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PAK-QATAR
ASSET MANAGEMENT

INVESTOR'S OUTLOOK

October 15, 2026



MARKET COMMENTARY · 15 OCTOBER 2026

Economic & Capital Market Review

Pak-Qatar Asset Management Company Limited · A Shariah Compliant Investment & Advisory Company · A member company of Pak-Qatar Group

ECONOMIC REVIEW

Pakistan's economy entered mid-October 2026 amid improving macroeconomic stability but renewed inflationary and external-sector risks. Consumer price inflation eased to 10.26% YoY in September from 11.15% in August, compared with 9.2% in July, although persistent double-digit inflation continued to constrain the outlook. The State Bank of Pakistan maintained its policy rate at 11.5% on 14 September, reflecting the balance between inflationary risks and economic recovery. The IMF's October 2026 World Economic Outlook projected Pakistan's GDP growth at 3.5% for FY2026–27, while average inflation is expected to rise to 9.9%, highlighting the challenges to sustainable recovery. External stability remained supported by foreign-exchange buffers. As of 9 October, total liquid foreign-exchange reserves stood at approximately \$26.86 billion, including \$21.46 billion held by the SBP and \$5.39 billion held by commercial banks. The interbank exchange rate remained broadly stable, with the SBP's mark-to-market USD/PKR rate at Rs276.92 on 15 October. However, elevated international oil prices and geopolitical tensions in the Middle East posed risks to domestic fuel costs, the import bill and inflation expectations. Pakistan's trade deficit widened by 7.26% MoM to \$3.53 billion in September 2026, as imports increased 11.47% to \$6.49 billion, outpacing export growth of 16.94% to \$2.96 billion. During 1QFY27, the cumulative trade deficit rose 14.87% YoY to \$10.77 billion, highlighting persistent external-sector pressures and potential risks to current account stability and foreign-exchange reserves. Workers' remittances reached \$3.59 billion in September, up 12.7% YoY, bringing cumulative inflows for 1QFY27 to \$10.87 billion, an increase of 14% YoY and providing important support to Pakistan's external account. Despite the IMF's more conservative growth outlook, the government projected economic growth above 4% for FY27, supported by agricultural resilience and structural reforms. Overall, the outlook remained cautiously constructive, conditional on energy-price stability, fiscal discipline, sustained external inflows and continued disinflation.

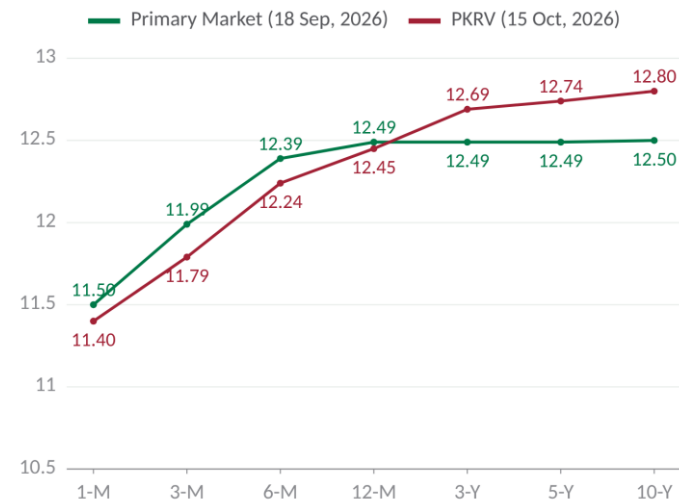
CAPITAL MARKET REVIEW

Money Market: Pakistan's money market remained anchored by the SBP's policy rate of 11.5% during the review period, with

liquidity conditions and inflation expectations continuing to shape short-term yields. The overnight weighted-average repo rate stood at 11.66% on 12 October, slightly above the policy rate. As of 13 October, KIBOR stood at 11.76% bid and 12.01% offer for three months, 12.20% and 12.45% for six months, and 12.28% and 12.78% for twelve months. The latest Treasury-bill auction held on 14 October 2026 recorded cut-off yields of 11.5003% for one month, 11.9999% for three months, 12.3989% for six months and 12.4999% for twelve months. Compared with the 30 September auction, yields declined by 17.91 bps for one-month and 5.11 bps for six-month bills, while rising marginally by 0.55 bps and 0.54 bps for three-month and twelve-month bills, respectively. Going forward, short-term yields are likely to remain sensitive to inflation, government borrowing requirements, auction demand and liquidity management through open market operations. Persistent energy-price pressures could limit expectations of monetary easing, supporting a cautious duration strategy for fixed-income portfolios.

Equity Market: The Pakistan Stock Exchange showed signs of recovery by 15 October 2026 following recent market weakness. The KSE-100 Index closed at 166,186.16 points on Thursday, gaining 768.66 points, or 0.46%, against the previous session's close of 165,417.50. The market had also advanced 641.06 points on Wednesday, indicating a two-session recovery. Trading activity remained substantial, with approximately 517.2 million shares traded on 15 October and total turnover of around Rs23.56 billion. Market breadth was positive, with 292 companies advancing against 169 declining, reflecting broader participation in the recovery. PGLC, PTC and BML were among the session's notable gainers, while selling pressure persisted in selected stocks, including IBFL and CPHL. Despite the rebound, investor sentiment remained sensitive to geopolitical developments, international oil prices, inflation expectations and domestic monetary-policy prospects. Going forward, corporate earnings, institutional flows and macroeconomic developments are likely to influence market direction. Investors should distinguish a short-term technical recovery from a sustained improvement in underlying fundamentals.

PKRV – PRIMARY MARKET

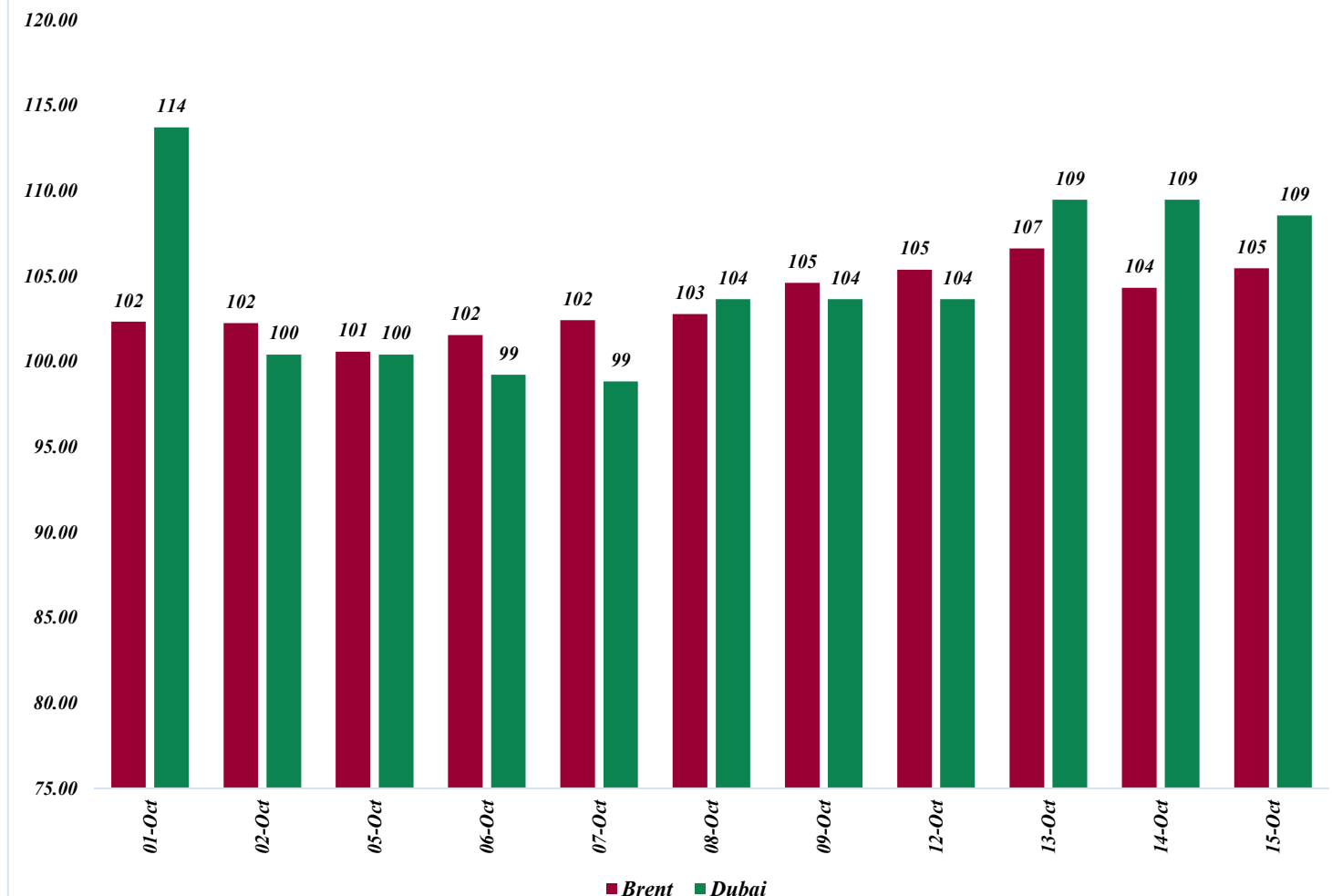


KSE100 INDEX TOP TEN SECTOR DETAILS (FREE FLOAT MARKET CAP)

Sector	Index Weight (%)	Current Market Cap (PKR Bn)	Previous Market Cap (PKR Bn)	Change (%) in Market Cap
Commercial Banks	30.81	1,440	1,467	(0.02)
Fertilizer	12.73	595	602	(0.01)
Oil & Gas Exploration Companies	12.40	580	607	(0.04)
Cement	8.79	411	412	(0.00)
Automobile Assembler	3.49	163	169	(0.03)
Oil & Gas Marketing Companies	2.84	133	132	0.01
Pharmaceuticals	2.43	113	115	(0.01)

OIL PRICE MOVEMENT – OCT'26 (USD PER BARREL)

Oil Price Movement - Oct'26



MARKET SUMMARY · 15 OCTOBER 2026

Market Data

MARKET SUMMARY

Index	15-Oct-26	MTD	30 days	90 days	FYTD	CYTD
KSE100	166,186	-2.23%	-1.89%	-5.5%	-7.8%	-4.5%
KMI30	240,022	-1.47%	-0.45%	-3.0%	-6.7%	-3.4%
KSEAll	100,823	-2.01%	-1.39%	-5.4%	-7.4%	-3.6%

GLOBAL MARKETS

Market	15-Oct-26	MTD	30 days	90 days	FYTD	CYTD
FTSE 100	10,840	2.2%	1.7%	2.3%	3.3%	9.2%
NASDAQ Composite	26,713	-0.6%	2.8%	4.7%	1.9%	14.9%
Shanghai Composite	3,707	-3.5%	-4.6%	-1.5%	-9.4%	-6.6%
Nikkei 225	65,297	-2.7%	2.9%	1.8%	-8.2%	29.7%
Nifty 50	22,997	1.7%	-0.5%	-5.5%	-3.6%	-12.0%

PKRV RATES (CHANGE IN BPS)

Tenor	Rate %	15day Δ	1m Δ	3m Δ	6m Δ	12m Δ
PKRV 1Y	12.45	25	45	88	74	130
PKRV 3Y	12.69	(4)	55	114	79	138
PKRV 5Y	12.74	2	59	110	73	124
PKRV 10Y	12.80	6	43	78	36	80
PKRV 20Y	12.95	3	42	63	26	49

KEY ECONOMIC FIGURES

Indicator	30-Jun-23	30-Jun-24	30-Jun-25	30-Jun-26	15-Oct-26
Policy Rate	22.0%	20.5%	11.0%	11.50%	11.50%
1yr KIBOR	23.0%	19.0%	11.1%	11.81%	12.74%
Inflation	29.4%	12.6%	3.20%	11.10%	10.50%
PKR USD*	285.99	279.00	283.76	278.16	276.92

*Inter Bank Rate

PORTFOLIO INVESTMENTS – EQUITY (USD MN)

Investor	15 days	30 days	90 days	365 days	FYTD	CYTD
FIPI (net)	(5)	(11)	(32)	(712)	(12)	(609)
LIPI (net)	5	11	32	712	12	609
Ind.	21	28	98	294	113	235
Banks/DFIs	9	15	(42)	(55)	(24)	(85)
Companies	15	19	57	588	40	543
M.Funds	(32)	(47)	(80)	108	(96)	53
Brokers	(3)	(7)	(7)	(8)	(11)	(27)
Others	(0)	4	5	(12)	(1)	7
Ins.	(4)	(3)	(1)	(209)	(11)	(7)
NBFC	0	1	0	4	1	3

KEY ECONOMIC FIGURES (USD MN)

Indicator (USD mn)	FY23	FY24	FY25	FY26	FYTD
Imports	52,695	53,156	59,146	64,470	11,635
Exports	27,875	30,979	32,342	30,821	5,445
Trade Deficit	(24,820)	(22,177)	(26,804)	(33,649)	(6,190)
Remittances	27,332	30,250	38,299	41,584	18,120
FX Reserves	9,160	13,996	18,091	22,045	26,863

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