MORNING UPDATE

Important News and Impacts

August 3, 2026

Economy

Early revival of regional freight link agreed – Positive

Pakistan and Turkiye have agreed on the early revival of the Islamabad-Tehran-Istanbul (ITI) Freight Corridor and its transformation into a sustainable regional trade route connecting South Asia, Central Asia and Europe. The agreement was reached during a meeting between Federal Minister for Railways Muhammad Hanif Abbasi and Turkiye's Minister of Transport and Infrastructure Abdulkadir Uraloglu.

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IMF urges Rs430b provincial tax hike – Negative

The IMF has urged Pakistan's provinces to impose additional taxes to increase their own-source revenues during the current fiscal year, with the four provinces collectively expected to generate an additional Rs430 billion in tax receipts. According to official details, the additional tax collection target of Rs430 billion is equivalent to 0.3 per cent of the country's Gross Domestic Product (GDP).

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T-bills attract $15m in net foreign inflows – Positive

Pakistan's short-term local government bonds saw net foreign inflows of $15 million in July, compared with $12.9 million recorded in the previous month. Overseas investors poured $74.159 million in treasury bills as of July 24 but divested $59.147 million, according to the latest data from the State Bank of Pakistan (SBP).

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Food costs push short-term inflation up 9pc – Negative

Short-term inflation, measured by the Sensitive Price Index (SPI), surged by 9.05 per cent year-on-year for the week ending July 30, mainly due to prices of perishable food products, according to official data released on Friday. Short-term inflation has started rising again, mainly driven by a steady increase in daily petroleum prices. As a result, the transportation cost has increased over the period of last one week. This increase in transportation prices also resulted in higher prices of essential food items.

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RLNG prices rocket to highest level in a decade – Negative

In a major price shock, Ogra on Friday notified a record 32pc increase in regasified liquefied natural gas (RLNG) prices for August, fixing the rate at $25.83 per mmBtu for Sui Northern Gas Pipelines Limited (SNGPL) and $25.09 per mmBtu for Sui Southern Gas Company Limited (SSGCL), while denying consumers about Rs50bn in savings from lower natural gas rates. This translates into a retail price of around Rs7,204 per mmBtu.

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FBR's July collection up by Rs36bn – Positive

The Federal Board of Revenue (FBR) has collected Rs 816 billion during July 2026 against the assigned target of Rs 780 billion, reflecting a handsome increase of Rs 36 billion.

According to the data compiled on Friday, the FBR has collected Rs 816 billion during July 2026 against Rs754 billion in last July 2025, showing an extraordinary increase of Rs 62 billion. The revenue collection would reach around Rs 820 billion during first month of current fiscal year on compilation of final figures, sources added.

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Sector

OGRA raises LPG prices for August – Negative

According to the revised notification, OGRA raised the LPG price by Rs13 per kilogramme, fixing the new rate at Rs254 per kg for August, up from Rs241 per kg. The price of an 11.8-kg domestic LPG cylinder has been increased by Rs152, taking the new price to Rs3, 001 from the previous Rs2, 849. Similarly, the price of a commercial LPG cylinder has been increased by Rs585. The new price has been fixed at Rs11, 546, compared with the previous rate of Rs10, 961. The revised LPG prices will come into effect from August 1, 2026.

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Petroleum refining dividend repatriation rebounds in FY25, FY26 – Positive

Pakistan's petroleum refining sector has repatriated over $500 million in dividends to foreign shareholders over the past decade, with the bulk of the outflows traced to a single corporate group, according to data compiled by AKD Research using State Bank of Pakistan figures. Dividend repatriation from the refining sector totalled $500.4 million between FY17 and FY26, the AKD Research data showed, with outflows fluctuating sharply from year to year in line with refining margins, currency availability and Pakistan's periodic dollar shortages.

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IT sector sets sights high to gain AI edge - Positive

Pakistan, which set its eyes on $5 billion in IT and IT-enabled services exports, closed the 2025-26 fiscal year with a record $4.6 billion in exports, a roughly 21% rise from $3.814 billion in the previous year. The figure marks the highest annual earnings in the sector's history and confirms ICT as the country's largest services export category, though it fell about $400 million short of the government's $5 billion target. Under the Uraan Pakistan framework, the longer-term goal remains $10 billion by FY2028-29.

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MARKET STATISTICS

Market	31/Jul/26	30/Jul/26	Difference	D%
KSE-100	176,094	175,548	546.13	0.3%
KSE-30	52,480	52,476	4.70	0.0%
All Share	106,531	106,217	313.69	0.3%
Vol (mn)	879.03	709.01	170.02	24.0%
Val (mn)	24,928	25,363	(435)	-1.7%
Mkt Cap (US$bn)	71.09	70.94	0.14	0.2%

ECONOMIC STATS.

Monet Mkt	DoD	1-M	CY	FY
6-M KIBOR	11.60	11.56	10.65	11.56
12-M-T-Bills	11.99	11.84	10.49	11.84
10-Yr-PIBs	11.99	12.19	11.47	12.19

Interest Rates	31/Jul/26	30/Jul/26	DoD	Δ%
1YR	11.81	11.84	-0.03	-0.3%
3YR	11.56	11.57	-0.01	-0.1%
5YR	11.66	11.7	-0.04	-0.3%
10YR	11.99	12	-0.01	-0.1%

Fx Mkt	Latest	Privies	DoDD
US$	277.80	277.81	0.0%
Pound	374.10	374.10	0.0%
Euro	319.44	318.63	0.3%
Yen	1.77	1.73	2.3%

MAJOR INT'L INDICES

Int. Markets	Current	Last Close	DoD%
Hong Kong	25,895	25,884	0.0%
Japan	63,693	64,362	-1.0%
Singapore	5,613	5,629	-0.3%
China	3,810	3,832	-0.6%
India	78,598	78,095	0.6%
Dow Jones	52,485	52,208	0.5%
S&P 500	7,490	7,438	0.7%
NASDAQ	25,374	25,122	1.0%
London	10,868	10,897	-0.3%

COMMODITIES

Commodities	Current	last	DoD%
WTI ($/bbl)	79.80	84.24	-5.3%
Brent ($/bbl)	83.41	87.69	-4.9%
Coal ($/ton)	122.00	120.25	1.5%
Silver ($/oz)	58.44	58.22	0.4%
Cotton (c/lb)	80.96	81.72	-0.9%
Gold ($/oz)	4,121	4,049	1.8%

Source: Bloomberg, Oil Prices, Investing, BarChart, LME

This report prepared by Darson Sec. Ltd.

Important News and Impacts

April-June 26; Discos seek positive adjustment to recover Rs23bn from consumers – Negative

Power Distribution Companies (Discos) have sought a positive adjustment of up to Rs 1 per unit to recover over Rs 23.031 billion from consumers of both Discos and K-Electric (KE) for the second quarter (April–June 2026) under the Quarterly Tariff Adjustment (QTA) mechanism. The National Electric Power Regulatory Authority (Nepra) is scheduled to hold a public hearing on August 12, 2026 on the petition filed by the Central Power Purchasing Agency-Guaranteed (CPPA-G) on behalf of the Discos.

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IPAK Group to set up European subsidiary in Portugal – Positive

International Packaging Films Limited (IPAK) has announced plans to expand into Europe through a wholly owned subsidiary in Portugal, as per a statement. The proposed subsidiary will be incorporated by IPAK Connect Packaging Materials Trading FZCO, the group's Dubai-based wholly-owned subsidiary. Once incorporated, the Portuguese entity will become part of the IPAK Group and serve as its commercial platform within the European Union (EU).

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Steel melters to pay ST on basis of electricity consumed – Negative

The steel melters, re-rollers and composite units of steel melting and re-rolling mills will pay sales tax on the basis of electricity consumed per unit effective July 1, 2026. According to S.R.O. 1245(1)/2026 issued by the FBR, in exercise of the powers conferred by the provisos to subsection (2) of section 6 of the Sales Tax Act, 1990, the Federal Board of Revenue (FBR) has prescribed a procedure for the purposes of categorization of nature of their business activity, rates and manners for collection and payment of sales tax on the basis of electricity consumed per unit by the steel melters

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Tarbela hydropower project extensions; WB reaffirms 'satisfactory' progress – Positive

The World Bank has reaffirmed satisfactory progress on Pakistan's Tarbela Fourth Extension Hydropower Project, while confirming that an additional USD 300 million approved in June 2026 will help bridge cost overruns and keep the strategically important 1,530-megawatt Tarbela Fifth Extension Hydropower Project (T5HP) on track for electricity generation from mid-2027, significantly boosting the country's low-cost renewable power supply.

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Carmakers force govt to scrap EV policy – Positive

Auto giants have managed to get the newly proposed auto policy scrapped, and the government has restarted the process to address concerns pertaining to electric vehicles, which pose a serious threat to conventional carmakers. The Ministry of Industries and Production had drafted a new auto policy after consultation with different stakeholders, and the main focus was on promotion of electric vehicles in the backdrop of US-Iran war.

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Maize exporters urged to diversify – Neutral

The Trade Development Authority of Pakistan (TDAP) has stressed that China provides a vital opportunity for diversification of maize exports beyond current major destinations such as Vietnam, Sri Lanka, the Philippines, Malaysia and Afghanistan, provided growers and exporters fully comply with the requirements of enterprise registration, traceability and phytosanitary certification. TDAP concluded a five-day seminar series on Export Promotion and Good Agricultural Practices for Sesame Seeds and Maize from July 27 to 31, 2026 in collaboration with the Pest Warning and Quality Control of Pesticides Wing of the Punjab Agriculture Department.

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International

China securities regulator supports more yuan investment products in Hong Kong

China's top securities regulator said on Monday that both China and Hong Kong will launch more exchange-traded fund products tracking Chinese assets. Wu Qing, chairman of the China Securities Regulatory Commission, also said the watchdog would support Hong Kong to launch more future products priced in yuan.

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Gold firms as oil prices slump after Trump holds off on Iran attack

Gold rose on Monday as oil prices fell after U.S. President Donald Trump held off on fresh attacks on Iran in hopes of a swift deal, slightly easing concerns over inflation and higher interest rates. Spot gold was up 0.4% at $4,055.76 per ounce, as of 0210 GMT. U.S. gold futures rose 0.9% to $4,054.00.

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Source: Bloomberg, Oil Prices, Investing, BarChart, LME.

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Rating System:
If;

- **Expected return >15%** - Buy Call
- **Expected Return is in between 0% to 15%** - Neutral/Hold Call
- **Expected Return <0%** - Sell Call

Valuation Methodology
To arrive at our period end target prices, DSL uses different valuation methodologies including:

- Discounted cash flow (DCF, DDM)
- Justified price to book (JPB)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

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