

Stocks, rupee dive, gold ascends

KARACHI: A massive depreciation in rupee value against dollar was witnessed on Monday due to uncertainty in the currency market following stock market shocks, analysts said. The rupee fell by Rs2.34 or 1.51 percent against dollar to close at Rs156.58 from last Friday's closing of Rs154.24 in the interbank foreign exchange market.

The foreign currency market was initiated in the range between Rs154.52 and Rs154.70. The market recorded day high of Rs156.70 and low of Rs154.70. The exchange rate in open market also followed market sentiments. The buying and selling of dollar was recorded Rs156.70/Rs157.00 from last Friday's closing of Rs154.00/Rs154.30 in cash ready market.

The Pakistan Stock Exchange (PSX) benchmark KSE-100 shares index plunged close to four per cent or 2,300 points shortly after the opening bell, triggering the circuit breaker to curb panicky selling. It remained in effect for up to 45 minutes as per regulations, and resumed at 10:30am, recovering sharply before the close of the session. Despite some recovery, the PSX KSE-100 index lost 3.04 per cent or 1,160.72 points to close at 37,058.95 points level. KSE-30 shares index followed suit with a low of 4.02 per cent or 698.72 points to end at 16,686.68 points level.

Of 360 active scrips, 125 moved up, 218 retreated and 17 remained unchanged. The ready market volumes stood at 307.960 million shares, as compared with the turnover of 244.454 million shares in the previous session.

Samiullah Tariq, director research at Arif Habib, said: "The stock market nosedived because of the regional markets' fallout which surfaced after crude oil prices plummeted by 30 per cent." The market was down reflecting regional markets, which accelerated owing to selling from foreign investors. "It is natural that following decline in regional markets, foreign fund houses tried to reduce their presence in the emerging markets," he added. However, the decline was a blessing for Pakistan, as it would help tame inflation, might help cut interest rate, and trim the oil import bill, he added.

Yawar-uz-Zaman, head of research at Shajar Capital, said the global equity markets collapsed on massive decline in crude prices and spreading uncertainties over global growth amid coronavirus. PSX opened on in the negative zone and went down by 2,300 points at the start of the trading session; "one of the biggest declines in PSX history". However, smart investors again took the charge by accumulating the leveraged stocks, particularly cement and steel amid high probability over a rate cut in the upcoming Monetary Policy, he added.

Pakistan being a net oil importer should get huge relief of over \$300-400 million/month if oil prices decline to \$30-40/bbl, which would result in lower inflation, followed by an interest rate cut. "Due to lower secondary market yields (PIBs down 60-70bps), there are chances of further outflows from SCRA which may initially exhibit pressure of rupee-dollar parity," Yawar explained.

Investors shifted to safe havens such as gold and greenback as the market had already been reeling from the spiralling impact of the novel coronavirus, some traders said. Analyst Ahsan Mehanti from the Arif Habib Corporations said, "Stocks closed bearish amid record fall in global crude oil prices following the failure of OPEC-Russia rollover on oil supply cut and slump in global equities."

Late session support was witnessed in auto and cement stocks amid falling energy prices. "Investor concerns over rupee instability and limited expectation for major change in key policy rate also played a catalytic role in the bearish close," Mehanti added.

The decline was the second biggest after the Gulf war of 1991, when crude oil prices registered a decline of 34.5 per cent in a single session. The top gainers were Phillip Morris Pakistan, up Rs 48.99 to close at Rs 1,948.98/share, and Lucky Cement, up Rs36.72 to finish at Rs 566.47/share.

Companies with the highest losses were Nestle Pakistan, down Rs 496.50 to close at Rs 7,203.50/share, and Colgate Palmolive, down Rs167.99 to close at Rs2,232.00/share. Fauji Cement recorded the highest volumes with a turnover of 30.659 million shares. Its scrip gained Rs1.21 to end at Rs 18.69/share. The lowest volumes were witnessed in DG Khan Cement which recorded a turnover of 9.421 million shares, whereas its scrip gained Rs 5.59 to end at Rs 85.54/share.

Meanwhile, the gold prices reached Rs95,200 per tola in Pakistan despite that its price in international market plummeted;

The gold imports into the country increased by 3.61 percent during the first seven months of the current financial year (2019-20) as compared to the corresponding period of last year. Pakistan imported gold worth \$10.068 million during July-January (2019-20) compared to the imports of \$9.717 million during July-January (2018-19), showing growth of 3.61 per cent, according to the Pakistan Bureau of Statistics (PBS). In terms of quantity, the country imported 240 kilograms of gold during the period under review compared to imports of 248 kilograms during last year, showing a decrease of 3.23 per cent.

Meanwhile, on a year-on-year basis, the gold imports into the country during January 2020 decreased by 7.13 per cent when compared to the imports of the same month of the last year. The gold imports during the month under review were recorded at \$0.899 million against the imports of 0.968 million during January 2019. On a month-on-month basis, the gold imports during January 2020 witnessed a decrease of 47.88 per cent when compared to the imports of \$1.725 million in December 2019, the data revealed.