

# Equity & Fixed Income Market Overview – FY15

**August 2015**

Key Sectors Returns

Equity Indices  
Performance

Foreign Investment  
& Leveraging in  
KSE

Fixed Income &  
Money Market

Future Outlook

# KSE-100 Top 10 (w.r.t Mkt Cap) Sector Performance for FY15

KSE-100 Top 10 (w.r.t Mkt Cap) Sector Performance for FY15							
Performance wise Ranking	Mkt Cap wise Ranking		Mkt Cap (PKR bln)		% of Mkt Cap		FY15 Return (%)
			FY15	FY14	FY15	FY14	
10.	1.	Oil & Gas	1,473	1,965	19.8%	28.0%	-25%
8.	2.	Banks	1,421	1,509	19.1%	21.5%	-6%
6.	3.	Food Producers	809	707	10.9%	10.1%	14%
4.	4.	Chemicals	786	558	10.6%	7.9%	41%
3.	5.	Cements	567	386	7.6%	5.5%	47%
7.	6.	Textile	363	353	4.9%	5.0%	3%
2.	7.	Power	318	196	4.3%	2.8%	63%
9.	8.	Tobacco	304	365	4.1%	5.2%	-17%
1.	9.	Auto	242	125	3.3%	1.8%	94%
5.	10.	Pharma	194	148	2.6%	2.1%	31%

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# Equity Market Indices Performance – FY15

	1QFY15	2QFY15	3QFY15	4QFY15
KSE All Share Index	21,778	23,398	21,703	24,037
Quarterly Return %	0.0%	7.4%	-7.2%	10.8%
Daily Avg   KSE All Share Volume ('000)	132,933	226,012	238,616	274,909
Daily Avg   Market Capitalization (PKR bln)	6,914	7,381	6,761	7,421
	1QFY15	2QFY15	3QFY15	4QFY15
KSE-100 Index	29,726	32,131	30,234	34,399
Quarterly Return %	0.0%	8.1%	-5.9%	13.8%
Daily Avg   KSE-100 Volume ('000)	89,110	140,908	157,392	173,796
Daily Avg   Market Capitalization (PKR bln)	6,148	6,393	6,679	6,472
	1QFY15	2QFY15	3QFY15	4QFY15
KSE - 30 Index	20,215	20,772	19,232	21,573
Quarterly Return %	0.0%	2.8%	-7.4%	12.2%
Daily Avg   KSE-30 Volume ('000)	51,184	82,477	84,415	80,092
Daily Avg   Market Capitalization (PKR bln)	3,971	3,904	3,933	3,734
	1QFY15	2QFY15	3QFY15	4QFY15
KMI- 30 Index	48,379	50,735	49,363	57,271
Quarterly Return %	0.0%	4.9%	-2.7%	16.0%
Daily Avg   KMI-30 Volume ('000)	40,011	58,851	66,974	79,474
Daily Avg   Market Capitalization (PKR bln)	3,092	2,872	2,093	2,160

Key Sectors Returns

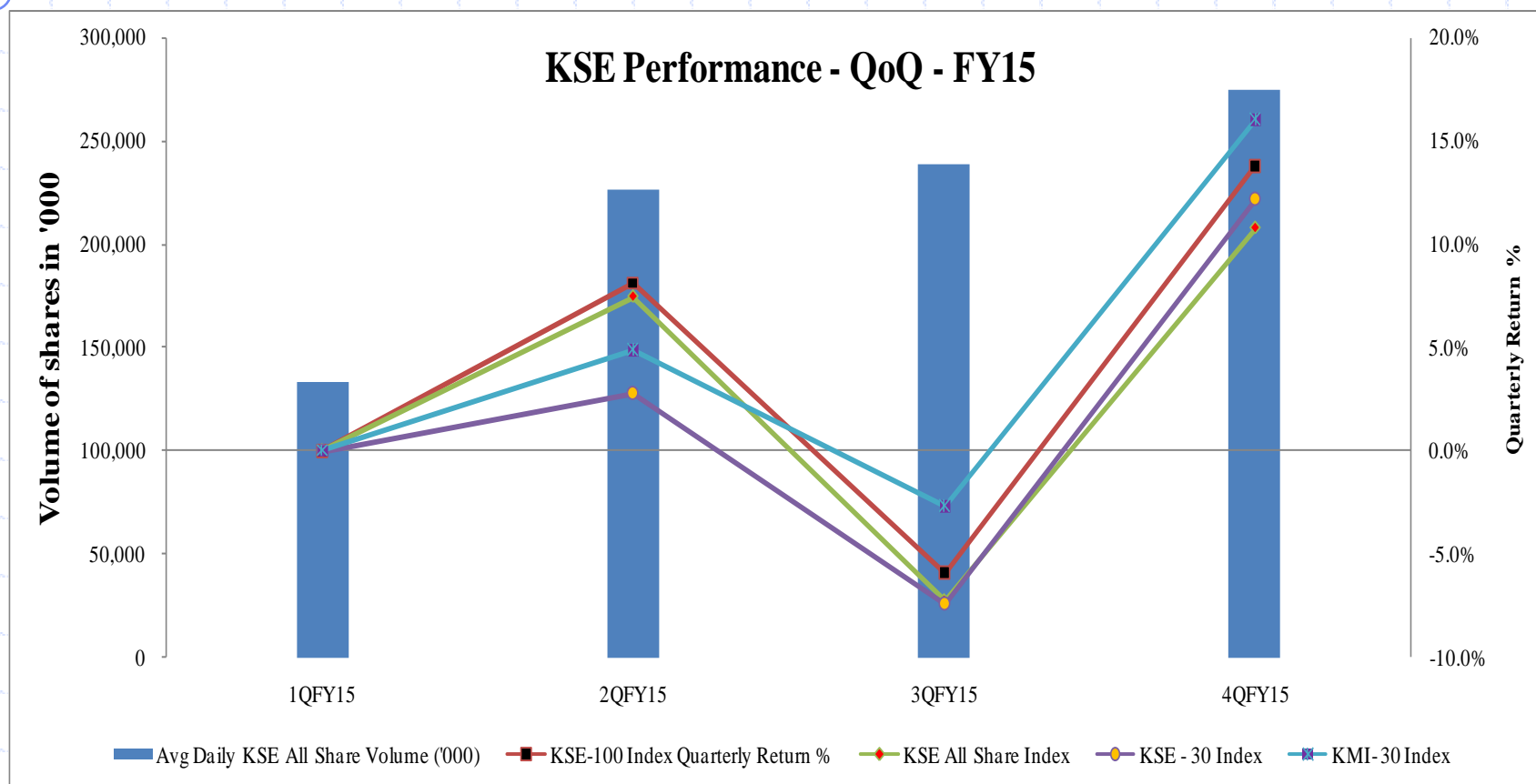
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# Equity Market Indices Performance – FY15



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# KSE-100 Performance – FY15

## 1QFY15: 0.2%

- Remained **Volatile**
- Negative Return in Aug'14** – *Political Pressures & Long March*
- Macroeconomic Fundamentals:** (1) Delay in Foreign inflows from Sovereign Sukuk issue & SPO of OGDCL led to PKR depreciation; (2) Upgrade of Foreign debt outlook from –ve to stable.
- Sectors: Auto, Power, Fertilizer: Cement, Oil & Gas, Banks.**

## 2QFY15: 8.1%

- Remained **Stable**
- Political pressures diffused
- Macroeconomic Fundamentals:** (1) Foreign inflows from Sovereign Sukuk issue; (2) IMF \$1.1bln tranche, (3) ↑ in FX reserves, (4) stable currency, (5) CPI fell (6.1%), (6) Falling Oil prices.
- Discount rate cut** to 9.5% (Nov'14) from 10%.
- Fall in LT bonds yields** (11% from 13%).
- Sectors: Auto, Pharma, Power, Cement: Oil & Gas, Banks.**

- Positive
- Negative

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# KSE-100 Performance – FY15

## 3QFY15: -5.9%

- Remained **Volatile**
- **Negative Return in Mar'15** – selling by foreign hedge funds → *selling by margin trading investors & mutual funds*
- **Macroeconomic Fundamentals:** (1) Political stability, (2) Upgrade of Pak FC Bond outlook from stable to +ve, (3) 7<sup>th</sup> Tranche approval by IMF, (4) ↑FX Reserves \$11bln (5) fall in CPI (5.1%).
- **Discount rate cut** of 150bps [8% in Mar'15, 8.5% in Jan'15].
- Investors' interest tilted towards dividend yielding stocks.
- **Sectors: Auto, Power, cement, Fertilizer: Oil & Gas, Banks.**

## 4QFY15: 13.8%

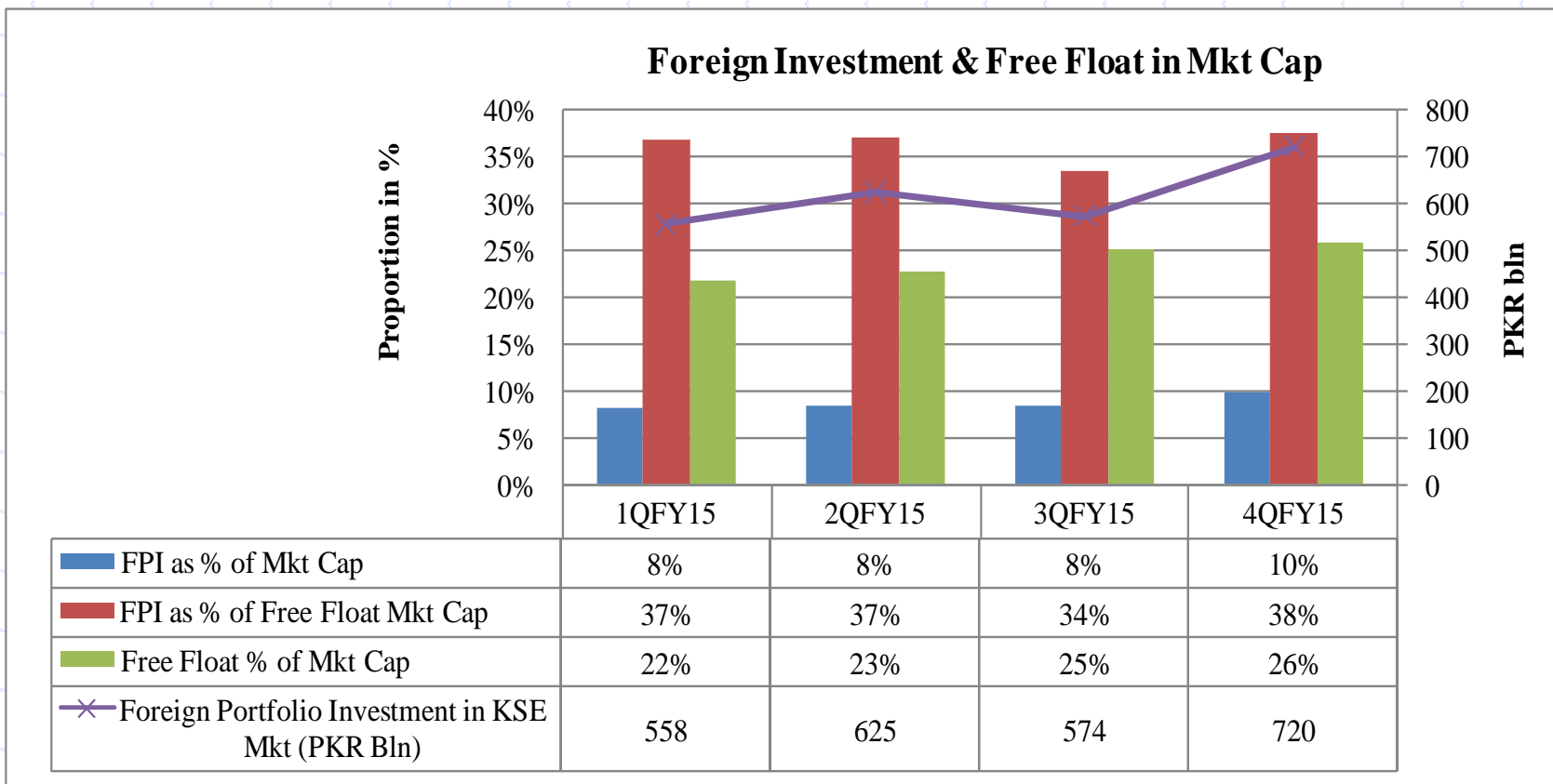
- Remained **Volatile**
- +ve return in Apr'15; –ve return in May'15 before Budget FY16.
- **Macroeconomic Fundamentals:** (1) ↑ in FX reserves \$18bln, (2) improved CA position due to lower oil prices, (3) SPO of HBL. (4) CPI fell (4.4%), (5) easy monetary policy (7% in May'15), (6) Falling yields on LT bonds.
- **Sectors: Auto, Cement, Pharma, Power, Engineering, OMCs: Oil & Exploration, Banks.**

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# Foreign & Local Investment in Stock Market



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# Foreign & Local Investment in Stock Market

Share Trading Business (Value)   FY15					Share Trading Business (Value)   FY14			
Trading activities of Local Investors from July 01, 2014 to June 30, 2015					Trading activities of Local Investors from July 01, 2013 to June 30, 2014			
	Gross Buy	Gross Sell	Net Buy/(Sell)		Gross Buy	Gross Sell	Net Buy/(Sell)	
	PKR in mln			USD in mln	PKR in mln			USD in mln
Banks	160,055	(173,843)	(13,788)	(138)	787,600	(793,578)	(5,978)	(58)
Companies	828,131	(837,850)	(9,720)	(97)	153,630	(144,826)	8,804	85
Mutual Funds	188,721	(176,510)	12,211	122	139,516	(154,957)	(15,441)	(154)
NBFCs	37,605	(30,787)	6,819	68	29,753	(28,043)	1,744	18
Individuals	1,913,812	(1,916,262)	(2,450)	(24)	1,536,063	(1,538,797)	(2,734)	(26)
Other Organizations	61,419	(57,334)	4,086	41	30,097	(42,722)	(12,624)	(122)
<b>Total</b>	<b>3,189,743</b>	<b>(3,192,586)</b>	<b>(2,843)</b>	<b>(28)</b>	<b>2,676,659</b>	<b>(2,702,923)</b>	<b>(26,229)</b>	<b>(257)</b>
Broker Proprietary	109,627	(110,770)	(1,143)	(11)	na	na	na	na
<b>Total including prop book</b>	<b>3,299,369</b>	<b>(3,303,355)</b>	<b>(3,986)</b>	<b>(40)</b>	<b>2,676,659</b>	<b>(2,702,923)</b>	<b>(26,229)</b>	<b>(257)</b>
<b>Total FIPI</b>	<b>275,838</b>	<b>(271,984)</b>	<b>3,854</b>	<b>39</b>	<b>214,967</b>	<b>(188,785)</b>	<b>26,181</b>	<b>(58)</b>
<b>TOTAL (Local + FIPI)</b>	<b>3,575,207</b>	<b>(3,575,339)</b>	<b>(132)</b>	<b>(1)</b>	<b>2,891,626</b>	<b>(2,891,709)</b>	<b>(48)</b>	<b>(315)</b>

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# Foreign & Local Investment in Stock Market

	Trading activities of Local Investors from July 01, 2014 to June 30, 2015				Trading activities of Companies from July 01, 2013 to June 30, 2014			
	Gross Buy	Gross Sell	Net Buy/(Sell)		Gross Buy	Gross Sell	Net Buy/(Sell)	
	PKR in mln			USD in mln	PKR in mln			USD in mln
Banks	5%	5%	(13,788)	484.95%	29%	29%	(5,978)	23%
Companies	25%	25%	(9,720)	341.86%	6%	5%	8,804	-34%
Mutual Funds	6%	5%	12,211	-429.47%	5%	6%	(15,441)	59%
NBFCs	1%	1%	6,819	-239.82%	1%	1%	1,710	-7%
Individuals	58%	58%	(2,450)	86.17%	57%	57%	(2,734)	10%
Other Organizations	2%	2%	4,086	-143.70%	1%	2%	(12,624)	48%
<b>Total</b>	<b>97%</b>	<b>97%</b>	<b>(2,843)</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>(26,264)</b>	<b>100%</b>
<b>FIPI % of Total</b>	<b>8%</b>	<b>8%</b>	<b>-2920%</b>	<b>-2920%</b>	<b>7%</b>	<b>7%</b>	<b>-54467%</b>	<b>18%</b>
<b>Local % of Total</b>	<b>92%</b>	<b>92%</b>	<b>3020%</b>	<b>3020%</b>	<b>93%</b>	<b>93%</b>	<b>54567%</b>	<b>82%</b>

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# Margin Trading and Futures in Stock Market

	1QFY15	2QFY15	3QFY15	4QFY15
MTS Amt (PKR Bln)	2	3	4	4
MTS volume (in 000)	7,347	7,627	6,897	10,142
MTS Vol as % KSE-100 Volume	8%	5%	4%	6%

	1QFY15	2QFY15	3QFY15	4QFY15
Futures Value (PKR bln)	1	2	2	2
Futures volume (in 000)	16,640	22,830	32,960	26,850
Futures Vol as % KSE Volume	19%	16%	21%	15%

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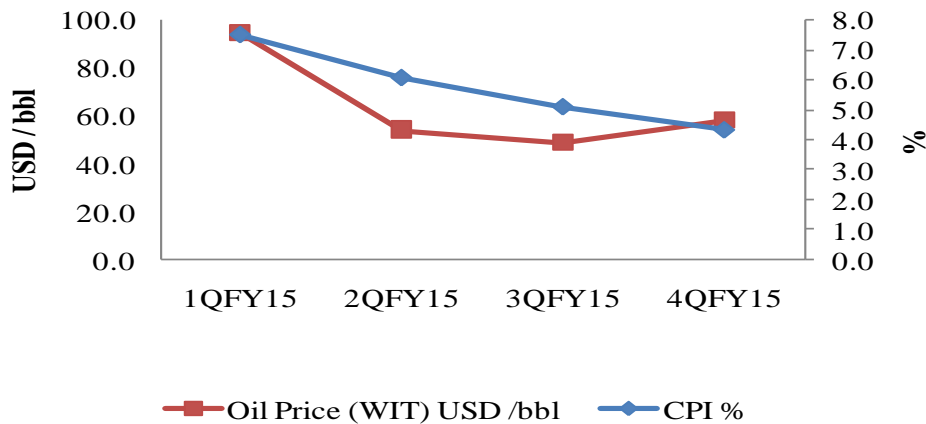
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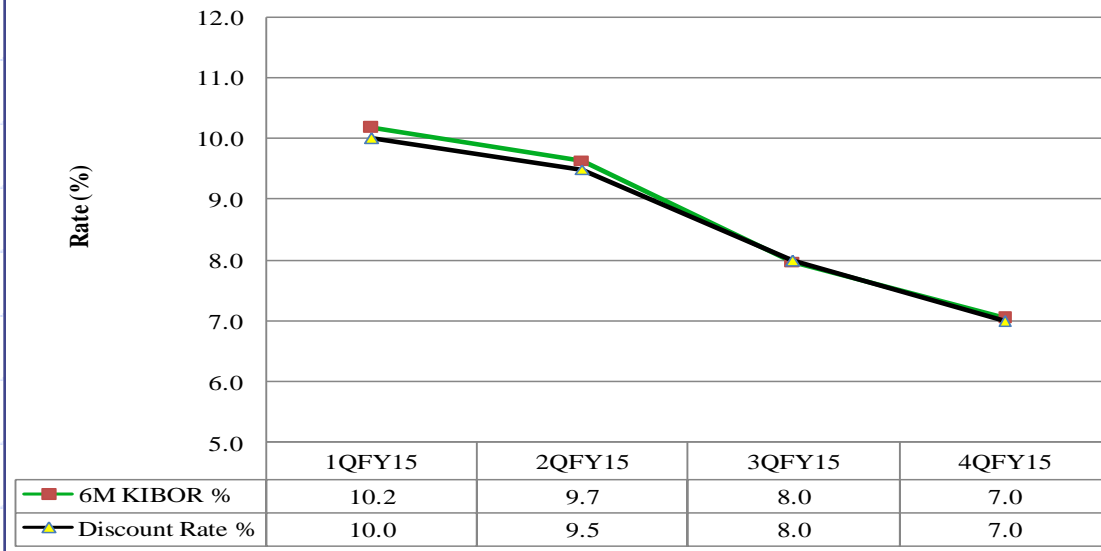
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# Fixed Income & Money Market – Interest Rate Movements

**CPI and Oil Prices Movement - FY15**



**Movement in Discount Rate & KIBOR - FY15**



Key Sectors Returns

Equity Indices Performance

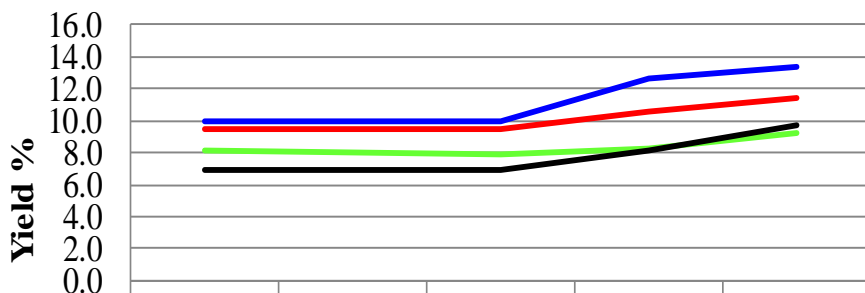
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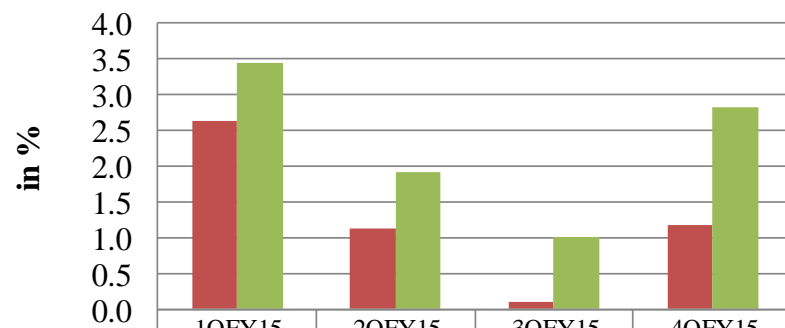
# Fixed Income & Money Market – Interest Rate Movements

## Yield Curve - FY15



	3M	6M	12M	3 Yr	10 Yr
1QFY15	10.0	10.0	10.0	12.6	13.4
2QFY15	9.5	9.5	9.5	10.6	11.4
3QFY15	8.2	8.0	7.8	8.3	9.2
4QFY15	6.9	7.0	7.0	8.1	9.8

## Yield Advantage



	1QFY15	2QFY15	3QFY15	4QFY15
Yield Advantage (3 yrs v/s 3M)	2.6	1.1	0.1	1.2
Yield Advantage (10 yrs v/s 3M)	3.4	1.9	1.0	2.8

# Bibliography

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2. **Securities & Exchange Commission of Pakistan:** <http://www.secp.gov.pk/>
3. **National Clearing Company of Pakistan Limited:** <http://nccpl.com.pk/>
4. **State Bank of Pakistan:** <http://www.sbp.org.pk/>

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