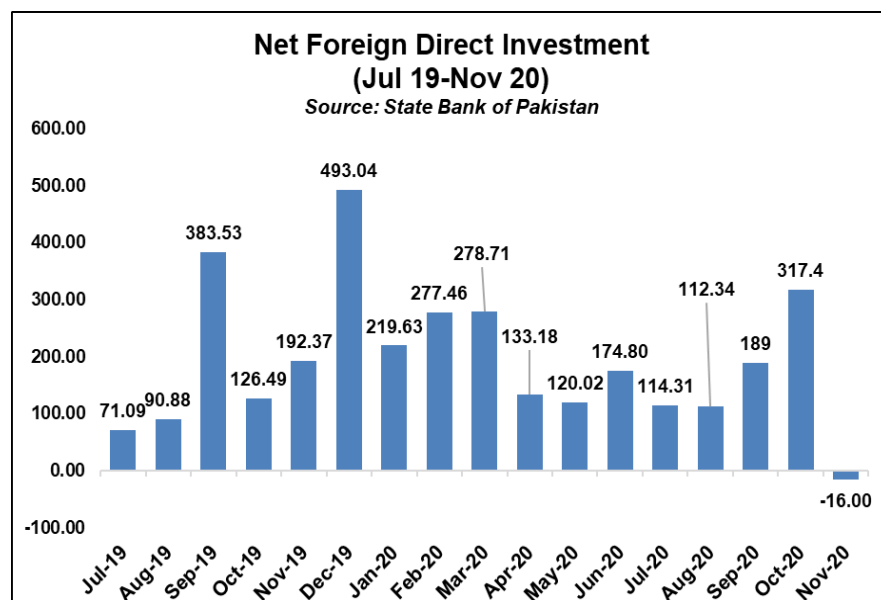


Government of Pakistan
Ministry of Planning, Development and Special Initiatives
Economic Policy Wing
Money, Prices and Fiscal Policy Section

Review of

Capital Market Developments II (September-2020)



Foreign Direct Investment (FDI), November, 2020

During November 2020, Total Foreign Private Investment (FDI+FPI) registered a net outflow of US \$ 55.9 Mln against net inflow of US\$ 196.3 Mln during corresponding period last year. Total actual change in Foreign Private Investment from July-November 2020 was net outflow of US \$352.3 Mln (39.9%).

During November 2020, Foreign Direct Investment (FDI) registered a net outflow of US \$ 16.0 Mln against net inflow of US\$ 192.4 Mln during corresponding period last year. Total actual change in Foreign Direct Investment from July-November 2020 was net outflow of US \$147.3 Mln (17.0%).

Country-Wise Net FDI Disaggregation

Countries with major net inflows during month of November 2020 were Netherlands (\$36.0 Mln), United States (\$10.6 Mln), United Kingdom (\$9.5 Mln), whereas major outflows were registered from China (\$78.4 Mln), Norway (\$55.8 Mln) and U.A.E. (\$5.2 Mln).

For period July-November FY-2020, major net inflows came from Norway (\$318.5 Mln), Malta (\$92.6 Mln), China (\$76.5 Mln), Hongkong (\$52.9 Mln), whereas major net outflows came from U.A.E (\$32.5 Mln), Kuwait (\$ 10.2 Mln), Finland (\$ 2.2 Mln) and France (\$ 1.3 Mln).

Highlights

- **FDI** registered a **net outflow** of **US \$ 16.0 Mln** in November, 2020 against net inflow of US\$ 192.4 Mln during corresponding period last year. Total actual change in Foreign Direct Investment from July-November 2020 was net outflow of US \$147.3 Mln (17.0%).
- Foreigners became net sellers, divesting **US\$ 39.9 Mln** worth of net equity in November, 2020.
- Foreign Public Portfolio Investment in debt securities **stood at US\$ 19.6 Mln** in November, 2020.
- **U.A.E** was the top contributor (**US \$26.2 Mn**) of equities portfolio investment **inflows** for November, 2020.
- **United Kingdom** was the top contributor (**US\$ 42.7 Mn**) of equities portfolio investment **outflows** for November, 2020.
- Total traded volume of Government Securities was **Rs. 630,476.42 Mln** by 3rd December, 2020.
- The KSE-100 index gained **2,671.74 points (6.5%)** as compared to the end of November 2020.

For period July-November FY-2021 (provisional figures), major net inflows came from China (\$253.9 Mln), Malta (\$92.6 Mln), Netherlands (\$87.6 Mln), Hongkong (\$57.4 Mln), whereas major net outflows came from U.A.E (\$35.0 Mln), Norway (\$ 26.6 Mln), Finland (\$ 2.6 Mln) and Sweden (\$ 2.6 Mln).

Sector-Wise Net FDI Disaggregation

Sectors with major net inflows were electrical machinery (\$19.0 Mln), Oil & Gas Explorations (\$16.5 Mln), Financial Business (\$16.0 Mln).

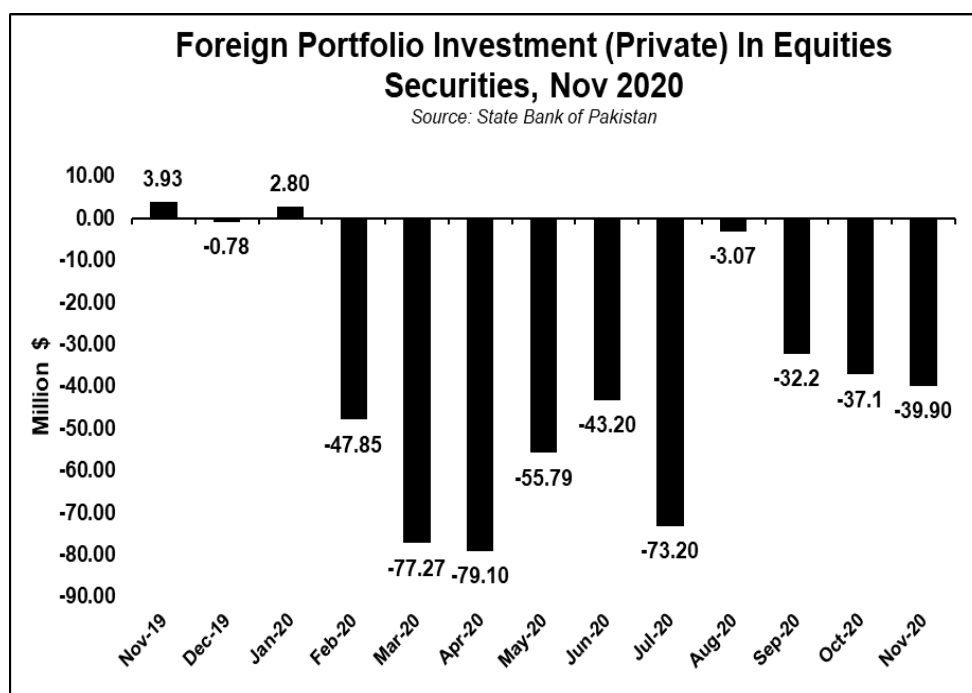
While, major net outflows were contributed by Power (\$83.2 Mln), Communications (\$23.7 Mln) and Electronics (\$4.3 Mln), during November 2020.

For period July-November FY-2020, major net inflows came from Communications (\$343.9Mln), Financial Business (\$136.8 Mln), Oil & Gas Explorations (\$96.2 Mln), Electrical Machinery (\$83.6 Mln), whereas major net outflows came from Electronics (\$18.9 Mln), Transport (\$12.1 Mln), Coal- the sub-sector of Power (\$ 23.5 Mln) and Chemicals(\$ 5.7 Mln).

For period July-November FY-2021 (provisional figures), major net inflows came from Power(\$269.2 Mln), Financial Business (\$134.5 Mln), Oil & Gas Explorations (\$99.6 Mln), Electrical Machinery (\$55.5 Mln), whereas major net outflows came from Petroleum Refining (\$10.4 Mln), Electronics (\$4.2 Mln), Food Packaging(\$ 2.4 Mln) and Personal Services (\$ 0.3 Mln).

Foreign Portfolio Investment (FPI) Equities Securities November, 2020

During November 2020, Foreign Private Portfolio Investment (FPI) in equities securities registered a net outflow of US \$ 39.9 Mln against net inflow of US\$ 3.9 Mln during corresponding period last year. Actual change over July-November 2020 was divestment of US\$ 205.0 Mln.



Country-Wise Foreign Portfolio Investment Disaggregation

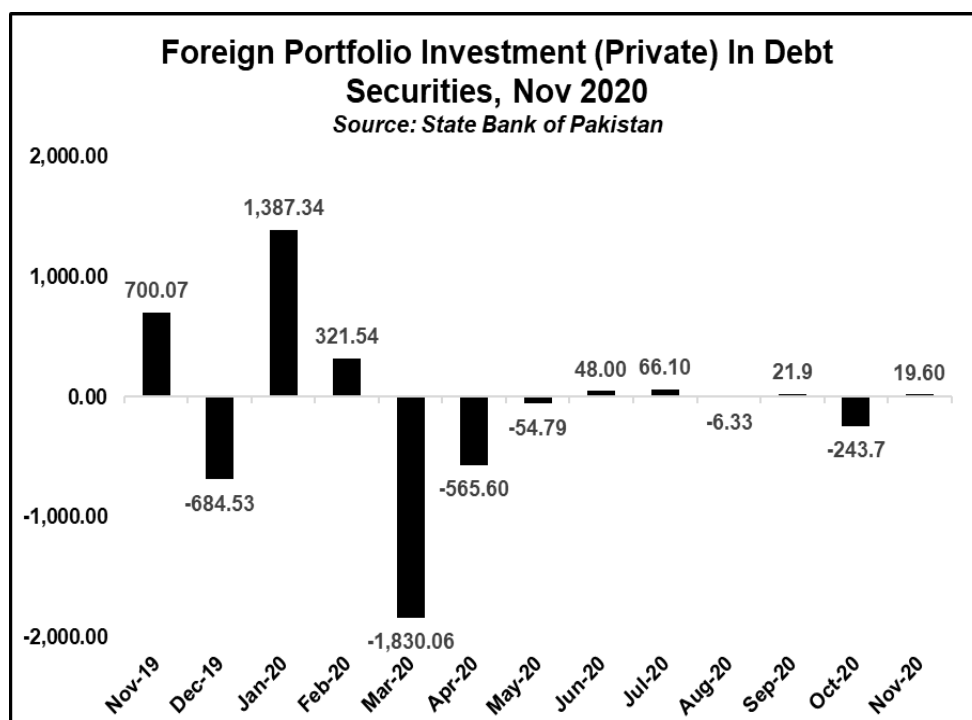
Countries with major inflows were U.A.E (\$26.2 Mln), Singapore (\$ 1.3 Mln), and Hongkong (\$1.3 Mln). While, major outflows were contributed by United Kingdom (\$42.7 Mln), United States (\$17.7 Mln), Ireland (\$1.3 Mln) during November 2020.

For period July-November FY-2020, major net inflows came from United Kingdom (\$35.7 Mln), Hongkong (\$14.0 Mln), U.A.E (\$8.4 Mln), Singapore (\$4.3 Mln), whereas major net outflows came from Luxembourg (\$24.4 Mln), Ireland (\$ 15.4 Mln), Switzerland (\$ 2.7 Mln) and Australia (\$ 1.3 Mln).

For period July-November FY-2021 (provisional figures), major net inflows came from U.A.E (\$95.4 Mln), Singapore (\$20.6 Mln), Canada (\$4.4 Mln), Switzerland (\$2.5 Mln), whereas major net outflows came from United Kingdom (\$149.3 Mln), United States (\$ 105.8 Mln), Luxembourg (\$ 30.9 Mln) and Ireland (\$ 13.2 Mln).

Foreign Public Portfolio Investment in Debt Securities

The Foreign Public Portfolio Investment in Pakistan in debt securities stood at US\$ 19.60 Mln in November 2020 against US\$ 700.1 Mln during the corresponding period last year. During July-November FY-20, the actual Foreign Public Portfolio Investment in debt securities stood at US\$ -1,279.1 Mln (112.5%).



Total Foreign Investment, November 2020

During November 2020, Total Foreign Investment (Foreign Private Investment +Foreign Public Investment) registered a net outflow of US \$ 36.2 Mln against net inflow of US\$ 896.4 Mln during corresponding period last year. Total actual change in Total Foreign Investment from July-November 2020 was net outflow of US \$ 1,631.4 Mln (80.7%).

Trading Volume of Government Securities (cumulative) was reported to be Rs. 630,476.42 Mln by 3rd December, 2020. The realised amount out of this was Rs. 627,104.15 Mln. The most trading was done in the Treasury Bills with Three, Six- and Twelve-months' maturity. It was followed by Pakistan Investment Bonds and Ijara Sukuk Bonds.

Repatriation of Profit/Dividend on Foreign Investment by Country

As per the latest data available, total repatriation of profit/dividend on foreign investment for October, 2020 stood at US\$ 101.9 Mln, (FDI US\$ 89.2 Mln and FPI US\$ 12.7 Mln). The countries with highest dividend repatriation were United Kingdom (\$5.3 Mn), United States (\$2.5 Mln), and France (\$0.8 Mln). While, UAE (US\$ 0.1 Mln), Singapore (US\$ 0.1 Mln) and Ireland (US\$ 0.1 Mln) marked the lowest dividend repatriation.

Repatriation of Profit/Dividend on Foreign Investment by Sector

As per the latest data available the sector-wise analysis of total repatriation of profit/dividend for October, 2020 reveals that the highest dividend repatriation was from Chemicals (US\$ 7.8 Mln), Fertiliser (US\$ 2.8 Mln) and Petroleum Refining (US\$ 0.8 Mln); whereas, Financial Business (US\$ 0.1 Mln), Textiles (US\$ 0.1 Mln) and Power (US\$ 0.1 Mln) marked the lowest dividend repatriation.

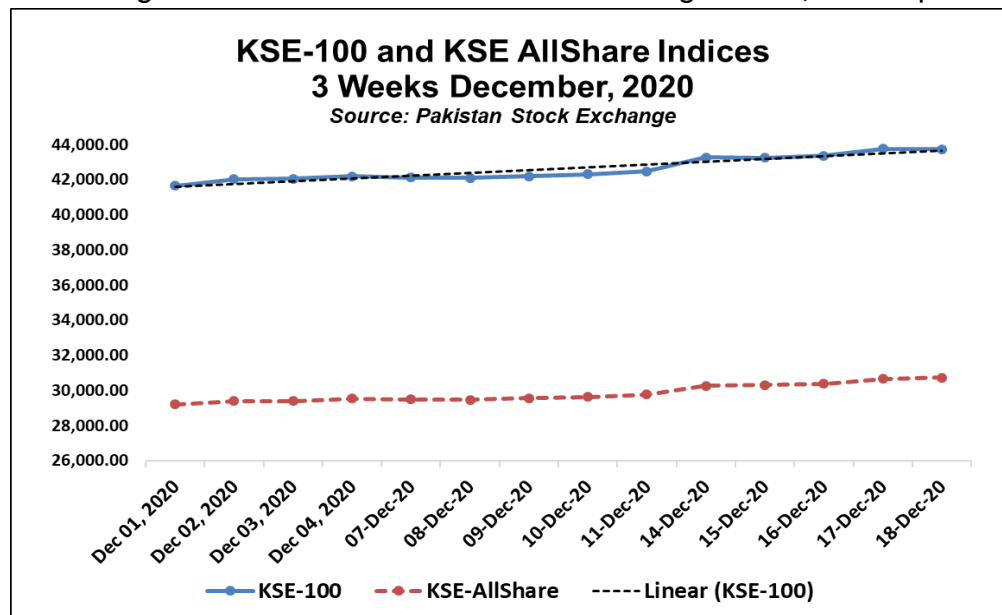
Performance of KSE Indices for 3 Weeks of December, 2020

Pakistan Stock Exchange (PSX) witnessed an upward sloping positive trend during all three weeks of December 2020 ending on 18-12-2020. The KSE-100 index gained **2,671.74** points

(6.5%) as compared to the end of November, 2020, while KSE-All Shares index gained **1,888.90** points **(6.54%)** for this period. The benchmark KSE-100 index closed at

43,740.56, while KSE-All Shares index closed at 30,738.36 by end of third week. The average of KSE-100 in the period under

review was 42,609.23 points. As an overall estimate, the bourse gained 158.66 points on daily basis showing a positive trend in the three weeks of December, 2020.



Stock Market Analysis- 3 weeks December, 2020

The first week of December, 2020 witnessed an upward trend in the KSE-100 Index and closed with a gain of 1,399.91 points (3.43%) and 829.81 points (2.88%) at KSE-All Share Index to settle at 42,207.00 and 29,549.41 points respectively. Main reasons were: major break-through in development of Covid-19 vaccine and intention of the government to introduce the vaccine in Pakistan early next year; upsurge in global stock market; and lower inflation for November, 2020 at 8.3% as compared to 8.91% in October, 2020.

The second week of December, 2020 witnessed a steady upward trend in the KSE-100 Index and closed with a gain of 263.40 points (0.62%) and 221.17 points (0.74%) at KSE-AllShare Index to settle at 42,470.40 and 29,770.58 points respectively. The week witnessed two negative sessions on Monday and Tuesday owing to uptick in Covid-19 infected cases in the country and political opposition targeting to hold a power-show in Lahore on 13th December, 2020 kept the investors wary as they feared a possible political crisis. The rest of the trading days exhibited selective buying and paltry gains at the bourse.

The third week of December, 2020 also observed an upward trend in the KSE-100 Index and closed with a gain of 1,270.16 points (2.99%) and 967.78 points (3.25%) on KSE-AllShare Index to settle at 43,740.56 and 30,738.36 points respectively. Main reasons for the positive trend were: upward lift in in global stock markets at the launch of the Covid-19 vaccine; less expectations of a global economic slowdown; and return of the second installment (\$1 billion out of \$ 3 Billion) loan to Saudi Arabia with Chinese support to prevent depletion of the SBP reserves.

Conclusion:

The month of November 2020 registered net outflow on portfolio investment in equities securities and positive on public portfolio investment in debt securities while, foreign direct investment (FDI) registered a net outflow. U.A.E and UK contributed heavily in the inflow and outflow of portfolio capital for Pakistan respectively. The stock market for three weeks of

December, 2020 showed an average of 42,609.23 points for KSE-100 in the period under review. As an overall estimate, the bourse gained 158.66 points on daily basis showing a positive trend in the three weeks of December, 2020.