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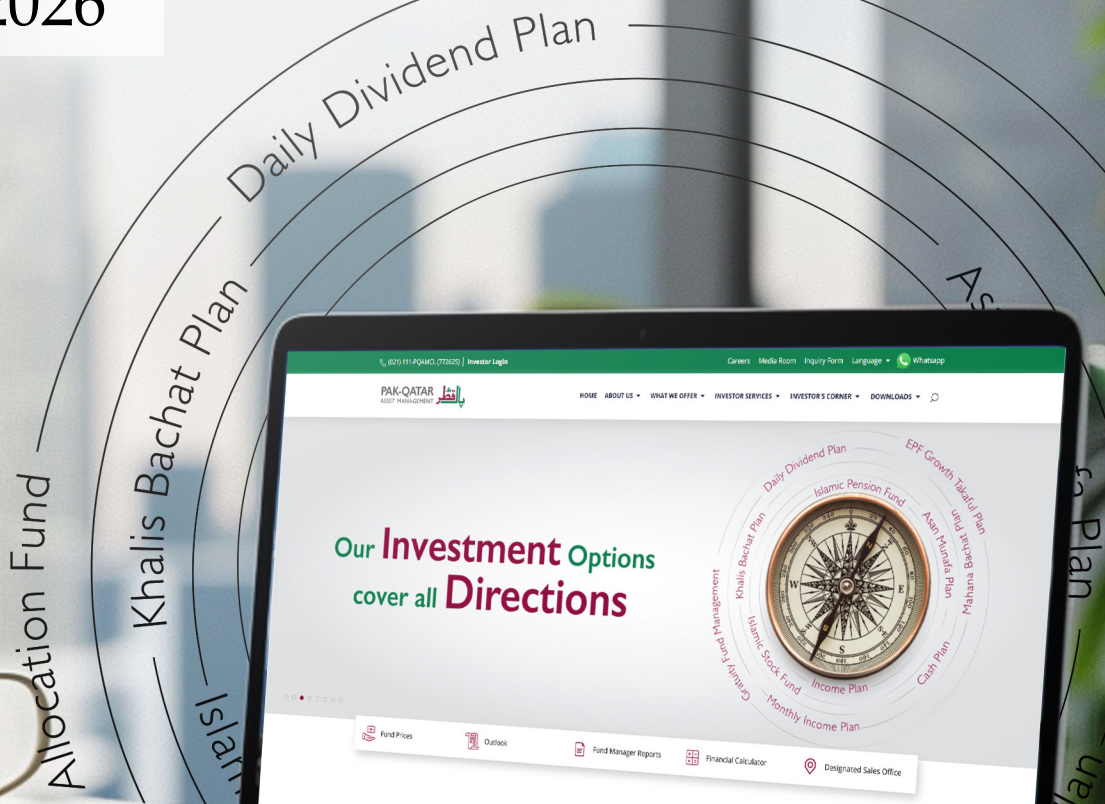
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with **Stable** outlook

پاک قطر

PAK-QATAR
ASSET MANAGEMENT

INVESTOR'S OUTLOOK

May 31, 2026





Pak-Qatar Asset Management Company Limited

Keynote May 31, 2026

Market Summary

	31-May-26	MTD	30days	90days	FYTD	CYTD
KSE100	173,963	6.73%	6.7%	14.5%	38.5%	-0.1%
KMI30	250,496	7.01%	7.0%	18.1%	35.5%	0.8%
KMIAll	67,844	7.20%	7.2%	16.2%	26.2%	0.0%

Global Markets

	31-May-26	MTD	30days	90days	FYTD	CYTD
UK	10,409	0.3%	-0.4%	3.6%	-15.8%	-4.6%
USA	26,973	8.4%	-6.9%	-15.7%	-24.5%	-13.8%
China	4,069	-1.1%	1.1%	2.8%	-15.3%	-2.5%
Japan	66,310	11.2%	-10.2%	-12.9%	-39.2%	-24.1%
India	74,776	-2.8%	2.9%	7.3%	11.8%	14.0%

Portfolio Investments (USD mn)

	15 days	30 days	90 days	365days	FYTD	CYTD
EQUITY						
FIPI (net)	(17)	(17)	(69)	(706)	(666)	(415)
LIPI (net)	17	17	69	706	666	415
Ind.	(6)	7	108	375	354	133
Banks/DFIs	(1)	(0)	(3)	(166)	(166)	(49)
Companies	(3)	(3)	10	371	356	275
M.Funds	2	(7)	(37)	349	353	103
Brokers	(1)	4	(2)	(10)	(11)	(20)
Others	2	2	10	(39)	(39)	24
Ins.	24	12	(17)	(180)	(185)	(7)
NBFC	1	1	1	5	4	1

Key Economic Figures

		FY21	FY22	FY23	FY24	FY25	FY26-TD
Policy Rate	31-May-26	7.0%	13.8%	22.0%	20.5%	11.0%	11.50%
1yr KIBOR	31-May-26	8.1%	15.7%	23.3%	19.2%	11.3%	12.93%
Inflation	May End	9.8%	21.3%	29.4%	12.6%	3.20%	11.70%
PKR USD*	31-May-26	157.3	204.8	286.0	279.0	283.7	278.47

Key Economic Figures

		FY21	FY22	FY23	FY24	FY25	FY26-TD
Imports	USDmn	56,380	72,048	51,979	48,402	59,076	52,753
Exports	USDmn	25,304	32,450	27,903	28,678	32,296	25,824
Trade Deficit	USDmn	(31,076)	(39,598)	(24,076)	(19,724)	(26,780)	(26,929)
Remittances	USDmn	29,370	31,238	27,028	27,093	38,346	33,860
FX Reserves	USDmn	24,398	15,742	9,181	14,207	18,091	22,647

PKRV Rates (change in bps)

	Rate %	15day Δ	1m Δ	3m Δ	6m Δ	12m Δ
PKRV 1Y	12.52	48	48	185	140	143
PKRV 3Y	12.62	9	9	198	122	133
PKRV 5Y	12.37	(48)	(48)	112	78	79
PKRV 10Y	12.75	(38)	(38)	102	84	52
PKRV 20Y	12.98	(30)	(30)	104	64	63

*Inter Bank Rate

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

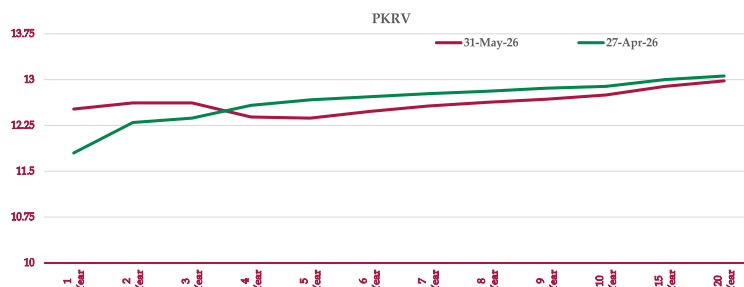
SECTORS	Index Weight (%)	Current Market Cap (PKR'Bn)	Previous Market Cap (PKR'Bn)	Change (%) in Market Cap
COMMERCIAL BANKS	24	1,475	1,260	17.09
FERTILIZER	7	615	568	8.36
OIL & GAS EXPLORATION COMPANIES	16	619	539	14.95
CEMENT	6	420	341	22.97
CHEMICAL	2	50	45	11.39
OIL & GAS MARKETING COMPANIES	2	133	121	9.96
PHARMACEUTICALS	2	105	95	9.82

Commentary

Economic Review: Pakistan's economy continued to demonstrate resilience during FY26, supported by a recovery in industrial activity, strong remittance inflows, improved development spending, and relative stability in key macroeconomic indicators. However, inflationary pressures intensified in recent months amid rising global commodity and energy prices driven by ongoing geopolitical tensions in the Middle East. Headline inflation accelerated from 10.9% in April 2026 to 11.7% in May 2026, reflecting the pass-through impact of higher international oil prices, elevated freight costs, and persistent supply-side pressures. Food inflation remained a key contributor to the increase, with significant price growth observed in wheat (62.15%), wheat flour (54.36%), onions (52.73%), tomatoes (25.81%), and meat (14.07%), further adding pressure to household spending and inflation expectations. In response to the evolving inflation outlook and external uncertainties, the monetary policy stance remained cautious, with the central bank maintaining focus on anchoring inflation expectations and containing second-round effects. On the growth front, economic activity maintained positive momentum, with real GDP growth for FY26 estimated at 3.7%. Sector-wise, agriculture expanded by 2.89%, industry by 3.51%, services by 4.09%, and construction by a robust 5.73%. Large Scale Manufacturing (LSM) emerged as a key driver of growth, registering a broad-based expansion of 6.5% during July–March FY26, marking a significant turnaround after two years of contraction. Growth remained broad-based, with 15 out of 22 manufacturing sectors posting positive performance, including automobiles, electrical equipment, food products, beverages, tobacco, non-metallic minerals, and wearing apparel. Fiscal performance remained encouraging, with FBR tax collections reaching Rs. 10.3 trillion during July–April FY26, reflecting a 10.3% YoY supported by stronger economic activity and improved tax administration. Looking ahead, the federal budget for FY2026–27 is expected to be around Rs. 17 trillion, with the government reportedly planning approximately Rs. 200 billion in additional taxation measures, alongside revisions to salaried tax slabs to support fiscal consolidation and IMF program commitments. The external sector remained relatively stable despite a challenging global environment. Exports of goods and services reached US\$30.6 billion during July–March FY26, while imports increased to US\$56.3 billion. Notably, services exports grew by 17% to US\$7.3 billion, outpacing the 10.1% increase in services imports. Strong remittance inflows continued to support the balance of payments, with workers' remittances increasing by 8.5% to US\$33.9 billion during July–April FY26. In April 2026, remittances amounted to US\$3.54 billion, prompting the State Bank of Pakistan (SBP) to revise its FY26 remittance projection upward to US\$42 billion following a record US\$40.18 billion received in 2025. Supported by rising remittances and growing IT exports, Pakistan recorded a current account surplus for three consecutive months, helping maintain external sector stability. Pakistan's economic fundamentals have improved, with the size of the economy reaching US\$452.1 billion and per capita income increasing to US\$1,901. Going forward, export-led growth, industrial expansion, and continued external sector stability are expected to remain key pillars supporting sustainable economic growth.

In the T-bill auction held in May 2026, the government raised PKR 657.3bn against a total face value of PKR 669.7bn, reflecting healthy participation across all tenors. The allotments and yields were as follows: the 1-month tenor cleared at a cut-off yield of 12.2300% (W.A.Y: 12.0568%), the 3-month at 12.4904% (W.A.Y: 12.3141%), the 6-month at 12.4999% (W.A.Y: 12.4003%), and the 12-month at 12.5900% (W.A.Y: 12.5900%). The majority of the realization remained concentrated in the 1-month and 3-month papers, indicating stronger investor participation in shorter-duration instruments.

Stock Market Review: During the month, the Pakistan Stock Exchange (PSX) delivered a positive performance despite heightened volatility, supported by resilient investor participation amid an evolving macro and geopolitical backdrop. The KSE-100 Index registered a notable MTD gain of 6.73%, while the KMI-30 Index advanced by 7.01%, reflecting sustained interest across key index-heavy stocks. Sector-wise activity remained broadly constructive, with Cement, Commercial Banks, and Oil & Gas Exploration & Marketing companies, along with Pharmaceuticals, emerging as key gainers. On the flow side, foreign investors recorded a net outflow of USD 16.8 million, primarily driven by foreign individuals, corporates, and mutual funds. However, this was largely offset by strong domestic participation, with Banks/DFIs and local individuals acting as net buyers, providing stability and cushioning the market during intramonth volatility. Going forward, the equity market is expected to remain range-bound with elevated volatility, as participants continue to navigate mixed macro signals, sector-specific rotations, and external uncertainties. Investors are advised to mitigate risk amid ongoing US-Iran ceasefire violations and its implications on oil prices.



31-May-26

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