

July cement sales stand at 2.5mn tons, down 16%MoM

- APCMA has released cement dispatch numbers for the month of July 2010.
- On the local front, sales for July 2010 arrived at 1.75mn tons, down 16%MoM, but flat on a YoY basis. July has been a traditionally weak month for cement demand due to the monsoon period, as evident from July 2009 off-take when sales witnessed a decline of 12%MoM. However, the decrease has been slightly magnified in July 2010 due to the heavy rainfalls and floods during the tail end of the month.
- Export sales have arrived at 775k tons in July, which are down 15%MoM and 31%YoY. The month on month decline is due to the absence of the inland freight subsidy, whereas the fall on yearly basis can be attributed to less attractive prices this time around.
- Hence, total dispatches stood at 2.5mn tons, down 16%MoM and 12%YoY.
- Going forward, we expect August off-take to remain disappointing on the back of the recent floods and the Holy month of Ramadan. However, we expect demand to pick up post 1HFY11, after reconstruction activities in the flood affected areas begin.
- We flag Lucky Cement and DG Khan Cement as preferred plays in the cement sector.

Cement dispatches for the month of July 2010

(tons)	Jul-10	Jul-09	YoY Δ%	Jul-10	Jun-10	MoM Δ%
Local	1,749,849	1,755,679	0%	1,749,849	2,090,242	-16%
Exports	774,502	1,129,033	-31%	774,502	906,102	-15%
Total	2,524,351	2,884,712	-12%	2,524,351	2,996,344	-16%

Source: APCMA

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