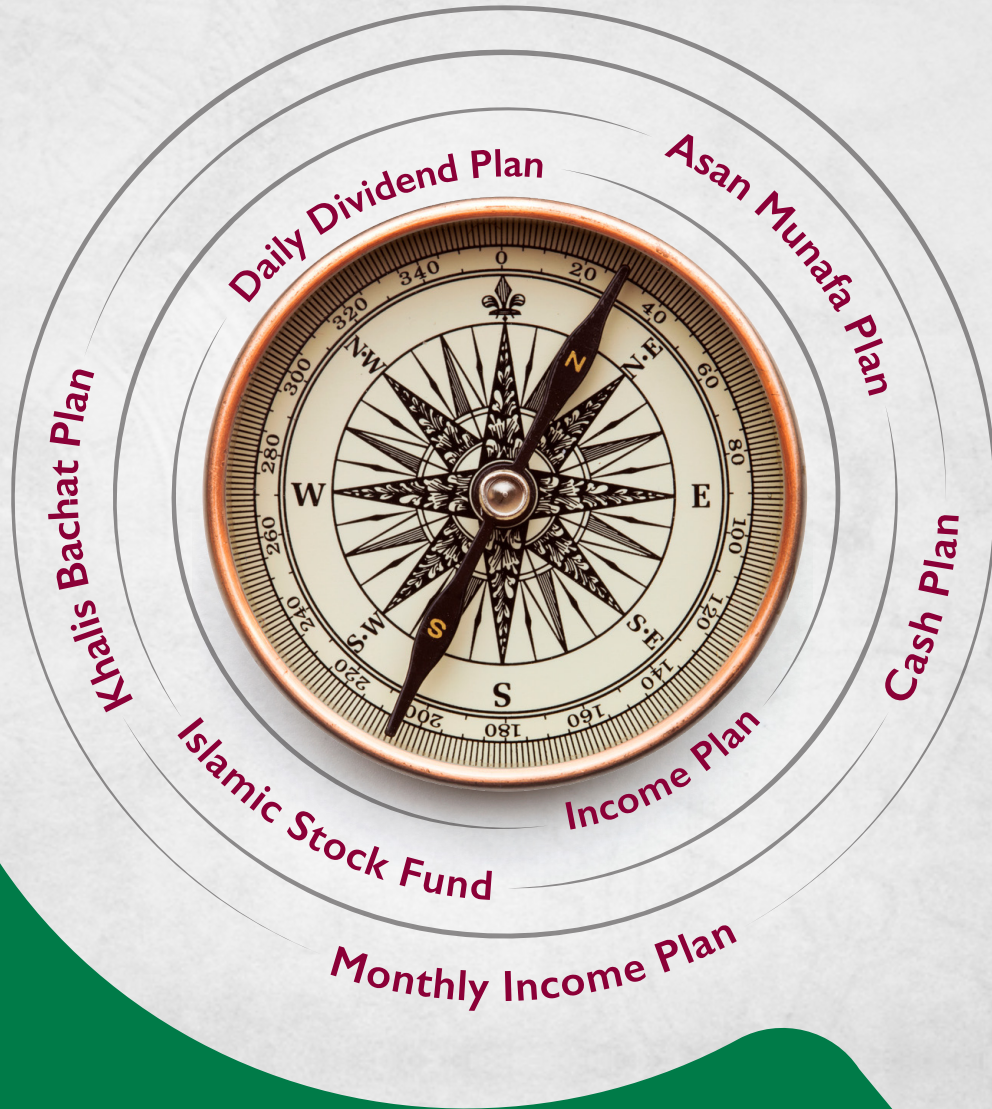


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پاک قطر

PAK-QATAR
ASSET MANAGEMENT



INVESTOR'S OUTLOOK

May 15, 2026

Pak-Qatar Asset Management Company Limited

Keynote May 15, 2026

Market Summary

| | 15-May-26 | MTD | 30days | 90days | FYTD | CYTD |
|--------|-----------|-------|--------|--------|-------|-------|
| KSE100 | 165,596 | 1.60% | -1.7% | -7.8% | 31.8% | -4.9% |
| KMI30 | 238,952 | 2.07% | -1.9% | -5.7% | 29.2% | -3.9% |
| KMIAII | 65,314 | 3.21% | -0.4% | -5.8% | 21.5% | -3.8% |

Global Markets

| | 15-May-26 | MTD | 30days | 90days | FYTD | CYTD |
|-------|-----------|-------|--------|--------|--------|--------|
| UK | 10,195 | -1.8% | 3.6% | 2.5% | -14.1% | -2.6% |
| USA | 26,225 | 5.4% | -8.4% | -14.0% | -22.3% | -11.4% |
| China | 4,135 | 0.6% | -2.6% | -1.3% | -16.7% | -4.0% |
| Japan | 61,409 | 2.9% | -4.6% | -7.3% | -34.4% | -18.0% |
| India | 75,238 | -2.2% | 3.8% | 9.8% | 11.1% | 13.3% |

Portfolio Investments (USD mn)

| | EQUITY | | | | | |
|------------|---------|---------|---------|---------|-------|-------|
| | 15 days | 30 days | 90 days | 365days | FYTD | CYTD |
| FIPI (net) | (0) | 2 | (294) | (697) | (649) | (398) |
| LIPI (net) | 0 | (2) | 294 | 697 | 649 | 398 |
| Ind. | 17 | 62 | 107 | 403 | 364 | 142 |
| Banks/DFIs | 0 | (10) | 46 | (169) | (166) | (48) |
| Companies | (2) | 9 | 221 | 368 | 357 | 276 |
| M.Funds | (11) | (24) | (42) | 337 | 349 | 99 |
| Brokers | 6 | 3 | (6) | (5) | (10) | (18) |
| Others | 1 | (11) | 13 | (47) | (41) | 22 |
| Ins. | (11) | (32) | (44) | (194) | (208) | (7) |
| NBFC | 0 | 1 | 0 | 4 | 4 | 1 |

Key Economic Figures

| | | FY21 | FY22 | FY23 | FY24 | FY25 | FY26-TD |
|-------------|-----------|-------|-------|-------|-------|-------|---------|
| Policy Rate | 15-May-26 | 7.0% | 13.8% | 22.0% | 20.5% | 11.0% | 11.50% |
| 1yr KIBOR | 15-May-26 | 8.1% | 15.7% | 23.3% | 19.2% | 11.3% | 12.66% |
| Inflation | April End | 9.8% | 21.3% | 29.4% | 12.6% | 3.20% | 10.90% |
| PKR USD* | 15-May-26 | 157.3 | 204.8 | 286.0 | 279.0 | 283.7 | 278.61 |

Key Economic Figures

| | | FY21 | FY22 | FY23 | FY24 | FY25 | FY26-TD |
|---------------|--------|----------|----------|----------|----------|----------|----------|
| Imports | USD'mn | 56,380 | 72,048 | 51,979 | 48,402 | 59,076 | 46,793 |
| Exports | USD'mn | 25,304 | 32,450 | 27,903 | 28,678 | 32,296 | 23,265 |
| Trade Deficit | USD'mn | (31,076) | (39,598) | (24,076) | (19,724) | (26,780) | (23,528) |
| Remittances | USD'mn | 29,370 | 31,238 | 27,028 | 27,093 | 38,346 | 33,860 |
| FX Reserves | USD'mn | 24,398 | 15,742 | 9,181 | 14,207 | 18,091 | 21,337 |

PKRV Rates (change in bps)

| | Rate % | 15day Δ | 1m Δ | 3m Δ | 6m Δ | 12m Δ |
|----------|--------|---------|------|------|------|-------|
| PKRV 1Y | 12.46 | 42 | 87 | 196 | 115 | 121 |
| PKRV 3Y | 12.68 | 15 | 73 | 227 | 122 | 123 |
| PKRV 5Y | 12.87 | 2 | 87 | 191 | 124 | 97 |
| PKRV 10Y | 13.11 | (2) | 63 | 174 | 114 | 68 |
| PKRV 20Y | 13.28 | - | 58 | 155 | 93 | 86 |

*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 |
|---------------------------------|------------------|-----------------------------|------------------------------|--------------------------|
| COMMERCIAL BANKS | 24 | 1,396 | 1,260 | 10.82 |
| FERTILIZER | 7 | 566 | 568 | (0.34) |
| OIL & GAS EXPLORATION COMPANIES | 16 | 600 | 539 | 11.38 |
| CEMENT | 6 | 387 | 341 | 13.25 |
| CHEMICAL | 2 | 48 | 45 | 7.11 |
| OIL & GAS MARKETING COMPANIES | 2 | 131 | 121 | 8.76 |
| PHARMACEUTICALS | 2 | 102 | 95 | 6.87 |

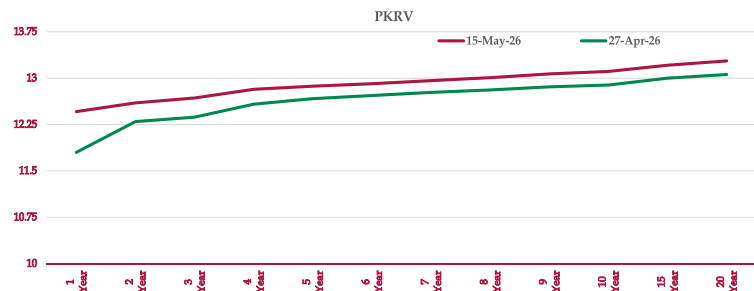
Commentary

Economic Review: The country continues to maneuver oil price shocks while also remaining compliant with the IMF EFF mandate. The government has agreed to revenue targets stipulated by the IMF and some expected adjustments to sales tax rates to cope with fiscal pressures. Pakistan successfully completed issuance of panda bonds of ~CNY 1.75 billion while also negotiating with Chinese IPPs to tackle the circular debt issue. The government's policy of taxing formal sectors has yet to fully yield benefits, as limited capacity of tax authorities to generate revenue from the informal sector continues to push investors away from manufacturing toward retail and real estate activities. The core direction of investment toward a more productive economy requires stronger government policy direction. This was further evidenced by the annulment of Section 7E by the federal court. Cognizant of stalled growth in the textile sector, the government has been engaging with stakeholders to uplift exports, with multiple proposals submitted to budgetary committees for review. Real Effective Exchange Rate is also trending toward 105, while rising oil prices and concerns over gas supply constraints could push food prices higher in the coming months. On the domestic front, economic indicators continue to reflect gradual recovery despite external pressures. GDP growth averaged around 3.8% YoY during 1HFY26, supported by the auto, construction, and garment sectors, while high-frequency indicators during Jan-Feb 2026 suggested continuation of economic momentum. However, the IMF revised its medium-term growth outlook to reflect elevated commodity prices and softer global demand arising from Middle East tensions. FY26 GDP growth is now expected around 3.6%, while FY27 growth is projected near 3.5% before gradually improving toward 4.5% over the medium term. Meanwhile, inflationary pressures have started re-emerging after a period of moderation. Headline CPI further accelerated to 10.9% in April 2026, driven by pass-through of higher global commodity prices into domestic fuel and energy costs. Inflation is expected to exceed 10% during 4QFY26 and average around 8.4% in FY27 before easing back toward SBP's target range in FY28.

In response, the SBP is expected to maintain a cautious monetary stance following the recent rate hike to preserve macroeconomic stability and anchor inflation expectations. The external account has remained relatively stable despite rising import pressures. Pakistan's current account remained broadly balanced during 9MFY26 as strong remittance inflows offset a widening trade deficit caused by higher imports and slower export growth. FX reserves remained above IMF targets at around US\$16bn by Dec'25, supported by SBP FX purchases, while the PKR remained broadly stable near PKR 280/USD. However, rising petroleum imports and elevated energy prices continue to highlight Pakistan's dependence on imported fuel. Going forward, the IMF expects the current account to post a small deficit of around 0.4% of GDP in FY26 and widen further toward 0.9% in FY27. Although remittances continue to anchor the external position, structural challenges remain persistent, particularly weak export growth, narrow tax base, and dependence on external inflows. In the latest T-bill auction, the government raised PKR 557.7bn against a total face value of PKR 581.3bn, reflecting healthy participation across all tenors. The 1-month tenor recorded a realized value of PKR 17.3bn with a cut-off yield of 11.3703% (W.A.Y: 11.3244%), while the 3-month tenor attracted the highest participation with PKR 436.3bn realized at a cut-off yield of 12.0848% (W.A.Y: 12.0080%). Meanwhile, the 6-month tenor saw realization of PKR 23.6bn at a cut-off yield of 12.3499% (W.A.Y: 12.2797%), whereas the 12-month tenor recorded PKR 80.5bn with a cut-off yield of 12.4999% (W.A.Y: 12.3945%). The auction results indicate an upward sloping yield curve, reflecting relatively higher return expectations for longer-duration papers, while investor preference remained concentrated in the shorter end of the curve, particularly the 3-month tenor, amid ongoing uncertainty regarding the interest rate outlook.

Stock Market Review:

On a fortnightly basis, the bourse managed to closed in positive territory, with KSE-100 Index gaining 1.60% and the KMI-30 Index increasing by 2.07%. Market sentiment remained hinged on shifts in yield curve with investor sentiments moving to key sectors i.e. Cements, Commercial Banks, Oil & Gas Exploration Companies, and Chemical sectors. Commercial banks became preference on expected upward shift in policy rate while Oil & Gas sector attracted investors due to govt. sticking to IMF program target of keeping circular debt in check. Cement turned favorite for investors as a key tax legislation related to real estate sector was overturned by federal court. The market remains wary of developing US-Iran conflict and any shift from ceasefire will have repercussion on global supply chain, impacting investors sentiments. On the flow side, foreign investors recorded net inflows of USD 0.1 million, mainly driven by foreign corporates, individuals, and mutual funds, while Banks/DFIs remained net sellers.



15-May-26

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