MARKET OUTLOOK

KSE-100 Falls 2.1% MoM in October as Middle East Tensions Persist

Monthly Market Digest

ACPL Digest | KSE-100 | Tuesday, November 3, 2026

MACRO SNAPSHOT | FY27 vs FY26

Remittances			Exports			Imports			Current Account	
3MFY27	3MFY26	Change	3MFY27	3MFY26	Change	3MFY27	3MFY26	Change	3MFY27	3MFY26
$10.88 bn	$9.54 bn	▲ 14.05%	$11.17 bn	$10.07 bn	▲ 10.9%	$21.33 bn	$18.61 bn	▲ 14.6%	-$0.874 bn	-$0.775 bn

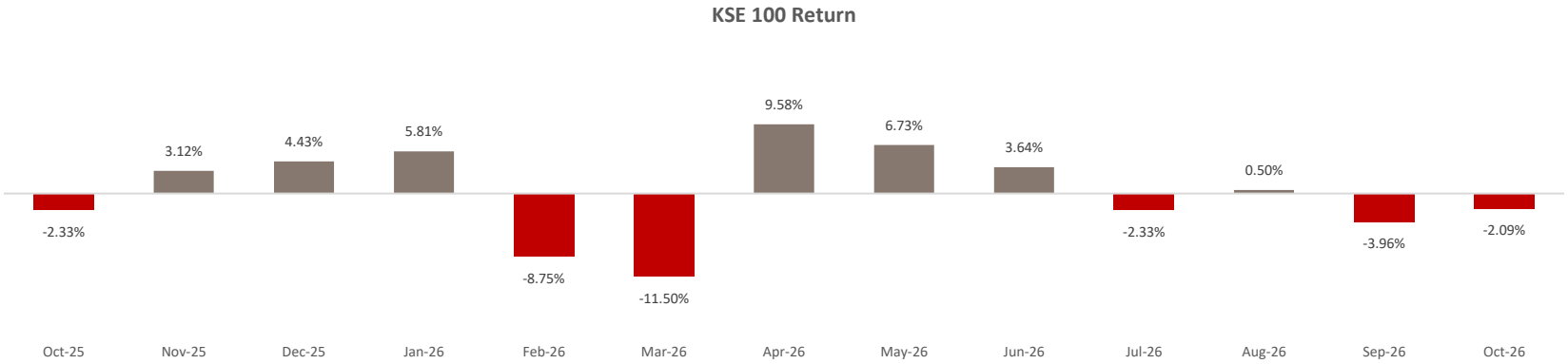
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Monthly Market Update | KSE-100 | Tuesday, November 3, 2026

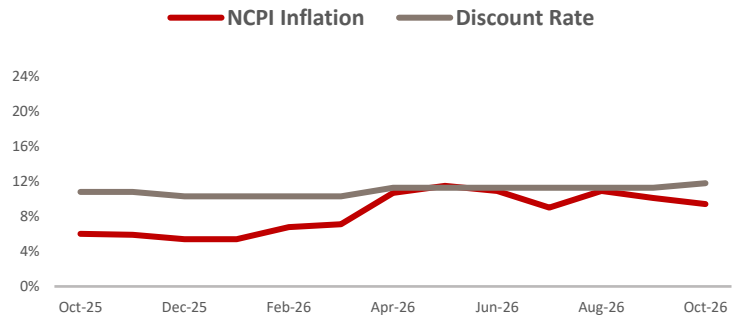
The KSE-100 Index remained under pressure in October 2026, shedding 3,560 points (-2.1% MoM; -2.0% in US$ terms) to close at 166,409, its second straight monthly decline. Prolonged Middle East tensions and volatile oil prices kept investors cautious. Sentiment weakened further after the SBP raised the policy rate by 50bps to 12.0%, citing higher energy prices. Technology (-774pts) and Cement (-645pts) dragged the index the most, partly offset by Fertilizer (+462pts). Market activity thinned again. Average daily traded volume (ADTV) fell 21.8% MoM to 473mn shares, the lowest in over a year. Average daily traded value dropped 19.2% MoM to US$71mn from US$88mn in September. A staff-level agreement with the IMF on the 4th EFF and 3rd RSF reviews partly cushioned the downside.



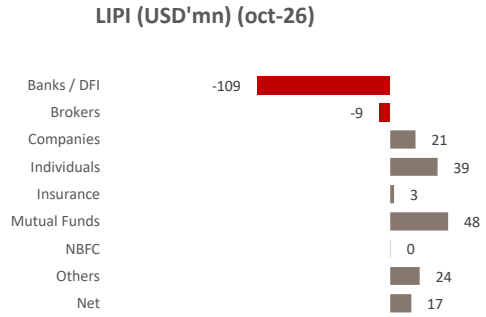
Macro Backdrop & Outlook | KSE-100 | Tuesday, November 3, 2026

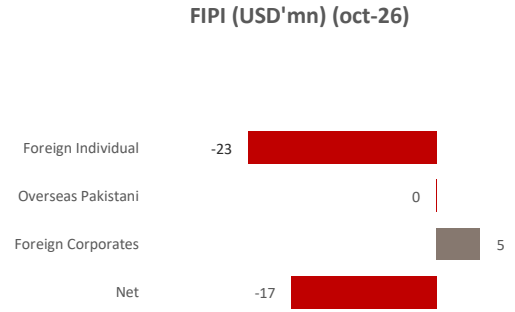
Macro indicators were mixed. Inflation eased to 10.3% YoY in September from 11.2% in August, and to 9.61% in October, while the PKR held stable within PKR276.75–277.10/US$. Remittances grew 13% YoY to US$3.6bn and SBP reserves rose to US$21.5bn. However, the current account posted a US$356mn deficit in September, taking the 1QFY27 deficit to US$874mn.

Looking ahead, geopolitical developments will remain the key driver in November, with direction hinging on progress in US-Iran mediation. A positive outcome would be a key catalyst by opening the way for monetary easing. Companies have been posting positive results, and if this trend continues, it should further support market sentiment. The US midterm elections on 3 November will be watched for their impact on oil prices and emerging market flows. IMF Executive Board approval of the reviews would unlock ~US$1.2bn. 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. A better macro backdrop and less domestic political noise should further support equities.



Investor Flows | KSE-100 | Tuesday, November 3, 2026





Sector Breakdown | KSE-100 | Tuesday, November 3, 2026

(USD' mn)
(Oct-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**

(USD' mn)
(Oct-26)

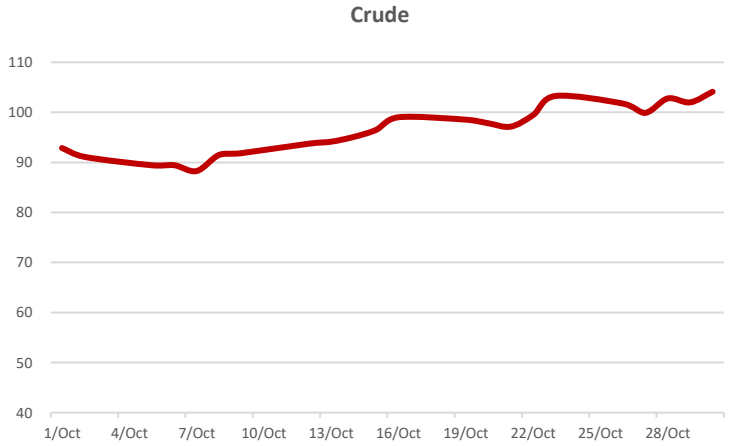
		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
FIPI Portfolio	Foreign Corporates	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.00	6.89	6.88
	Foreign Individual	0.03	0.55	0.26	-0.12	-1.14	-0.46	1.01	1.17	0.45	-0.04	1.71
	Overseas Pakistani	-4.57	-20.65	0.99	0.04	-2.68	-0.96	0.35	-2.03	0.06	3.16	-26.29
	Total	**-4.55**	**-20.09**	**1.25**	**-0.09**	**-3.82**	**-1.42**	**0.51**	**-0.87**	**0.52**	**10.01**	**-17**

Source: NCCPL

Commodities Overview: Crude Oil | Tuesday, November 3, 2026

Crude oil prices experienced a strong upward movement during October, opening the month at approximately $90/bbl and initially declining to an intramonth low of around $87/bbl before staging a significant rally to close at approximately $104/bbl. Prices gained strong momentum as renewed geopolitical tensions, attacks on regional energy infrastructure and heightened security risks around the Strait of Hormuz revived concerns over potential supply disruptions. The rally was further supported by tighter global oil inventories, elevated shipping costs, constrained refined product supplies and precautionary buying by market participants. Consequently, crude oil prices closed October at approximately $104/bbl, reflecting a substantial geopolitical risk premium and persistent concerns over the stability of global energy supply.

Going forward, crude oil prices are likely to maintain an upward bias, with the potential to target $117/bbl if geopolitical tensions in the Middle East escalate further and threaten regional oil production, export infrastructure, or key shipping routes. Any prolonged supply disruption could tighten global crude availability and intensify inflationary pressures through higher energy and transportation costs. Rising inflation expectations, increased precautionary buying, and elevated geopolitical risk premiums could provide further upside momentum. However, any de-escalation in regional tensions or recovery in disrupted supply flows may trigger a correction. Overall, crude oil prices are expected to remain highly volatile, with further upside largely dependent on the intensity and duration of geopolitical developments.



Commodities Overview: Gold | Tuesday, November 3, 2026

Gold futures experienced significant volatility during October, opening the month at approximately $4,188/oz and initially advancing to an intramonth high of $4,260/oz before coming under sustained selling pressure and declining to close at $3,884/oz. The decline was driven by a stronger U.S. dollar, elevated Treasury yields, and reduced expectations of near-term monetary easing, which increased the opportunity cost of holding non-yielding bullion. Additionally, profit-taking, liquidation of speculative positions, and a broader correction following the preceding rally further intensified downward pressure. Consequently, gold declined significantly during October, closing at approximately $3,884/oz and reflecting a shift in near-term market sentiment amid tighter financial conditions and continued uncertainty surrounding the global economic outlook.

Going forward, gold is trading near a critical support level of $3,900/oz, with a sustained break below this level potentially opening the way for further downside toward $3,300/oz. The bearish outlook is largely driven by the possibility of escalating Middle East tensions, particularly if further geopolitical developments fuel inflationary pressures through higher energy prices. Rising inflation expectations could strengthen the case for tighter monetary policy, while the possibility of another Federal Reserve rate hike may support the U.S. dollar and Treasury yields, increasing pressure on non-yielding bullion. Overall, gold is likely to remain highly volatile, with its near-term direction largely dependent on geopolitical developments and the Federal Reserve's monetary policy outlook.



Stocks Recommendations

Sr. No.	Symbol	Price	Buy	Stoploss	Target	Valid Until
1	AGTL	351	332-344	300	390-415	30 November 2026
2	GHNI	1152	1007-1043	940	1140-1208	30 November 2026
3	MEBL	525	512-525	500	551-571	30 November 2026
4	UBL	412	390-400	377	412-424	30 November 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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