



Economy | ASL Valuation | Trade Deficit | NCPI | Review | FY24



Date: 03rd Jul'24

REP # 048



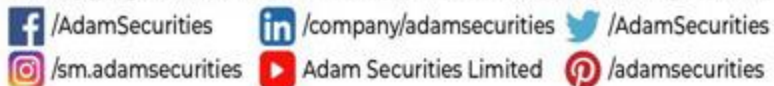
Hafiz Muhammad Saeed Khalid Siddiqui

Email: saeed.khalid@adamsecurities.com.pk

Tel: +92-21-32440519 EXT: 117

Cell: +92-331-1326666

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Room# 806-814, 8th Floor,
Main Pakistan Stock Exchange Building,
Stock Exchange Road, Karachi.



info@adamsecurities.com.pk
adamsecurities145@yahoo.com
sm.adamsecurities@gmail.com



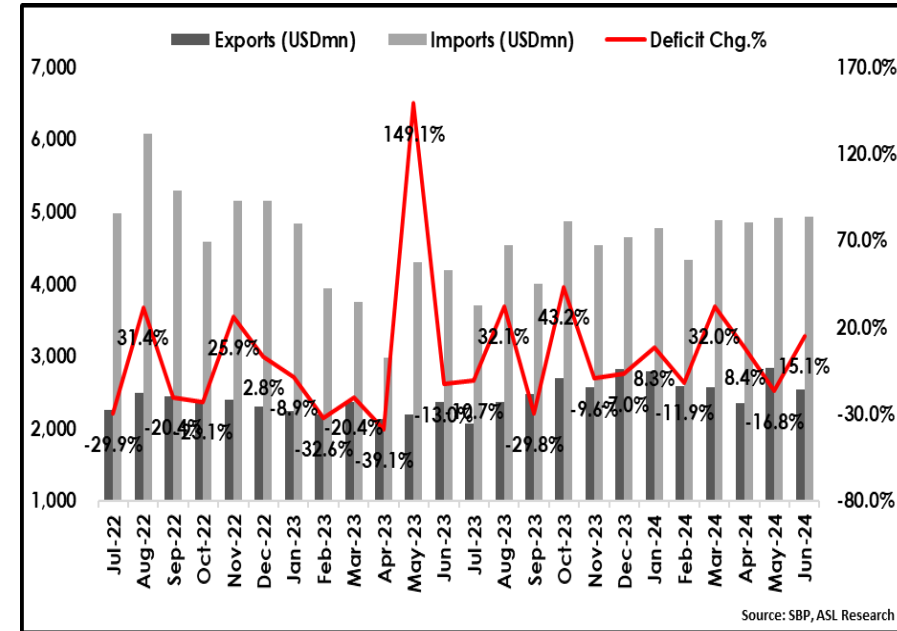
+9221 32444315-16, 32420909,
32413580, 32437380



Trade Deficit shrinks by c.12.3%YoY during FY24

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- Pakistan records shrinking trade deficit of c.12.3%YoY during FY24, comparing the year earlier levels of FY23 trade deficit of USD27.48bn. The decline in trade deficit was mainly resulted by i) stringent conditions imposed on non-essential imports during FY24, though imports remained stable at USD54.73bn during FY24, compared to FY23 imports of USD55.20bn, ii) exports remarkably improved during FY24 to USD30.65bn, iii) improving SBP FX reserves, up by USD4.45bn, rising 100%YoY, mainly on the disbursements from donor countries, and iv) import cover up to c.55 days during FY24.
- It is worthwhile to note here that, exports during FY24 have robustly surged mainly on the remarkable export numbers witnessed during 11MFY24 notably from food sector which marked YoY rise of c.50%YoY to USD6.56bn, contributing to FY24 robust rise of c.10%. However, despite improving REER by c.5.5% on average during 11MFY24, textile exports remained slumped and tumbling by c.3%YoY to USD15.03bn when comparing the 11MFY23 numbers. The notable decline in textile exports has mainly been the phenomenon of depressing cost of production where Gas and Power outages along with higher charges, in the wake of IMF-led conditions have made the margins miserable during the year.
- During Jun'24, however, the trade deficit drastically increased by c.30%/c.15% YoY/MoM to USD2.39bn mainly on the resurgence of imports to USD4.92bn, from USD4.19bn recorded during Jun'23.



USDm	Jun-24	MoM	YoY	FY24	YoY
Exports	2,529	-10.9%	7.3%	30,645	10.5%
Imports	4,919	0.1%	17.4%	54,734	-0.8%
Trade Balance	(2,390)	15.1%	30.4%	(24,089)	-12.3%
Arab Light (USD/bbl.)	82.55	-1.8%	10.1%	84.21	-0.6%
USDPKR	278.04	-0.1%	-2.8%	283.19	12.7%
EURPKR	298.77	-1.0%	-4.2%	305.79	15.3%

Source: SBP, ASL Research

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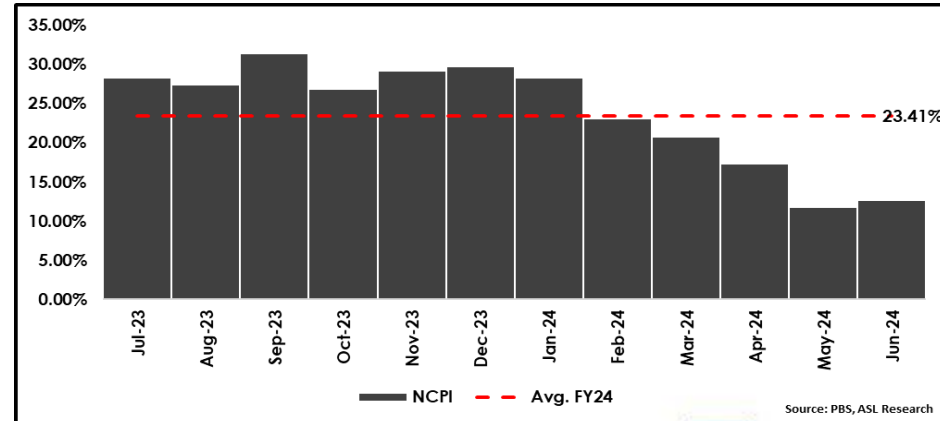
NCPI: Prices rise by c.12.6%YoY during Jun'24

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- National Consumer Prices Index (NCPI) ticked at c.12.6%YoY during Jun'24, minutely rising by c.50bpsMoM when comparing the month earlier levels during May'24. The resurgence of NCPI during Jun'24, post bottoming out at c.11.8%YoY during May'24, was mainly the phenomenon of higher perishable food prices that drastically increased the MoM index by c.7% when compared to May'24.
- Considering the NCPI on FY basis, we have noticed, the average inflation increased to c.23.4%YoY when comparing the FY23 average inflation of c.29%YoY, easing off by c.560bps, mainly on the higher base effect, regardless of higher Gas & Electricity prices during FY24, base tariff increase respectively by c.570%YoY and c.19%YoY when comparing the year earlier levels of FY23. The other weighted index, the transportation index, has mainly been witnessed as, significantly roaring by c.10.4%YoY, despite slowdown in int'l Crude Oil prices, averaged at USD84.21/bbl. stabilizing by 60pptsYoY, resultantly mirroring on the local POL prices of Rs.264.27/ltr. compered to Jun'23 POL prices of Rs.262.89/ltr.
- It really pivotal to mention here that, despite imposition of IMF-led conditions, the inflation during FY24 has started to ease off, mainly on the higher base effect scenario which has extinguished the ranging inflationary pressures marked at c.31.4%YoY during Sept'23 to bottoming out at 11.8% by May'24. We project the base effect scenario to continue during 1HFY25, kicking off in the 2HFY23.

Key NCPI Drivers	Weights	May-24	Jun-24	Jun-23	MoM	YoY
General	100%	254.8	255.9	227.4	0.5%	12.6%
Food & Non-alcoholic Bev.	34.6%	264.0	264.3	261.8	0.1%	1.0%
Alcoholic Bev. & Tobacco	1.0%	366.7	377.5	356.8	2.9%	5.8%
Clothing & Footwear	8.6%	239.5	241.7	205.2	0.9%	17.8%
Housing, Elect. & Gas	23.6%	236.6	240.2	177.5	1.5%	35.3%
Furnishing & Household	4.1%	267.4	268.3	238.8	0.3%	12.3%
Health	2.8%	241.2	244.6	204.1	1.4%	19.8%
Transport	5.9%	315.1	308.2	279.2	-2.2%	10.4%
Communication	2.2%	134.3	134.5	118.3	0.2%	13.7%
Recreation & Culture	1.6%	262.3	269.0	244.6	2.6%	10.0%
Education	3.8%	199.0	199.6	172.3	0.3%	15.9%
Restaurants & Hotels	6.9%	267.2	266.5	238.2	-0.3%	11.9%
Miscellaneous Goods	4.9%	282.8	284.9	249.1	0.8%	14.4%

Source: PBS, ASL Research



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ASL: Valuation FY25

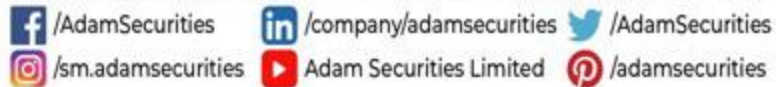


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ASL Universe	LDCP	TP	Potential	Earnings			Dividends			Yield			P/E		
				2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F	2026F
AUTOMOBILE															
										3.6%	6.6%	6.8%	12.91	7.07	6.61
HCAR	277	321.29	16.0%	16.3	45.4	48.2	6.5	10.7	11.3	2.3%	3.8%	4.1%	16.94	6.09	5.75
INDU	1,592	1,746.98	9.7%	128.0	247.1	255.3	89.6	172.9	178.7	5.6%	10.9%	11.2%	12.44	6.45	6.24
SAZEW	832	881.72	6.0%	68.3	76.4	83.6	12.0	12.6	13.2	1.4%	1.5%	1.6%	12.17	10.88	9.94
ATBA	290	421.10	45.4%	28.7	59.6	64.0	14.0	29.0	30.0	4.8%	10.0%	10.4%	10.08	4.86	4.52
CEMENT															
										0.5%	0.6%	0.6%	8.39	6.68	5.78
DGKC	90	113.00	25.1%	6.3	10.98	17.07	1.0	2.00	2.00	1.1%	2.2%	2.2%	14.37	8.23	5.29
FCCL	23	30.04	32.3%	4.3	4.49	4.72	0.0	0.0	0.0	0.0%	0.0%	0.0%	5.30	5.05	4.81
KOHC	266	316.61	18.9%	43.8	47.37	54.80	0.0	0.0	0.0	0.0%	0.0%	0.0%	6.09	5.62	4.86
MLCF	38	64.97	72.2%	5.1	10.48	16.03	0.0	0.0	0.0	0.0%	0.0%	0.0%	7.43	3.60	2.35
BANKS															
										11.9%	13.7%	15.9%	3.60	3.36	3.19
BAFL	70	83.12	19.1%	23.1	24.74	25.98	7.0	8.4	10.1	10.0%	12.0%	14.4%	3.02	2.82	2.69
HBL	126	139.34	10.6%	38.8	41.86	44.37	9.8	12.0	14.4	7.7%	9.5%	11.4%	3.25	3.01	2.84
MEBL	240	298.02	24.0%	47.2	51.43	55.03	18.0	21.6	25.9	7.5%	9.0%	10.8%	5.09	4.67	4.37
BIPL	23	35.81	55.7%	10.0	10.06	10.26	2.3	2.8	3.4	10.2%	12.2%	14.7%	2.31	2.29	2.24
MCB	230	275.00	19.5%	50.3	54.85	58.14	28.0	33.6	40.3	12.2%	14.6%	17.5%	4.57	4.19	3.96
ENGINEERING															
										1.1%	1.3%	1.6%	9.64	6.35	5.49
ISL	89	129.56	45.1%	8.96	13.44	15.38	3.0	3.6	4.3	3.4%	4.0%	4.8%	9.97	6.64	5.81
AGHA	10	24.09	136.2%	1.00	2.50	3.75	0.0	0.0	0.0	0.0%	0.0%	0.0%	10.2	4.08	2.72
FERTILIZER															
										12.1%	13.6%	16.3%	29.01	26.23	23.75
EFERT	171	182.91	7.1%	29.48	33.00	39.50	30.1	33.7	40.4	17.6%	19.7%	23.6%	5.79	5.18	4.32
FFC	171	194.97	14.1%	40.88	51.39	56.53	28.6	38.5	46.2	16.8%	22.6%	27.1%	4.18	3.32	3.02
COMPOSITE															
										4.8%	5.8%	7.3%	2.18	2.02	1.87
NML	69	128.57	85.8%	58.9	63.60	68.69	5.0	5.5	6.5	7.2%	7.9%	9.4%	1.18	1.09	1.01

Source: PSX, ASL Research

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Room# 806-814, 8th Floor,
Main Pakistan Stock Exchange Building,
Stock Exchange Road, Karachi.

info@adamsecurities.com.pk
adamsecurities145@yahoo.com
smadamsecurities@gmail.com

+9221 32444315-16, 32420909,
32413580, 32437380





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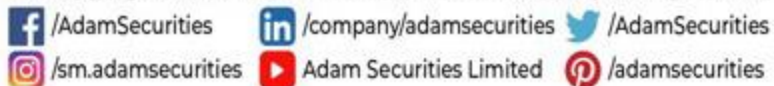
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Room# 806-814, 8th Floor,
Main Pakistan Stock Exchange Building,
Stock Exchange Road, Karachi.



info@adamsecurities.com.pk
adamsecurities145@yahoo.com
sm.adamsecurities@gmail.com



+9221 32444315-16, 32420909,
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Main Pakistan Stock Exchange Building,
Stock Exchange Road, Karachi.



info@adamsecurities.com.pk
adamsecurities145@yahoo.com
sm.adamsecurities@gmail.com



+9221 32444315-16, 32420909,
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