

KSE-100 Falls 4.0% MoM in September as Geopolitical Tension Rises

Monthly Market Digest

ACPL Digest | KSE-100 | Friday, October 2, 2026

MACRO SNAPSHOT | FY26 vs FY25

Remittances			Exports			Imports			Current Account	
2MFY27	2MFY26	Change	2MFY27	2MFY26	Change	2MFY27	2MFY26	Change	2MFY27	2MFY26
\$7.30 bn	\$6.40 bn	▲ 14.06%	\$7.30 bn	\$6.60 bn	▲ 10.6%	\$14.00 bn	\$12.60 bn	▲ 11.1%	-\$0.543 bn	-\$0.853 bn

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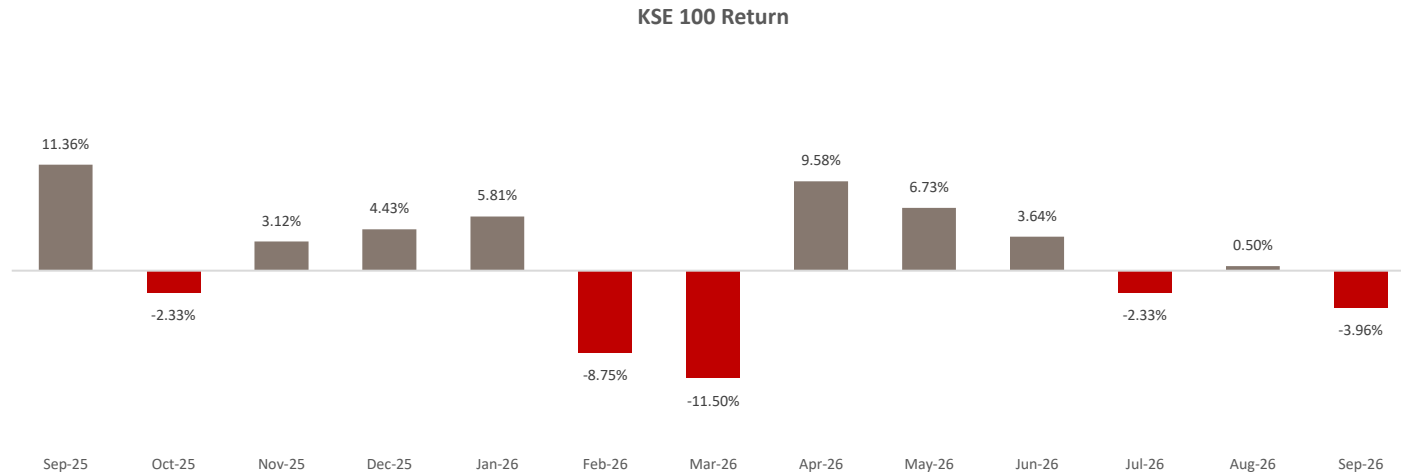
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Monthly Market Update | KSE-100 | Friday, October 2, 2026

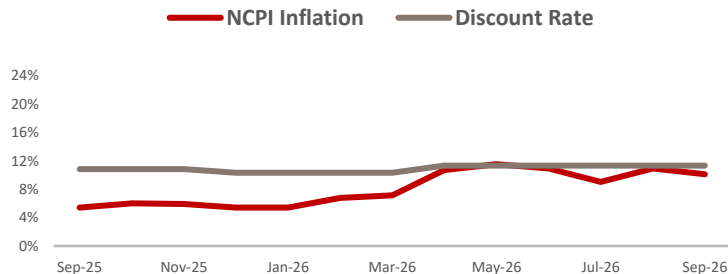
The KSE-100 Index stayed under pressure in September 2026, falling around 4.0% MoM (-3.8% in US\$ terms) as geopolitical tension rose and the regional conflict spread to the Red Sea. The escalation kept investors cautious through the month, and the seven-month-long Middle East crisis showed little sign of ending soon. Market activity thinned sharply. Average daily traded volume (ADTV) fell 22.8% MoM to below one billion shares, the first such reading in three months. Average daily traded value dropped 31.0% MoM to PkR35.3bn (US\$127mn) from PkR51.1bn (US\$184mn) in August. Two factors partly cushioned the downside. Renewed mediation efforts to restore an interim US-Iran agreement kept hopes of a peaceful resolution alive. GCC oil flows also began to normalize through alternative routes, which helped limit the severity of the disruption.



Macro Backdrop & Outlook | KSE-100 | Friday, October 2, 2026

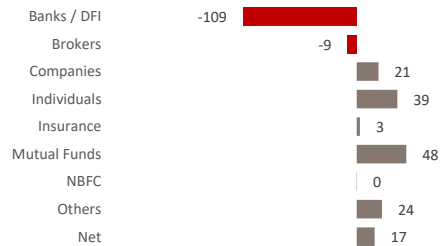
Macros stayed supportive. Inflation eased on improving food supplies and a favourable base effect, and the currency held stable. The current account deficit stayed contained and FX reserves reached a record high, all of which lowered the likelihood of further monetary tightening even if the conflict persists. Locals bought on value: Individuals were net buyers for a third straight month at US\$37.3mn, their highest in five months, followed by Companies at US\$19.5mn. Banks turned net buyers (US\$4.6mn) after five months.

Looking ahead, direction will hinge on progress in US-Iran mediation. A positive outcome would be a key catalyst by opening the way for monetary easing. The 1QFY27 earnings season, which begins this month, will also drive the market, with stock-specific moves likely as companies report results and payouts. Investors will also watch progress on the IMF's ongoing EFF review closely, with a potential US\$1.2bn tranche expected to be unlocked by late November or early December 2026 upon successful completion. Upcoming opposition protests, meanwhile, pose a domestic political risk that could weigh on sentiment in the near term. Otherwise, a better macro backdrop should further support equities, which trade at attractive valuations. US EXIM Bank financing for Reko Diq, the US\$6bn refinery upgrade and the PIA aircraft purchase would support sustainable growth while helping contain the current account deficit. A gas circular debt settlement plan could revive interest in E&Ps and OMCs. E&Ps would also gain from lower RLNG flows, which could support higher domestic hydrocarbon production. We advise investors to stay in Banks, E&Ps, Fertilizer, Textile, OMCs, Technology, Steel and Automobiles.

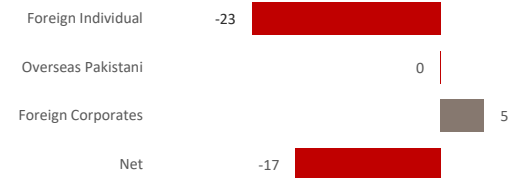


Investor Flows | KSE-100 | Friday, October 2, 2026

LIPI (USD'mn) (Sep-26)



FIPI (USD'mn) (Sep-26)



Sector Breakdown | KSE-100 | Friday, October 2, 2026

												(USD' mn) (Sep-26)
		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
LIPI Portfolio	Banks / DFI	-2.78	10.87	-1.56	0.14	-1.27	1.04	-0.27	-2.88	-0.62	-112.04	-109.37
	Broker Proprietary Trading	-1.20	-1.25	0.59	0.46	-0.35	0.07	-0.58	-1.05	-0.20	-5.38	-8.89
	Companies	4.15	-1.57	1.23	0.21	1.36	0.23	0.54	2.28	0.98	11.46	20.87
	Individuals	8.26	16.72	-1.36	0.21	9.41	-0.21	0.41	3.20	0.69	1.69	39.01
	Insurance Companies	1.95	1.81	-0.01	0.07	-1.46	-0.13	0.27	-0.06	-0.27	1.14	3.30
	Mutual Funds	-7.03	-8.52	-0.42	-1.50	-4.64	0.29	-1.47	-0.58	-1.41	73.05	47.78
	NBFC	0.01	0.04	-0.10	0.38	0.10	0.02	0.00	-0.17	0.03	0.03	0.36
	Other Organization	1.18	1.99	0.38	0.11	0.68	0.13	-0.27	0.13	0.28	19.70	24.31
LIPI Total		4.55	20.09	-1.25	0.09	3.82	1.42	-1.36	0.87	-0.52	-10.34	17.36

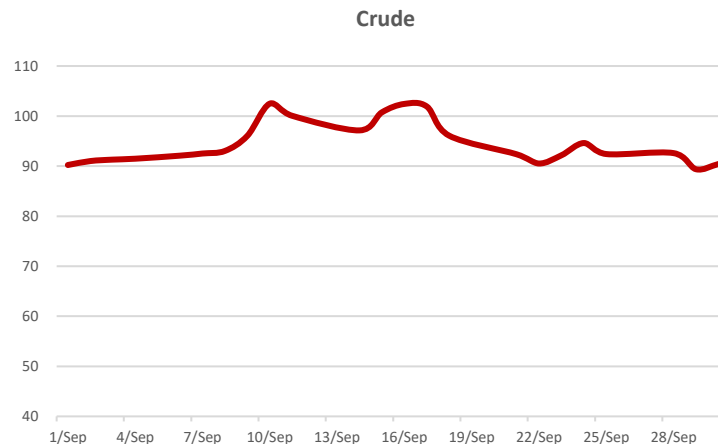
												(USD' mn) (Sep-25)
		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
FIPI Portfolio	Foreign Corporates	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.00	6.89	6.88
	Foreign Individual	0.03	0.55	0.26	-0.12	-1.14	-0.46	1.01	1.17	0.45	-0.04	1.71
	Overseas Pakistani	-4.23	-20.65	0.99	0.04	-2.68	-0.96	0.35	-2.03	0.06	3.16	-25.95
	Total	-4.20	-20.09	1.25	-0.09	-3.82	-1.42	0.51	-0.87	0.52	10.01	-17.36

Source: NCCPL

Commodities Overview: Crude Oil | Friday, October 2, 2026

Crude oil prices remained highly volatile during September, initially extending their August gains as the prolonged U.S.-Iran conflict and disruptions to crude flows through the Strait of Hormuz and Red Sea sustained a substantial geopolitical risk premium. Crude briefly moved above \$105/bbl during the month as attacks on regional energy infrastructure and uncertainty over the normalization of Gulf exports heightened concerns over further supply losses. However, prices eased toward month-end as Persian Gulf crude exports gradually recovered, Saudi Arabia restored portions of its East-West pipeline and Red Sea export operations, and increased shipments reduced immediate fears of a physical crude shortage. Consequently, Brent retreated from its intra-month highs but remained elevated, closing September at approximately \$90.55/bbl, as persistent geopolitical uncertainty, constrained regional supply capacity and depleted inventories continued to underpin prices despite improving crude flows.

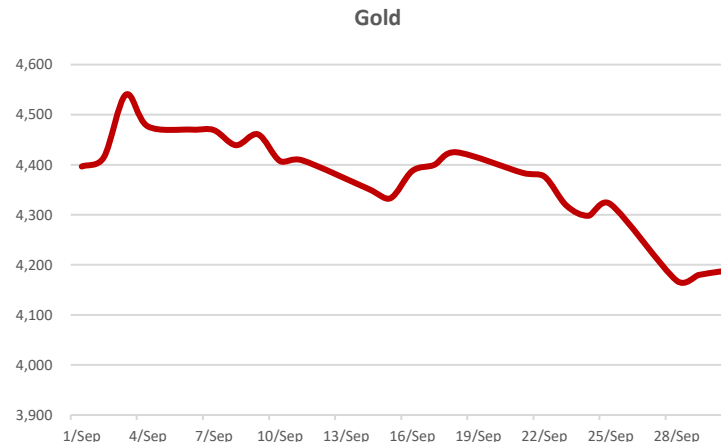
Going forward, crude oil prices are likely to remain volatile and trade within a broad \$80–106/bbl range, with the lower end supported by supply-demand rebalancing and weaker global demand, while persistent geopolitical tensions, potential supply disruptions, and elevated risk premia could keep prices toward the upper end of the range. In the near term, continued normalization of crude flows could limit further upside, although renewed disruptions or escalation in the Middle East could quickly push prices back toward the \$100/bbl+ level.



Commodities Overview: Gold | Friday, October 2, 2026

Gold futures declined sharply during September, falling from around \$4,555/oz at the start of the month and closing at \$4,185/oz. The decline reflected a shift in market expectations toward tighter U.S. monetary policy, with the Federal Reserve raising its policy rate and subsequent expectations of further hikes supporting the U.S. dollar and pushing Treasury yields higher. Rising oil prices and renewed inflation concerns further reinforced expectations for higher-for-longer interest rates, weighing on non-yielding bullion despite persistent geopolitical uncertainty. However, safe-haven demand, continued central-bank accumulation and resilient ETF investment flows provided underlying support, while softer-than-expected U.S. inflation data toward month-end helped the dollar and yields retreat, allowing gold to recover from its lows. Consequently, gold experienced its steepest monthly decline since June, but remained at historically elevated levels, reflecting continued structural demand and lingering geopolitical and macroeconomic uncertainty.

Going forward, gold prices are likely to remain volatile and trade within a broad \$3,900–4,650/oz range, with the lower end supported by continued central-bank purchases, safe-haven demand, and persistent geopolitical uncertainty. At the same time, a stronger U.S. dollar, elevated Treasury yields, and expectations of higher-for-longer interest rates could limit upside and trigger periods of profit-taking. Overall, gold is expected to remain sensitive to shifts in U.S. monetary policy, inflation expectations, and geopolitical developments, with prices potentially moving toward the upper end of the range during periods of heightened risk aversion.



MARKET OUTLOOK

Stocks Recommendations

Sr. No.	Symbol	Price	Buy	Stoploss	Target	Valid Until
1	SAZEW	1694	1600-1640	1525	1880	30 October, 2026
2	FCCL	53.23	48.3	45	60	30 October, 2026
3	DGKC	194.25	170-177	166	235	30 October, 2026
4	AGTL	345	335	315	405-418	30 October, 2026
5	LOTCHEM	26.90	24.10-24.80	23.84	29.50-31.50	30 October, 2026
6	UDPL	102.90	93.50-96.80	86	130	30 October, 2026
7	ORM	11.38	10.95-11.00	9.95	13.50-14	30 October, 2026
8	HUBC	201.42	192-195	182	202-210	30 October, 2026
9	MEBL	555.65	525	500	605	30 October, 2026
10	BOP	30.29	25-27	23	33-34	30 October, 2026

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TP – Target Price	CAGR – Compound Annual Growth Rate	FCF – Free Cash Flows
FCFE – Free Cash Flows to Equity	FCFF – Free Cash Flows to Firm	DCF – Discounted Cash Flows
PE – Price to Earnings Ratio	PB – Price to Book Ratio	BVPS – Book Value Per Share
EPS – Earnings Per Share	DPS – Dividend Per Share	ROE – Return of Equity
ROA – Return on Assets	SOTP – Sum of the Parts	LDCP – Last Day Closing Price

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