

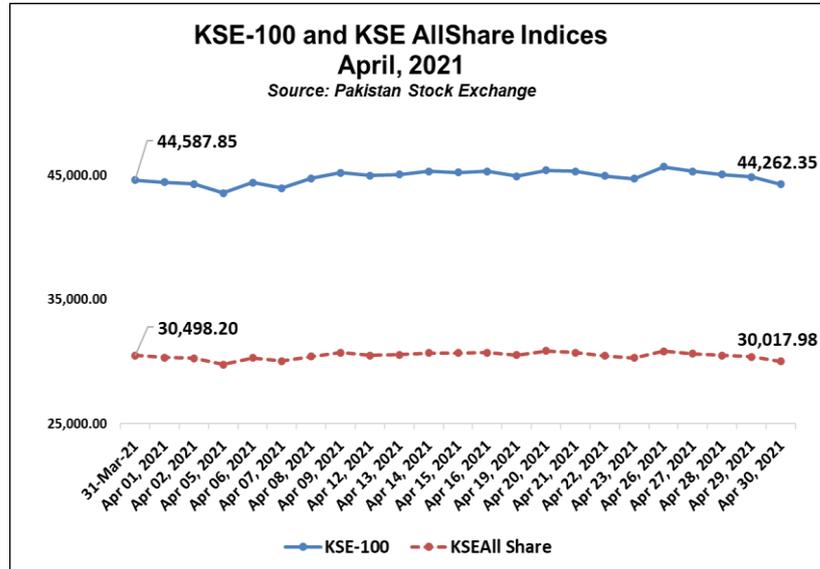
**Ministry of Planning, Development and Special Initiatives
Economic Policy Wing
Money, Prices and Fiscal Policy Section**

REVIEW OF CAPITAL MARKETS- I (STOCK MARKET)

(APRIL-2021)

KSE-100 (Month on Month Basis)

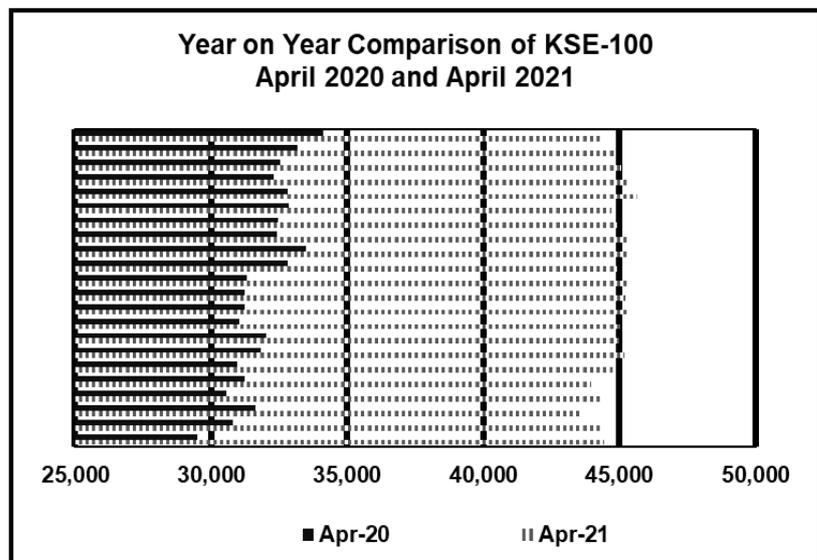
- Pakistan Stock Exchange (PSX) witnessed a slightly better and consolidated performance during April, 2021 on month-on-month basis.
- The **average of KSE-100** in April 2021 was **44,856.98** points, and this was **10.7% more** than the average exhibited in previous month.



- However, the benchmark KSE-100 index closed at **44,262.35** by losing 323 points (**0.73%**) as compared to closing day of previous month (31st March, 2021), while KSE-All Shares index closed at **30,017.98** by losing 480.22 points (**1.57%**).

KSE-100 (Year on Year Basis)

- The KSE-100 performed significantly well in April 2021 as compared to corresponding period last year by crossing the 40,000-point threshold for all trading days and even touching the 45,000-point barrier a few times.



Trends in Various Stock Market Indices (April-2021)

Index (Month End)	Country Name	31/03/2021	30/04/2021	Change Δ	% Δ
S&P 500 INDEX	USA	3,972.89	4,181.17	208.28	5.24
FTSE 100 INDEX	United Kingdom	6,713	6,973	260.00	3.87
SSE Composite Index	China	3,441.91	3,446.86	4.95	0.14
KSE-100	Pakistan	44,587.85	44,262.35	-325.50	-0.73
SENSEX 30-BSE	India	49,509.00	48,782.36	-726.64	-1.47

- The average of KSE-100 in April 2021 was **40.49% more** than that in April 2020. This is a significantly high figure depicting excellent confidence of the investors in Pakistan stock portfolios in April 2021.
- The table above shows the trends in various Stock Market Indices during April, 2021. The KSE-100 did not perform well amongst them and lost 325.50 points.
- S&P 500 Index of the United States of America performed very well and exhibited a gain of 5.24%.

ANALYSIS

April, 2021 observed a better and consistent performance at the bourse despite figures showing a loss of 323 points on a month-end comparison with March, 2021.

Evidence for this improved performance lies in the comparison of monthly averages¹ on month-on-month and year-on-year bases;

MAJOR EVENTS IMPACTING THE BOURSE

(APRIL- 2021)

- ✓ Flare-up in Covid-19 infection cases.
- ✓ Receipt of \$500m as the third tranche of the IMF Extended Fund Facility.
- ✓ Announcement of receipt of \$2.5bn by the SBP in lieu of Eurobond issuance.
- ✓ High volatility in global oil prices across the month.
- ✓ YoY Large-scale Manufacturing increasing by 7.45pc in July-Feb 2020-21 compared to July-Feb 2019-20.
- ✓ Protests and sit-ins by the Tehreek-e-Labaik Pakistan (TLP) and a shutter down call across the country.
- ✓ Decision of NCOC to impose a tight lockdown in major cities across the country to decrease the high COVID-19 infection ratio.

¹ Average (mean) is a measure of central tendency of data that uses the entire data series of the month and not just a single value. In this way, values of all trading days can be expressed in a single number that carries equal weight being given to all days.

average of April, 2021 exhibited MoM gain of 10.7% and a staggering YoY gain of 40.49%.

The significantly astounding figure of 40.49% gain at the bourse shows that the government's policies of deregulating the economy to improve ease of doing business, injecting liquidity exceeding Rs. 1 Trillion via different packages, making effective use of the Debt Service Suspension Initiative (DSSI) to suspend debt repayments to G-20 countries, and relaxing policies for various economic sectors to provide cushion against adversity caused by the COVID-19 pandemic, were successful, in not only keeping the stock market afloat but exceeding the 40,000-point benchmark over the period Apr 20- Apr 21.

The third wave of COVID-19 pandemic and the resultant country-wide lockdowns during the month of May 2021 are a major hurdle in the way of sustaining business confidence in the Pakistan stock markets. The business and exporter community are wary of the extended Eid Holidays from 10th May- 16th May 2021 and have expressed clear dissatisfaction as this policy measure would inhibit their business matters on ports and customs clearance points. The bourse will also be closed, and trading activity will not take place leading to a halt in economic activities and subsequent losses.

Spike in inflation (CPI) figures also warrant a cause for concern for the government. The month of April 2021 spanned across the first half of the month of Ramzan and resulted in higher food inflation and an overall CPI figure of 11.1% increase in prices on year-on-year basis. Inflation had not entered in double digits since March 2020 last year and unless measures are taken to control the inflationary pressures, the business cost of production will rise and profits of the firm will reduce giving way to suppressed activity at the stock market and lower investor enthusiasm.

It is recommended to address the key challenges of inflation and COVID-19 pandemic, that may burgeon into significant issues for the businessmen community and financial investors, to sustain the consolidated gains made at the bourse overtime. It is necessary to avoid volatility at the bourse and panic selling when the markets open on 17th May 2021 by giving a gestured statement to the investor community that the markets will remain operational thereon and businesses can continue as usual with the help of online technologies and following COVID-19 SOPs. Forward guidance of the State Bank to keep the policy rate at 7.00% will also act as a buffer to help keep a stable interest of the investors in Pakistani markets.