

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

## Review of

### Capital Market Developments- I

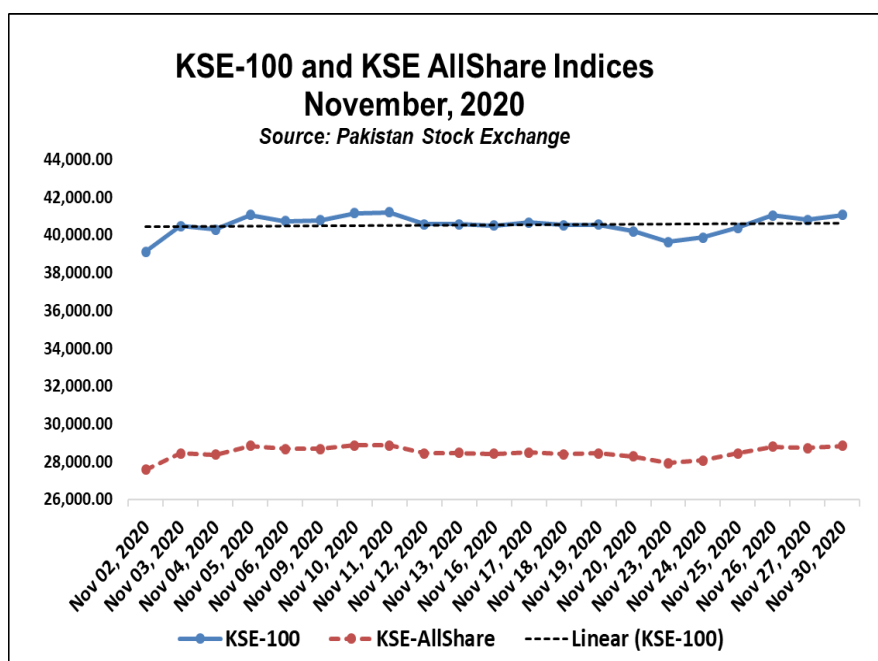
(November-2020)

#### Performance of KSE Indices

Pakistan Stock Exchange (PSX) witnessed a positive performance during November, 2020 as compared to the previous month. The benchmark KSE-100 index closed at **41,068.82** by gaining **1,180.82** points (**2.96%**) as compared to previous month, while KSE-All Shares index closed at **28,849.46** by gaining **663.90** points (**2.35%**). The KSE-100 reported maximum and minimum of 41,197.32 and 39,112.18 points respectively. Average traded value and volume of PSX were recorded at Rs. 10.32 Bln and 282.53 Mln shares for the month of November, 2020. The average of KSE-100 in November 2020 was 40,529.84 points.

Main events of the month included: fluctuations in international oil prices, rise in COVID-19 cases, closure of schools and educational institutions in Pakistan, Economic Coordination Committee's (ECC) decision to reduce the industrial power tariff by 19 pc to Rs. 12.96 per unit, political rallies of the opposition after the Gilgit-Baltistan elections, start of transition process to the Biden government, global progress on developing the Covid-19 vaccine, and decision of the government not to shut down factories and businesses.

Graphical representation of KSE-100 and KSE-All Share index during November, 2020 is depicted below:

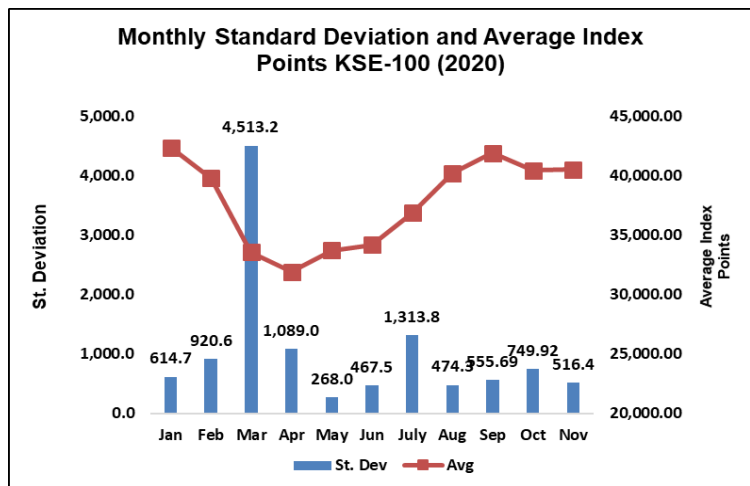


#### Highlights

- KSE-100 index **gained 1,180.82 points (2.96%)** as compared to the end of previous month.
- KSE-100 showed a steeply upward trend for 1<sup>st</sup>, 4<sup>th</sup> weeks of the month.
- Performance during 2<sup>nd</sup> and 3<sup>rd</sup> weeks was sluggish as they lost 162.26 and 382.17 points respectively.
- The **average of KSE-100** in November 2020 was **40,529.84** points.
- Average traded value and volume of PSX were recorded at Rs. 10.32 Bln and 282.53 Mln shares for the month of November, 2020.
- Market capitalization exhibited overall flattish trend with **gain of 153.8 Bln (2.07%)** on month-on-month basis to reach Rs. 7,554 Bln by end of November, 2020.
- **MOEX Russia Index** registered the highest gain of 398.54 points (14.71%).
- **Kse-100** showed least gain of 1,180 points (2.96%).

## KSE-100 Monthly Average and St. Deviation Jan-Nov 2020

The standard deviation of the KSE-100 Index for the past eleven months has shown high variation. However, the standard deviation values for the months of July and November have shown considerable relative change in the period Jan-November, 2020, where the value for the month of November has decreased to 516.4 as compared to 749.92 in October 2020. This implies decreased level of riskiness in the equity markets.



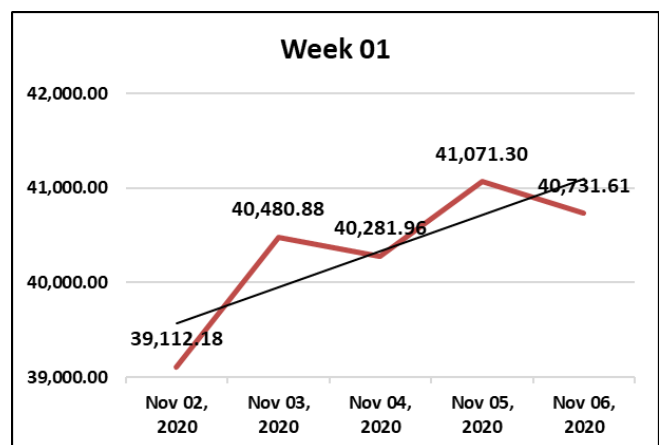
The average values of KSE-100 of each month displayed at the secondary axis of the above diagram reveals that there is less relative change in the average from October to November 2020 which shows phase of steady consolidation at the bourse. November, 2020 posited an average of 40,529.83 points which was 56.30 points (0.14%) more than the average of October, 2020, showing steady settlement.

## WoW Basis Analysis

The performance of the Pakistan Stock Exchange (PSX) on weekly basis during November, 2020 is outlined as follows:

### 1<sup>st</sup> Week:

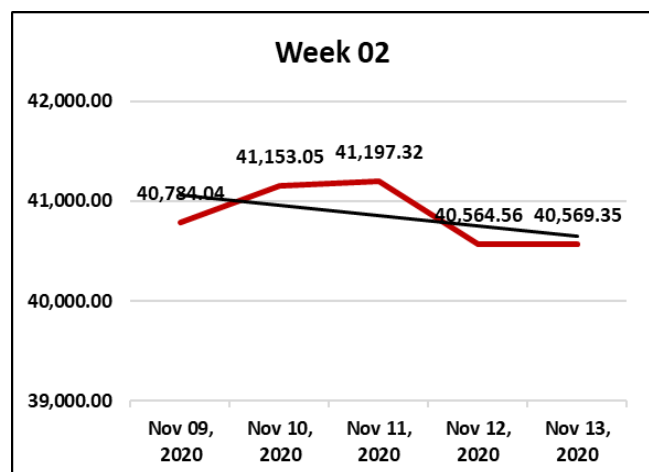
The first week of November, 2020 witnessed an upward trend in the KSE-100 Index and closed with a gain of 843.61 points (2.11%) and 481.95 points (1.70%) at KSE-AllShare Index to settle at 40,731.61 and 28,667.51 points respectively. While the average traded value and volume of this week were recorded at Rs. 12.554 Bln and 368.232 Mln shares respectively.



Main reasons were: government's commitment to avoid lock downs reassured the investors, international equities and commodities market showed high volatility, lower price of crude oil in the international market had impact on the energy stocks mainly in the exploration & production sector, Economic Coordination Committee's (ECC) decision to reduce the industrial power tariff by 19 pc to Rs. 12.96 per unit and the constitution of a committee to work out solutions of the circular debt in the power sector improved investor sentiments.

### 2<sup>nd</sup> Week

The second week of November, 2020 displayed a downward trend with significant losses exhibited on Thursday. The week closed with loss of 162.26 points (0.39%)



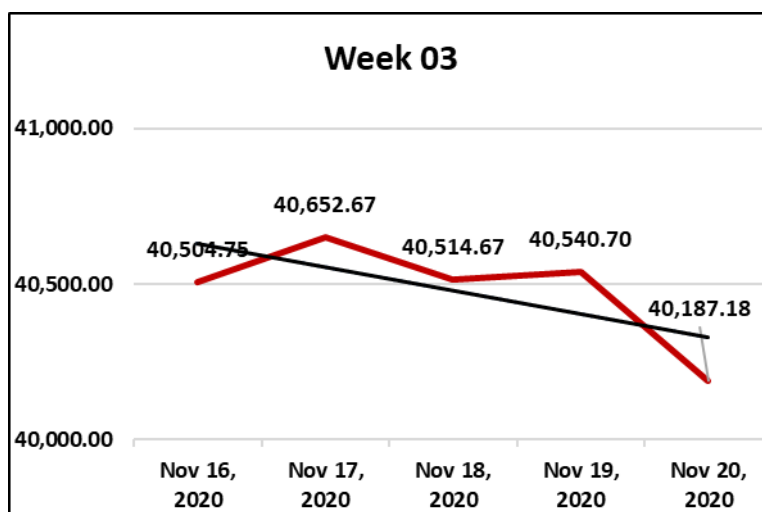
for KSE-100 and loss of 210.73 points (0.73%) at KSE-AllShare Index to settle at 40,569.35 and 28,456.78 points respectively. While the average traded value and volume of this week were recorded at Rs 10.482 Bln and 289.666 Mln shares respectively.

The stock market remained highly volatile during the outgoing week as investors' sentiments were gravely influenced by the rise of the Covid-19 cases across the globe. The market shed 632.76 points at the close of trading session on 12<sup>th</sup> November, 2020 amid hue and cry over increase in Covid-19 cases and political rallies of the opposition after the Gilgit-Baltistan elections. Investors worried that the spread of Corona Virus would increase exponentially due to large public gatherings organized by the political opposition to protest against allegations of administrative mishandling of the Gilgit-Baltistan elections.

### **3<sup>rd</sup> Week:**

During third week of November, 2020 the KSE-100 index lost 382.17 points (0.94%) on WoW basis, and loss of 182.92 points (0.64%) was seen at KSE-AllShare Index; both indices settled at 40,187.18 and 28,273.86 points respectively. While the average traded value and volume of this week were recorded at Rs 6.873 Bln and 171.216 Mln shares respectively.

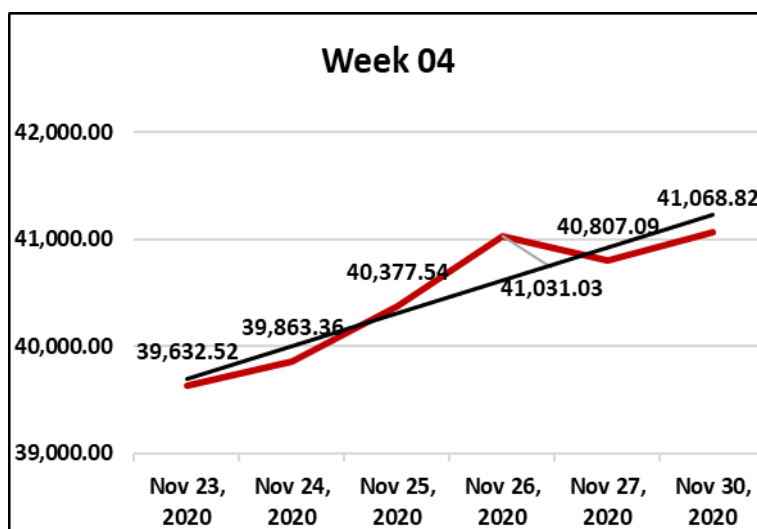
Main reasons for the decline were: lack of investor interest due to resurgence of Covid-19 cases, volatility in international oil prices throughout the week, political uncertainty created by the opposition over elections in Gilgit Baltistan. The current account surplus, improving foreign exchange reserves, remittances and foreign direct investment did little to elate investor confidence. Major stock exchange points fell on 18<sup>th</sup> and 20<sup>th</sup> November, 138 and 353.52 respectively, due to protest lodged by opposition parties against the government's notice to ban holding public meetings, and rising number of Covid-19 cases and death count on global and local front. Additionally, investors worried over the resumption of the International Monetary Fund (IMF) package, which required increase in electricity tariffs and reduction in subsidies for power sector.



### **4<sup>th</sup> Week:**

In the fourth week of November, 2020 the Pakistan stock market gained 619.91 points (1.54%) at KSE-100 and 445.74 points (1.57%) at KSE-AllShare Index to settle at 40,807.09 and 28,719.60 points respectively. While the average traded value and volume of this week were recorded at Rs. 11.0 Bln and 297.94 Mln shares respectively.

Major events of the week were: increase in international oil prices translating into gains in the stocks of oil & gas marketing companies, start



of transition process to the Biden government, relative stability at the political front in the country, global progress on developing the Covid-19 vaccine, decision of the government against shut down factories and businesses to avoid deaths from starvation, comfortable fluctuation of the Rupee, in range of Rs. 160-158, against the dollar, and closure of schools and educational institutions in Pakistan.

### **Update on Market Capitalization**

Market Capitalization for the month of November 2020 experienced a flattish trend, in congruence with the trend at the bourse. The month began with Mkt Cap at Rs. 7,255.06 Bln and **gained Rs. 153.8 Bln (2.07%)** on month-on-month basis to reach Rs. 7,554 Bln by end of November, 2020. Mkt Cap reported maximum and minimum of Rs. 7,584.00 and 7,255.06 Bln respectively. The average of Mkt Cap in November 2020 was Rs. 7,470.29 Bln.



### **Global Stock Market Comparisons**

During the month under review, the world stock market indices showed a positive overall trend, registering gains for major stock markets around the world.

MOEX Russia Index registered the highest gain of 398.54 points (14.71%), followed by FTSE 100 INDEX (14.32%), NIKKEI 225 (13.29%), and DOW JONES (11.09%). KSE-100 (2.96%) and SSE Composite Index (3.64%) posed the least gains out of the selected indices.

The table below presents percentage change in the leading world stock market indices from end October, 2020 to end November, 2020.

Trends in World Stock Market Indices (November-2020)					
Index (Month End)	Country Name	29/10/2020	30/11/2020	Change Δ	% Δ
MOEX Russia Index	Russia	2,709.04	3,107.58	398.54	14.71
FTSE 100 INDEX	United Kingdom	5,570	6,367.58	797.58	14.32
NIKKEI 225	Japan	23,331.94	26,433.62	3,101.68	13.29
DOW JONES	USA	26,678.98	29,638.64	2,959.66	11.09
SENSEX 30-BSE	India	39,749.85	44,149.72	4,399.87	11.07
S&P 500 INDEX	USA	3,309.67	3,621.63	311.96	9.43
NASDAQ 100	USA	11,197.85	12,198.74	1,000.89	8.94
HANG SENG-HK	Hong Kong	24,586.60	26,341.49	1,754.89	7.14
SSE Composite Index	China	3,272.73	3,391.76	119.03	3.64
KSE-100	Pakistan	39,888	41,068.82	1,180.82	2.96

**Conclusion:**

The month of November 2020 registered overall slow but positive position at the bourse with markets closing in gain for first and fourth weeks only. The second and third weeks exhibited losses which were exacerbated by the closing sessions on 12<sup>th</sup> and 20<sup>th</sup> November, 2020. The market crossed the 40,000-index point threshold for all except three trading days of November, 2020. The linear trendline sloped flattish and the market gained approximately 8.85 points on daily basis. The KSE-100 Index posited an average of 40,529.84 points which was 56.30 points (0.14%) more than the average of October, 2020 showing a considerable consolidation at the bourse. Average traded value and volume of PSX were recorded at Rs. 10.32 Bln and 282.53 Mln shares for the month of November, 2020. However, KSE-100 gained less points as compared to leading world indices, when MOEX Russia Index and FTSE 100 and NIKKIE 225 flagged in deep greens followed by DOW JONES and SENSEX 30-BSE. Main events of the month included: fluctuations in international oil prices, rise in COVID-19 cases, closure of schools and educational institutions in Pakistan, Economic Coordination Committee's (ECC) decision to reduce the industrial power tariff by 19 pc to Rs. 12.96 per unit, political rallies of the opposition after the Gilgit-Baltistan elections, start of transition process to the Biden government, global progress on developing the Covid-19 vaccine, and decision of the government not to shut down factories and businesses.