

Day Break

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Cement Dispatches

Exhibit: Cement Monthly Sales

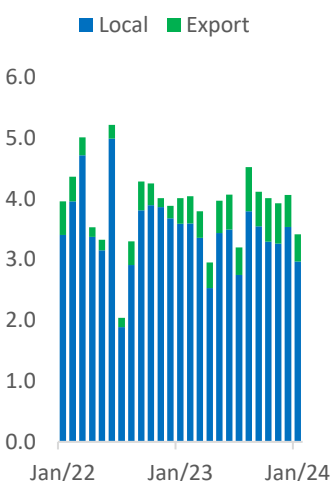
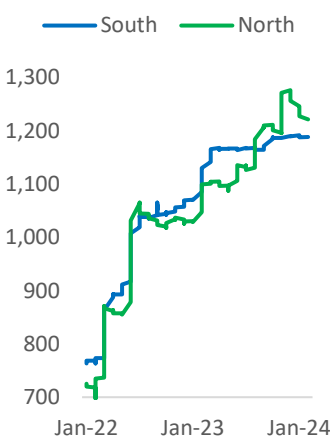


Exhibit: Cement Monthly Prices



Analyst

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Cements

Jan-24: Cement Dispatches declined by 16% m/m to 3.4mn tons.

- Cement dispatches for the month of Jan-2024 were reported at 3.4mn tons, depicting a decrease of 16% m/m owing to halt in public projects amidst election and the decline in sales is also due to the high base set in the previous year due to increased post-flood sales.
- Cement sales locally reported a decline of 16% m/m to 2.9mn tons. The decline in local sales is attributable to the axle load implementation due to which the loading capacity of vehicles have significantly reduced leading to high prices and the seasonality effect. Exports witnessed a decline of 15% m/m to clock in at 0.4mn tons owing to higher freight costs due to the Red Sea crisis.
- Looking ahead; demand for cement sector likely to fall in short to medium term until the new government takes charge. We expect demand to fall on the back of slowdown in construction activities and rising cement prices due to axle load regime.

Cement sales reported a decline of 16% m/m to 3.4mn tons

As per latest cement sales data released by All Pakistan Cement Manufacturers Association (APCMA), cement dispatches for the month of Jan-24 are down by 16% m/m to 3.4mn tons. This takes 7MFY24 total cement dispatches to 27.2mn tons compared to 25.8mn tons during the same period last year; depicting an increase of 6% y/y.

Exhibit: Monthly Cement Dispatches

in kTons	Jan/24	Dec/23	m/m	Jan/23	y/y	7M/24	7M/23	y/y
North	↓ 2,385	2,936	-19%	2,857	-17%	19,125	19,379	-1%
South	↓ 582	600	-3%	731	-20%	4,016	4,239	-5%
Local	↓ 2,967	3,536	-16%	3,588	-17%	23,141	23,618	-2%
North	↓ 49	76	-36%	35	40%	820	613	34%
South	↓ 398	449	-11%	383	4%	3,274	1,539	113%
Export	↓ 447	525	-15%	418	7%	4,094	2,152	90%
North	↓ 2,434	3,012	-19%	2,892	-16%	19,945	19,992	0%
South	↓ 980	1,049	-7%	1,114	-12%	7,290	5,778	26%
Total	↓ 3,414	4,061	-16%	4,006	-15%	27,235	25,770	6%

Source: APMCA, IGI Research

Local dispatches down by 16% m/m to 2.9mn tons

Local cement sales recorded a decline of 16% m/m to 2.9mn tons compared to 3.5mn tons during last month. The decline in local sales is mainly due to the implementation of the axle load regime due to which the loading capacity of the vehicles has significantly declined leading to operational inefficiencies and higher prices. In addition to this the construction activity across the country has been restricted due to the winters, fog and public projects are on halt amidst elections. On yearly basis local sales are down by 17%. For 7MFY24, total local sales now stand 23.1mn tons depicting a decline of 2% y/y.

Exports witnessed drop owing higher freight costs

Export dispatches during Jan-2024 reported a drop of -15% m/m (+7% y/y) to 0.44mn tons compared to 0.53mn tons during last month. We believe this decline is attributable to higher freight cost amid the Red Sea crisis. This brings 7MFY24 total exports to 4.1mn tons compared to 2.2mn tons (up by 90% y/y) during same period last year.

Exhibit: Company-wise dispatches									
in kTons		Jan/24	Dec/23	m/m	Jan/23	y/y	7M/24	7M/23	y/y
ACPL	↓	170	200	-15%	137	24%	1,389	994	40%
CHCC	↓	190	221	-14%	233	-19%	1,575	1,747	-10%
DGKC	↓	289	414	-30%	371	-22%	2,807	2,685	5%
FCCL	↓	358	395	-9%	426	-16%	2,953	1,789	65%
KOHC	↓	179	211	-15%	267	-33%	1,617	1,805	-10%
LUCK	↓	663	711	-7%	537	23%	5,002	4,095	22%
MLCF	↓	281	412	-32%	368	-24%	2,357	2,394	-2%
PIOC	↓	170	241	-29%	234	-27%	1,440	2,505	-42%

Source: APMCA, IGI Research

Outlook

Looking ahead; demand for cement sector is likely to fall in short to medium term on the back of slowdown in construction activities due to the elections, seasonality effect, axle load implementation and the elections. We expect the demand for cement to increase during 2HFY24 owing to higher allocation to the PSDP after the new government takes charge.

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