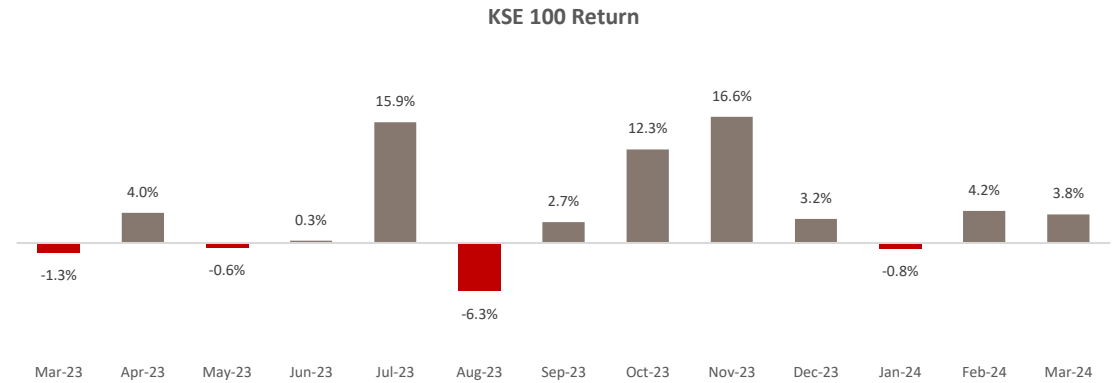


ACPL DIGEST (Mar-24)

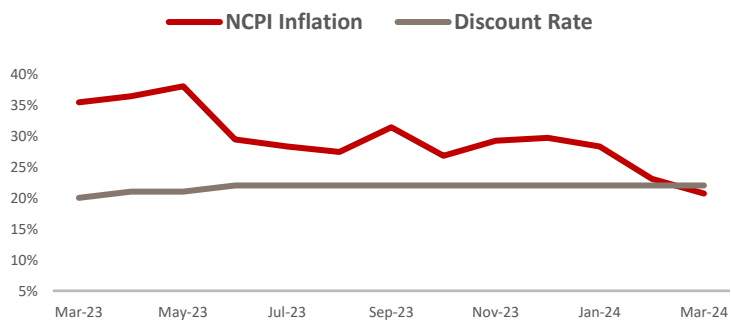


Remittances			Exports			Imports			Current Account	
8MFY24	8MFY23	Change	8MFY24	8MFY23	Change	8MFY24	8MFY23	Change	8MFY24	8MFY23
\$18.1 bn	\$18.3 bn	▼ -1.3%	\$35.22 bn	\$39.97 bn	▼ -11.9%	\$30.94 bn	\$36.03 bn	▼ -14.1%	-\$14.9 bn	-\$21.3 bn

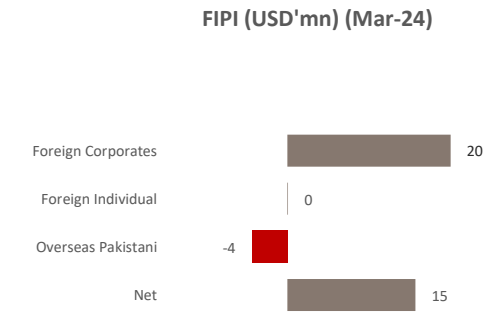
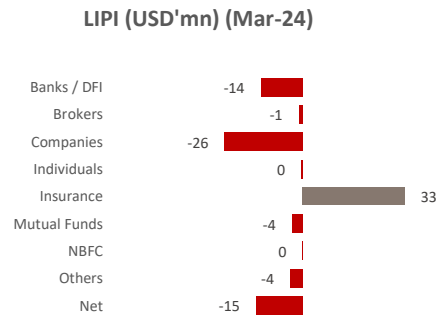
In March, the KSE-100 index closed on a positive note, reaching its all-time high with a 3.75% gain. This surge was primarily fueled by foreign and insurance sector buying, bolstered by the optimism surrounding the new government's assumption of office, particularly with the appointment of a technocrat as the finance minister. Following the assumption of office, a staff-level agreement was finalized with the IMF after the second review, awaiting approval from the executive board for disbursement. Additionally, discussions with the IMF for a new package of 6-7 billion dollars are set to commence in April, with potential finalization by mid-July. Regarding policy decisions, the MPC meeting on March 18th maintained the policy rate at 22%, in line with market expectations. The government is also implementing structural changes in the economic policies, including the privatization of state-owned enterprises, notably PIA, diverting investor focus to the transport sector.



Source: PSX



Source: PBS, SBP



Source: NCCPL

Furthermore, on the macroeconomic front, the current account surplus in February amounted to \$128 million, with remittances totaling US\$2.25 billion (down 6% month-on-month but up 18% year-on-year in Feb-2024). The inflation outlook improved, with the Consumer Price Index resides at 20.6% in March 2024, marking positive real interest rates for the first time in 38 months. The currency remained stable against the US dollar, closing at PKR278.7/US\$. Looking ahead, assuming additional taxation or international price hikes, the focus may shift back to the policy rate. The first-rate cut is anticipated in the first quarter of the next fiscal year. As the results season approaches, investor attention will pivot toward corporate profitability. Despite the market reaching peak levels, the forward P/E ratio remains positive at 3.5x, indicating strong fundamentals.

Our recommended stocks include SAZEW, PABC, MTL, PIOC and AIRLINK

		(USD' mn) (Mar-24)										
		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
LIPI Portfolio	Banks / DFI	-0.38	-7.31	-7.88	0.02	2.04	-0.15	-3.05	1.11	0.56	1.32	-13.72
	Broker Proprietary Trading	-0.10	0.67	-0.33	0.19	-1.16	0.13	0.85	0.59	0.02	-2.13	-1.25
	Companies	-3.15	-21.29	0.12	-0.26	0.25	0.46	0.07	0.00	-0.25	-1.95	-25.99
	Individuals	-0.39	2.38	-2.64	0.81	4.32	-2.88	0.20	-0.18	0.32	-2.54	-0.60
	Insurance Companies	1.03	14.76	12.72	-0.14	-3.19	3.81	2.78	0.18	-0.90	2.38	33.44
	Mutual Funds	-0.10	-0.98	-0.16	0.13	-1.42	-0.17	-0.51	-0.11	0.06	0.22	-3.05
	NBFC	0.00	0.04	0.05	-0.31	0.09	0.02	-0.01	0.00	0.00	0.03	-0.08
	Other Organization	0.20	-0.92	-2.41	-1.28	-0.08	0.02	0.28	-0.35	0.18	0.29	-4.08
LIPI Total		-2.90	-12.65	-0.54	-0.83	0.86	1.23	0.61	1.24	-0.00	-2.36	-15.33
FIPI Portfolio	Foreign Corporates	3.10	14.34	-0.09	0.52	-0.77	-0.66	-0.18	0.44	-0.24	3.08	19.55
	Foreign Individual	0.00	-0.05	0.00	0.03	0.00	0.00	0.00	0.02	0.00	0.07	0.07
	Overseas Pakistani	-0.20	-1.64	0.62	0.28	-0.09	-0.57	-0.43	-1.71	0.24	-0.79	-4.29
	Total	2.90	12.65	0.54	0.83	-0.86	-1.23	0.21	-1.24	0.00	2.36	15.33

Source: NCCPL

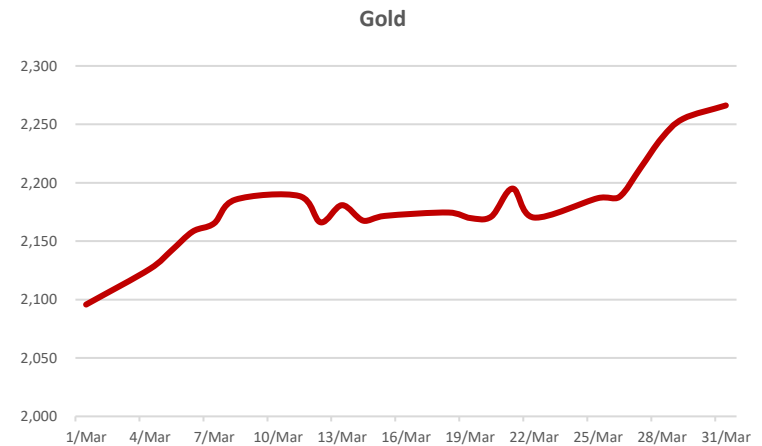
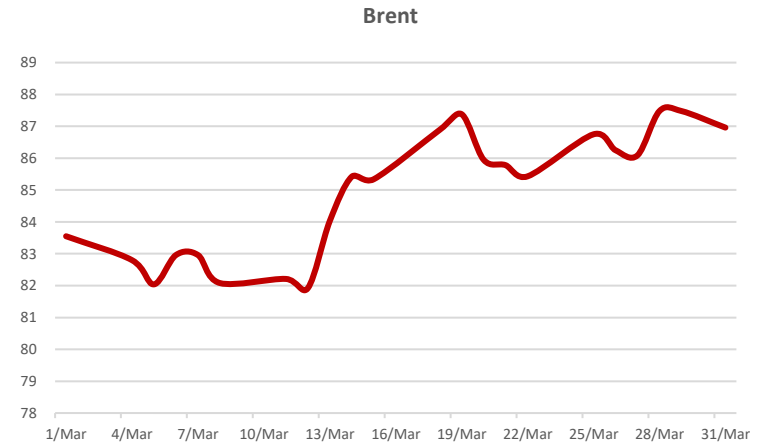
COMMODITIES OVERVIEW

Crude Oil

The month started positively for crude oil, with its price increasing by approximately 4% in March 2024. This rise was driven by a tense geopolitical situation in the Middle East, a restrictive approach from OPEC regarding supply cuts, and strong demand expectations, particularly in China. Both manufacturing and non-manufacturing PMI data from China indicated a faster-than-expected expansion in March. Looking ahead, OPEC+'s meeting is scheduled for this week, with expectations for current output policies to be maintained. Russian Deputy Prime Minister Alexander Novak suggested that oil companies will prioritize cutting output over exports to meet OPEC+ goals. Investor focus remains on Ukrainian drone attacks on Russian refineries and developments in Gaza. On the demand side, official data revealed that Chinese manufacturing activity expanded for the first time in six months in March, which bodes well for the oil demand outlook in the world's largest crude importer.

Gold

In March 2024 gold prices rise significantly to 8% marking an all-time high of \$2266. This increase followed a notable decline in the dollar after the Federal Reserve's announcement of maintaining steady interest rates, coupled with hints of potential rate cuts later in the year. Fed Chair Jerome Powell highlighted persistent inflation concerns. Fed officials projected a 75-basis point decrease in interest rates by end-2024, which is favorable for gold. Moving forward, the focus shifted to the upcoming release of the PCE price index data and speeches from Fed officials, which could influence metal markets.



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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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