

# Pakistan Equity | Flash Note | MSCI (May 15, 2024)

## MSCI Pakistan Frontier Market Index

OGDC	SYS	BAHL
MARI	FFC	ILP
PPL	HUBC	SNGP
LUCK	EFERT	NBP
MCB	MTL	
UBL	BAFL	
ENGRO	PSO	
HLB	TRG	
POL		

Source: MSCI

## MSCI Pakistan Frontier Market Small Cap Index

UNITY	CENERGY	JSCL	PAEL	AKBL	PCAL
NATF	FFBL	INIL	SEARL	CEPB	PSX
ATRL	PABC	LPL	KAPCO	FEROZ	SGFL
CHCC	MUGHAL	PRL	AGHA	GHNI	SSGC
HUMNL	HCAR	AIRLINK	AGP	GHGL	TREET
DGKC	NRL	NPL	NETSOL	HASCOL	WTL
NML	TGL	NCPL	SAZEW	IGIHL	
PIOC	GATM	EPQL	AICL	JSBL	
AVN	BOP	TPLP	AGL	MUREB	
ISL	ACPL	PIBTL	ASL	NCL	

Source: MSCI

## Pakistan weight in MSCI FM index to increase by ~30-40bps

- MSCI has announced results of its index review for May 2024, based on which, one more scrip of Pakistan, National Bank of Pakistan (NBP) is added to the its MSCI frontier market index.
- Overall weight of Pakistan in Frontier market index with inclusion of NBP and increase in free float market cap of existing 20 constituents by ~12% is likely to increase weight of Pakistan by 30-40bps to 4.0-4.3%.
- Similarly, Pakistan weight in MSCI Small Cap Index is also likely to increase despite no addition of any scrip in the index as existing 56 constituents of Pakistan have returned 16% in USD terms since Feb 01, 2024 (last review) compared to 5% decline in MSCI Frontier market small cap index. We estimate Pakistan weight to increase in range of ~50-60bps in small cap index to 3.4-3.5%.
- Inflows estimation:** According to news reports and using proxy approach of Emerging market index, AUMs benchmarked to MSCI FM index are approx. US\$10bn (free float of FM index is US\$119bn). With this number, we expect gross inflow of US\$30-40mn due to change in overall weight and addition of NBP.
- Foreigners buying pattern in last 2 weeks:** To note, foreign corporates since May 02, 2024 have already bought shares worth of US\$34.4mn and sold worth of US\$20.7mn.
- After looking at the buying pattern of foreigners in last one/two week, we believe, Pakistan has already partially witnessed a portion of inflows, while rest of inflows will be coming till its implementation date i.e. Jun 03, 2024.

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Neutral	Stock will perform in line with the average total return of stocks in universe
Sell	Stock will underperform the average total return of stocks in universe

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Market Weight	= Weight in KSE-100 Index
Under Weight	< Weight in KSE-100 Index

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