

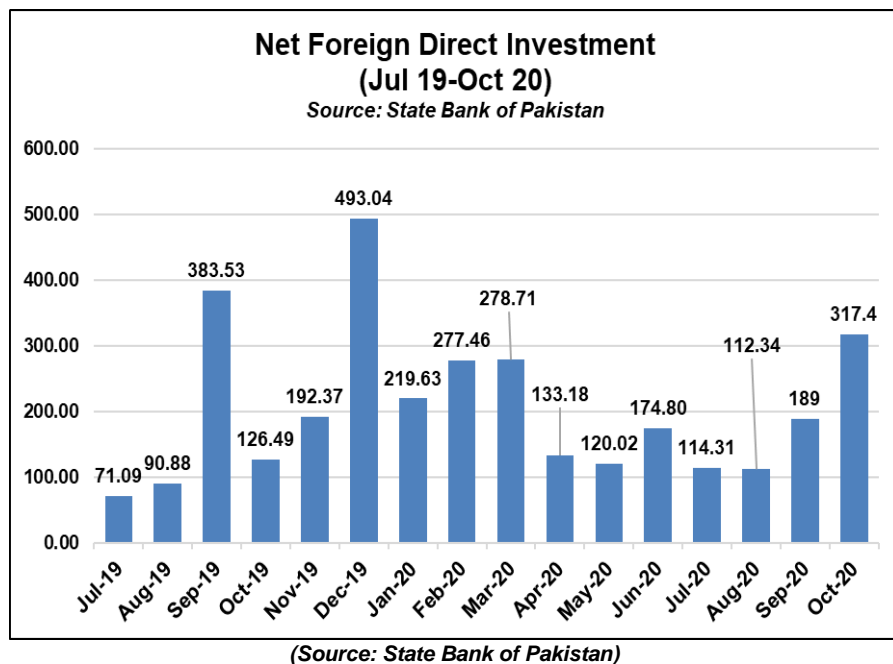
**Government of Pakistan**  
**Ministry of Planning, Development and Special Initiatives**  
**Economic Policy Wing**  
**Money, Prices and Fiscal Policy Section**

**Review of**

**Capital Market Developments II**

**(October-2020)**

**Foreign Direct Investment (FDI), October, 2020**



During October 2020, Foreign Private Direct Investment (FDI) registered a net inflow of US \$ 317.4 Mln against net inflow of US\$ 126.5 Mln during corresponding period last year. Total absolute change in Foreign Private Investment from July-October 2020 was net outflow of US \$100.1 Mln (14.6%). Total absolute change in Foreign Direct Investment from July-October 2020 was net outflow of US \$61.1 Mln (9.1%).

**Country-Wise Net FDI Disaggregation**

Countries with major net inflows during month of October, 2020 were from China (\$228.7 Mln), Malta (\$18.5 Mln), Japan (\$17.4 Mln), whereas major outflows were registered from U.A.E (\$8.2 Mln), Finland (\$0.5 Mln) and Sweden (\$0.5 Mln).

**Sector-Wise Net FDI Disaggregation**

Sectors with major net inflows were Power (\$239.0 Mln) Transport Equipment (Automobiles) (\$16.9 Mln), Communications (\$16.9 Mln).

While, major net outflows were contributed by Petroleum Refining (\$2.1 Mln), Trade (\$1.2 Mln) and Food Packaging (\$0.5 Mln), during October 2020.

**Highlights**

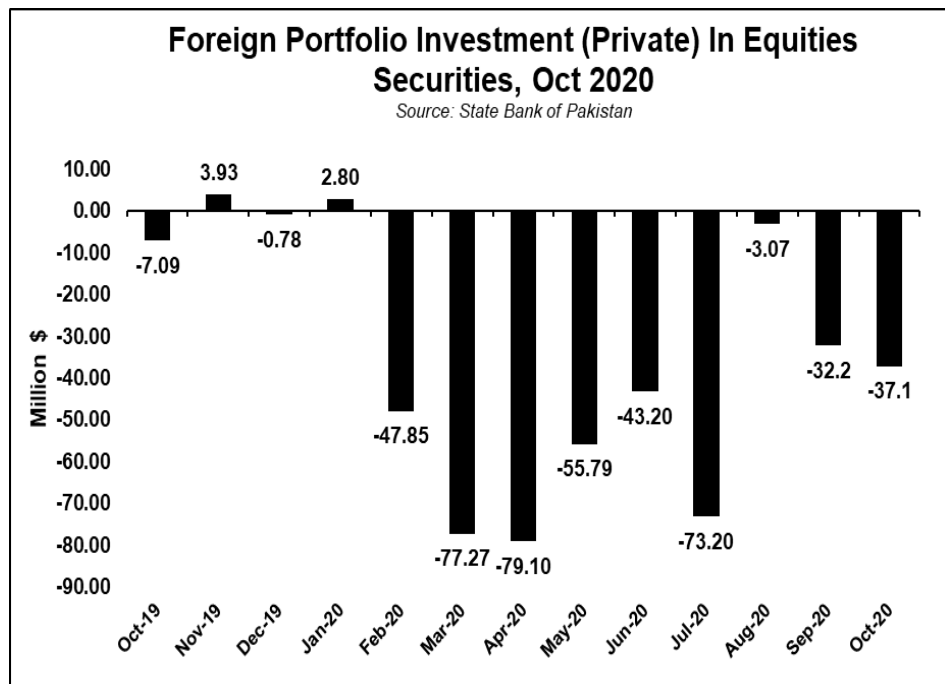
- **FDI** registered a **net inflow** of **US \$ 317.4 Mln** against net inflow of US\$ 126.5 Mln during corresponding period last year showing an increase of 150.9%.
- Foreigners became net sellers, divesting **US\$ 37.1 Mln** worth of net equity in the Pakistani Stock market in October, 2020.
- Foreign Public Portfolio Investment in debt securities **stood at US\$ - 243.7 Mln** in October, 2020.
- **U.A.E** was the top contributor (**US \$17.1 Mln**) of equities portfolio investment **inflows** for October, 2020.
- **United Kingdom** was the top contributor (**US\$ 21.3 Mln**) of equities portfolio investment **outflows** for October, 2020.
- Total traded volume of Government Securities was **Rs 2,433,563 Mln** by 19 November, 2020.
- The KSE-100 index gained **299.18 points (0.75%)** as compared to the end of October, 2020.

## **Foreign Portfolio Investment (FPI) Equities Securities October, 2020**

During October 2020, Foreign Private Portfolio Investment (FPI) in equities securities registered a net outflow of US \$ 37.01 Mln against net outflow of US\$ 7.09 Mln during corresponding period last year. Actual change over July-October 2020 was divestment of US\$ 161.2 Mln.

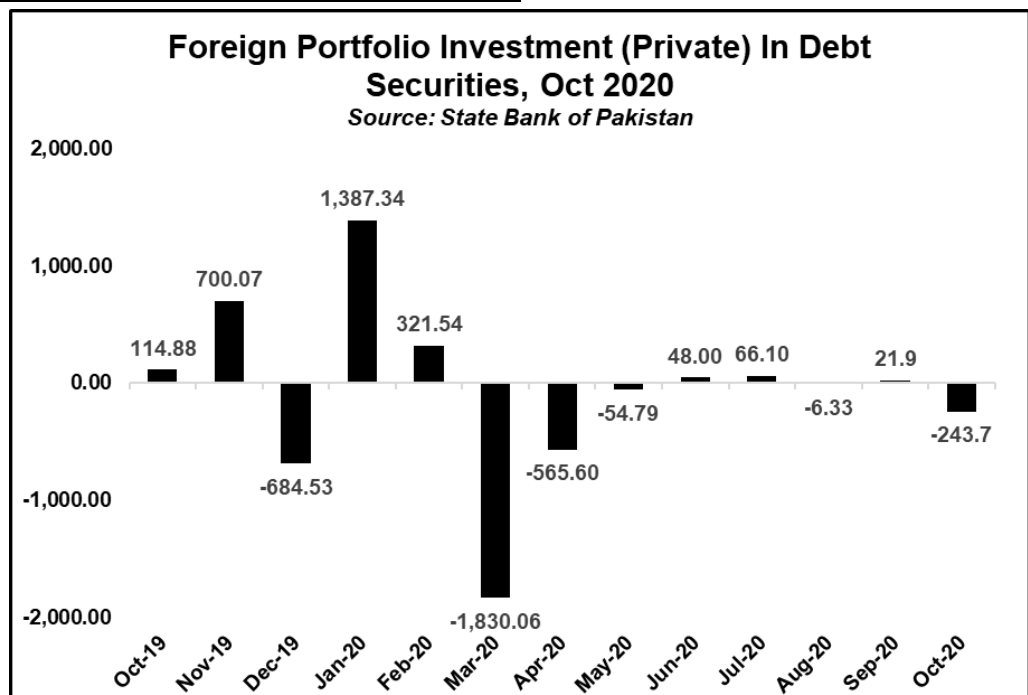
### **Country-Wise Foreign Portfolio Investment Disaggregation**

Countries with major inflows were U.A.E (\$17.1Mn), Singapore (\$ 13.7 Mln), and Ireland (\$1.2 Mln). While, major outflows were contributed by United Kingdom (\$21.3 Mln), United States (\$19.2 Mln), Luxembourg (\$9.4 Mln) during October 2020.



### **Foreign Public Portfolio Investment in Debt Securities**

The Foreign Public Portfolio Investment in Pakistan in debt securities stood at US\$ -243.7 Mln in October 2020 against US\$ 21.9 Mln during the previous month. During July-October FY-20, the Foreign Public Portfolio Investment in debt securities stood at US\$ -598.7 Mln (137.1%).



### **Total Foreign Investment, October 2020**

During October 2020, Total Foreign Investment (Foreign Private Investment + Foreign Public Investment) registered a net inflow of US \$ 36.6 Mln against net inflow of US\$ 234.3 Mln

during corresponding period last year. Total actual change in Total Foreign Investment from July-October 2020 was net outflow of US \$ 698.8 Mln (62.2%).

**Trading Volume of Government Securities (cumulative)** was reported to be Rs 2,433,563 Mln by 19 November, 2020. 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.

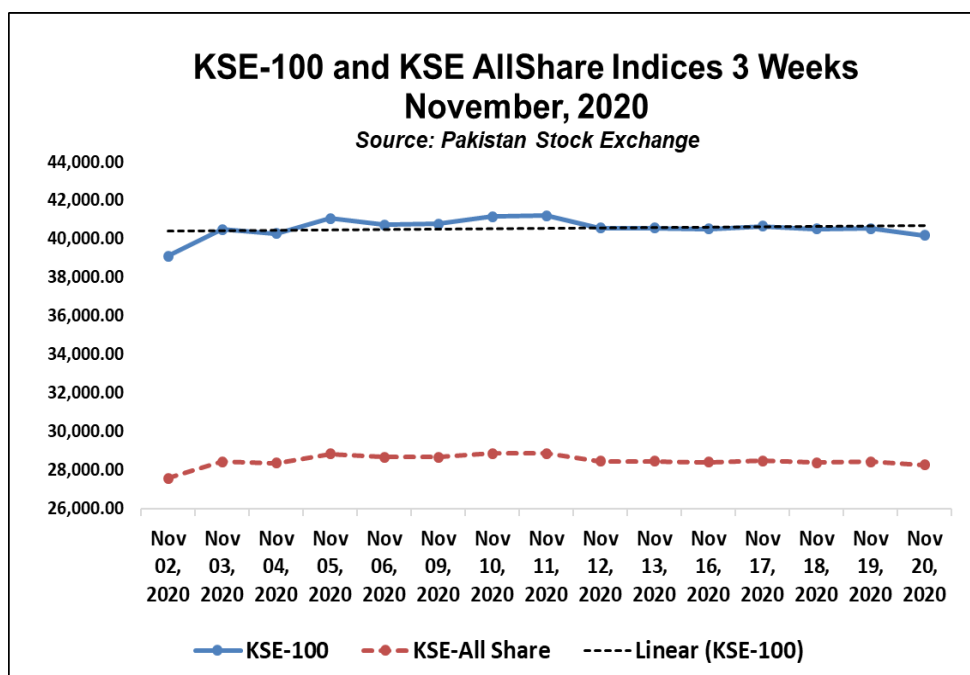
### **Repatriation of Profit/Dividend on Foreign Investment by Sector**

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 November, 2020**

Pakistan Stock Exchange (PSX) witnessed an overall slightly upward sloping positive trend during three weeks of November 2020 ending on 20-11-2020. The KSE-100 index gained **299.18 points (0.75%)** as compared to the end of October, 2020, while KSE-All Shares index gained **88.30 points (0.31%)** for this period. The benchmark KSE-100 index closed at **40,187.18** by losing

**1,078.82 points (2.61%)** as compared to the closing of previous month, while KSE-All Shares index closed at **28,273.86** by losing **844.40 points (2.90%)**. The average of KSE-100 in the period under review was 40,556.41 points. As an overall estimate, the bourse gained 20.6 points on daily basis showing a positive trend in the three weeks of November, 2020.



### **Stock Market Analysis- 3 weeks November, 2020**

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-All Share Index to settle at 40,731.61 and 28,667.51 points 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.

The second week of October, 2020 witnessed a downward trend in the KSE-100 Index and closed with a loss of 162.26 points (0.39%) and 210.73 points (0.73%) at KSE-AllShare Index to settle at 40,569.35 and 28,456.78 points 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 third week of October, 2020 witnessed a downward trend in the KSE-100 Index and closed with a loss of 382 points (0.94%) and 182 points (0.64%) on KSE-AllShare Index to settle at 40,187 and 28,273.86 points 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.

**Conclusion:**

The month of October 2020 registered net outflow on portfolio investment in equities securities and negative on public portfolio investment in debt securities while, foreign private direct investment (FDI) registered a net inflow. 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 November, 2020 showed an average of 40,556.41 points by gaining 299.18points as compared to end of October, 2020.