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PAK-QATAR
ASSET MANAGEMENT

INVESTOR'S OUTLOOK

October 30, 2026



Market COMMENTARY · 30 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 November 2026 with external buffers intact but a tighter monetary policy stance, as the Middle East conflict and elevated global energy prices continued to shape the inflation outlook. Consumer price inflation eased to 10.26% YoY in September from 11.15% in August, following 9.2% in July. Based on our estimates, as we estimated October CPI is expected to moderate further to 9.76% YoY, indicating a gradual easing in inflationary pressures. However, the weekly Sensitive Price Indicator (SPI) suggests that underlying price pressures remain elevated, with annual SPI inflation at 11.32% in the week ended 29 October and LPG prices increasing by approximately 107% YoY. On 26 October, the SBP's Monetary Policy Committee (MPC) raised the policy rate by 50bps to 12%, marking the first increase since April 2026. Nine members voted in favor of the hike, while one member favored a larger increase. This reversed the 14 September decision to maintain the policy rate at 11.5%. The MPC cited the intensifying Middle East conflict, persistently high global energy prices and the need to maintain an adequately positive real policy rate. Meanwhile, the IMF's October World Economic Outlook projected FY27 GDP growth at 3.5% and average inflation at 9.9%, with the current account expected to record a deficit of 1.0% of GDP. The government's growth target remains 4%, higher than both the IMF's projection and the World Bank's forecast of 3.8%. On 7 October, Pakistan and the IMF reached a staff-level agreement, potentially unlocking approximately $1.21 billion under the EFF and RSF, subject to Executive Board approval.

External buffers remained broadly stable. As of 23 October, SBP reserves stood at $21.52 billion, while banks' net reserves were $5.23 billion, taking total liquid reserves to $26.75 billion, slightly below $26.86 billion recorded on 9 October. The rupee remained relatively stable, closing at Rs276.80/USD on 27 October. The Finance Division also highlighted a successful Eurobond issuance and higher foreign direct investment (FDI) during 1QFY27. However, pressures are building in the trade and current accounts. The trade deficit widened 7.26% MoM to $3.53 billion in September, as imports increased 11.47% and exports rose 16.94%. Consequently, the 1QFY27 trade deficit increased 14.87% YoY to $10.77 billion. The current account recorded a deficit of $356 million in September, taking the cumulative 1QFY27 deficit to $874 million compared with $755 million in the corresponding period last year. Remittances continued to provide significant support, reaching $3.59 billion in September, up 12.7% YoY, and $10.88 billion during 1QFY27, reflecting 14.0% growth. In equity markets, the KSE-100 Index remained within the 164,000–168,000 range throughout October, closing at 166,409.25 on 30th October. Meanwhile, crude oil prices stood at approximately $104/barrel on 30 October, while domestic petrol prices were reduced to Rs377.91/litre on 2 November from Rs390.66/litre at the beginning of October.

Overall, Pakistan's economic outlook remains cautiously constructive but has become more guarded amid renewed inflationary risks and external uncertainties. While the expected moderation in October inflation to 9.76%, stable foreign exchange reserves and sustained remittance inflows provide some comfort, the recent monetary tightening reflects the SBP's cautious approach towards emerging price pressures. The outlook will largely depend on global energy-price stability, fiscal discipline, IMF Executive Board approval, sustained external inflows and a durable decline in inflation. The ongoing Middle East conflict remains the principal downside risk to the macroeconomic outlook.

CAPITAL MARKET REVIEW

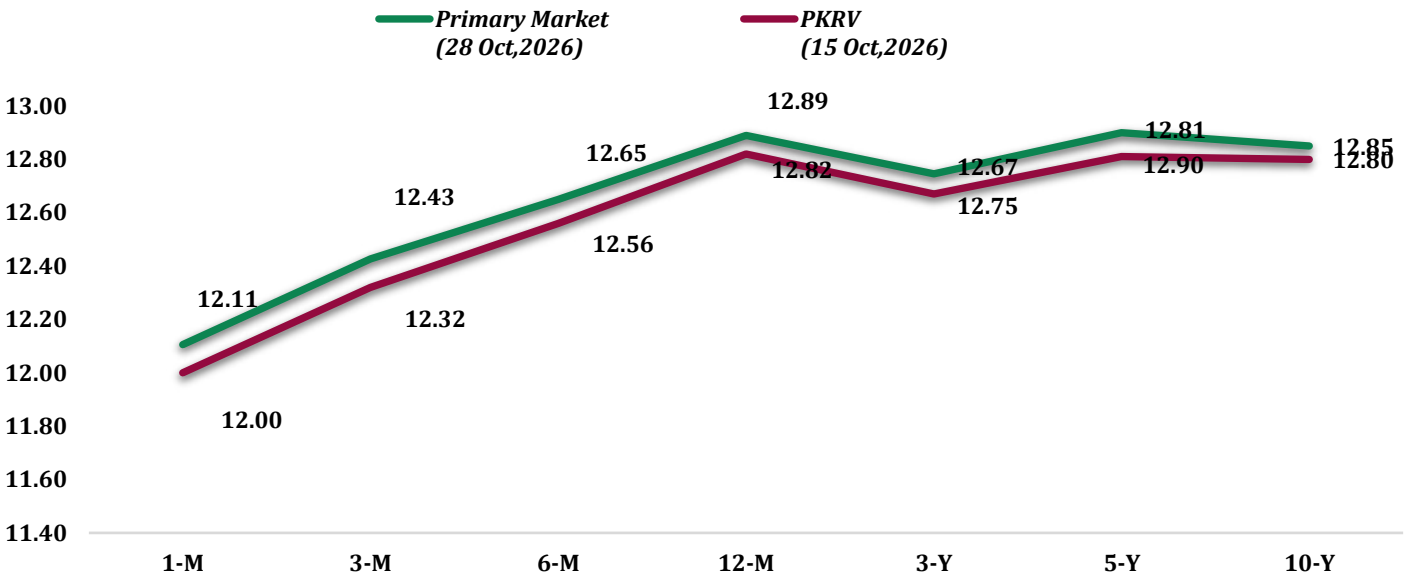
Money Market: Pakistan's money market entered November 2026 with a tighter monetary policy stance following the State Bank of Pakistan's (SBP) decision to increase the policy rate by 50bps to 12% on 26 October, effective 27 October 2026. The increase, driven by rising inflationary risks amid geopolitical tensions and elevated global energy prices, marked the first policy rate hike since April 2026. The overnight weighted-average repo rate stood at 11.34% on 29 October, while the interest rate corridor was revised to 11.0%–13.0%. As of 30 October, KIBOR stood at 12.21% bid and 12.46% offer for three months, 12.41% and 12.66% for six months, and 12.55% and 13.05% for twelve months, reflecting an upward adjustment following the monetary tightening. The latest Treasury-bill auction, held on 28 October, recorded cut-off yields of 12.1055% for one-month, 12.4261% for three-month, 12.6500% for six-month and 12.8900% for twelve-month bills. Compared with the 14 October auction, yields increased by approximately 61bps, 43bps, 25bps and 39bps, respectively. The SBP accepted approximately Rs1.91 trillion against bids of Rs4.87 trillion, reflecting strong investor participation. Going forward, short-term yields are likely to remain sensitive to inflation trends, government borrowing requirements, auction demand and liquidity management through open market operations. With the policy rate now at 12% and inflationary risks still elevated, fixed-income investors are likely to maintain a cautious duration strategy, while higher reinvestment yields may provide improved income opportunities for money market and income funds.

Equity Market: The Pakistan Stock Exchange (PSX) experienced a strong recovery during the last week of October, although profit-taking emerged towards the end of the month. The KSE-100 Index gained 4,034.37 points, or approximately 2.48%, during the week ended 30 October, closing at 166,409.25 points. The recovery was supported by improved investor sentiment, better-than-expected corporate earnings and buying interest across major sectors. However, the index declined 784.18 points, or 0.47%, on 30

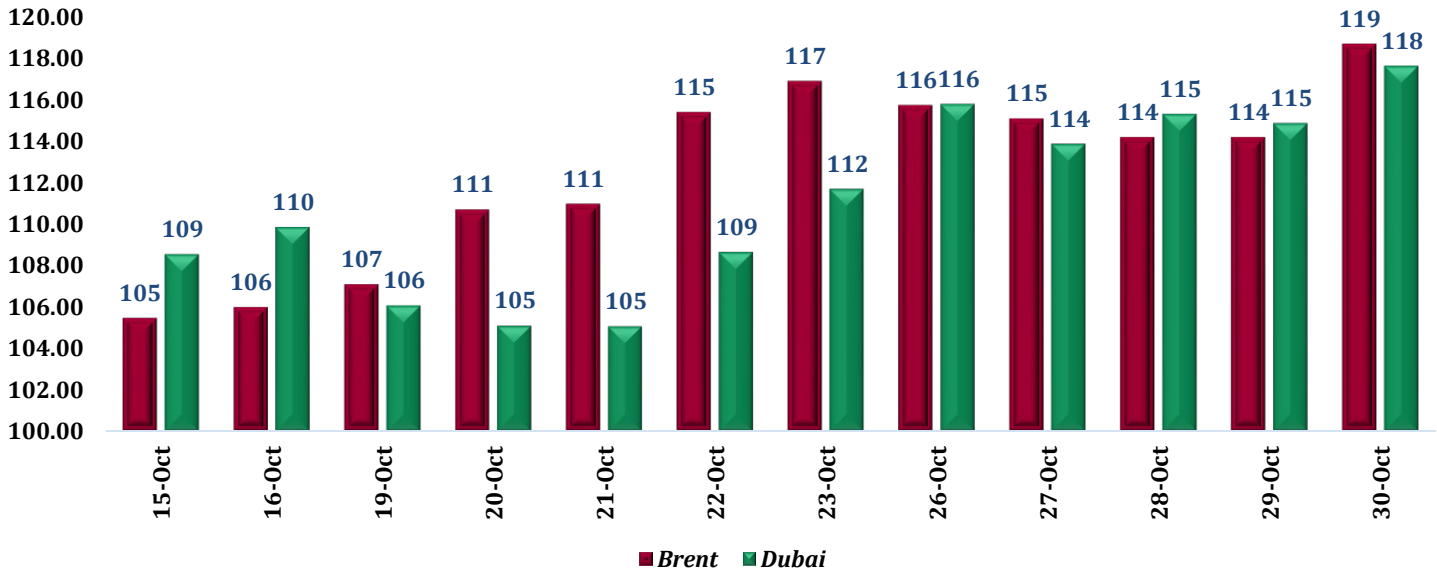
Key Note 30th October

October as investors booked profits following four consecutive sessions of gains. Market activity remained substantial, with ready-market turnover reaching approximately 825.5 million shares, while traded value stood at around Rs23.12 billion. On 2 November, the benchmark was trading at 166,564.06 points from the previous close, indicating a modest recovery at the beginning of the new month. Despite the recent rebound, investor sentiment remains sensitive to geopolitical developments, international oil prices, inflation expectations and the SBP's tighter monetary policy stance. Going forward, corporate earnings, institutional participation, foreign fund flows and macroeconomic developments are expected to remain key drivers of market direction. Investors should continue to distinguish between short-term market recoveries and a sustained improvement in underlying economic and corporate fundamentals

PKRV - Primary Market



Oil Price Movement - Oct'26



MARKET SUMMARY · 30 OCTOBER 2026

1. Pakistan Equity Market

Index	30-Oct-26	MTD	30 Days	90 Days	FYTD	CYTD
KSE100	166,409	-2.09%	-2.09%	-5.5%	-7.7%	-4.4%
KMI30	237,972	-2.31%	-2.31%	-3.7%	-7.5%	-4.3%
KSEAll	100,708	-2.12%	-2.12%	-5.5%	-7.6%	-3.7%

2. Global Markets

Index	30-Oct-26	MTD	30 Days	90 Days	FYTD	CYTD
FTSE 100	10,730	1.2%	1.2%	-1.3%	2.2%	8.0%
NASDAQ Composite	25,437	-5.3%	-5.3%	0.2%	-3.0%	9.4%
Shanghai Composite	3,599	-6.3%	-6.3%	-6.1%	-12.1%	-9.3%
Nikkei 225	63,290	-5.7%	-5.7%	-1.7%	-11.0%	25.7%
Nifty 50	23,053	1.9%	1.9%	-5.5%	-3.4%	-11.8%

3. Portfolio Investments – Equity (USD million)

Investor Category	15 Days	30 Days	90 Days	365 Days	FYTD	CYTD
FIPI (net)	(44)	(50)	(87)	(741)	(56)	(654)
LIPI (net)	45	50	87	741	56	654
Industrials	20	41	111	302	134	256
Banks / DFIs	8	16	(18)	(59)	(18)	(78)
Companies	5	21	57	580	46	549
Mutual Funds	(9)	(42)	(77)	99	(105)	43
Brokers	(2)	(4)	(8)	(12)	(12)	(28)
Others	29	28	34	21	27	35
Insurance	(7)	(10)	(14)	(194)	(17)	(7)
NBFC	(0)	0	0	4	1	3

4. Key Economic Figures – Annual / Latest

Indicator	Unit	FY23	FY24	FY25	FY26	FYTD / Latest
Imports	USD million	52,695	53,156	59,146	64,470	18,129
Exports	USD million	27,875	30,979	32,342	30,821	8,383
Trade Deficit	USD million	(24,820)	(22,177)	(26,804)	(33,649)	(9,746)
Remittances	USD million	27,332	30,250	38,299	41,584	10,875
FX Reserves	USD million	9,160	13,996	18,091	22,045	26,750

5. Key Economic Figures – Selected Dates

Indicator	30-Jun-23	30-Jun-24	30-Jun-25	30-Jun-26	30-Oct-26
Policy Rate	22.0%	20.5%	11.0%	11.50%	12.00%
1-year KIBOR	23.0%	19.0%	11.1%	11.81%	12.80%
Inflation	29.4%	12.6%	3.20%	11.10%	10.26%
PKR/USD*	285.99	279.00	283.76	278.16	276.75

6. PKRV Rates – Change in Basis Points

Tenor	Rate (%)	15-Day Change	1-Month Change	3-Month Change	6-Month Change	12-Month Change
PKRV 1Y	12.82	37	62	101	78	152
PKRV 3Y	12.67	(2)	(6)	111	14	128
PKRV 5Y	12.81	7	9	115	(4)	131
PKRV 10Y	12.80	—	6	81	(33)	91
PKRV 20Y	12.92	(3)	—	58	(36)	54

7. KSE-100 Index – Sector Details (Free-Float Market Capitalization)

Sector	Index Weight (%)	Current Market Cap (PKR bn)	Previous Market Cap (PKR bn)	Change in Market Cap (%)
Commercial Banks	31.04	1,446	1,427	1.34%
Fertilizer	13.10	611	595	2.59%
Oil & Gas Exploration Companies	12.44	580	580	-0.03%
Cement	8.76	408	399	2.26%
Investment Banks / Investment Cos. / Securities Cos.	5.39	251	256	-1.82%
Power Generation & Distribution	5.02	234	225	3.76%
Technology & Communication	3.59	167	177	-5.81%
Automobile Assembler	3.45	161	163	-1.54%
Oil & Gas Marketing Companies	2.81	131	133	-1.09%
Pharmaceuticals	2.40	112	113	-1.47%

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