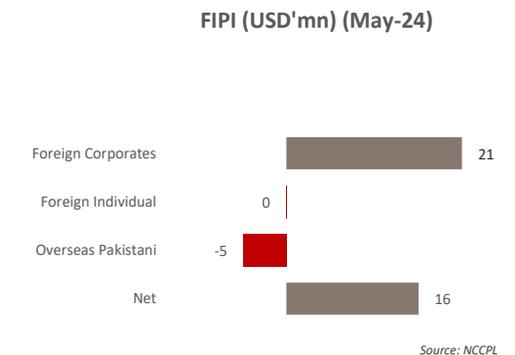
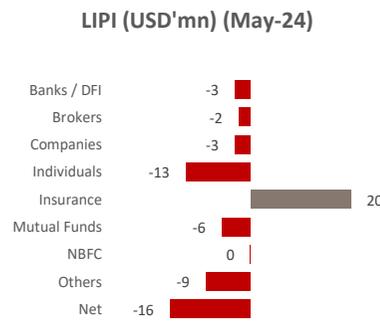
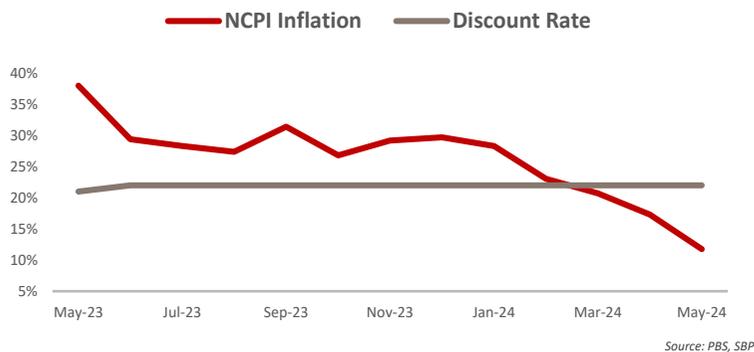
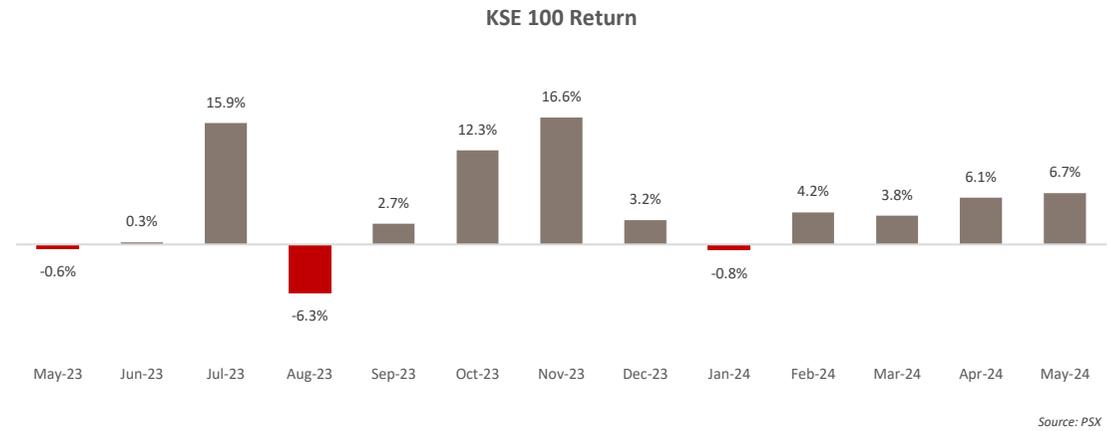


ACPL DIGEST (May-24)



Remittances			Exports			Imports			Current Account	
10MFY24	10MFY23	Change	10MFY24	10MFY23	Change	10MFY24	10MFY23	Change	10MFY24	10MFY23
\$23.85 bn	\$23.04 bn	▲ 3.52%	\$32.10 bn	\$29.56 bn	▲ 8.6%	\$51.70 bn	\$52.67 bn	▼ -1.8%	-\$0.2 bn	-\$3.9 bn

In May, the KSE-100 reached a milestone, achieving an all-time high with a 6.7% absolute return, closing at 75,878, fueled by multiple positive macroeconomic sentiments, resulting from, anticipation of an interest rate cut, a USD 1.1 billion IMF inflow, stable FX reserves, and investments from the UAE and Saudi Arabia bolstered confidence. Inflation slowed due to a high-base effect, with headline inflation clocked in at 11.76% in May 2024, down from 38% in the same period last year. This downward trend is expected to continue in the coming months, reflecting a broader deceleration in inflationary pressures, allowing for a possible 100bps policy rate cut in June. Going forward, all eyes are on the FY25 budget, which will set the course for overall market sentiment. Pakistan's upcoming FY25 budget, set for June 10, 2024, aims to secure the country's largest IMF program by boosting tax collection and addressing energy sector deficits, promoting fiscal stability despite short-term inflationary



impacts. The Federal Board of Revenue targets a 17% increase in tax collections to Rs11 trillion, emphasizing direct taxes over customs duties. The budget outlay of Rs16.7 trillion is heavily skewed towards debt servicing, with a projected fiscal deficit of 6.8% of GDP. Some of the impacts expected for each sector are as follows: Banks will face higher taxes; in the construction sector, ongoing economic issues during FY25 are likely to continue being borne by the PSDP; the fertilizer industry might see sales taxes on tractors and pesticides. The technology sector is likely to receive export incentives, and the FBR is reportedly considering a tax on mobile phones assembled in the country, while pharmaceuticals could encounter increased GST. For consumer goods, an increase in income tax for individuals or any other inflationary measures (such as increased fuel prices and utilities) would adversely impact demand. The textiles sector is unlikely to see government measures that contradict IMF guidelines on reforms for the energy and financial sectors, such as subsidies on power, gas tariffs, or lending rates. Finally, the automobile sector anticipates higher withholding taxes for vehicles over 850cc. Given these potential impacts, we expect the market to experience volatility and correction in the short term.

Our recommended stocks include GTYR, PAEL, NCL, SAZEW, MLCF, and BERG

		(USD' mn) (May-24)										
		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
LIPI Portfolio	Banks / DFI	-1.08	-15.91	-2.49	0.07	6.98	-1.46	-3.57	-2.15	-0.58	17.15	-3.05
	Broker Proprietary Trading	-0.03	-1.13	0.24	0.54	-1.60	-0.23	-0.20	0.42	0.15	-0.51	-2.33
	Companies	-3.58	6.94	3.43	0.34	-7.12	-0.84	-3.20	4.71	-0.09	-3.64	-3.05
	Individuals	-1.11	-9.32	-3.78	-0.02	-0.02	0.78	0.41	-4.27	0.89	3.68	-12.75
	Insurance Companies	0.65	10.28	3.06	-0.14	2.94	0.74	4.67	0.28	-2.14	-0.54	19.79
	Mutual Funds	1.47	-3.14	-3.19	-0.40	-3.47	0.72	1.58	0.08	1.09	-0.40	-5.66
	NBFC	-0.00	-0.24	0.28	0.01	0.09	-0.01	-0.05	0.00	0.01	-0.09	-0.00
	Other Organization	0.19	-1.63	-4.16	-0.04	-2.22	0.03	-2.85	0.85	0.10	0.92	-8.80
LIPI Total		-3.48	-14.16	-6.62	0.36	-4.42	-0.26	-3.21	-0.07	-0.57	16.58	-15.85
FIPI Portfolio	Foreign Corporates	2.68	15.61	6.84	0.00	5.00	0.25	3.66	4.20	0.20	-17.34	21.08
	Foreign Individual	0.01	-0.05	0.00	-0.03	0.00	0.00	0.00	0.00	0.00	0.02	-0.06
	Overseas Pakistani	0.80	-1.40	-0.21	-0.33	-0.58	0.01	-0.45	-4.13	0.37	0.74	-5.18
	Total	3.48	14.16	6.62	-0.36	4.42	0.26	2.25	0.07	0.57	-16.58	15.85

Source: NCCPL

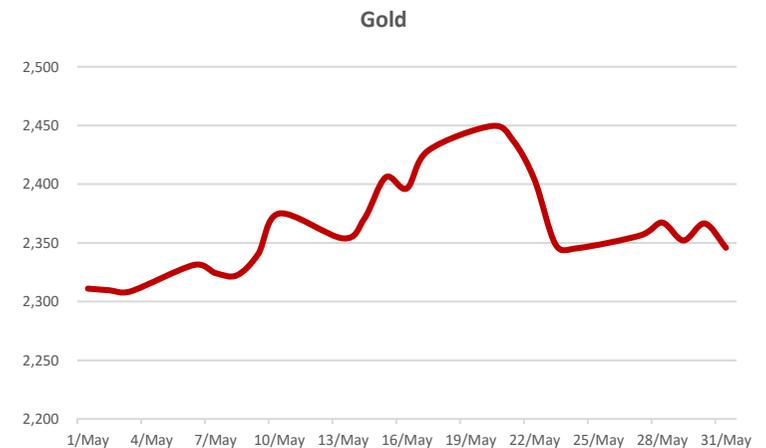
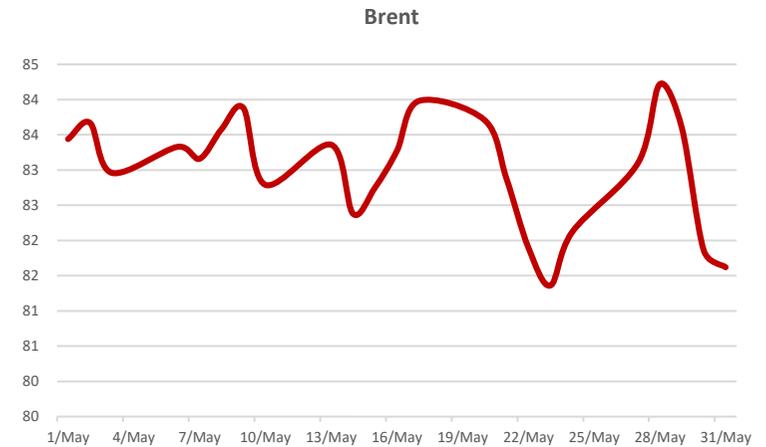
COMMODITIES OVERVIEW

Brent Oil

In May 2024, Brent oil experienced a volatile month, fluctuating between \$80 and \$84.8 per barrel due to geopolitical tensions and varying global demand forecasts. Early in the month, prices surged on supply concerns amid political unrest in key oil-producing regions, particularly in the Middle East. However, a mid-month economic slowdown in major economies like China and the U.S. tempered demand expectations, leading to a price correction. Additionally, an unexpected rise in U.S. crude inventories contributed to the downward pressure on prices. By month-end, Brent settled around \$81.5 per barrel, decreased by 7.1% MoM. Looking ahead, Brent oil prices are expected to remain influenced by geopolitical developments, OPEC+ production decisions, and the pace of global economic recovery.

Gold

Gold demonstrated robust performance in May 2024, driven by heightened economic uncertainties and increased investor demand for safe-haven assets. Prices surged and peaked at around \$2,500 before stabilizing below that mark and closing at \$2347, increasing 1.9% MoM. Persistent inflation fears, concerns over a potential economic slowdown, and prevailing interest rates uncertainties bolstered gold's appeal as a hedge against market volatility. Additionally, central banks' continued purchases of gold reserves added upward pressure on prices. As a result, gold ended the month with a solid performance. Moving forward, gold is expected to maintain its strength, supported by ongoing economic uncertainties, central bank policies, and geopolitical tensions, which will likely sustain high investor interest in the precious metal.



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DEFINITION OF TERMS

TP	Target Price	DDM	Dividend Discount Model	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DCF	Discounted Cash Flows
PE	Price to Earnings Ratio	PB	Price to Book Ratio	BVPS	Book Value Per Share
EPS	Earnings Per Share	DPS	Dividend Per Share	ROE	Return of Equity
ROA	Return on Assets	SOTP	Sum of the Parts	JPB	Justified Price to Book

Ratings are updated to account for any development impacting the economy/sector/company, changes in analysts' assumptions or a combination of these factors.

VALUATION METHODOLOGY

To arrive at our Target Price, Abbasi & Company (Private) Limited uses different valuation methods which include:

- I. Discounted Cash Flow Model
- II. Dividend Discount Model
- III. Relative Valuation Model
- IV. Sum of Parts Valuation

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