Important News and Impacts

August 19, 2026

Economy

Oil rises as US-Iran peace hope fade – Negative

Oil prices were slightly higher on Tuesday, gaining for a third straight session, as prospects for a US-Iranian peace deal dimmed after Tehran said it would adopt a more offensive stance and Washington ruled out extending a ceasefire deal. Brent crude futures were up 36 cents, or 0.4 percent, at USD 91.23 a barrel at 11:03 a.m. ET (1503 GMT). US West Texas Intermediate crude futures were up 56 cents, or 0.66 percent, at USD 85.06 a barrel. The contracts traded at their highest since July 30 and July 31, respectively, earlier in the session.

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Trump says no Iran talks planned, claims Hormuz new "US territory" – Negative

US President Donald Trump said Tuesday that no talks with Iran are underway and none are scheduled, as he posted a map showing the Strait of Hormuz as a new American territory in a fresh jibe at Tehran. Trump has been pressing his threat to claim sovereignty over the crucial energy waterway as the nearly six-month-old Iran war grinds on with little sign of resolution. Trump's envoy and son-in-law Jared Kushner had said on Monday that the United States and Iran were having "very positive and active conversations", but the president denied that was the case.

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FY26 LSM grows 4.98% YoY: PBS – Positive

The Large-Scale Manufacturing (LSM) sector has recorded a growth of 4.98 percent during the 2025-26 fiscal year compared with the preceding year, according to provisional data released by the Pakistan Bureau of Statistics (PBS) on Tuesday. However, the LSM output, on a year-on-year (YoY) basis, witnessed a reduction of 3.48 percent in June 2026 as compared with June 2025, and a reduction of 6.08 percent when compared with May 2026, as the Quantum Index of Manufacturing (QIM) for June was recorded at 108.83 points against 116.10 points in May.

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July C/A deficit narrows 38% YoY - Positive

Pakistan's current account deficit narrowed by 38 percent year-on-year (YoY) during the first month of the fiscal year 2026-27, supported by higher exports and healthy workers' remittances. According to statistics released by the State Bank of Pakistan (SBP) on Tuesday, the country posted a current account deficit of USD 328 million in July 2026, compared with a deficit of USD 529 million in July 2025, showing an improvement of USD 201 million.

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EOBI estimates over Rs237bn deficit by FY37 – Negative

The Employees' Old-Age Benefits Institution (EOBI) has projected a deficit of Rs237.048 billion by 2036-37 and indicated that an increase in the contribution collection rate from employers, along with additional contributions from the Federal Government, would be required to bridge the funding gap, well-informed sources told Business Recorder. The issue of EOBI's long-term financial sustainability came under discussion at a meeting of the Economic Coordination Committee (ECC) of the Cabinet, which approved the budget proposals of the Ministry of Overseas Pakistanis and Human Resource Development (MoOP&HRD) with a direction to submit revised budget estimates.

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NA body discusses progress on privatization of ZTBL, DISCOs – Positive

A parliamentary panel on Tuesday discussed the progress on the privatization of the Zarai Taraqiati Bank Limited (ZTBL) and Distribution Companies (DISCOs). The National Assembly Standing Committee on Privatization met at the Parliament House under the chairmanship of Muhammad Farooq Sattar. The committee reviewed the implementation status of its previous recommendations and sought updates from the ministry/depart-ments and organizations concerned.

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Pakistan attracts USD 179m FDI in July – Positive

Foreign direct investment (FDI) in Pakistan was recorded at $179 million at the beginning of the current fiscal year, representing a 264 per cent increase compared to the previous month, according to data from the central bank released on Tuesday. However, this figure reflects a 20 per cent decline compared to the same period last year. During July, the power and financial sectors recorded the highest FDI inflows.

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Jul textile export jumps 8.07% YoY – Positive

Pakis-tan's textile exports increased by 8.07 percent in July 2026, reaching USD 1.814 billion compared with USD 1.678 billion in the same month last year, according to data released by the Pakistan Bureau of Statistics (PBS) on Tuesday. According to PBS data, textile commodities that contributed to the export earnings included knitwear, exports of which increased by 4.06 percent to USD 533.836 million in July 2026, compared with USD 513.00 million in the same month last year.

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M2 falls by Rs273bn in a week – Negative

Broad money (M2), the most widely used measure of money supply in Pakistan, dropped by Rs273.29 billion WoW to Rs44.05 trillion as of August 07, 2026, data released by State Bank of Pakistan (SBP) showed. When compared to June 2026, M2 has decreased by Rs2.41tr, compared to Rs46.46tr recorded by the end of the last fiscal year. Breaking down the components of M2, the currency in circulation within the economy till August 07, 2026 has increased by Rs173.6bn WoW to Rs11.95tr.

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MARKET STATISTICS

Market	18/Aug/26	17/Aug/26	Difference	D%
KSE-100	177,956	180,502	(2,546.94)	-1.4%
KSE-30	52,862	53,761	(899.47)	-1.7%
All Share	107,760	109,207	(1,447.05)	-1.3%
Vol (mn)	1,031.65	1,043.36	(11.71)	-1.1%
Val (mn)	50,639	48,262	2,377	4.9%
Mkt Cap (US$bn)	71.69	72.74	(1.05)	-1.4%

ECONOMIC STATS.

Monet Mkt	DoD	1-M	CY	FY
6-M KIBOR	11.63	11.59	10.65	11.56
12-M-T-Bills	11.95	11.99	10.49	11.84
10-Yr-PIBs	12.17	12.00	11.47	12.19

Interest Rates	18/Aug/26	17/Aug/26	DoD	Δ%
1YR	12.01	11.95	0.06	0.5%
3YR	11.9	11.73	0.17	1.4%
5YR	11.89	11.76	0.13	1.1%
10YR	12.17	12.11	0.06	0.5%

Fx Mkt	Latest	Privies	DoDD
US$	277.61	277.62	0.0%
Pound	375.75	376.20	-0.1%
Euro	321.27	321.67	-0.1%
Yen	1.74	1.74	0.0%

MAJOR INT'L INDICES

Int. Markets	Current	Last Close	DoD%
Hong Kong	25,512	25,471	0.2%
Japan	65,724	67,461	-2.6%
Singapore	5,681	5,701	-0.4%
China	3,912	3,990	-2.0%
India	77,235	77,235	0.0%
Dow Jones	53,343	53,460	-0.2%
S&P 500	7,692	7,745	-0.7%
NASDAQ	26,290	26,645	-1.3%
London	10,728	10,720	0.1%

COMMODITIES

Commodities	Current	last	DoD%
WTI ($/bbl)	84.71	84.23	0.6%
Brent ($/bbl)	91.65	91.02	0.7%
Coal ($/ton)	122.95	122.10	0.7%
Silver ($/oz)	63.19	65.18	-3.0%
Cotton (c/lb)	85.56	85.68	-0.1%
Gold ($/oz)	4,411	4,449	-0.9%

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

This report prepared by Darson Sec. Ltd

Important News and Impacts

Sector

Service sector posts trade deficit of USD 228m in July – Negative

The service sector of Pakistan posted a trade deficit of $228 million in July, reflecting an increase of 2.75x (175%) MoM, as compared to a deficit of $83m recorded in the previous month, the latest data released by the State Bank of Pakistan (SBP) showed. Comparison on a yearly basis shows that the country reported a deficit of $304m in trade of services in the Same Period Last Year (SPLY). Details made available by SBP further revealed that the exports of services in July went up by 27.34% YoY to $927m compared to $728m in July 2025.

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Jul Power generation cost surges 38% YoY – Negative

The fuel cost of electricity generation increased by 38 percent year-on-year (YoY) to Rs10.8821 per unit in July 2026 from Rs7.7811 per unit in the same month of 2025, mainly due to a sharp increase in the prices of RLNG, residual fuel oil (RFO) and other fuels. According to generation data submitted by the Central Power Purchasing Agency-Guaranteed (CPPA-G) to National Electric Power Regulatory Authority (Nepra), total electricity generation increased by seven percent to 15,122 GWh in July 2026 from 14,123 GWh in July 2025.

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PM welcomes US Tech Giant: Google inaugurates first Pakistan office – Positive

Google on Tuesday opened its first local office in Pakistan, marking a new phase in the US technology giant's engagement with the country as Islamabad seeks to accelerate digital transformation and expand its technology-driven economy. Prime Minister Shehbaz Sharif, speaking to a nine-member Google delegation led by the company's Vice President for Government Affairs and Public Policy Wilson L White, said Pakistan was undergoing a broad digital transformation of government and the economy.

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Auto financing in Pakistan rises to Rs386bn in July – Positive

Automobile financing in Pakistan has increased to Rs386.29bn in July 2026, witnessing a rise of 1.2% MoM compared to Rs381.69bn recorded in June 2026, according to the latest data released by the central bank. On a year on year basis, car financing increased by 39.65%, as in the same period last year, the figure for financing was reported at Rs276.61bn. Going by the data provided by the State Bank of Pakistan (SBP), consumer financing for house building stood at Rs285.95bn by the end of July 2026, up by 38.12% YoY.

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CCoE approves NEP amendments, IEP design: Lowering electricity cost – Positive

The government on Tuesday approved amendments to the National Electricity Plan (NEP) 2023-27 and the high-level design of an Integrated Energy Plan (IEP) for 2027-60, aimed at improving energy security, lowering electricity cost and increasing reliance on cleaner energy sources. The decisions were taken at a meeting of the Cabinet Committee on Energy (CCoE), chaired by Prime Minister Shehbaz Sharif.

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OGRA allows three refineries to export 135,000 tons of furnace oil – Positive

The Oil and Gas Regulatory Authority (Ogra) has allowed three refineries to export a combined 135,000 metric tonnes (MT) of furnace oil in August 2026, subject to maintaining strategic reserves to meet the requirements of the power sector. According to letters issued by Ogra, Cnergyico Pakistan Limited (CPL), Pakistan Refinery Limited (PRL) and Pak-Arab Refinery Limited (Parco) have been permitted to export specified quantities of furnace oil during the month.

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Power sector circular debt rises by Rs61bn to Rs1.675tr in FY26 – Negative

The power sector's circular debt increased by Rs61 billion during fiscal year 2025-26, reaching Rs1.675 trillion by June 30, 2026, compared with Rs1.614 trillion at the end of FY2024-25, official data showed. Persistent inefficiencies and weak bill recovery by the power distribution companies (Discos) remained the biggest structural challenge facing the power sector in FY26, contributing a combined Rs326 billion to the circular debt.

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SECP approves public offering of Naya Nazimabad REIT – Positive

The Securities and Exchange Commission of Pakistan (SECP) has approved the Offer for Sale prospectus of Naya Nazimabad Apartments REIT (NNAR) for listing on the Pakistan Stock Exchange (PSX), as per a statement on Tuesday. The offering comprises 44.06 million units, representing 15 per cent of the REIT's — real estate investment fund — total units, and will be conducted through the book building mechanism, with 75 per cent allocated to institutional investors and high net worth individuals and 25 per cent to retail investors.

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International

Bond selloff slows but stocks wobble

Global bond yields hovered near their highest for decades on Wednesday, as fears over swelling sovereign debt pushed borrowing costs higher and rattled stock markets worldwide. The yield on the U.S. long bond hit its highest in nearly 20 years on Tuesday, at 5.3371%, before steadying around 5.28% in Asia on Wednesday. The 10-year and 30-year bund yields hit their highest since 2011.

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Oil edges up on uncertainty over exports through Hormuz

Oil prices ticked higher in early trade on Wednesday, climbing for a fourth straight day on supply uncertainty as investors weighed conflicting messages from Tehran and Washington on whether the Strait of Hormuz is open to ships. Brent crude futures climbed 26 cents, or 0.29%, to $91.28 by 0004 GMT, while U.S. West Texas Intermediate crude futures were up 37 cents to $85.31 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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