

# Cement: Local dispatches declined by 2% YoY in May-22, lowest since Aug-20

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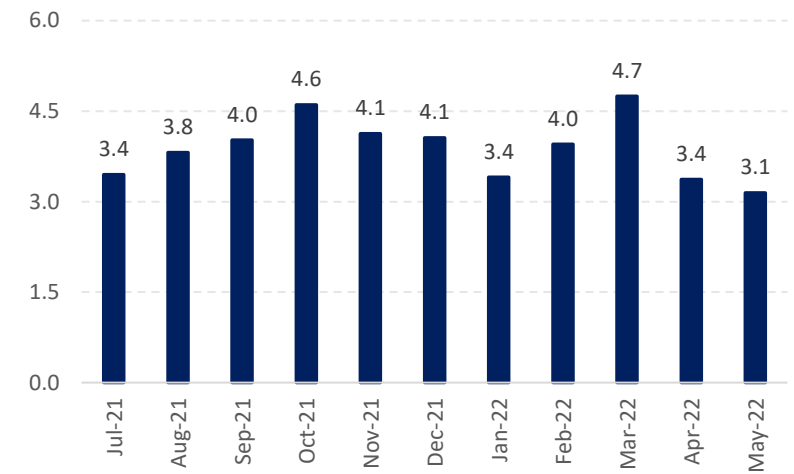
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## Higher cement prices weigh on sector dispatches

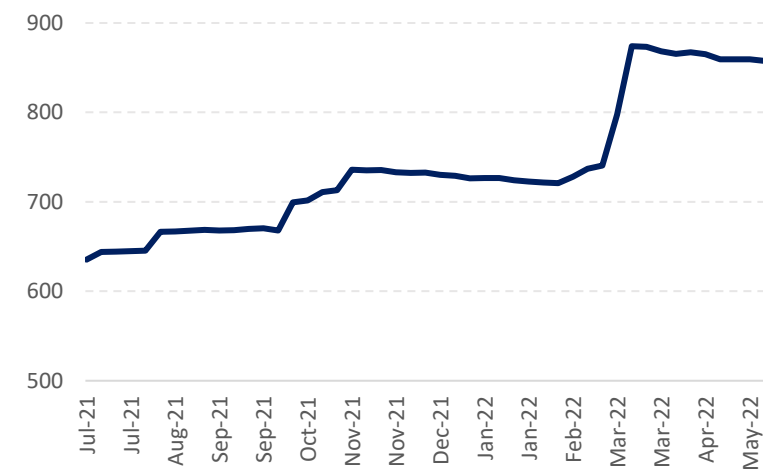
- Cement dispatches continued its downward trajectory in May-22, declining by 16% YoY and 6% MoM to 3.3mn tons, lowest since Aug-20. This is due to exorbitant rise in cement prices in last couple of months and extended Eid holidays. This takes 11MFY22 cement dispatches to 47.6mn tons, down 9% YoY.
- Local cement demand subsided due to lack of local triggers such as halt in PSDP funds in the ongoing quarter and rise in construction cost. Consequently, local dispatches shrunk 2% YoY to 3.2mn tons. North local demand declined 5% YoY, where as south demand exhibit a growth of 18% YoY. Cumulatively, local cement demand posted a negative growth of 2% YoY to 42.6mn tons during 11MFY22.
- Cement exports for the month remained depressed largely due to cheaper option available in the international market along with economic slowdown in global construction on the back of rising inflation expectation due to commodity super cycle.
- Industry utilization during May-22 clocked in at 57% compared to 68% in May-21, whereas, industry utilization in 11MFY22 declined to 74% compared to 81% in 11MFY21.
- During May-22, average cement prices in the north region stood at PKR 856/bag (+42% YoY) while south region cement prices averaged at PKR 902/bag (+42% YoY). Higher cement prices can be attributed to the abrupt rise in coal prices in the international market.

Cement Dispatches (mn tons)						
	May -22	YOY	MOM	11MFY21	11MFY22	YoY
North - local	2.6	-5%	-8%	36.7	35.3	-4%
South - local	0.6	18%	2%	6.7	7.3	9%
Exports	0.2	-77%	10%	8.8	4.9	-43%
Total Local	3.1	-2%	-7%	43.4	42.6	-2%
Total	3.3	-16%	-6%	52.2	47.6	-9%

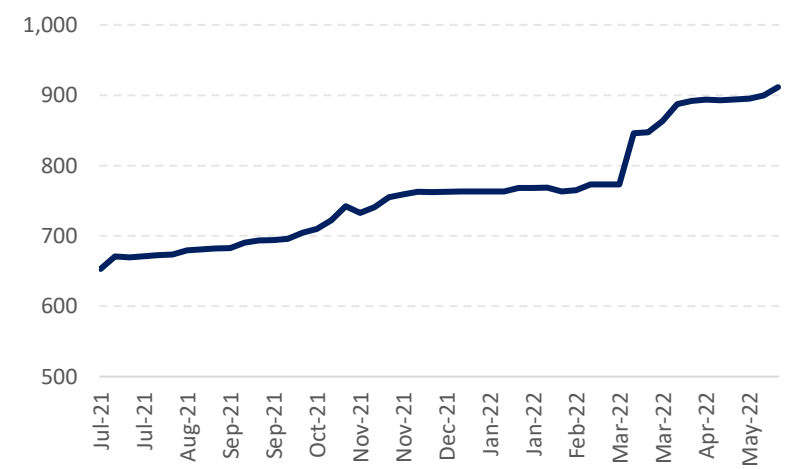
Mn tons **Monthly local Cement Dispatch Trend**



PKR/bag **North Cement Prices Trend**



PKR/bag **South Cement Prices Trend**



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