

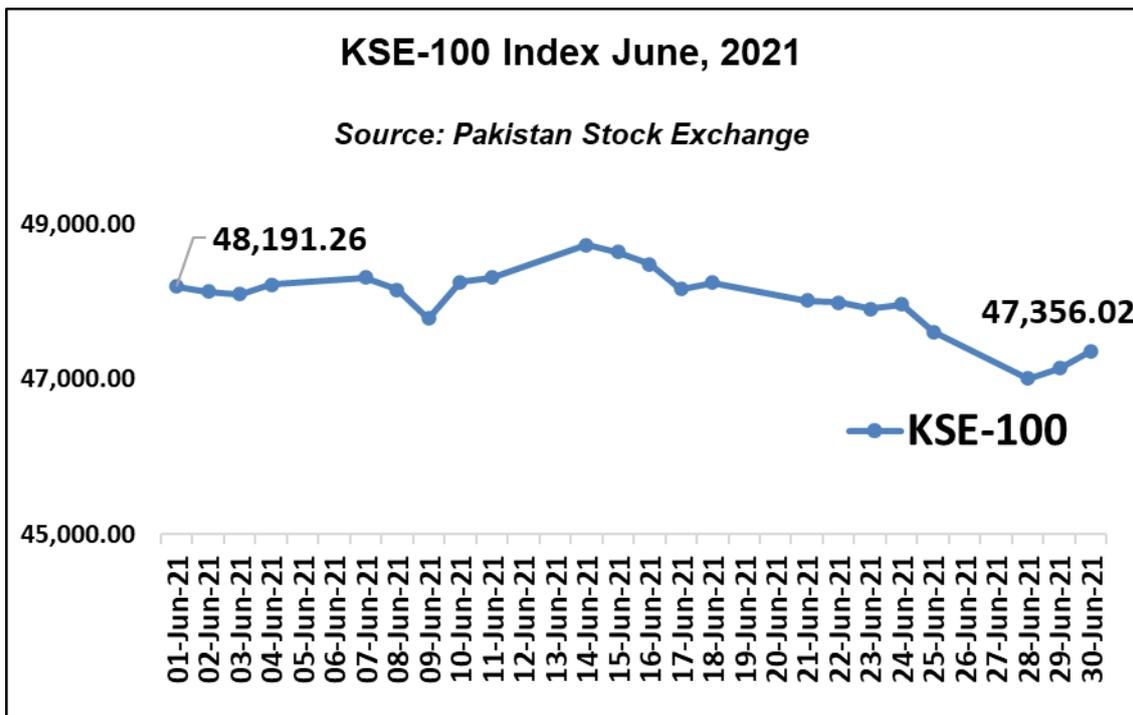
HIGHLIGHTS AND REVIEW OF CAPITAL MARKET DEVELOPMENTS

(STOCK MARKET & FOREIGN INVESTMENT)

(JUNE---2021)

STOCK MARKET (JUNE-2021)

- Pakistan Stock Exchange (PSX) witnessed an overall fluctuating trend during the period June, 2021. The benchmark KSE-100 index closed at 47,356.02 points on 30th June, 2021.
- The **average of KSE-100** for period June, 2021 was **48,027.55 points**.



STOCK MARKET ANALYSIS (JUNE-- 2021)

The period June, 2021 observed a mixed performance at the bourse by posting fluctuations scrambled across the time frame. Various peaks and troughs can be witnessed during the period that signify the immediate responsiveness of investors to geopolitical and economic events at domestic and international levels (mentioned in textbox on next page). However, despite the volatility and immediate responses of equity investors to news and events, the consolidate average of these three months has been 48,027.55 points- a staggeringly appreciable number as compared to that of last two years.

Owing to major events mentioned in the adjacent text box, it is seen that a series of factors impacted the bourse and investor interests.

A few of these events are going to impact the bourse in the future as well. These include impacts of the Afghan withdrawal like: possible rise in inflation numbers in Pakistan; impact on IMF fresh funds inflow; and uncertainty in the food supply chains if the US forces pull out immediately and civil war strikes in Afghanistan.

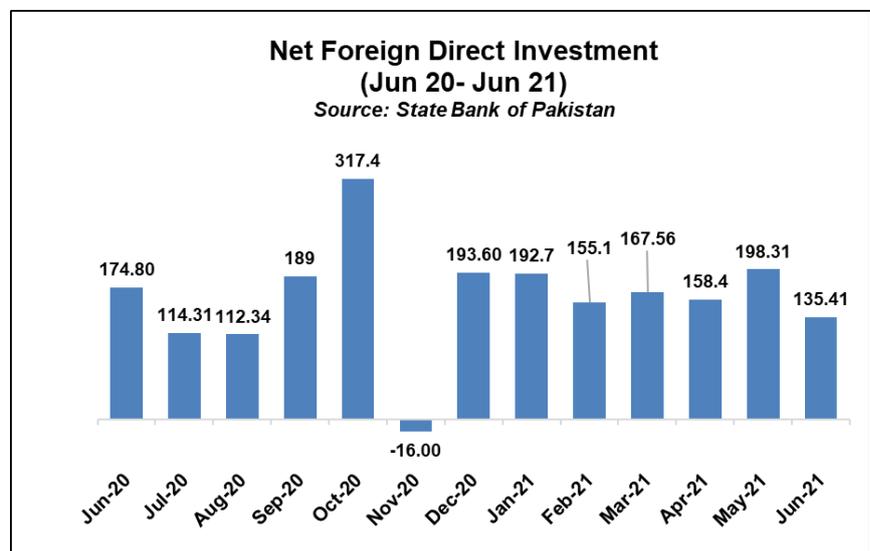
It is recommended that the government needs to keep investor interest afloat by maintaining semblance of stability, avoid volatility and panic selling at the bourse.

MAJOR EVENTS IMPACTING THE BOURSE (JUNE--2021)

- Smooth passing of Finance Bill, 2021 and various favourable anticipations of investors from Federal Budget 2020-21.
- CPI National figure decreased to 9.7% in June 2021 as compared to 10.9% in May 2021.
- Decrease in COVID 19 positivity rate to about 5%.
- State Bank Policy rate remained unchanged to 7pc.
- FATF announcement to possibly keep Pakistan in 'grey list'.
- Possibility of fall in Morgan Stanley Capital International (MSCI) ranking from Emerging market status to Frontier market status.
- Uncertainties for Pakistan economy arising from flight of US forces from Afghanistan.
- Possible threat to Pakistan-IMF talks for further tranches due to stressful cross-border situation with Afghanistan.
- Depreciation of the Rupee against the US Dollar from Rs. 154.5 (1st June, 2021) to Rs. 157.5 (30th June, 2021).

FOREIGN INVESTMENT (JUNE 2021)

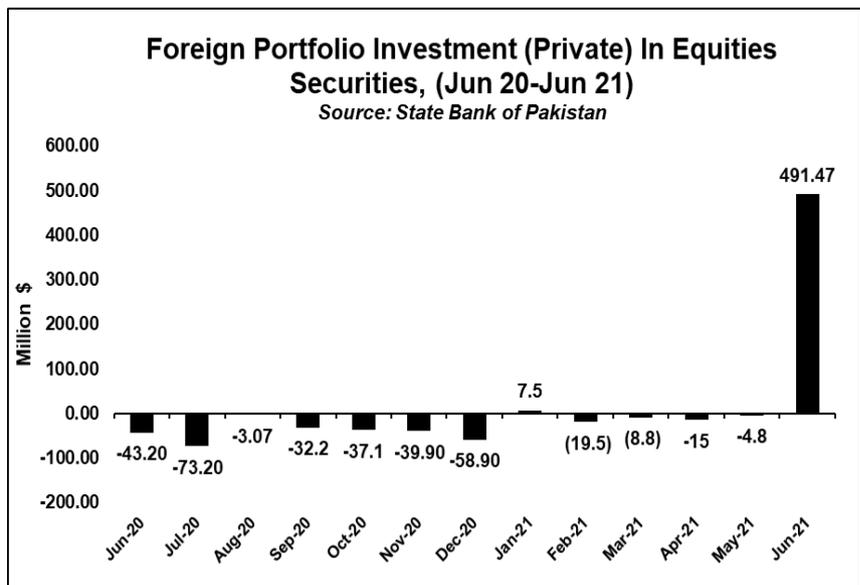
- During June July 2021, **Foreign Direct Investment (FDI)** recorded net inflow of US \$135.41 Mln against \$ 174.80 Mln in June 2020.
- During June 2021, **Foreign Portfolio Investment (FPI)**



recorded net inflow of US \$491.47 Mln against net outflow of \$ 43.20 Mln in June 2020.

FOREIGN INVESTMENT ANALYSIS (JUNE--2021)

The month of June 2021 registered net inflow on portfolio investment in equities securities and foreign direct investment.



FDI for the month of June, 2021 fell as compared to that of May, 2021. However, Pakistan government is formulating a comprehensive strategy to attract FDI from China. The Pak-China Investment Portal situated at Board of Investment is presently collaborating with China Council for International Investment Promotion (CCIIP). They have developed a bilateral Business to Business Investment (B2B) Portal for facilitation of local Pakistani investors. Registered Pakistani companies at the Securities and Exchange Commission (SECP) will be able to avail this opportunity and register on the portal to find suitable Chinese partners to invest in the future joint ventures and other mutually beneficial endeavours. It will work like a One-Stop-Shop for potential Chinese and domestic investors, aiming at enhancing B2B matchmaking. It is hoped that this initiative will play out at the best strengths of the business community of Pakistan and promote culture of joint ventures at international and bilateral levels.

It is recommended that the government of Pakistan should focus on sustaining the present momentum of capital inflows and investment. With BOI in the lead, work on an aligned strategy with the local and foreign businessmen should continue.