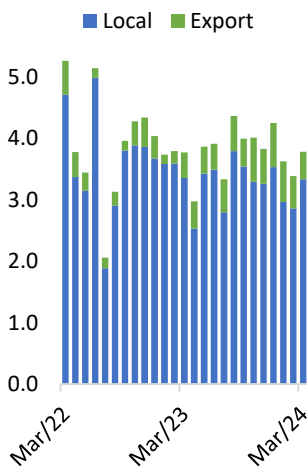


# Day Break

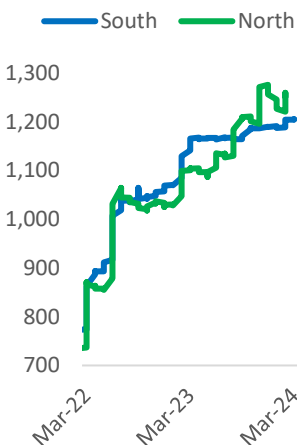
Tuesday, April 16, 2024

## Cement Dispatches

**Exhibit:** Cement Monthly Sales (mn tons)



**Exhibit:** Cement Monthly Prices (PKR/bag)



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## Cements

### Mar-24: Cement Dispatches increased by +21% m/m

- Cement dispatches for the month of Mar-2024 were reported at 3.94mn tons, depicting an increase of 21% m/m, this incline can be attributed to increased construction activity across the country and revival of public projects after the formation of the new government.
- Cement sales locally reported an increase of 17% m/m to 3.34mn tons. The increase in local sales is likely attributable to revival of construction activities across the country amid declining inflation outlook, stable exchange rate and positive hopes from the newly formed government. Exports witnessed an increase of 53% m/m to clock in at 0.6mn tons likely owing to lower coal prices which helps with the competitive pricing for exports.
- Demand for cement sector likely to stay positive for the 4QFY24 if the policymaking stays effective and consistent by the new government. Local cement dispatches would stay on a higher side due to the increase in construction activity, export dispatches would also continue the growth trajectory as the players are exploring and expanding into new markets. However, the rising oil prices and implementation of the axle load can be a risk to our dispatches outlook.

### Cement sales reported an increase of +21% m/m to 3.94mn tons

As per latest cement sales data released by All Pakistan Cement Manufacturers Association (APCMA), cement dispatches for the month of Mar-24 are up by +21% m/m to 3.94mn tons. This takes 9MFY24 total cement dispatches to 34.49mn tons compared to 33.6mn tons during the same period last year; depicting an increase of +3% y/y.

Exhibit: Monthly Cement Dispatches									
Unit		Mar/24	Feb/24	m/m	Mar/24	y/y	9M/24	9M/23	y/y
k Tons									
North	↑	2,742	2,338	17%	2,720	1%	24,236	25,048	-3%
South	↑	594	525	13%	636	-7%	5,158	5,516	-6%
<b>Local</b>	<b>↑</b>	<b>3,336</b>	<b>2,863</b>	<b>17%</b>	<b>3,356</b>	<b>-1%</b>	<b>29,394</b>	<b>30,564</b>	<b>-4%</b>
North	↑	125	95	31%	100	25%	1,040	778	34%
South	↑	480	301	60%	338	42%	4,060	2,256	80%
<b>Export</b>	<b>↑</b>	<b>605</b>	<b>396</b>	<b>53%</b>	<b>438</b>	<b>38%</b>	<b>5,100</b>	<b>3,034</b>	<b>68%</b>
North	↑	2,867	2,433	18%	2,820	2%	25,276	25,826	-2%
South	↑	1,075	826	30%	974	10%	9,219	7,772	19%
<b>Total</b>	<b>↑</b>	<b>3,942</b>	<b>3,259</b>	<b>21%</b>	<b>3,794</b>	<b>4%</b>	<b>34,495</b>	<b>33,598</b>	<b>3%</b>

Source: APMCA, IGI Research

### Local dispatches up by +17%m/m to 3.34mn tons

Local cement sales recorded an increase of 17%m/m to 3.34mn tons compared to 2.86mn tons during last month. The increase in local sales is mainly due to better demand, declining inflation outlook, and positive expectations from the newly formed government. Revival of public projects after the new government assumed office is also a probable factor behind the increased local dispatches. On yearly basis local sales are down by 1%/y. For 9MFY24, total local sales now stand 29.4mn tons depicting a decline of 4%/y.

### Exports were up owing to lower coal prices

Export dispatches during Mar-2024 reported an increase of 53%m/m (up by 38%/y) to 0.6mn tons compared to 0.4mn tons during last month. We believe this increase is likely attributable to lower coal prices which brings the cost down and helps with keeping the export cement prices competitive in the international markets. In addition to this the cement players are trying to explore and expand into new markets which is also the reason for the increase in export dispatches. This brings 9MFY24 total exports to 5.1mn tons compared to 3.0mn tons (up by 68%/y) during same period last year.

Exhibit: Company-wise Sales									
in kTon		Mar/24	Feb/24	m/m	Mar/23	y/y	9M/24	9M/23	y/y
ACPL	↓	158	223	-29%	114	39%	1,771	1,229	44%
CHCC	↑	230	171	35%	206	12%	1,976	2,169	-9%
DGKC	↑	426	322	32%	347	23%	3,555	3,402	5%
FCCL	↑	447	389	15%	398	13%	3,789	2,624	44%
KOHC	↑	205	181	13%	232	-12%	2,003	2,298	-13%
LUCK	↑	778	588	32%	525	48%	6,368	5,163	23%
MLCF	↑	356	284	25%	350	2%	2,998	3,125	-4%
PIOC	↑	214	173	23%	210	2%	1,827	2,947	-38%

Source: APMCA, IGI Research

### Outlook

Demand for cement sector likely to stay positive for the 4QFY24 if the policymaking stays effective and consistent by the new government. Local cement dispatches would stay on a higher side due to the increase in construction activity, export dispatches would also continue the growth trajectory as the players are exploring and expanding into new markets. However, the rising oil prices and implementation of the axle load can be a risk to our dispatches outlook.

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