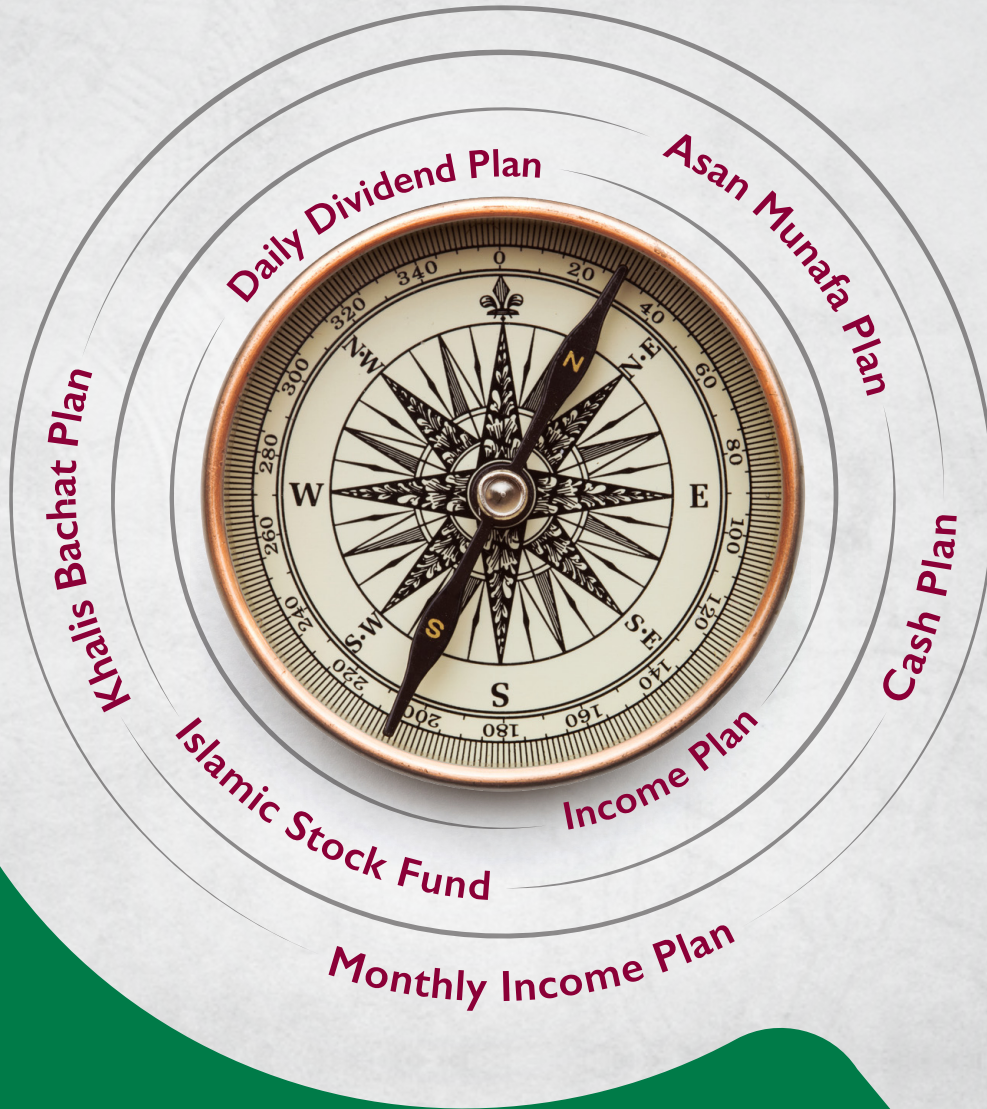


# AM2

Rated by PACRA with Positive outlook



PAK-QATAR  
ASSET MANAGEMENT



# INVESTOR'S OUTLOOK

*December 15, 2025*

## Pak-Qatar Asset Management Company Limited

Keynote December 15, 2025

### Market Summary

	15-Dec-25	MTD	30days	90days	FYTD	CYTD
KSE100	170,741	2.44%	5.4%	9.3%	33.2%	48.3%
KMI30	245,586	2.62%	6.0%	6.9%	31.4%	37.5%
KMIAll	67,532	3.20%	6.0%	4.8%	24.6%	33.6%

### Global Markets

	15-Dec-25	MTD	30days	90days	FYTD	CYTD
UK	9,751	0.3%	-0.5%	-5.7%	-9.9%	-16.2%
USA	23,057	-1.3%	-0.7%	-3.1%	-12.4%	-16.2%
China	3,868	-0.5%	3.2%	-0.2%	-10.6%	-13.3%
Japan	50,007	-0.6%	0.7%	-10.2%	-21.1%	-20.2%
India	85,213	-0.6%	-0.8%	-3.3%	-1.9%	-8.3%

### Portfolio Investments (USD mn)

	15 days	30 days	90 days	365days	FYTD	CYTD
<b>EQUITY</b>						
FIPI (net)	(31)	(49)	(132)	(364)	(229)	(347)
LIPI (net)	31	49	132	364	229	347
Ind.	6	3	115	270	186	227
Banks/DFIs	14	33	13	(128)	(104)	(140)
Companies	22	20	37	151	80	147
M.Funds	38	47	106	251	233	280
Brokers	3	9	7	(4)	8	(4)
Others	3	(7)	(28)	(61)	(61)	(39)
Ins.	(57)	(56)	(119)	(121)	(117)	(7)
NBFC	1	1	2	5	3	6

### Key Economic Figures

		FY21	FY22	FY23	FY24	FY25	FY26-TD
Policy Rate	15-Dec-25	7.0%	13.8%	22.0%	20.5%	11.0%	10.50%
1yr KIBOR	15-Dec-25	8.1%	15.7%	23.3%	19.2%	11.3%	11.39%
Inflation	Nov End	9.8%	21.3%	29.4%	12.6%	3.20%	6.10%
PKR USD*	15-Dec-25	157.3	204.8	286.0	279.0	283.7	280.31

### Key Economic Figures

		FY21	FY22	FY23	FY24	FY25	FY26-TD
Imports	USD mn	56,380	72,048	51,979	48,402	59,076	20,720
Exports	USD mn	25,304	32,450	27,903	28,678	32,296	10,630
Trade Deficit	USD mn	(31,076)	(39,598)	(24,076)	(19,724)	(26,780)	(10,091)
Remittances	USD mn	29,370	31,238	27,028	27,093	38,346	16,145
FX Reserves	USD mn	24,398	15,742	9,181	14,207	18,091	19,612

### PKRV Rates (change in bps)

	Rate %	15day Δ	1m Δ	3m Δ	6m Δ	12m Δ
PKRV 1Y	11.17	2	(14)	17	8	(94)
PKRV 3Y	11.33	(7)	(13)	17	(2)	(78)
PKRV 5Y	11.52	(7)	(11)	4	(19)	(61)
PKRV 10Y	11.88	(4)	(9)	(12)	(43)	(14)
PKRV 20Y	12.30	(5)	(5)	(13)	(13)	30

\*Inter Bank Rate

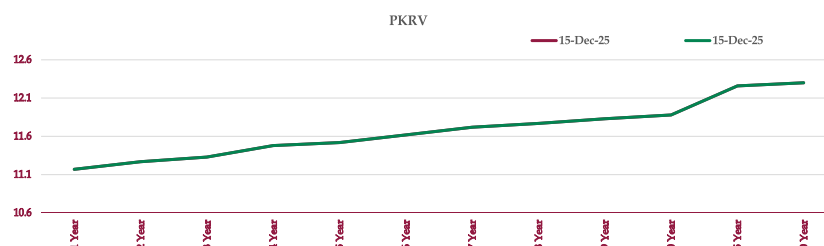
### KSE100 Index Top Ten Sector Details (on Free Float Market Capitalization)

SECTORS	Index Weight (%)	Current Market Cap (PKR Bn)	Previous Market Cap (PKR Bn)	Change (%) in Market Cap (PKR Bn)
COMMERCIAL BANKS	23	1,413	1,405	0.54
FERTILIZER	7	676	679	(0.45)
OIL & GAS EXPLORATION COMPANIES	15	584	562	3.94
CEMENT	7	499	455	9.67
CHEMICAL	2	54	52	4.48
OIL & GAS MARKETING COMPANIES	2	166	161	3.14
PHARMACEUTICALS	2	111	113	(1.31)

### Commentary

**Economic Review:** Pakistan successfully secured the latest IMF tranche, reflecting the Fund's positive assessment of the State Bank of Pakistan's (SBP) policy actions, supported by a well-calibrated monetary stance and an improving fiscal position. The primary balance remained in surplus, while real GDP growth for FY26 is projected at approximately 3%. Despite these gains, the IMF expressed concerns over weak tax collection. To compensate for the shortfall, the government indicated plans to introduce additional levies on the fertilizer sector and raise the Petroleum Development Levy by PKR 10 per litre. The IMF also emphasized the importance of enhancing climate resilience to ensure sustainable medium-term growth. On the macroeconomic front, the IMF acknowledged encouraging momentum in industrial output, alongside a continued moderation in inflation. Both headline and core inflation have shown signs of stabilization, aligning with the expected disinflationary trajectory. The Fund further noted that Pakistan met six out of seven quantitative performance criteria under the program. The SBP echoed this optimism, highlighting early signs of recovery in industrial activity, contained inflation across food, energy, and core components, and a gradual buildup of foreign exchange reserves despite ongoing external debt repayments. Gaining on the momentum central bank revised its target rate down by 50bps to 10.5%. Ahead of the 50bps policy rate cut announced in the latest MPS, money market participants maintained a cautious stance amid sticky inflation, resulting in only marginal easing in auction cut-offs. In the T-bill auction held prior to the MPS, cut-off yields edged lower at the front end, with the 1-Month easing by ~4bps and the 3-Month and 6-Month down by around 1bp each, while the 12-Month cut-off remained unchanged at 11.27%, reflecting persistent inflation concerns at longer tenors. Similarly, the GoP Sukuk auction conducted before the policy announcement showed modest repricing, as the 1-Year discounted rate edged down to 10.48%, while 3-Year and 5-Year FRR cut-offs declined, indicating selective investor demand. In contrast, the 10-Year VRR increased to 10.68%, highlighting cautious positioning at the long end. Going forward, money market conditions are expected to gradually adjust in line with the policy easing, with benchmark rates such as KIBOR & PKRV likely to realign over time as liquidity conditions improve. However, sticky inflation may keep the pace of adjustment measured.

**Stock Market Review:** On a fortnightly basis, the market closed on a positive note, with the KSE-100 index gaining 2.44% and the KMI-30 index rising by 2.62%. Sector-wise, Cement, Chemicals, and Oil & Gas Exploration companies outperformed, while Pharmaceuticals and Fertilizers remained under pressure. Foreign investors recorded net outflows of USD 31 million, mainly driven by overseas Pakistanis, whereas mutual funds and corporates stayed net buyers. During the period, the stock market touched a new high by decisively breaking the 170 level, indicating improving investor confidence. SBP's 50 bps policy rate cut in the latest MPS provided a strong accommodative signal, supporting liquidity and growth expectations. Moreover, the government's reduction in diesel prices by PKR 15 is expected to ease transportation and food inflation pressures. With inflation moving closer to the SBP's target range, the scope for effective policy transmission improves, supporting a continued positive market rally going forward.



15-Dec-25

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# PAK-QATAR

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