MARKET OUTLOOK

# KSE-100 Slips 2.3% MoM in July as Geopolitical Risk Resurfaces

## Monthly Market Digest

ACPL Digest | KSE-100 | Monday, August 3, 2026

**MACRO SNAPSHOT | FY26 vs FY25**

| Remittances | | | Exports | | | Imports | | | Current Account | |
|---|---|---|---|---|---|---|---|---|---|---|
| FY26 | FY25 | Change | FY26 | FY25 | Change | FY26 | FY25 | Change | FY26 | FY25 |
| $41.60 bn | $38.30 bn | ▲ 8.62% | $40.88 bn | $40.79 bn | ▲ 0.2% | $76.39 bn | $70.43 bn | ▲ 8.5% | -$0.139 bn | $1.838 bn |

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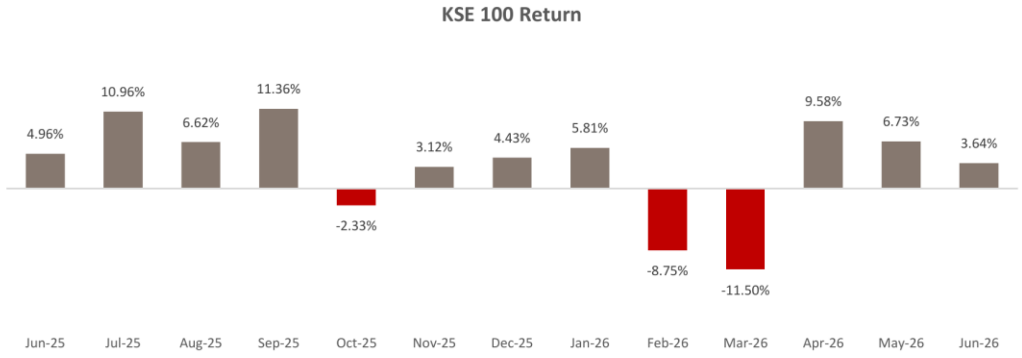
## Monthly Market Update | KSE-100 | Monday, August 3, 2026

KSE-100 Index witnessed a sharp reversal in July 2026, snapping three months of consecutive gains and closing 2.3% lower on a month-on-month basis, settling at 176,094 points and trimming its CYTD gain to just 1.2%. The correction was largely driven by the resumption of US-Iran military airstrikes, which pushed Brent crude back above US$100/bbl amid threats of blockades in the Strait of Hormuz and Red Sea, compounded by a correction in the global tech sector that dragged down regional Asian markets. Sentiment was further pressured as, in line with IMF directives, the government shifted to a daily fuel price revision mechanism, lifting petrol prices 12% MoM and diesel prices 26% MoM. Losses were partly cushioned as both nations paused airstrikes later in the month, alongside S&P's upgrade of Pakistan's sovereign rating to 'B' from 'B-', a return to this level after nine years.

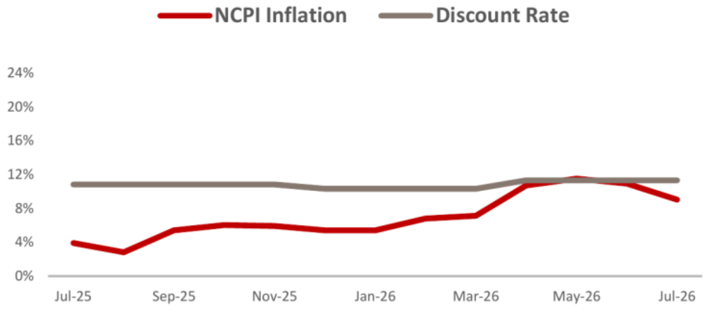



*Source: PSX*

## Macro Backdrop & Outlook | KSE-100 | Monday, August 3, 2026

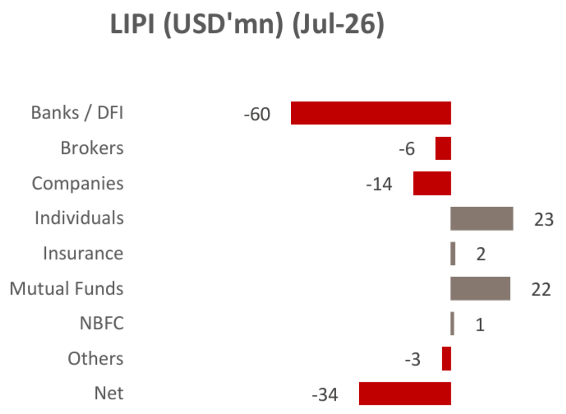
Macroeconomic indicators stayed broadly supportive, with SBP holding the policy rate at 11.5% and projecting inflation near 7% by next fiscal year-end, alongside reserves expected to reach US$20.2bn by Dec-2026. Market participation edged up, with average daily volumes rising 1% MoM to 845mn shares, even as foreigners stayed net sellers. Overall, July's performance underscored the market's renewed sensitivity to geopolitical risk, though banking and refinery stocks outperformed on the back of the earnings season and refinery policy progress.

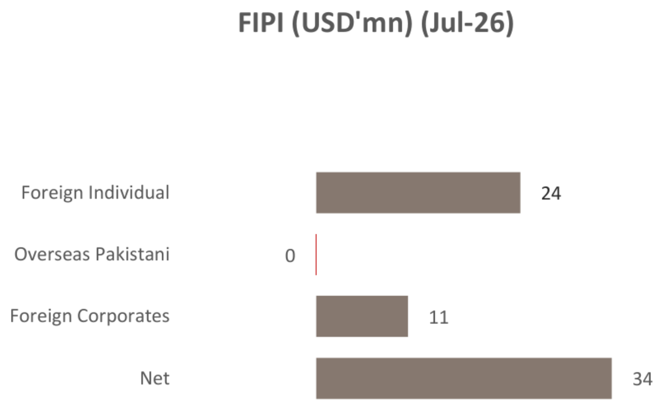
Looking ahead, near-term performance will hinge on the ongoing corporate earnings season, the MSCI Quarterly Index Review scheduled for 12th August, and clarity on the Auto and refinery policies, alongside the durability of the US-Iran de-escalation and its follow-through on global oil prices.




*Source: PBS, SBP*

## Investor Flows | KSE-100 | Monday, August 3, 2026



# FIPI / LIPI PORTFOLIO

## Sector Breakdown | KSE-100 | Monday, August 3, 2026

(USD' mn) (Jul-26)

| | | Cement | Banks | Fertilizer | Food | E&P | OMC | Power | Tech | Textile | Others | Gross |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| LIPI Portfolio | Banks / DFI | 4.17 | 0.89 | 0.47 | 0.23 | -0.60 | -0.09 | -1.45 | -1.49 | 1.36 | -63.43 | -59.94 |
| | Broker Proprietary Trading | -1.25 | -2.29 | 1.10 | 0.21 | 0.88 | -0.63 | 0.54 | -0.25 | -0.09 | -3.80 | -5.58 |
| | Companies | 3.42 | 2.74 | 0.26 | 0.08 | 2.33 | -9.45 | 0.43 | -0.85 | 0.89 | -14.00 | -14.14 |
| | Individuals | 2.83 | -11.83 | 7.85 | 0.94 | 16.72 | 5.28 | 7.39 | 6.77 | 1.88 | -14.43 | 23.40 |
| | Insurance Companies | 1.08 | -3.50 | 0.74 | -0.15 | -2.74 | 0.44 | 0.74 | -0.31 | -0.17 | 5.54 | 1.66 |
| | Mutual Funds | -12.77 | 4.53 | -11.78 | -1.04 | -22.16 | 1.60 | -4.02 | -1.22 | -3.76 | 72.97 | 22.35 |
| | NBFC | 0.22 | 0.10 | 0.01 | 0.04 | 0.13 | 0.03 | -0.00 | 0.03 | 0.07 | 0.61 | 1.24 |
| | Other Organization | 2.52 | -4.42 | -0.37 | -0.37 | -1.25 | 1.59 | -0.92 | 0.95 | 0.06 | -1.19 | -3.40 |
| | **LIPI Total** | **0.22** | **-13.79** | **-1.73** | **-0.05** | **-6.69** | **-1.24** | **2.71** | **3.62** | **0.25** | **-17.72** | **-34.42** |

(USD' mn) (Jul-26)

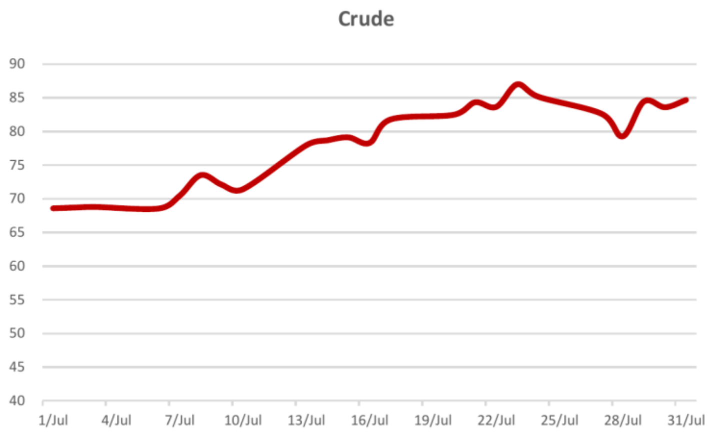
| | | Cement | Banks | Fertilizer | Food | E&P | OMC | Power | Tech | Textile | Others | Gross |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FIPI Portfolio | Foreign Corporates | -0.02 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.02 | 0.00 | 18.48 | 18.47 |
| | Foreign Individual | 1.44 | 5.42 | 2.16 | 0.12 | 3.66 | 0.85 | -1.29 | -0.25 | -0.69 | -0.01 | 11.41 |
| | Overseas Pakistani | -1.64 | 8.37 | -0.43 | -0.06 | 3.04 | 0.39 | -1.43 | -3.40 | 0.44 | -0.78 | 4.50 |
| | **Total** | **-0.22** | **13.79** | **1.73** | **0.05** | **6.69** | **1.24** | **0.79** | **-3.62** | **-0.25** | **17.68** | **34.38** |

*Source: NCCPL*

## Commodities Overview: Crude Oil | Monday, August 3, 2026

Crude oil prices experienced significant volatility during the month, rallying sharply from the pre-war level of $67/bbl to an intramonth high of $93/bbl as escalating geopolitical tensions heightened concerns over potential supply disruptions and prompted a substantial geopolitical risk premium. The price surge was further supported by precautionary buying and tighter market sentiment amid fears of disruptions to key energy trade routes. However, as immediate supply interruptions failed to materialize and market participants reassessed the underlying fundamentals, much of the risk premium gradually dissipated. Consequently, crude oil retraced a large portion of its gains, ultimately closing the month at $83/bbl—still approximately 24% above the pre-war level, reflecting the market's continued pricing of elevated geopolitical uncertainty despite easing fears of an acute supply shock.

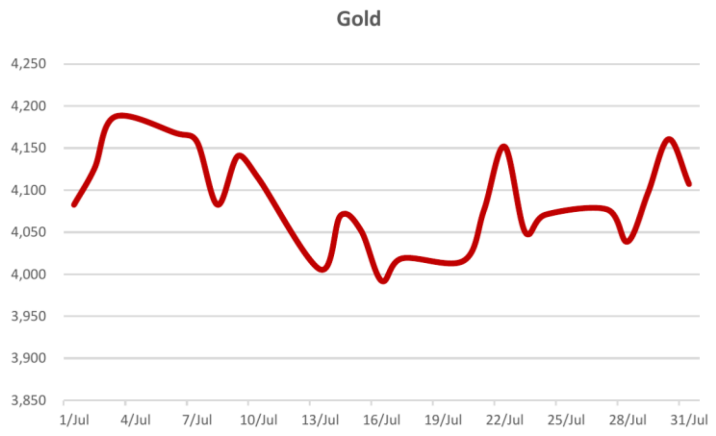
Crude oil is expected to trade within a broad range of $67/bbl (support) and $93/bbl (resistance). Market direction will be driven by key fundamental factors, including geopolitical developments, the security of the Strait of Hormuz, progress on peace negotiations, and changes in crude oil inventories. These factors will determine whether prices sustain their risk premium or retrace toward lower levels.



## Commodities Overview: Gold | Monday, August 3, 2026

Gold futures traded within a relatively tight range of 3,965–4,200 during the month, reflecting a balance between safe-haven demand and improving risk sentiment. Prices found support from persistent geopolitical uncertainties, central bank gold purchases, and expectations of monetary policy easing, while gains were capped by a resilient U.S. dollar, elevated Treasury yields, and stronger-than-expected economic data. The interplay of these fundamental factors kept gold confined to its established trading range despite periodic bouts of market volatility.

Gold futures are expected to remain range-bound unless a decisive breakout occurs. The 3,900–3,950 zone represents a critical weekly support; a sustained break below this level could trigger a deeper correction toward 3,500–3,600 over the longer term. On the upside, geopolitical tensions, central bank buying, Fed policy expectations, the U.S. dollar, and Treasury yields will remain the key fundamental drivers shaping gold's direction.



## Stocks Recommendations

| Sr. No. | Symbol | Price | Buy | Stoploss | Target | Valid Until |
|---|---|---|---|---|---|---|
| 1 | BWCL | 498 | 462-472 | 445 | 488-500 | 30 September, 2026 |
| 2 | LOTCHEM | 26.94 | 25.31-26.00 | 24.60 | 28.24-30.03 | 30 September, 2026 |
| 3 | ITANZ | 48.71 | 41.66-45.58 | 35.01 | 55.08-65.46 | 30 September, 2026 |
| 4 | MLCF | 95.85 | 87.07-91.46 | 81.45 | 97.84-103.74 | 30 September, 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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