Market Strategy

US tariff hike shakes markets

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- Since the announcement of reciprocal tariff on multiple countries by the USA on April 2, 2025, global equity markets have reacted sharply, with major indices plunging by an average of ~10%, highlighting the widespread impact of escalating trade tensions.

- Market-wise declines since 2nd April include Ho Chi Minh (Vietnam) down 15%, Nasdaq and Hang Seng each falling 13%, Strait Times 13%, S&P 500 12%, Dow Jones 11%, FTSE 10%, Shanghai Composite 7%, Tadawul 6%, Nikkei-225 5%, and BSE-30 (India) losing 4%.

- In our reports—"The 29% Tariff Blow" and "Tari-ffied: Times Call for Smart Moves"—we've analyzed the ripple effects of the U.S. government's reciprocal tariffs on Pakistan's economy and key sectors.

- However the situation worsened on 8th April 2025, when President Trump announced a steep increase in tariffs on Chinese imports from 34% to a staggering 104%, triggering further panic across global bourses.

- Pakistan's equity market has also been affected, with the KSE-100 index declining by 2,274 points (1.9%) since tariff announcement. The largest drop occurred on April 7, when the index reached an intraday low of 8,688 points, triggering a market halt due to heightened investor panic.

- To note, trade data from 2024 shows that the US imported around USD 3.4trn worth of goods with key exporters to the US being Mexico (15%), China (14%), Canada (13%), Germany (5%), Japan (5%), Vietnam (4%), and South Korea (4%).

- While Mexico and Canada have already been subject to 25% tariffs since 1st February 2025, recent reciprocal tariffs have further targeted China (104% as of April 8), Germany (20%), Japan (24%), Vietnam (25%), and South Korea (25%), intensifying trade tensions.

Exhibit: Regional Markets performance*

Country	Index	Performance (USD based)
Vietnam	VNIndex Index	(15.3)
Taiwan	TWSE Index	(13.0)
Thailand	SET Index	(10.4)
Indonesia	JCI Index	(10.1)
China	SHSZ300 Index	(6.9)
Sri Lanka	CSEALL Index	(6.4)
Malaysia	FBMKLCI Index	(6.2)
Philippines	PCOMP Index	(4.5)
Dubai	DFMGI Index	(4.3)
India	SENSEX Index	(4.2)
Qatar	DSM Index	(3.3)
Pakistan	KSE100 Index	(2.1)

Source: Bloomberg, *since Trump's tariff announcement
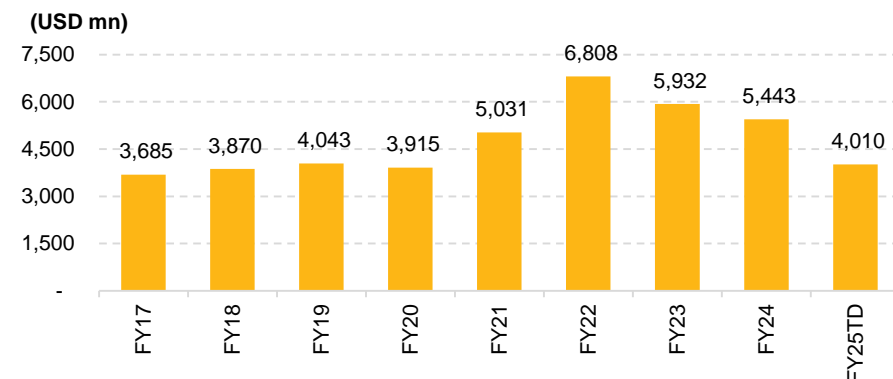
Exhibit: Country-wise imports by USA in 2024

Exporting countries to US	Imports in CY24 (USD mn)	% Total Imports by USA
Mexico	509,986	15%
China	462,639	14%
Canada	422,170	13%
Germany	163,546	5%
Japan	152,066	5%
Vietnam	142,476	4%
Korea, Republic of	135,461	4%
Taipei, Chinese	118,730	4%
Ireland	103,755	3%
India	91,235	3%

Source(s): TradeMap, AHL Research

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Exhibit: Trend of U.S.A Exports from Pakistan

(USD mn)

FY	Value
FY17	3,685
FY18	3,870
FY19	4,043
FY20	3,915
FY21	5,031
FY22	6,808
FY23	5,932
FY24	5,443
FY25TD	4,010

Source (s): SBP, AHL Research

Exhibit: U.S.A Historical Trade Balance with Pakistan

USD mn	Exports to US	Imports from US	Trade Balance
FY17	3,685	2,102	1,583
FY18	3,870	2,078	1,792
FY19	4,043	2,098	1,945
FY20	3,915	2,251	1,664
FY21	5,031	2,447	2,583
FY22	6,808	3,055	3,753
FY23	5,932	2,217	3,716
FY24	5,443	1,876	3,567
FY25TD	4,010	1,502	2,508

Source: SBP, AHL Research

Exhibit: Category-wise exports to USA in CY24

Category-wise major exports to USA	Pakistan's exports to USA (USD 000)	Pakistan's Share	Other countries' share
Other made-up textile articles; sets; worn clothing and worn textile articles; rags	1,573,998	9%	China 52%, India 17% and México 7%.
Articles of apparel and clothing accessories, knitted or crocheted	1,267,177	3%	China's 22%, Vietnam's 18%, and Cambodia's 6%
Articles of apparel and clothing accessories, not knitted or crocheted	1,055,927	3%	China at 22%, Vietnam at 19%, and Bangladesh at 13%.
Cotton	200,574	25%	China's 22%, Vietnam's 19% and Bangladesh 19%.

Source; TradeMap, AHL research

Exhibit: Sector Wise Exports to U.S.A from Pakistan

'000 USD	Total U.S.A Exports		% of total U.S.A Exports	
	8MFY25	FY24	8MFY25	FY24
Textile	3,719,357	5,000,459	92.8%	91.9%
Food	129,071	181,380	3.2%	3.3%
Steel	45,755	60,648	1.1%	1.1%
Cement	20,060	16,962	0.5%	0.3%
Misc.	95,397	169,682	2.4%	3.4%
Total	4,009,639	5,442,945	100.0%	100.0%

Source: SBP, AHL Research

Market Strategy
Top 20 Commodity wise exports to U.S.A

Exhibit: Top 20 Commodity Wise Exports to U.S.A

	8MFY25	FY24
	% of total Exports to U.S.A	
Bed and Table Linen, Toilet and Kitchen Linen	17.81%	18.71%
Men's or Boys' Suits, Ensembles etc, Not Knitted etc.	15.96%	15.57%
T Shirts, Singlets and other Vests	6.12%	0.00%
Made Up Articles of Textile Materials	6.04%	0.00%
Sweaters, Pullovers, Vests etc.	4.75%	4.56%
Panty hose, Socks and other Hosiery	4.36%	4.78%
Gents Suits, Ensembles, Jackets etc.	3.89%	3.84%
Gents Shirts, Knitted or Crocheted	3.53%	3.97%
Mattress Supports, Articles of Bedding etc	3.16%	2.75%
Articles of Apparel and Accessories of Leather	2.97%	3.07%
Medical, Surgical and Dental Instruments etc.	2.07%	2.03%
Women's or Girls' Suits, Ensembles etc.	2.06%	1.90%
Revolvers and Pistols Designed to Fire Live Ammo	1.67%	0.55%
Woven Cotton Fabrics, Cotton more than 85% Wt	1.59%	1.68%
Carpets and other Textile Floor Coverings	1.56%	0.73%
Polyesters, Epoxides and Polyesters, Primary Forms	1.53%	1.87%
Gents Underpants, Briefs, Nightshirts etc.	1.04%	1.02%
Gloves, Mittens and Mitts, Knitted or Crocheted	1.03%	1.00%
Ladies Suits, Ensembles etc.	0.86%	0.83%
Articles and Equipments for Sports etc	0.78%	1.03%
Others	17.20%	30.12%

Source: SBP, AHL Research

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