Day Break

Wednesday, March 13, 2024

Cement Dispatches

Exhibit: Cement Monthly Sales (mn tons)

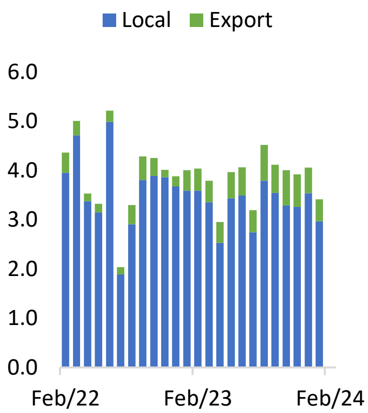
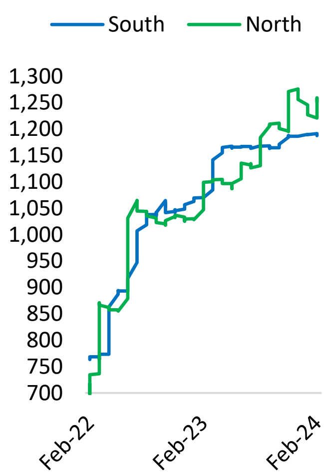


Exhibit: Cement Monthly Prices (PKR/bag)



Cements

Feb-24: Cement Dispatches declined by 5%m/m

- Cement dispatches for the month of Feb-2024 were reported at 3.26mn tons, depicting a decrease of 5% m/m owing to lower demand and seasonality effect.
- Cement sales locally reported a decline of 4% m/m to 2.86mn tons. The decline in local sales is attributable to the winters and fog which restricted construction activity across the country. Exports witnessed a decline of 11% m/m to clock in at 0.4mn tons owing to lower demand and less competitive pricing in export market.
- Demand for cement sector likely to stay dull during March due to Ramadan. Looking ahead; local dispatches are likely to stay subdued because of lower PSDP spending and expensive financing. The policies of the newly formed government remain imperative for the industry going forward.

Cement sales reported a decline of 5%m/m to 3.26mn tons

As per latest cement sales data released by All Pakistan Cement Manufacturers Association (APCMA), cement dispatches for the month of Feb-24 are down by 5%m/m to 3.26mn tons. This takes 8MFY24 total cement dispatches to 30.55mn tons compared to 29.8mn tons during the same period last year; depicting an increase of +3%y/y.

Exhibit: Monthly Cement Dispatches

in k Tons		Feb/24	Jan/24	m/m	Feb/23	y/y	8M/24	8M/23	y/y
North	↓	2,338	2,385	-2%	2,949	-21%	21,494	22,328	-4%
South	↓	525	582	-10%	641	-18%	4,564	4,880	-6%
Local	↓	**2,863**	**2,967**	**-4%**	**3,590**	**-20%**	**26,058**	**27,208**	**-4%**
North	↑	95	49	94%	65	46%	915	678	35%
South	↓	301	398	-24%	379	-22%	3,580	1,919	87%
Export	↓	**396**	**447**	**-11%**	**444**	**-11%**	**4,495**	**2,596**	**73%**
North	↓	2,433	2,434	0%	3,014	-19%	22,409	23,006	-3%
South	↓	826	980	-16%	1,020	-19%	8,144	6,798	20%
Total	↓	**3,259**	**3,414**	**-5%**	**4,034**	**-19%**	**30,553**	**29,804**	**3%**

Source: APMCA, IGI Research

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Local dispatches down by 4% m/m to 2.86mn tons

Local cement sales recorded a decline of 4% m/m to 2.86mn tons compared to 2.96mn tons during last month. The decline in local sales is mainly due to lower demand, the prolonged winters and fog have also restricted the construction activity across the country. The PSDP spending too has stayed on a lower side. On yearly basis local sales are down by 20%y/y. For 8MFY24, total local sales now stand 26.0mn tons depicting a decline of 4% y/y.

Exports witnessed drop owing to less competitive pricing

Export dispatches during Feb-2024 reported a drop of 11%m/m (down by 12%y/y) to 0.4mn tons compared to 0.44mn tons during last month. We believe this decline is attributable to lower demand and less competitive pricing in the export markets. The pricing of Pakistani cement in export markets is high likely due to the increasing freight cost amidst the red sea crisis. This brings 8MFY24 total exports to 4.5mn tons compared to 2.6mn tons (up by 73% y/y) during same period last year.

Exhibit: Total Company-wise Sales

in kTon		Feb/24	Jan/24	m/m	Feb/23	y/y	8M/24	8M/23	y/y
ACPL	↑	223	170	31%	121	85%	1,613	1,115	45%
CHCC	↓	171	190	-10%	216	-21%	1,746	1,963	-11%
DGKC	↑	322	289	11%	370	-13%	3,129	3,055	2%
FCCL	↑	389	358	9%	437	-11%	3,342	2,226	50%
KOHC	↑	181	179	1%	261	-31%	1,798	2,066	-13%
LUCK	↓	588	663	-11%	543	8%	5,590	4,638	21%
MLCF	↑	284	281	1%	381	-25%	2,641	2,775	-5%
PIOC	↑	173	170	2%	232	-25%	1,614	2,736	-41%

Source: APMCA, IGI Research

Outlook

Demand for cement sector likely to stay dull during March due to Ramadan. Looking ahead; local dispatches are likely to stay subdued because of lower PSDP spending and expensive financing. The policies of the newly formed government remain imperative for the industry going forward.

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