MORNING UPDATE

Important News and Impacts

August 17, 2026

Economy

Monetary policy appropriate for inflation goal: SBP – Positive

The current monetary policy stance remains appropriate for keeping inflation within the 5-7 per cent medium-term target while providing adequate room for economic activity, investment, and job creation, Governor State Bank of Pakistan Jameel Ahmad said on Friday. In July, the SBP held its benchmark interest rate at 11.5 percent, citing inflation and external account risks amid geopolitical tensions. Pakistan's inflation, measured by the consumer price index, slowed to 9.2 percent in July from 11.07 per cent in the previous month.

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Foreign currency deposits rise by $118m in July 2026 – Positive

Foreign currency deposits rose by $118.29m to $6.862 billion in July 2026 compared to the previous month, the latest data released by the State Bank of Pakistan showed. On a year-on-year basis, total deposits declined by $58.98m or 0.85% compared to $6.921bn in July 2025. According to the data, foreign currency deposits by residents stood at $5.854bn during the month under review, representing an increase of $129.89m or 2.27% compared to $5.724bn reported in the previous month.

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Forex reserves rise to USD22.498bn – Positive

The country's total liquid foreign exchange reserves increased by USD 24 million to USD 22.498 billion as of August 7, 2026, compared with USD 22.475 billion as of July 31, 2026, the State Bank of Pakistan (SBP) reported on Thursday. According to the weekly report, foreign exchange reserves held by the State Bank rose by USD 14 million during the week under review, reaching USD 17.057 billion. Meanwhile, net foreign reserves held by commercial banks increased by USD 10 million to USD 5.441 billion. It may be mentioned here that SBP has set a target of USD 20.20 billion by end of December 2026.

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Fiscal deficit falls to 22-year low in FY26 – Positive

Pakistan's fiscal deficit fell to a 22-year low of 2.6 percent of GDP in fiscal year 2025-26, supported by higher provincial surpluses, strong Petroleum Levy (PL) collection and significant savings in debt servicing, despite the Federal Board of Revenue (FBR) missing its revenue target agreed with the International Monetary Fund (IMF). The Finance Division on Thursday released the Summary of Consolidated Federal and Provincial Fiscal Operations, 2025-26, showing that the government posted a fiscal deficit of Rs3.313 trillion i.e. 2.6 percent of GDP against total revenue of Rs19.774 trillion and expenditure of Rs23.087 trillion.

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Sector

Petrol, diesel prices to remain unchanged till Monday – Neutral

Petrol and diesel prices will remain unchanged until Monday, August 17, the Petroleum Division said early on Saturday. According to the Petroleum Division, there will be no change in the existing prices of petroleum products over the weekend. The current price of petrol stands at Rs325.43 per litre, while high-speed diesel is available at Rs383.95 per litre.

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Petroleum levy collection hits record Rs1.57tr – Neutral

With a record Rs1.567 trillion petroleum levy collection amid record consumer-end oil prices following US-Israel attacks on Iran, the cost of running the civil government rose 16 per cent in the fiscal year 2025-26 to cross Rs1tr for the first time despite restructuring and austerity measures, official data showed on Thursday. At the same time, record cash surpluses from the provinces and a sharp fall in interest payments helped contain the fiscal deficit at 2.6pc of GDP — the lowest since FY03 for which comparable data is available on the Ministry of Finance website — while the primary surplus reached a historic 2.9pc of GDP.

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MS, HSD; ECC approves increase in dealers' margin – Positive

The Economic Coordination Committee (ECC) of the Cabinet on Friday approved Rs1.34 per litre increase in the margin of petroleum dealers, taking their margin to around Rs10 per litre on Motor Spirit (MS) and High-Speed Diesel (HSD), paving the way for the Pakistan Petroleum Dealers' Association (PPDA) to call off its planned strike. Federal Minister for Finance and Revenue Senator Muhammad Aurangzeb chaired the ECC meeting held at the Finance Division, which considered a summary submitted by the Petroleum Division seeking revision of dealers' margins on petroleum products.

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Mounting SNGPL receivables; Power Division asked to provide payment plan – Neutral

The Petroleum Division (PD) has sought a workable payment plan from the Power Division for outstanding indigenous gas and RLNG dues, with timelines, to address the mounting receivables of Sui Northern Gas Pipelines Limited (SNGPL), sources close to the Petroleum Minister told Business Recorder. The Power Division was required to share the payment plan with the Petroleum Division by June 30, 2026, subject to reconciliation of the amounts outstanding.

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MARKET STATISTICS

Market	13/Aug/26	12/Aug/26	Difference	D%
KSE-100	180,105	180,311	(206.60)	-0.1%
KSE-30	53,604	53,713	(109.40)	-0.2%
All Share	108,838	108,988	(150.10)	-0.1%
Vol (mn)	888.10	742.11	145.99	19.7%
Val (mn)	36,639	32,157	4,482	13.9%
Mkt Cap (US$bn)	72.50	72.67	(0.17)	-0.2%

ECONOMIC STATS.

Monet Mkt	DoD	1-M	CY	FY
6-M KIBOR	11.61	11.59	10.65	11.56
12-M-T-Bills	11.95	11.99	10.49	11.84
10-Yr-PIBs	12.10	12.00	11.47	12.19

Interest Rates	13/Aug/26	12/Aug/26	DoD	Δ%
1YR	11.95	11.97	-0.02	-0.2%
3YR	11.71	11.71	0.00	0.0%
5YR	11.76	11.76	0.00	0.0%
10YR	12.1	12.1	0.00	0.0%

Fx Mkt	Latest	Privies	DoDD
US$	277.65	277.66	0.0%
Pound	374.76	374.81	0.0%
Euro	320.96	320.41	0.2%
Yen	1.74	1.74	0.0%

MAJOR INT'L INDICES

Int. Markets	Current	Last Close	DoD%
Hong Kong	25,524	25,397	0.5%
Japan	68,904	68,309	0.9%
Singapore	68,904	5,720	1104.6%
China	3,960	3,927	0.8%
India	77,724	78,080	-0.5%
Dow Jones	53,732	53,770	-0.1%
S&P 500	7,786	7,749	0.5%
NASDAQ	26,729	26,588	0.5%
London	10,750	10,833	-0.8%

COMMODITIES

Commodities	Current	last	DoD%
WTI ($/bbl)	81.44	81.51	-0.1%
Brent ($/bbl)	88.70	87.22	1.7%
Coal ($/ton)	121.90	122.60	-0.6%
Silver ($/oz)	65.67	65.09	0.9%
Cotton (c/lb)	84.47	82.78	2.0%
Gold ($/oz)	4,453	4,446	0.2%

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

This report prepared by Darson Sec. Ltd

Important News and Impacts

Pakistan seeks 50% price cut for Iran gas – Positive

Pakistan has asked Iran to make up to 50% reduction in the price of gas to be supplied through the Iran-Pakistan (IP) pipeline project. While renegotiating a relevant deal, Pakistan also wants a lower volume of gas under the project as different sectors in the country are not interested in taking energy supplies at higher prices. At present, the local distribution companies are providing gas to fertilizer plants and domestic consumers at Rs1,500, or $5.7, per million British thermal units (mmBtu) and Rs1,000, or $3.57, per mmBtu respectively.

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NEPRA weighs Rs1.34 per-unit power tariff hike – Negative

Electricity consumers across Karachi and the rest of the country may face a Rs1.34 per-unit increase in power tariffs for three consecutive months under the quarterly adjustment mechanism, according to NEPRA. Under the adjustment, the per-unit electricity tariff could rise by Rs1.34 each month for three months, placing an additional burden of Rs34 billion on electricity consumers.

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Govt approves TSG for legal, arbitration expenses – Neutral

The government has approved Technical Supplementary Grant (TSG) of Rs4.327 billion to meet legal and arbitration expenses in disputes involving the Government of Pakistan (GoP) and international investors, including shareholders of K-Electric, well-informed sources told Business Recorder. The main litigations/arbitrations involve M/s Karim-ud-Din (Halmore Power), M/s Star Hydropower Limited (SHPL), and shareholders of K-Electric.

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Supernet fixes August 19 launch for 85% right share trading – Neutral

Pakistan Stock Exchange listed company Supernet Technologies Limited (PSX: STL) will issue 91,476,554 ordinary shares at Rs10 per share through an 85% right offer, with entitlement of 0.85 right share for every 1 ordinary share held, following approval by the company's Board of Directors on July 15, 2026. The book closure for the right issue is scheduled for Monday, August 17, 2026. As per the schedule for issuance of Letter of Rights, unpaid rights will be credited into CDC in book entry form on Tuesday, August 18, 2026, while the Letter of Right (LOR) will be dispatched to physical shareholders on Thursday, August 20, 2026, along with intimation to PSX regarding the dispatch/credit.

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Pakistan eyes $1.5bn hybrid rice export opportunity in China – Positive

Pakistan has a real opportunity to expand its non-Basmati hybrid rice exports to China, as it looks for alternative suppliers following the slowdown in rice trade with India. According to Shahzad Ali Malik, founding Chairman of Rice Exporter Association of Pakistan (REAP) and Chief Executive Officer (CEO) of Guard Agricultural Research and Services, Pakistan can export up to $1.5 billion worth of hybrid rice to China if a joint strategy is formulated and implemented seriously.

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Loans rise bypasses small farmers – Negative

Agricultural credit disbursement rose 21.4% year-on-year to Rs2.79 trillion during July-May FY2025-26, indicating stronger formal-sector financing of agriculture, but the composition and distribution of lending continue to raise questions about its impact on long-term farm productivity and financial inclusion. While new agricultural loans given during July-May FY26 have increased strongly, the pattern of lending remains a key concern.

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Govt reduces mark-up rate on GP Fund savings - Neutral

The federal government has reduced the mark-up rate on General Provident Fund (GP Fund) savings to 12.05 percent for fiscal year 2025-26, down from 12.46 percent in the preceding year. According to the Ministry of Finance, the revised mark-up rate on the State Provident Fund, including the General Provident Fund, has been conveyed to the Controller General of Accounts (CGA) for implementation. The GP Fund mark-up rate stood at 13.97 percent in fiscal year 2023-24, before being reduced to 12.46 percent in fiscal year 2024-25 and further to 12.05 percent in 2025-26.

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MSCI snubs Biafo, bets on Air Link in frontier reshuffle – Positive

Pakistan has seen a single change to its weighting in MSCI's frontier market universe in the index provider's latest semi-annual review, with Air Link Communication Limited earning a spot in the MSCI Pakistan Small Cap Index while Biafo Industries Limited has been dropped, according to an MSCI announcement dated August 12, 2026. The reconstitution, effective as of the close of trading on August 31, 2026, leaves Pakistan's presence unchanged at one addition and one deletion.

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TISL's IPO oversubscribed by 21.68 times – Positive

The initial public offering (IPO) of Tasdeeq Information Services Limited (TISL) has concluded with strong demand from retail investors, with the general public portion of the offering oversubscribed 21.68 times, according to the company. The general public subscribed to around 813 million shares through 11,358 applications, with total retail subscriptions amounting to approximately Rs2.4 billion, the company said in an announcement following the conclusion of the offering.

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APAG to raise around Rs2.6bn through offering: SECP approves IPO of APAG for listing on PSX – Positive

The Securities and Exchange Commission of Pakistan (SECP) has approved the Initial Public Offering (IPO) of Agro Processors & Atmospheric Gases Limited (APAG) for listing on the Pakistan Stock Exchange (PSX), with the company seeking to raise around Rs2.6 billion through the offering. APAG will offer 58.05 million ordinary shares, representing 15% of its post-IPO paid-up capital. The shares will be offered at a floor price of Rs32 per share, with an upper price band of Rs44.80 per share. The IPO is expected to raise Rs1.86 billion at the floor price and up to Rs2.60 billion at the upper price limit.

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International

Asian shares mark time as Gulf war keeps oil prices up

Asian shares drifted sideways on Monday while investors kept a wary eye on oil prices, which notched sizeable gains last week as the lack of progress towards ending the Iran war kept inflation risks tilted to the upside Progress towards peace talks and oil tanker traffic through the strategic Strait of Hormuz remained halted. Iran on Saturday called on the U.S. to accept defeat, while President Donald Trump urged Americans to accept higher gasoline prices while the conflict continues.

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Oil hangs onto gains as US-Iran peace talks stall, Hormuz shipping slows

Oil prices rose on Monday as fading expectations of a U.S.-Iran peace breakthrough and slower tanker traffic through the Strait of Hormuz reinforced geopolitical risk concerns in the market. Brent crude futures rose as much as 1% to $89.40 per barrel and were last trading up 72 cents at $89.20 by 0229 GMT. The U.S. West Texas Intermediate crude futures rose 44 cents to $82.83 a barrel.

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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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