

Day Break

Monday, June 10, 2024

Cement Dispatches

Exhibit: Cement Monthly Sales (mn tons)

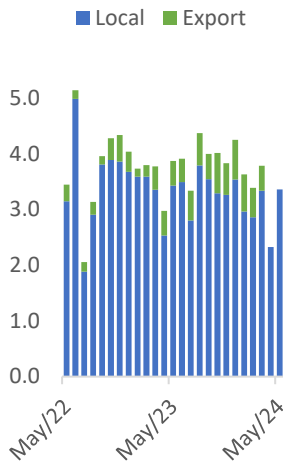
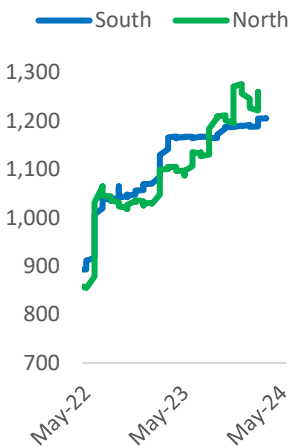


Exhibit: Cement Monthly Prices (PKR/bag)



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Cements

May-24: Cement dispatches reach new 9-month peak

- Cement dispatches for the month of May-2024 were reported at 4.28mn tons, depicting an increase of 8% y/y (45% m/m), the dispatches primarily increased on the back of improved export sales.
- Cement sales locally reported an increase of 44% y/y to 3.36mn tons. The increase in local sales is likely attributable to easing inflationary pressures and increasing construction activity across the country. Exports witnessed an increase of 50% m/m to clock in at 0.92mn tons likely owing to lower coal prices, which helps with the competitive pricing for exports.
- We are optimistic about the cement sector, expecting demand to rise in the medium term due to increased PSDP allocations in the forthcoming budget. Furthermore, the potential reduction in FED on cement is under review, positioning the sector favorably amid concerns about the upcoming budget.

Cement sales reported an increase of +45% m/m to 4.28mn tons

As per latest cement sales data released by All Pakistan Cement Manufacturers Association (APCMA), cement dispatches for the month of May-24 are up by +45% m/m to 4.28mn tons. This takes 11MFY24 total cement dispatches to 41.71mn tons compared to 40.51mn tons during the same period last year; depicting an increase of +3% y/y.

Exhibit: Monthly Cement Dispatches

In k Tons	May/24	Apr/24	m/m	May/23	y/y	11M/24	11M/23	y/y
North	↑ 2,753	1,942	42%	2,765	0%	28,931	29,922	-3%
South	↑ 605	387	56%	667	-9%	6,150	6,605	-7%
Local	↑ 3,358	2,329	44%	3,432	-2%	35,081	36,527	-4%
North	↑ 163	146	12%	112	46%	1,349	975	38%
South	↑ 755	468	61%	422	79%	5,283	3,015	75%
Export	↑ 918	614	50%	534	72%	6,632	3,989	66%
North	↑ 2,916	2,088	40%	2,877	1%	30,280	30,896	-2%
South	↑ 1,360	855	59%	1,089	25%	11,434	9,620	19%
Total	↑ 4,276	2,943	45%	3,966	8%	41,714	40,516	3%

Source: APCMA, IGI Research

Local dispatches up by +44%m/m to 3.36mn tons

Local cement sales recorded an increase of 44%m/m to 3.36mn tons compared to 2.3mn tons during last month. The increase in local sales is mainly due to better demand, declining inflation outlook, and revival of construction activity across the country. On yearly basis local sales are down by 2%/y/y. For 11MFY24, total local sales now stand at 35.1mn tons depicting an decline of -4%/y/y.

Exports dispatches up by +50%m/m to 0.92mn tons

Export dispatches during May-2024 reported an increase of 50%m/m (up by 72%/y/y) to 0.92mn tons compared to 0.61mn tons during last month. We attribute this rise to lower coal prices, which reduce costs and help maintain competitive export cement prices globally. Additionally, cement companies are exploring and expanding into new markets, contributing to the increase in export dispatches. This brings 11MFY24 total exports to 6.6mn tons compared to 3.9mn tons (up by 66%/y/y) during same period last year.

Exhibit: Company-wise Sales									
in kTon		May/24	Apr/24	m/m	May/23	y/y	11M/24	11M/23	y/y
ACPL	↑	255	116	120%	194	31%	2,141	1,504	42%
CHCC	↑	246	187	31%	250	-1%	2,410	2,566	-6%
DGKC	↑	650	299	117%	528	23%	4,505	4,191	7%
FCCL	↑	265	161	65%	422	-37%	4,215	3,302	28%
KOHC	↑	218	146	49%	260	-16%	2,367	2,722	-13%
LUCK	↑	793	581	37%	685	16%	7,742	6,225	24%
MLCF	↑	341	262	30%	345	-1%	3,601	3,736	-4%
PIOC	↑	193	156	24%	214	-10%	2,176	3,327	-35%

Source: APMCA, IGI Research

Outlook

We are optimistic about the cement sector, expecting demand to rise in the medium term due to increased PSDP allocations in the forthcoming budget. Furthermore, the potential reduction in FED on cement is under review, positioning the sector favorably amid concerns about the upcoming budget.

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