

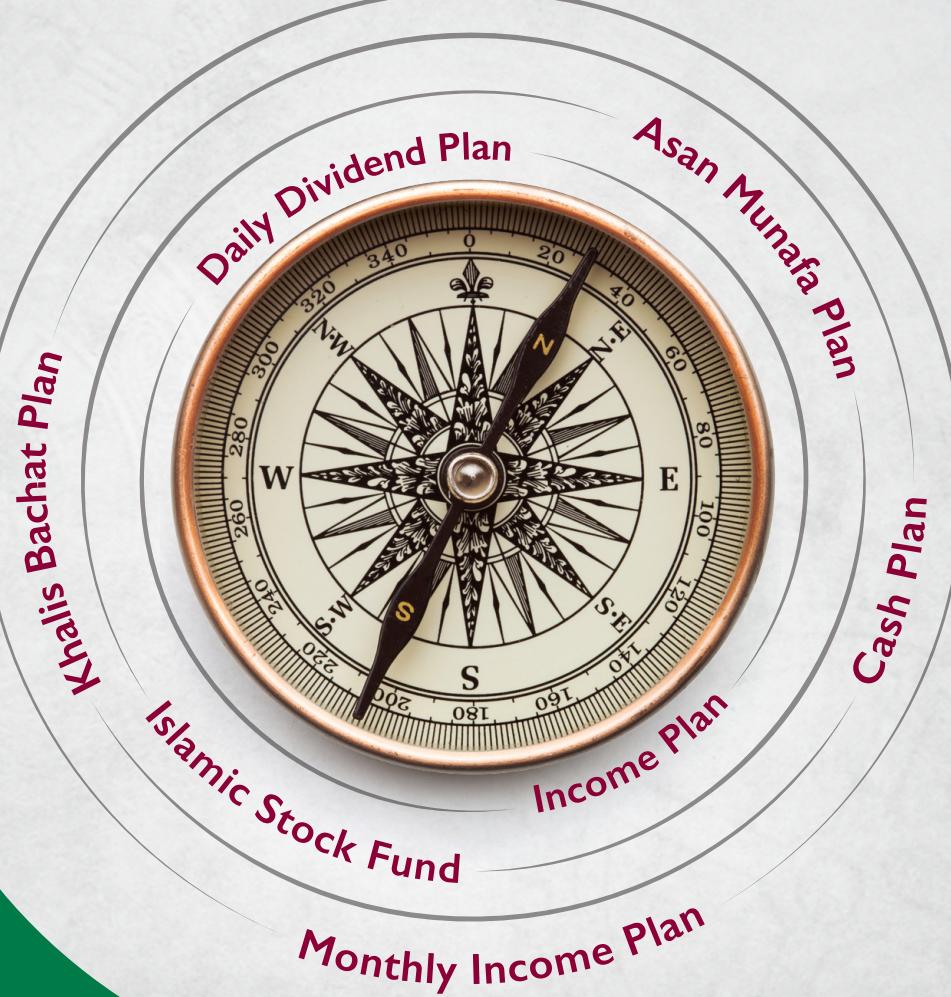
AM2 / AM2+

Rated by PACRA with
Positive outlook

Rated by VIS with
Stable outlook

پاکستان
PAK-QATAR

ASSET MANAGEMENT



INVESTOR'S OUTLOOK

December 31, 2025



Pak-Qatar Asset Management Company Limited

Keynote December 31, 2025

PAK-QATAR
ASSET MANAGEMENT



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%
KMIAII	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	50,539	1.6%	-2.1%	-10.4%	-21.6%	-20.7%
India	85,221	0.6%	0.5%	-5.0%	-1.9%	-8.3%

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 FY2025 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 10.4800% 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.

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%
1yr KIBOR	31-Dec-25	8.1%	15.7%	23.3%	19.2%	11.3%
Inflation	Dec End	9.8%	21.3%	29.4%	12.6%	3.20%
PKR USD*	31-Dec-25	157.3	204.8	286.0	279.0	283.7

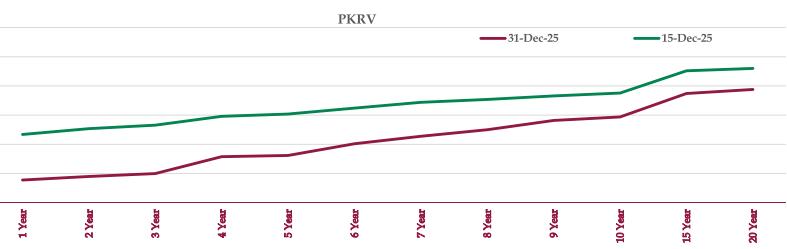
Key Economic Figures						
	FY21	FY22	FY23	FY24	FY25	FY26-TD
Imports	USD'mn	56,380	72,048	51,979	48,402	59,076
Exports	USD'mn	25,304	32,450	27,903	28,678	32,296
Trade Deficit	USD'mn	(31,076)	(39,598)	(24,076)	(19,724)	(26,780)
Remittances	USD'mn	29,370	31,238	27,028	27,093	38,346
FX Reserves	USD'mn	24,398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

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

31-Dec-25

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