

RAHBAR KISAN INTERNATIONAL

PSX surpasses 109,000 mark amid rate cut hopes



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The Pakistan Stock Exchange (PSX) continued its upward momentum, with the KSE-100 index surpassing a record high of 109,000 points during intra-day trading. On the final trading day of the week, the market experienced a significant surge, beginning with an increase of 1,035 points, pushing the KSE-100 index above the 109,000-point mark. At the end of trading, the benchmark KSE-100 index gained 814.9 points, or 0.75%, to a historic high at 109,478.08 points. This remarkable rise marked a strong performance for the market, reflecting investor optimism and positive trading activity. Experts predict that the State Bank of Pakistan (SBP) will further reduce its key interest rate at the upcoming policy meeting scheduled for this month, as inflation continues to decline. Most analysts and surveys conducted by brokerage firms anticipate that the SBP's Monetary Policy Committee (MPC) will lower the policy rate by 200 basis points (bps) when it convenes on December 16. In November, the SBP had already cut its key interest rate by 250bps to 15%. Since June, the SBP has reduced interest rates four times, with a total reduction of 700bps. Yesterday, PSX while shattering records, set an unprecedented pace of rapid growth as the KSE-100 index surged a massive 3,134 points, surpassing the 108,000 mark. The rally was powered by a combination of positive economic indicators and investor optimism. The annual inflation rate fell to 4.9% in November, its lowest level in six years, while the trade deficit shrank 19% year-on-year (YoY) to \$1.59 billion. Those developments sparked hopes for a current account surplus and

further strengthened confidence in the market's future. The rally was broad-based, with strong gains across key sectors including energy, fertiliser and commercial banks. Major companies in those sectors played a pivotal role in driving the market forward. Analyst Tahir Abbas commented that the PSX achieved another milestone as market activity surged to a 19-year high and the traded value touched Rs63 billion, or \$227 million. It marked the highest activity in the regular market since April 17, 2006. "Stocks closed at a record high, led by across-the-board activity, as investors eyed an imminent easing of monetary policy amid lower inflation and robust economic indicators," Arif Habib Corp MD Ahsan Mehanti commented. "Rupee stability, falling lending rates, and the decreasing government debt stock and bond yields were the key drivers behind the record close at the PSX," he added. Topline Securities, in its commentary, wrote that the stock market witnessed another exhilarating session as the bullish momentum continued unabated. The KSE-100 index surged to the intra-day high of 3,241 points, fuelled by heightened investor confidence and robust market sentiment surrounding expectations of a substantial rate cut in the upcoming monetary policy meeting, scheduled for December 16, it said. The day concluded with the index standing at an impressive 108,239, marking a significant gain of 3,135 points. Record-breaking volumes underscored the day's intensive trading activity, which reflected broad-based participation across different sectors. The rally was predominantly driven by relentless buying

from local mutual funds, which acted as the primary catalyst for sustaining the bull-run, Topline said. Blue-chip stocks and sectors having high capitalisation spearheaded the advance, where major contribution came from Mari Petroleum, Fauji Fertiliser Company, Hub Power, United Bank, Pakistan Petroleum and Lucky Cement, which collectively added 1,303 points to the index, it said. Arif Habib Limited (AHL) noted that the market saw a significant gain of 3%, with the index now up 8% since surpassing the 100,000 mark. Mari Petroleum (+9.86%), Fauji Fertiliser Co (+3.73%) and Hub Power (+6.43%) were the top contributors to the index's upside while Engro Corporation (-1.19%), TRG Pakistan (-3.59%) and GlaxoSmithKline (-1.64%) were the largest drags on the index, it said. Among corporate developments, Hub Power announced that Hub Power Holding Ltd, a wholly owned subsidiary, had signed a shareholders' agreement with Mega Conglomerate, which would acquire a 50% stake in Mega Motor Company. Consequently, Hub Power's ownership of Mega Motor would also be at 50%. Mega Motors has entered into a supply and manufacturing agreement as well as a technical licence agreement with BYD Auto Industry. Additionally, the company finalised a distribution agreement in June 2024 to introduce and sell BYD vehicles in Pakistan, AHL said. JS Global analyst Mubashir Anis Naviwala observed that the KSE-100 witnessed a strong buying activity throughout the day as it reached 108,346 during intra-day trading. Significant buying was witnessed across key sectors including oil and gas, banking,

fertiliser and power, driven by growing investor confidence with anticipation of a rate cut in the upcoming monetary policy meeting, he said. Investors appeared optimistic, with positive sentiment suggesting a further upside potential in the coming sessions, Naviwala added. Overall trading volumes decreased to 1.65 billion shares compared with Wednesday's tally of 1.75 billion. The value of shares traded during the day was Rs63.2 billion. Shares of 473 companies were traded. Of these, 307 stocks closed higher, 129 fell and 37 remained unchanged. The Bank of Punjab was the volume leader with trading in 163.5 million shares, gaining Rs1 to close at Rs10.09. It was followed by WorldCall Telecom with 150.5 million shares, losing Rs0.02 to close at Rs1.59 and Cnergyico PK with 86.7 million shares, gaining Rs0.02 to close at Rs6.87. During the day, foreign investors sold shares worth Rs1.33 billion, according to the NCCPL.