

PAK CHINA INVESTMENT COMPANY LIMITED

Economic Review

ΕΚΟΝΟΜΙΚΗ ΚΡΙΣΗ

Inflation - July Inflation @ 9.30% YoY

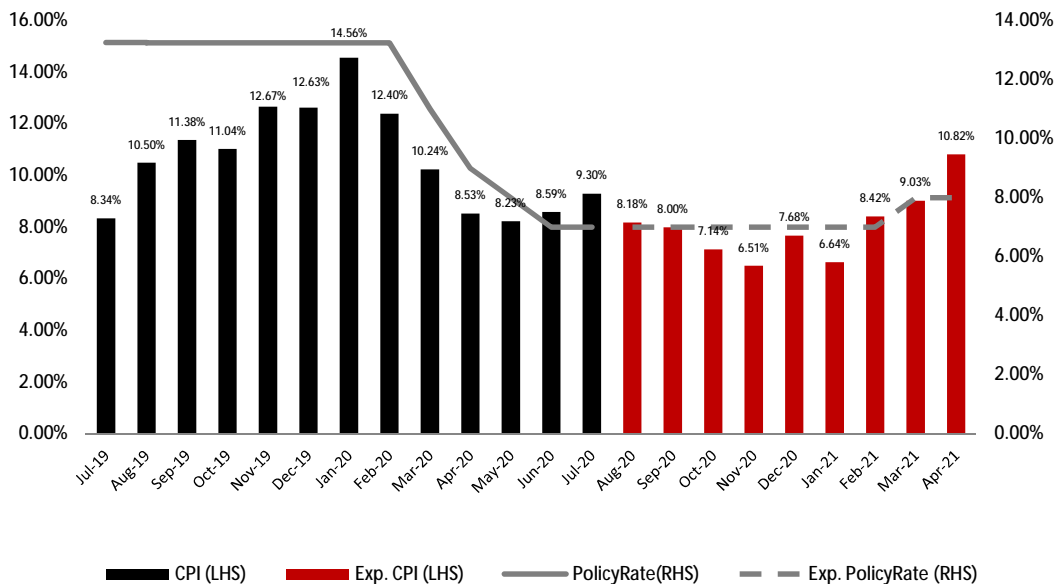
* Inflation for the month of July'20 clocked in at 9.30%/2.50% YoY/MoM, highest MoM change since August 2018.

* Major reasons for upsurge in inflation figure can be attributed to increase in food prices ahead of Eid-ul-Adha and sharp increase in fuel prices which had a tickle down effect on other CPI groups as well.

	June'20 ^a	July'20 ^a	%Change
Fuel prices			
Petrol Super	75.36	100.95	33.96%
Hi-Speed Diesel	81.1	102.36	26.21%
Perishable Foods			
Tomatoes	35.35	80.42	127.50%
Chillies	214.4	272.6	27.15%

Consumer Price Index	Weight %	Jul-20	Jun-20	MoM%	Jul-19	YoY%
General	100.00	135.38	132.08	2.50%	123.86	9.30%
Food & Non-alcoholic Bev.	34.58	140.11	134.9	3.86%	118.95	17.79%
Non-perishable Food Items	29.6	137.39	134.89	1.85%	117.55	16.88%
Perishable Food Items	4.99	156.28	134.98	15.78%	127.23	22.83%
Alcoholic Bev. & Tobacco	1.02	140.29	137.9	1.73%	133.58	5.02%
Clothing & Footwear	8.6	136.66	135.64	0.75%	123.86	10.33%
Housing, Water, Electricity, Gas & Fuel	23.63	130.14	128.43	1.33%	124.95	4.15%
Furnishing & Household Equipment Maintenance	4.1	130.44	129.33	0.86%	121.01	7.79%
Health	2.79	142.09	140.67	1.01%	131.8	7.81%
Transport	5.91	134.75	122.95	9.60%	141.03	-4.45%
Communication	2.21	106.96	106.96	0.00%	106.59	0.35%
Recreation & Culture	1.59	121.01	119.96	0.88%	116.56	3.82%
Education	3.79	142.4	142.4	0.00%	140.88	1.08%
Restaurants & Hotels	6.92	132.6	131.81	0.60%	123.31	7.53%
Miscellaneous	4.87	141.05	138.3	1.99%	126.23	11.74%

Consumer Price Index



^a National Average Prices

Money Market

* As evident from the graph below, yield curve shifted upwards sharply in longer tenure in comparison to the shorter tenure during the month of July'20. Upward shift in yields were more prominent in 3, 5 and 10Year which adjusted by approx 47bps.

* In its regular cycle auction, central bank conducted T-bill auctions twice during the month. Participation was majorly skewed towards shorter tenure compared to longer tenure.

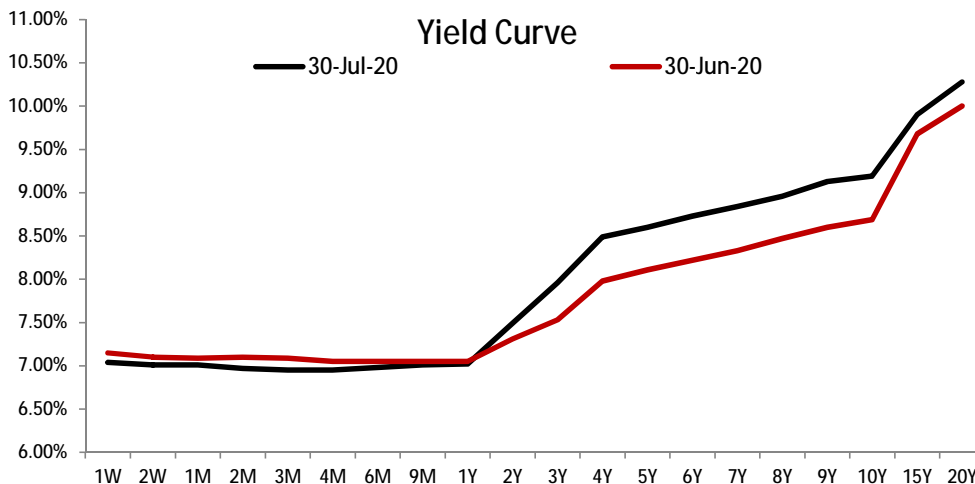
T-bill Auction Results			
Date	3M	6M	12M
16-Jul	6.56%	6.57%	6.60%
30-Jul	6.95%	7.09%	7.14%

* Post announcement by the central bank on 24th July for delaying the monetary policy till next meeting date; yields in the secondary market shifted sharply, as a result cutoff yield on 30th July auction increased by approx. 50bps across all the tenures.

* In PIB auction held during the month, the central bank was able to fetch approx PKR 200 billion against participation of approx PKR 263 billion. Healthy participation was witnessed across all tenures with majority of the participation skewed toward 3Y (nearly 50%) followed by 5Y, 10Y, 15Y and 20Y.

PIB Auction Results					
Date	3Y	5Y	10Y	15Y	20Y
28-May	7.64%	8.05%	8.69%	9.97%	Rejected
24-Jun	7.97%	8.37%	8.99%	9.75%	10.51%
22-Jul	7.37%	8.37%	8.99%	9.75%	10.40%

* Going forward, with real returns in negative territory coupled with constant uptick in food prices, expected slow down in remittance and rising international oil prices may put an end towards easing cycle.



PSX - Index increased by 14.05% MoM

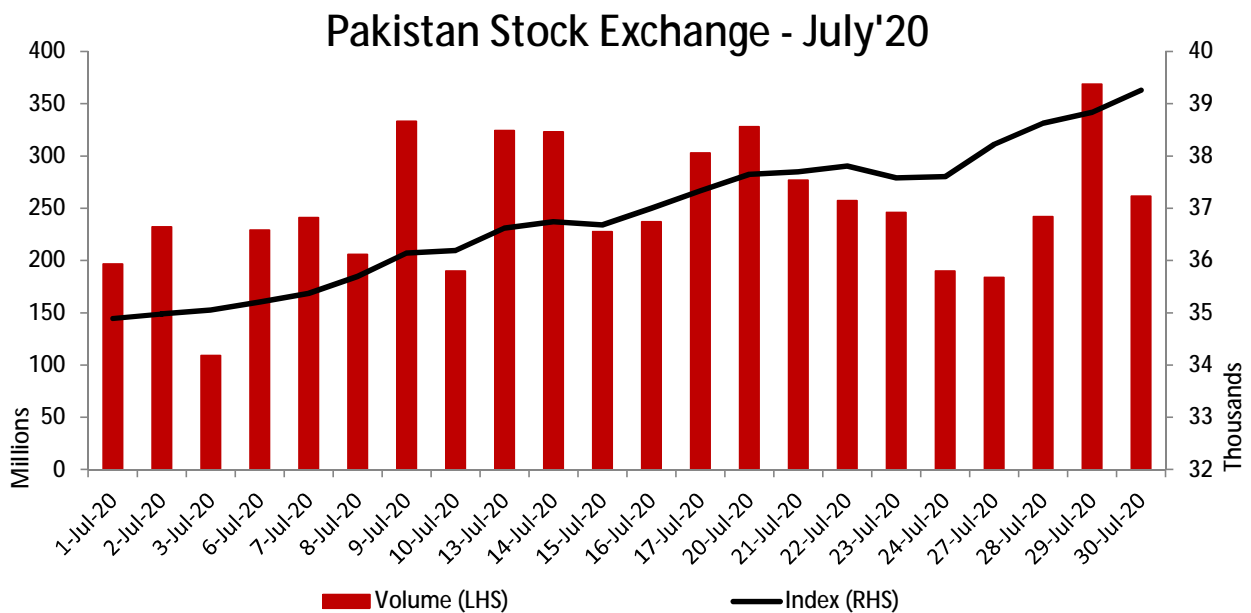
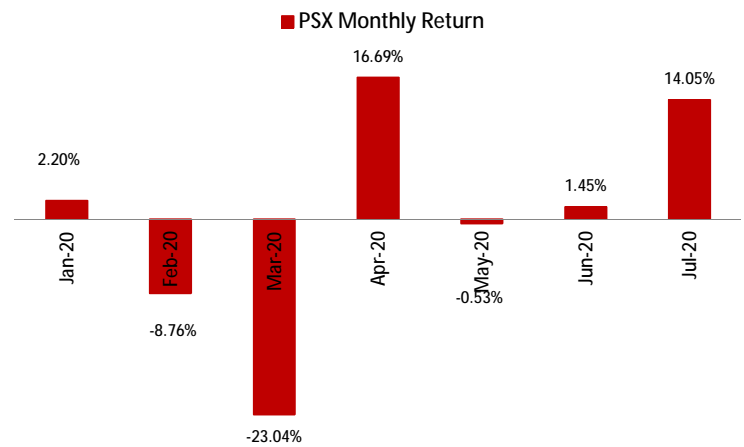
* During the period under review, KSE-100 posted a stellar return of 14.05% to close at 39,258 index points.

* Average trading volume during the month also increased massively by 113% in KSE-100.

* Commercial Banks, Cements, Oil & Gas, Autos and Fertilizer were the top sectors which contributed 64% of change in index points

PSX Performance Stats				
Stats	KSE-100	KSE-30	KMI-30	All-Shares
Index	39,258.44	17,070.02	63,107.65	27,559.26
Change	4,836.52	2,207.77	8,112.40	2,898.95
%Change	14.05%	14.85%	14.75%	11.76%

Top 5 Performers		
Company	Sector	Return
TRG	Technology & Communication	68.20%
HCAR	Automobile Assembler	56.13%
ATRL	Refinery	50.13%
INDU	Automobile Assembler	42.95%
PAEL	Cable & Electrical Goods	39.99%



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Key Economic Indicators

Indicator		FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
GDP Growth													
World*	%	-1.67	4.30	3.14	2.52	2.66	2.85	2.88	2.59	3.26	3.10	2.47	-
Pakistan	%	0.36	2.58	3.62	3.84	3.68	4.05	4.06	4.56	5.22	5.53	1.91	-0.38 ¹
Total FX Reserves													
	USD Billion	12.4	16.6	18.1	15.2	11.0	14.0	18.6	23.0	21.3	16.3	14.3	16.8
FX reserves held with SBP	USD Billion	9.1	12.9	14.7	10.8	6.0	9.0	13.5	18.1	16.1	9.7	7.2	10.1
FX reserves held with Banks	USD Billion	3.3	3.7	3.4	4.4	5.0	5.0	5.1	4.9	5.2	6.6	7.1	6.7
Remittances													
	USD Million	7,811.43	8,905.90	11,201.00	13,186.60	13,921.70	15,837.70	18,720.00	19,916.80	19,351.30	19,913.60	21,739.40	16,991.6 ¹
Imports	USD Million	31,667	31,133	35,796	40,370	40,157	41,668	41,357	41,118	48,001	55,671	51,869	36,091 ³
Exports	USD Million	19,125	19,680	25,369	24,718	24,802	25,078	24,090	21,972	22,003	24,768	24,257	20,937 ³
Trade Balance	USD Million	(12,542)	(11,453)	(10,427)	(15,652)	(15,355)	(16,590)	(17,267)	(19,146)	(25,998)	(30,903)	(27,612)	(15,154) ³
Current Account	USD Million	(9,261)	(3,946)	214	(4,658)	(2,496)	(3,130)	(2,815)	(4,961)	(12,270)	(19,195)	(13,434)	(3,288) ³
Inflation													
	%	17.03	10.1	13.66	11.01	7.36	8.62	4.53	2.86	4.81 ²	4.68 ²	6.8 ²	10.76 ²
Discount Rate													
	Avg. during the year %	13.96	12.84	13.67	12.51	10.01	9.72	8.99	6.57	6.25	6.4	9.98	12.74
M2 Growth													
	%	9.6	12.5	15.9	14.1	15.9	12.5	13.2	13.7	13.7	9.7	11.3	8.5 ¹
3M Kibor													
	Avg. during the year %	13.91	12.33	13.22	12.35	9.86	9.78	8.97	6.50	6.08	6.30	10.01	12.33
6M Kibor													
	Avg. during the year %	14.14	12.40	13.42	12.43	9.91	9.83	8.97	6.53	6.10	6.35	10.22	12.28
12M Kibor													
	Avg. during the year %	14.72	12.80	13.88	12.78	10.24	10.17	9.25	6.83	6.40	6.69	10.74	12.32
3M Tbill													
	Avg. Cutoffs during the year %	12.76	12.12	13.00	12.18	9.71	9.64	8.82	6.37	5.92	6.13	9.73	12.21
6M Tbill													
	Avg. Cutoffs during the year %	13.15	12.24	13.28	12.28	9.74	9.71	8.76	6.38	5.95	6.13	10.24	12.09
12M Tbill													
	Avg. Cutoffs during the year %	12.97	12.23	13.49	12.40	9.80	9.83	8.63	6.39	5.96	6.04	13.15	11.91
3Year PIB													
	Avg. Cutoffs during the year %	12.98	12.33	14.04	12.65	10.63	11.73	9.92	6.91	6.30	7.06	12.65	11.28
5Year PIB													
	Avg. Cutoffs during the year %	13.19	12.41	14.11	12.89	11.12	12.20	10.44	7.73	6.81	7.86	12.98	11.00
10Year PIB													
	Avg. Cutoffs during the year %	13.10	13.07	13.48	13.25	12.62	12.00	12.32	9.04	7.90	8.08	11.62	11.33
Advances													
	PKR Billion	3,059	3,241	3,406	3,514	3,810	4,021	4,411	4,772	5,455	6,506	7,722	8,134
Investments													
	PKR Billion	1,080	1,593	2,047	2,903	3,760	4,126	5,071	6,691	7,454	7,947	6,748	8,884
Deposits													
	PKR Billion	3,852	4,329	4,948	5,699	6,586	7,451	8,396	9,369	10,766	12,117	13,140	14,605
Advances to Deposit Ratio	%	79.41%	74.87%	68.84%	61.66%	57.85%	53.97%	52.54%	50.93%	50.67%	53.69%	58.77%	55.69%
Investment to Deposit Ratio	%	28.04%	36.80%	41.37%	50.94%	57.09%	55.38%	60.40%	71.42%	69.24%	65.59%	51.35%	60.83%
Yuan/PKR													
	Avg. during the year	11.49	12.28	12.91	14.05	15.51	16.76	16.36	16.20	15.41	16.93	19.96	22.50
USD/PKR													
	Avg. during the year	78.50	83.80	85.50	89.24	96.73	102.86	101.29	104.24	104.70	109.84	136.09	158.26
Dirhm/PKR													
	Avg. during the year	21.39	22.82	23.29	24.29	26.34	28.01	27.58	28.39	28.52	29.92	37.06	43.09
Pound/PKR													
	Avg. during the year	126.09	132.49	135.96	141.14	151.60	167.22	159.44	154.49	132.71	148.04	175.93	199.63
Euro/PKR													
	Avg. during the year	107.43	116.50	116.60	119.20	125.12	139.50	121.67	115.63	114.03	131.09	155.07	175.06

¹ Provisional Numbers

² Base year 2015-2016

³ Till May

⁴ Data Source WB

⁵ Unless otherwise indicated, all data is based on fiscal year

⁶ Till FY20 -3Q

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