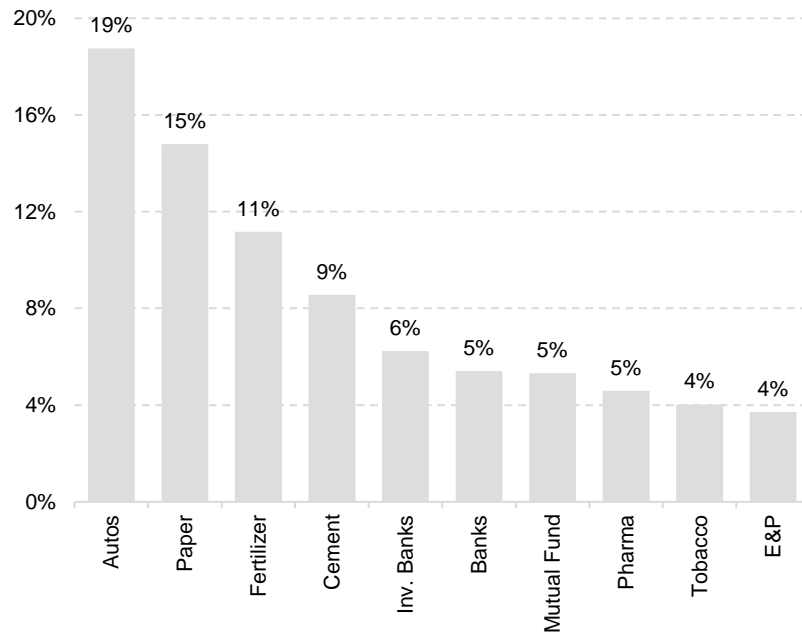


# PSX Performance - Sep'24

## Sector-wise major gainers and losers

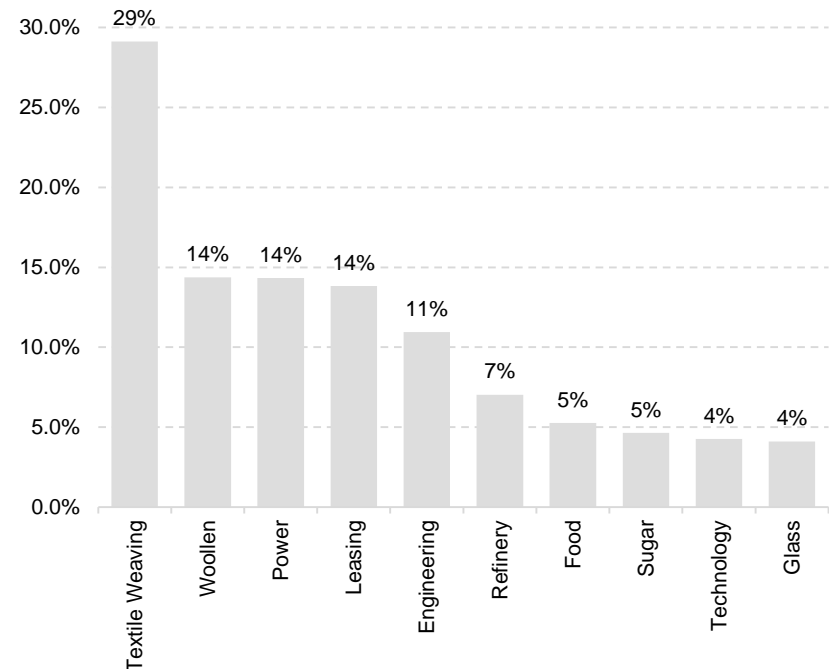
- In terms of sectors, major gainers were from Auto (19%), Paper (15%), Fertilizer (11%), Cement (9%), and Inv. Banks (6%) during Sep'24. Whereas, major losers were Textile Weaving (29%), Woollen (14%), Power (14%), Leasing (14%), and Engineering (11%).

**Figure:** Sector wise major gainers (KSE100) – Sep-24



Source (s): PSX, AHL Research

**Figure:** Sector wise major losers (KSE100) – Sep-24



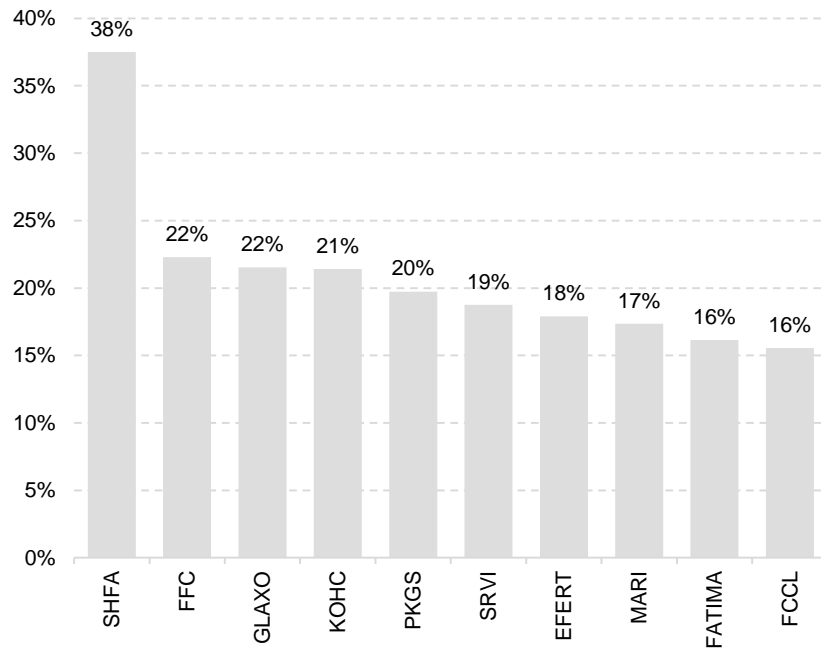
Source (s): PSX, AHL Research

# PSX Performance - Sep'24

## Scrip-wise major gainers and losers

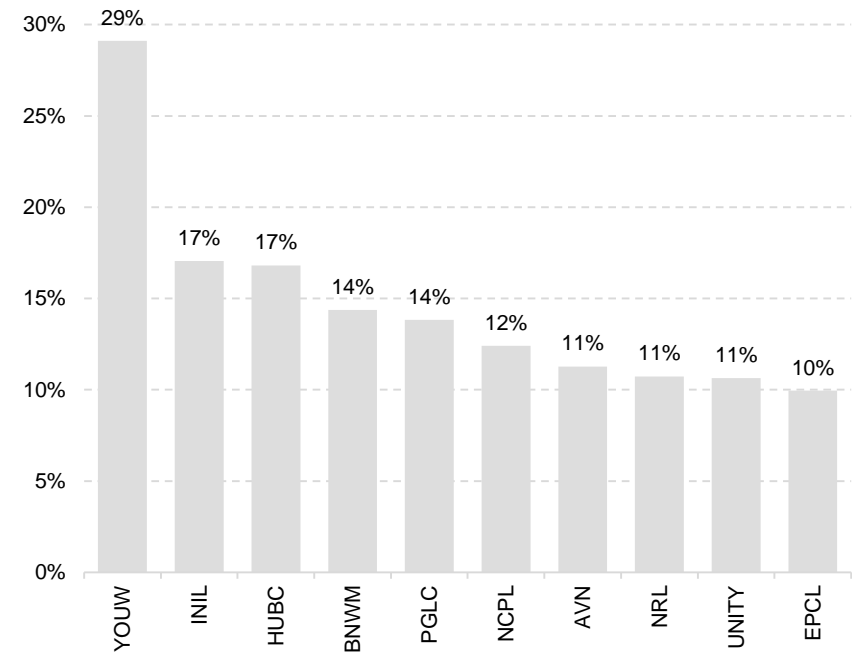
- Scrip-wise positive returns during Sep'24 were witnessed in SHFA, FFC, GLAXO, KOHC and PKGS posting returns of 38%, 22%, 22%, 21%, and 20%, respectively. Meanwhile, negative performance during the month came from YOUW, INIL, HUBC, BNWM, and PGLC, each posting negative returns of 29%, 17%, 17%, 14%, and 14%, respectively.

**Figure:** Scrip wise major gainers (KSE100) – Sep-24



Source (s): PSX, AHL Research

**Figure:** Scrip wise major losers (KSE100) – Sep-24

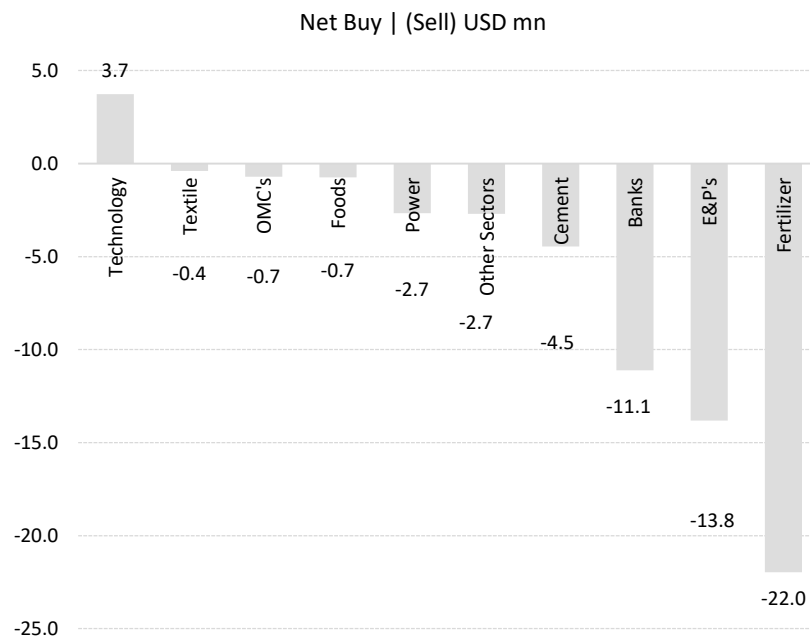


Source (s): PSX, AHL Research

## Regional portfolio investment and FIPI/LIPI

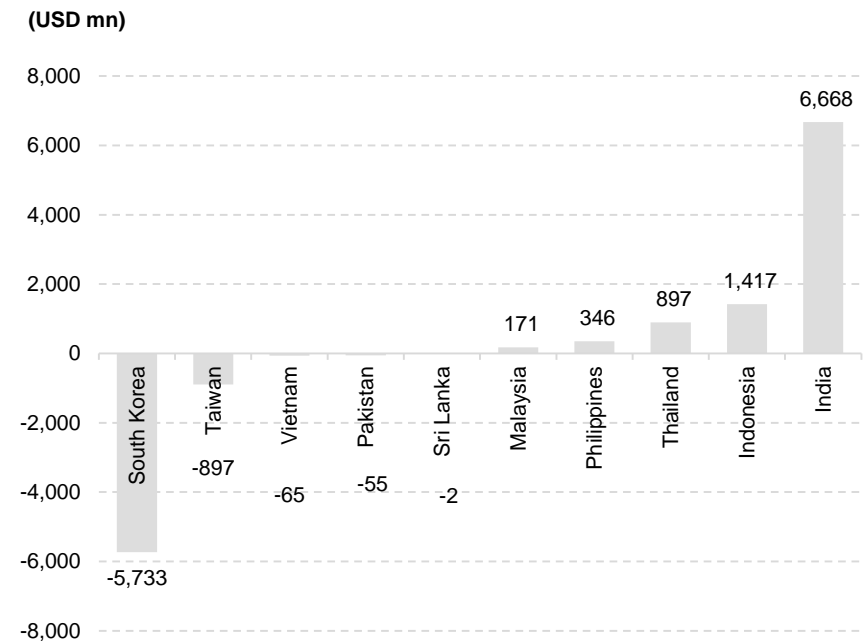
- Foreign buying was witnessed in the Asia-Pacific region during Sep'24, was led by India (USD 6.7bn) and Indonesia (USD 1.84n) amid interest rate cut by FED. Whereas foreign selling was observed in South Korea (USD 5.7bn) amid concerns over future demand in tech and automobile industry, followed by Taiwan (USD 0.9bn).
- On the domestic stock exchange, foreign selling activity of USD 55mn was reported in the Sep'24. The outflows were predominantly in Fertilizers (-USD 22mn), E&Ps (-USD 14mn), Banks (-USD 11mn), Cement (-USD 5mn), and Other Sectors (-USD 3mn). Whereas, net buying was observed in Technology (-USD 4mn).

**Figure:** Sector wise FIPI- Sep-24



Source (s): NCCPL, AHL Research

**Figure:** Regional Portfolio investment during Sep-24



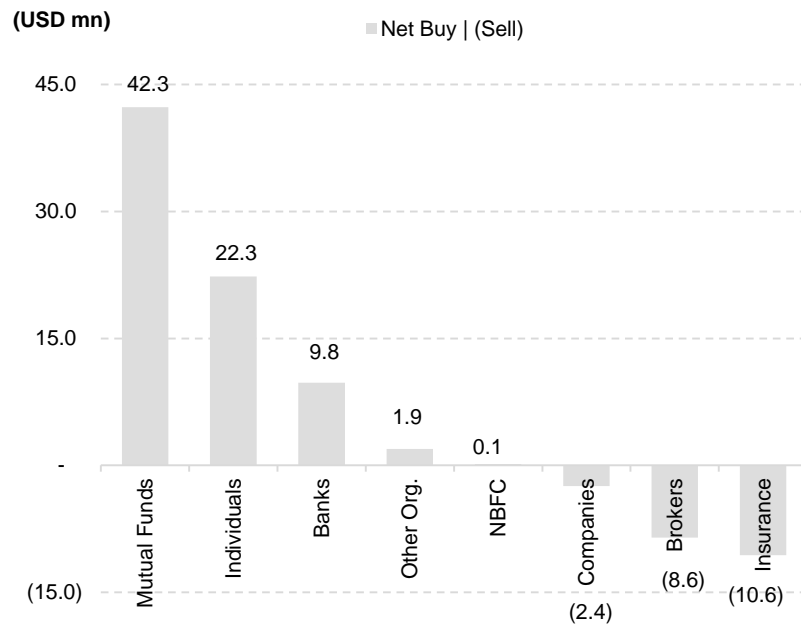
Source (s): NCCPL, Bloomberg, AHL Research

# PSX Performance - Sep'24

## Portfolio investment (FIPI/LIPI)

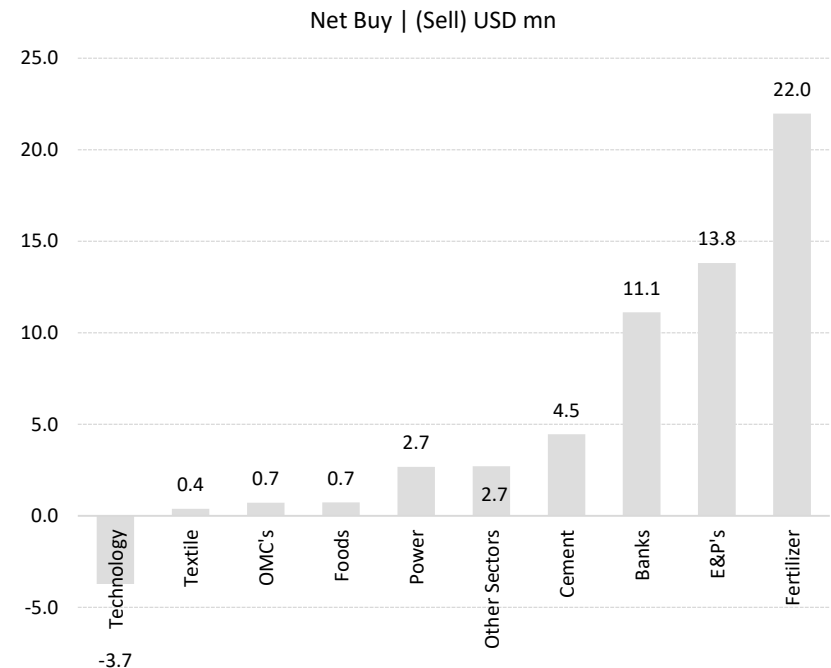
- On the local front, buying was reported by Mutual Funds (USD 42mn), Individuals (USD 22mn), Banks (USD 10mn), and Other Organization (USD 2mn) in Sep'24. Meanwhile, selling was witnessed by Insurance (USD 11mn) and Brokers (USD 9mn) during the month.

**Figure:** Local Investors Portfolio Investment (Sep-24)



Source (s): NCCPL, AHL Research

**Figure:** Sector wise LIPI (Sep-24)



Source (s): NCCPL, AHL Research

# PSX Performance - Sep'24

## Outlook & Recommendation

Keeping in view approval of IMF program and disbursement of first tranche, the market participants will continue to rejoice and expect further foreign flows in the country. Whereas, the result season (1QFY25/3QCY24) will commence during the month, which will keep certain scrips in the limelight.

We project the single-digit trend to continue, with headline inflation for Sep '24 projected at 7.3% YoY—the lowest since Jan '21. Consequently, the average CPI for 1QFY25 is anticipated to be around 9.3% YoY, down from the 29.0% YoY rate in the same period last year. We anticipate that single-digit inflation will persist in the latter half of CY24, provided there are no external shocks. The shocks that could adversely hinder our forecasts includes rise in the international oil prices, hefty fluctuations in PKR volatility, or a significant jump in the trade deficit.

The KSE-100 is currently trading at a PER of 4.1x (2025) as compared to its 5-year average of 5.9x while also offering a dividend yield of ~10.3% as compared to its 5-year average of ~8.2%. Our preferred stocks are OGDC, PPL, MCB, UBL, MEBL, LUCK, FCCL, DGKC, MLCF, FFC, PSO, HUBC, HTL, ILP, NML and, INDU.

# PSX Performance - Sep'24

## World Indices Performance

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

Sr#	Index	Country	Index	Return (%)	Sr#	Index	Country	Index	Return (%)
1	ZHIALSH Index	Zimbabwe	245	110.7	38	IBOV Index	Brazil	132,730	1.6
2	SHSZ300 Index	China	4,018	22.3	39	SPX Index	USA	5,738	1.6
3	HSI Index	Hong Kong	21,134	18.0	40	PX Index	Czech Republic	1,611	1.5
4	SET Index	Thailand	1,449	12.6	41	ADSMI Index	UAE	9,425	1.5
5	BLOM Index	Lebanon	2,081	11.0	42	CAC Index	France	7,656	1.5
6	CSEALL Index	Sri Lanka	11,855	10.2	43	PSI20 Index	Portugal	6,771	1.3
7	JALSH Index	South Africa	86,919	7.5	44	MEXBOL Index	Mexico	52,778	1.2
8	SEMDEX Index	Mauritius	2,342	6.2	45	SBITOP Index	Slovenia	1,604	1.1
9	FSSTI Index	Singapore	3,585	6.1	46	CRO Index	Croatia	2,942	1.1
10	ICEXI Index	Iceland	2,105	5.7	47	NZSE Index	New Zealand	1,820	0.9
11	PCOMP Index	Philippines	7,273	5.7	48	UKX Index	UK	8,275	0.8
12	IBEX Index	Spain	11,889	5.5	49	TWSE Index	Taiwan	22,225	0.7
13	AS51 Index	Australia	8,270	4.8	50	SASEIDX Index	Saudi Arabia	12,226	0.7
14	BELEX15 Index	Serbia	1,125	4.8	51	JCI Index	Indonesia	7,528	0.5
15	DFMGI Index	Dubai	4,503	4.1	52	NKY Index	Japan	37,920	0.5
16	LUXXX Index	Luxembourg	1,431	4.1	53	FTSEMIB Index	Italy	34,131	0.4
17	DSM Index	Qatar	10,614	4.0	54	AEX Index	Netherlands	911	0.3
18	BEL20 Index	Belgium	4,296	3.8	55	SOFIX Index	Bulgaria	857	0.2
19	VILSE Index	Lithuania	1,011	3.7	56	PFTS Index	Ukraine	507	(0.4)
20	<b>KSE100 Index</b>	<b>Pakistan</b>	<b>81,114</b>	<b>3.7</b>	57	RIGSE Index	Latvia	874	(0.4)
21	IPSA Index	Chile	6,541	3.5	58	GGSECI Index	Ghana	4,380	(0.5)
22	ASE Index	Greece	1,463	3.4	59	TALSE Index	Estonia	1,679	(0.6)
23	DAX Index	Germany	19,325	3.4	60	MSM30 Index	Oman	4,710	(0.8)
24	EGX30 Index	Egypt	31,587	3.3	61	MERVAL Index	Argentina	1,727,777	(1.1)
25	NSEASI Index	Kenya	107	3.1	62	SMI Index	Switzerland	12,179	(1.2)
26	FBMKLCI Index	Malaysia	1,649	2.9	63	KOSPI Index	South Korea	2,593	(1.2)
27	BHSEASI Index	Bahrain	2,013	2.8	64	OBXP Index	Norway	604	(1.5)
28	OMX Index	Sweden	2,624	2.8	65	ATX Index	Austria	3,632	(1.5)
29	ISEQ Index	Ireland	9,922	2.6	66	JOSMGNFF Index	Jordan	2,374	(1.6)
30	SPTSX Index	Canada	23,957	2.5	67	XU100 Index	Turkey	9,679	(1.9)
31	SENSEX Index	India	84,300	2.5	68	WIG20 Index	Poland	2,335.9	(1.9)
32	TUSISE Index	Tunisia	9,962	2.4	69	BET Index	Romania	17,584	(2.0)
33	SX5E Index	Europe	5,012	2.2	70	KZKAK Index	Kazakhstan	5,172	(2.3)
34	NDX Index	USA	20,009	2.2	71	NGSEINDX Index	Nigeria	98,486	(2.8)
35	BUX Index	Hungary	74,252	1.9	72	DSEX Index	Bangladesh	5,625	(3.1)
36	INDU Index	USA	42,313	1.8	73	KFX Index	Denmark	2,487	(9.6)
37	HEX Index	Finland	10,312	1.8					

Source (s): Bloomberg, AHL Research

# Analyst Certification and Disclaimer

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Arif Habib Limited (AHL) uses three rating categories, depending upon return from 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

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In order to avoid any conflict of interest, we hereby disclosed that;  
Arif Habib Limited (AHL) has a shareholding in OGDC.