

# AM2 / AM2+

Rated by PACRA with  
**Positive** outlook

Rated by VIS with  
**Stable** outlook



PAK-QATAR  
ASSET MANAGEMENT



# INVESTOR'S OUTLOOK

*December 31, 2025*

## Pak-Qatar Asset Management Company Limited

Keynote December 31, 2025

### Market Summary

|        | 31-Dec-25 | MTD   | 30days | 90days | FYTD  | CYTD  |
|--------|-----------|-------|--------|--------|-------|-------|
| KSE100 | 174,054   | 2.12% | 3.6%   | 3.3%   | 35.8% | 51.2% |
| KMI30  | 248,539   | 1.81% | 2.8%   | -0.2%  | 33.0% | 39.1% |
| KMIALL | 67,873    | 1.04% | 2.6%   | -1.3%  | 25.2% | 34.3% |

### Global Markets

|       | 31-Dec-25 | MTD  | 30days | 90days | FYTD   | CYTD   |
|-------|-----------|------|--------|--------|--------|--------|
| UK    | 9,931     | 2.5% | -2.3%  | -5.1%  | -11.5% | -17.7% |
| USA   | 23,242    | 0.6% | 0.1%   | -1.7%  | -13.1% | -16.9% |
| China | 3,969     | 3.8% | -1.4%  | -2.2%  | -12.9% | -15.5% |
| Japan | 50,339    | 1.6% | -2.1%  | -10.4% | -21.6% | -20.7% |
| India | 85,221    | 0.6% | 0.5%   | -5.0%  | -1.9%  | -8.3%  |

### Portfolio Investments (USD mn)

|               | 15 days | 30 days | 90 days | 365days | FYTD  | CYTD  |
|---------------|---------|---------|---------|---------|-------|-------|
| <b>EQUITY</b> |         |         |         |         |       |       |
| FIPI (net)    | (22)    | (52)    | (120)   | (367)   | (251) | (369) |
| LIPI (net)    | 22      | 52      | 120     | 367     | 251   | 369   |
| Ind.          | 35      | 41      | 121     | 266     | 221   | 262   |
| Banks/DFIs    | (14)    | 0       | 46      | (156)   | (118) | (154) |
| Companies     | 1       | 22      | 55      | 146     | 81    | 147   |
| M.Funds       | 16      | 54      | 36      | 301     | 250   | 297   |
| Brokers       | 0       | 3       | 11      | (5)     | 9     | (3)   |
| Others        | (1)     | 1       | (24)    | (47)    | (63)  | (40)  |
| Ins.          | (15)    | (72)    | (126)   | (144)   | (132) | (7)   |
| NBFC          | (0)     | 1       | 2       | 6       | 3     | 6     |

### Key Economic Figures

|             |           | FY21  | FY22  | FY23  | FY24  | FY25  | FY26-TD |
|-------------|-----------|-------|-------|-------|-------|-------|---------|
| Policy Rate | 31-Dec-25 | 7.0%  | 13.8% | 22.0% | 20.5% | 11.0% | 10.50%  |
| 1yr KIBOR   | 31-Dec-25 | 8.1%  | 15.7% | 23.3% | 19.2% | 11.3% | 10.91%  |
| Inflation   | Dec End   | 9.8%  | 21.3% | 29.4% | 12.6% | 3.20% | 6.10%   |
| PKR USD*    | 31-Dec-25 | 157.3 | 204.8 | 286.0 | 279.0 | 283.7 | 280.15  |

### 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  | 10.39  | (42)    | (72) | (75) | (28) | (169) |
| PKRV 3Y  | 10.50  | (49)    | (90) | (68) | (36) | (184) |
| PKRV 5Y  | 10.81  | (34)    | (78) | (69) | (32) | (154) |
| PKRV 10Y | 11.47  | (25)    | (44) | (54) | (58) | (71)  |
| PKRV 20Y | 11.94  | (21)    | (40) | (51) | (55) | (10)  |

\*Inter Bank Rate

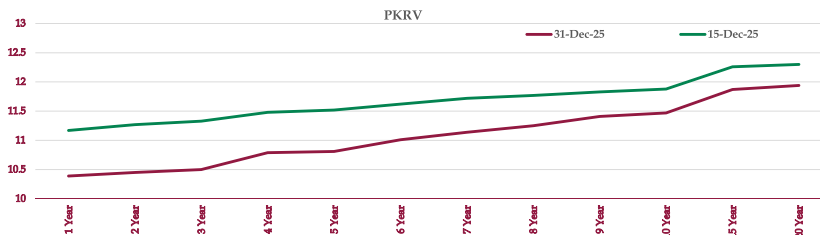
### KSE100 Index Top Ten Sector Details (on Free Float Market Capitalization)

| SECTORS                         | Index Weight (%) | Current Market Cap (PKR'Bn) | Previous Market Cap (PKR'Bn) | Change (%) in Market Cap (PKR'Bn) |
|---------------------------------|------------------|-----------------------------|------------------------------|-----------------------------------|
| COMMERCIAL BANKS                | 24               | 1,491                       | 1,405                        | 6.14                              |
| FERTILIZER                      | 7                | 688                         | 679                          | 1.28                              |
| OIL & GAS EXPLORATION COMPANIES | 15               | 590                         | 562                          | 5.06                              |
| CEMENT                          | 7                | 483                         | 455                          | 6.01                              |
| CHEMICAL                        | 2                | 53                          | 52                           | 2.53                              |
| OIL & GAS MARKETING COMPANIES   | 2                | 166                         | 161                          | 3.40                              |
| PHARMACEUTICALS                 | 2                | 116                         | 113                          | 3.16                              |

### Commentary

**Economic Review:** Pakistan's economy continues to show positive momentum, supported by a broad-based recovery in industry and resilience in agriculture. In Q1 FY2025-26, GDP grew by 3.71%, with agriculture expanding by 2.89%, industry by 9.38%, and services by 2.35%. Large-Scale Manufacturing (LSM) also recorded a 5.02% growth during July–October FY2026, with 16 sectors showing positive performance, including textiles, wearing apparel, non-metallic mineral products, food, coke and petroleum products, electrical equipment, automobiles, and tobacco. On the inflation front, the (CPI) eased to 5.6% year-on-year in December 2025, down from 6.1% in November, reflecting a moderating price environment. The macroeconomic outlook for FY25 was marked by stabilization, underpinned by the government's strict compliance with the IMF program. Policy focus remained on restoring confidence through fiscal discipline, containing the current account deficit, and rebuilding FX reserves. In November 2025, the current account (CA) recorded a surplus of \$100 million, while posted a deficit of \$812 million during July–November FY2026, while FX reserves are expected to stay close to three months of import cover. FX totaled \$21.0 billion, of which \$15.9 billion were held by the SBP. Strong remittance inflows, along with consistent performance in IT and services exports, are expected to ease external pressures. Remittances increased by 9.3% to reach \$16.1 billion, driven mainly by contributions from Saudi Arabia (24.2%) and the UAE (20.8%). Meanwhile, net FDI inflows amounted to \$927.4 million during FY2026. Economic growth stayed subdued due to weak domestic demand and tight financial conditions, while disinflation gained traction. FX reserves were maintained near three months of import cover, supported by import compression and steady external inflows. Energy sector reforms and budget rationalization helped limit structural imbalances, particularly the fiscal deficit, reinforcing Pakistan's improving sovereign risk profile. Looking ahead, Policymakers are likely to continue prioritizing FX reserve stability, a contained current account deficit, and inflation management within a 5%–7% range. Continued IMF anchoring should support fiscal discipline, while external financing options, including Eurobond and Panda bond issuance, along with rollover support, are expected to ease refinancing pressures. The SBP conducted recent T-Bill auctions targeting a total face value of PKR 503.18bn. In these auctions, a total of PKR 474.81bn was realized. The allotments and yields were as follows: for the 1-month tenor, PKR 69.22bn was accepted at a cut-off yield of 10.4859% with a weighted average yield of 10.3411%; for the 3-month tenor, PKR 166.63bn was accepted at a cut-off yield of 10.4878% and a weighted average yield of 10.4333%; for the 6-month tenor, PKR 16.12bn was accepted at a cut-off yield of 10.4799% and a weighted average yield of 10.4639%; and for the 12-month tenor, PKR 222.85bn was accepted at a cut-off yield of 10.4880% with a weighted average yield of 10.4468%. In the latest GOP Ijarah auction, the cut-off yields settled at 10.73% for the 3-year FRR, 11.03% for the 5-year FRR, and 10.68% for the 10-year VRR, reflecting the impact of a 50-basis-point reduction in the MPS.

**Stock Market Review:** On a monthly basis, the equity market closed on a positive note, with the KSE-100 index posting an MTD gain of 2.12% (CYTD: 51.2%, FYTD: 35.8%) and the KMI-30 index rising by 1.81% (CYTD: 39.1%, FYTD: 33.0%), supported by interest rate normalization, an improved foreign exchange reserve position, and easing inflation, while relatively stable political and geopolitical conditions enhanced earnings visibility and underpinned a favorable equity risk premium. Sector-wise, Commercial Banks, Cement, and Oil & Gas Exploration companies outperformed on the back of improving fundamentals and margin outlook, whereas Chemicals and Fertilizers remained under pressure due to sector-specific challenges. On the flow side, foreign investors recorded net inflows of USD 52.4 million during the month, reflecting improving sentiment, while mutual funds and individual investors remained net sellers and insurance companies continued to



31-Dec-25

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# PAK-QATAR

## ASSET MANAGEMENT



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