MARKET OUTLOOK

KSE-100 Gains 0.5% MoM in August as Geopolitical Risk Keeps Index Range-Bound

Monthly Market Digest

ACPL Digest | KSE-100 | Wednesday, September 2, 2026

MACRO SNAPSHOT | FY26 vs FY25

Remittances			Exports			Imports			Current Account	
1MFY27	1MFY26	Change	FY26	FY25	Change	FY26	FY25	Change	FY26	FY25
$3.63 bn	$3.20 bn	▲ 13.44%	$3.94 bn	$3.48 bn	▲ 13.2%	$7.31 bn	$6.46 bn	▲ 13.2%	-$0.328 bn	-$0.529 bn

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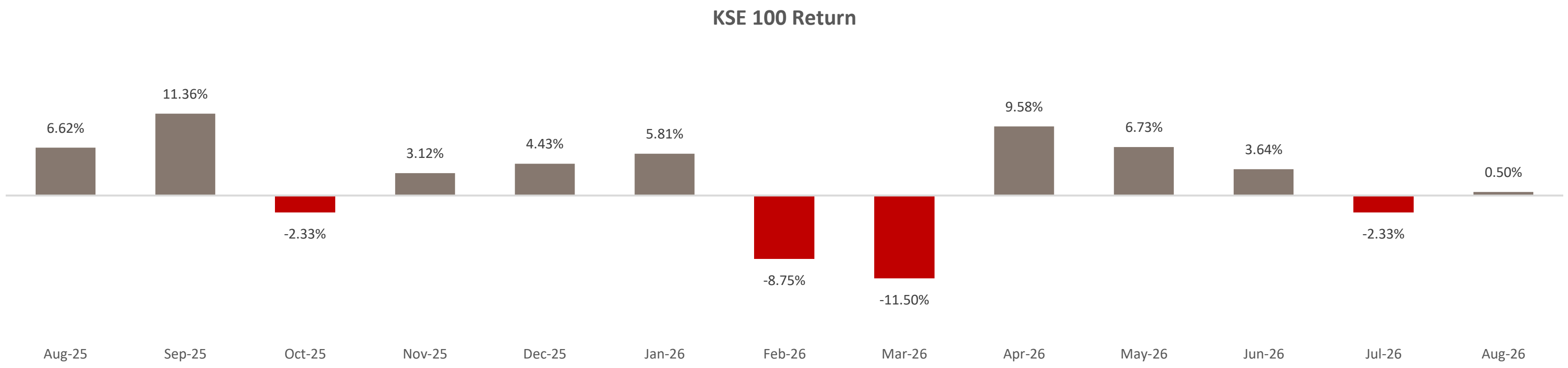
Monthly Market Update | KSE-100 | Wednesday, September 2, 2026

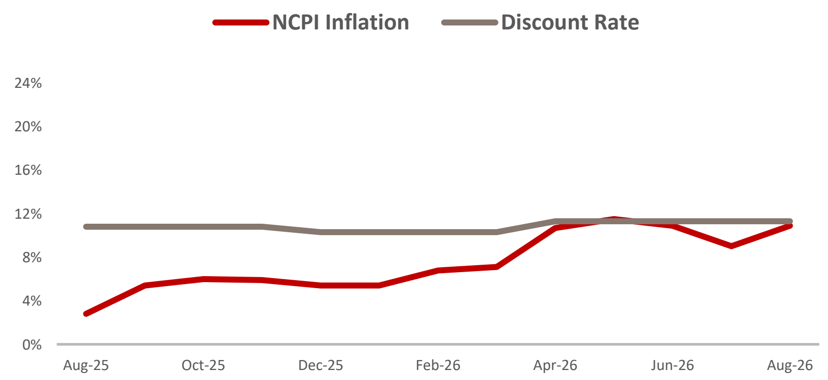
The KSE-100 Index reversed July's decline in August 2026, gaining 0.5% MoM (+882 points) to close at 176,976, trimming its CYTD gain to ~2%. The index stayed range-bound through the month, swinging between a high of 182,348 and a low of 176,111, as sentiment remained hostage to developments in the Middle East. Early gains were driven by the Pakistan-Saudi Arabia-Turkiye "Mecca Joint Defence Agreement" and Moody's upgrade of Pakistan's sovereign rating to 'B3' from 'Caa1' with a Stable outlook — coming on the heels of S&P's upgrade in July. The rally proved short-lived, however, as renewed US-Iran diplomatic stalemate, capped by a US strike on Iran's Larak Island, sent Brent back toward one-month highs and cast fresh uncertainty over Strait of Hormuz transit, dragging the index down over 6,200 points from its intra-month peak. Sentiment steadied into month-end as Iran and Oman reached an understanding on administering Strait traffic and sharing revenues, easing oil prices and helping the index claw back into positive territory.



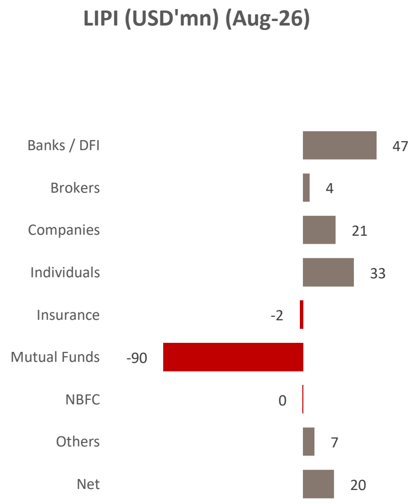
Macro Backdrop & Outlook | KSE-100 | Wednesday, September 2, 2026

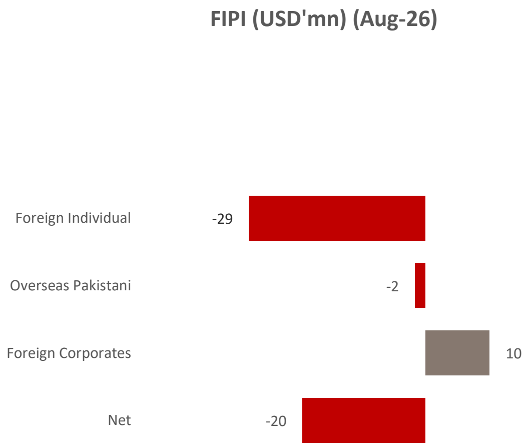
Macros stayed supportive, with SBP holding the policy rate at 11.5%, NCPI easing to 9.2% YoY, FX reserves rising to ~US$22.6bn, and the current account deficit narrowing 60% MoM to US$328mn on stronger exports and remittances. Market participation remained thin, with volumes down ~5-6% MoM, while foreigners extended their selling streak to US$19.89mn, led by Banks and Technology, against local buying from Banks/DFIs and Individuals. Refinery (+31% MoM) and E&P led sector gains on the HSD crack-spread cap, while Technology and Fertilizer lagged.

Looking ahead, direction will hinge on the durability of the Iran-Oman Strait arrangement, progress on the IMF's 4th EFF review in September, and the September 14 MPC meeting, where a status-quo rate decision is broadly expected despite August inflation projected near 11.1% YoY. PTI's announced 'long-march' on September 27 adds domestic political risk, while the concluding earnings season and progress on the gas circular debt settlement and Refinery Upgradation Policy offer potential catalysts. The index trades at a PER of 8.0x, offering a dividend yield of ~6.3%.



Investor Flows | KSE-100 | Wednesday, September 2, 2026





Sector Breakdown | KSE-100 | Wednesday, September 2, 2026

(USD' mn) (Aug-26)

		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
LIPI Portfolio	Banks / DFI	-6.48	-5.28	-2.59	-0.05	-8.65	-0.71	-2.25	-1.71	-0.84	75.61	47.05
	Broker Proprietary Trading	0.22	-1.23	0.01	0.81	-0.45	0.66	0.52	0.34	-0.01	3.27	4.16
	Companies	6.95	8.76	0.82	0.26	1.09	-3.67	1.77	0.26	1.31	3.31	20.85
	Individuals	4.62	1.57	4.89	-0.71	4.58	-1.34	5.50	8.45	-0.13	5.19	32.62
	Insurance Companies	-0.32	-1.63	-0.15	0.21	-0.76	0.70	-3.17	-0.25	0.03	3.21	-2.15
	Mutual Funds	-1.37	7.54	-1.99	-0.46	-0.35	8.23	-1.85	-1.22	-0.93	-97.14	-89.54
	NBFC	0.02	-0.00	-0.02	-0.02	0.05	-0.13	-0.01	0.01	0.01	-0.27	-0.37
	Other Organization	0.01	0.63	-0.41	-0.23	0.67	0.15	-0.33	-0.05	0.05	6.79	7.27
	LIPI Total	**3.65**	**10.35**	**0.56**	**-0.20**	**-3.82**	**3.89**	**0.18**	**5.83**	**-0.51**	**-0.03**	**20**

(USD' mn) (Aug-25)

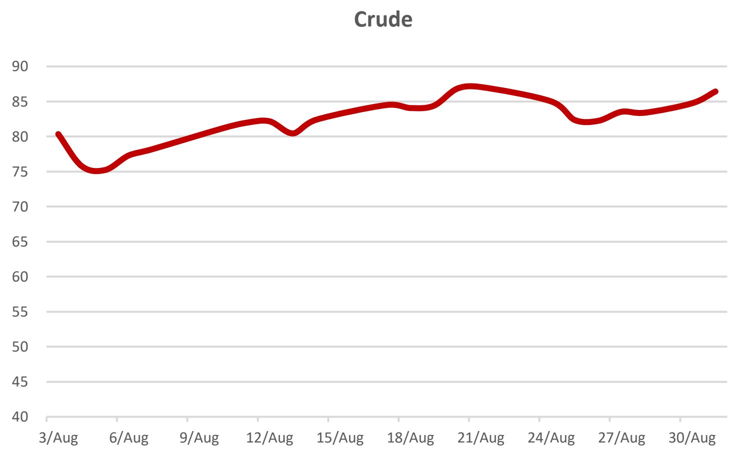
		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
FIPI Portfolio	Foreign Corporates	0.00	0.00	0.00	0.00	0.00	0.00	0.13	-1.71	0.00	-3.66	-5.24
	Foreign Individual	0.75	1.22	-0.14	-0.30	1.88	-0.12	2.02	1.03	0.19	-0.12	6.42
	Overseas Pakistani	-4.40	-11.57	-0.42	0.50	1.93	-3.78	-2.33	-5.15	0.32	3.62	-21.27
	Total	**-3.65**	**-10.35**	**-0.56**	**0.20**	**3.82**	**-3.89**	**2.18**	**-5.83**	**0.51**	**-0.16**	**-20**

Source: NCCPL

Commodities Overview: Crude Oil | Wednesday, September 2, 2026

Crude oil prices experienced significant volatility during August, initially coming under pressure as concerns over global demand and easing expectations of an immediate supply disruption weighed on market sentiment. Prices subsequently rebounded sharply toward month-end as renewed geopolitical tensions in the Middle East heightened concerns over potential disruptions to crude supplies and key energy trade routes, prompting a renewed geopolitical risk premium. The rally was further supported by precautionary buying and tighter market sentiment as market participants reassessed the potential impact of escalating regional tensions. However, continued crude flows and the absence of a sustained physical supply shock limited further upside. Consequently, crude climbed above $87/bbl toward month-end, closing August at approximately $87/bbl, reflecting the market's continued pricing of elevated geopolitical uncertainty despite the lack of a material disruption to global oil supply.

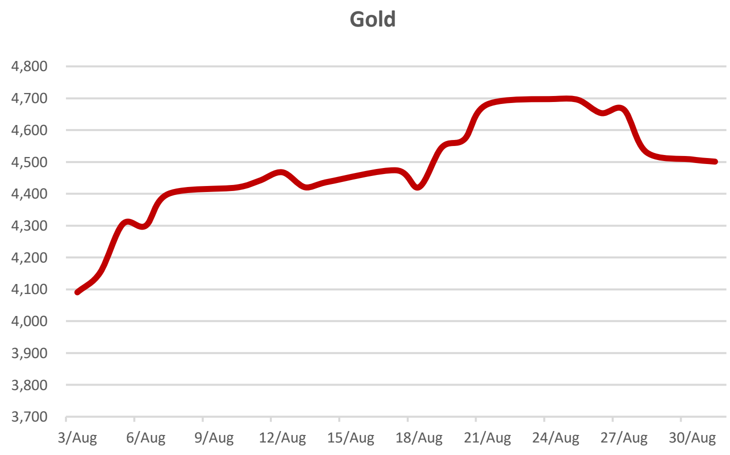
Going forward, crude oil prices are expected to remain elevated and volatile during September, with the potential to target the $96–100/bbl range amid continued geopolitical uncertainty and heightened concerns over potential disruptions to regional oil supplies and key energy trade routes. Any further escalation in Middle East tensions, coupled with precautionary buying and a sustained geopolitical risk premium, could provide additional upside momentum.



Commodities Overview: Gold | Wednesday, September 2, 2026

Gold futures rose sharply during August, climbing from $4,090/oz at the start of the month to an intramonth high of $4,750/oz before retracing to close at $4,475/oz. The rally reflected strong safe-haven demand amid persistent geopolitical uncertainties, expectations of monetary policy easing, continued central bank purchases, and sustained investor interest in bullion. However, gains were partially offset by periods of a resilient U.S. dollar, elevated Treasury yields, and profit-taking following the sharp price increase. The interplay of these fundamental factors resulted in heightened volatility during the month, while gold nevertheless maintained an elevated price level and a strong underlying bullish bias.

Going forward, gold prices are likely to remain volatile during September and could trade broadly within the $4,090–4,750/oz range, although selling pressure is expected to remain present following the sharp rally witnessed in August. Upside momentum may be constrained by profit-taking, a resilient U.S. dollar, and elevated Treasury yields, while safe-haven demand and expectations of monetary policy easing could continue to provide underlying support. Market direction is likely to be particularly sensitive to key economic-calendar events, including the U.S. Non-Farm Payrolls and unemployment data, CPI and PPI inflation releases, retail sales, and the Federal Reserve's September FOMC meeting and interest-rate decision. Stronger-than-expected economic and inflation data could reinforce selling pressure on gold, while weaker data or a more dovish Fed stance could provide renewed upside momentum.



Stocks Recommendations

Sr. No.	Symbol	Price	Buy	Stoploss	Target	Valid Until
1	ARPL	432.60	410-426	388	452-465	30 September, 2026
2	ASL	14.00	12.67-13.17	11.88	14.86-16.00	30 September, 2026
3	CPPL	114.31	108-111	101	120-125	30 September, 2026
4	CSAP	102.37	95-98	88	107-112	30 September, 2026
5	ISL	92.00	89-91	81	100-107	30 September, 2026
6	PAKOXY	332	292-308	270	357-381	30 September, 2026
7	LOTCHEM	27.46	25.61-26.65	23.84	28.63-30.03	30 September, 2026
8	UDPL	120.14	116.37-120.14	107.36	131.28-139.75	30 September, 2026
9	DOL	40.18	37.96-38.76	36.72	40.18-42.00	30 September, 2026
10	ORM	11.35	10.76-11.08	10.25	12.50-13.31	30 September, 2026
11	ENGROH	267.62	250	240	320	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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