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Pakistan Stocks Outperform With 3% Weekly Gain

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Pakistan's equity market surged this week as the benchmark KSE-100 index crossed the 140,000-point psychological barrier, closing at 145,382.79 points for a 3.08% weekly gain. Trading activity remained robust with average daily volumes reaching 653 million shares worth Rs47 billion (\$165 million), demonstrating renewed investor confidence. Analysts attribute the rally primarily to mutual fund inflows as equities

continue delivering superior returns compared to other asset classes in the current economic climate. The performance comes despite mixed macroeconomic indicators, suggesting investors may be pricing in future stability.

Market analysts at Topline Securities noted the buying spree reflects growing appetite for stocks amid limited alternatives. “Equities are outperforming fixed income and real estate due to attractive valuations and dividend yields,” their weekly report stated. The rally occurred alongside economic data, including a 44% year-on-year expansion of July’s trade deficit to \$2.8 billion. Remittances showed contradictory trends – declining 6% month-on-month to \$3.2 billion but maintaining a 7% year-on-year increase. These figures highlight the complex economic crosscurrents facing investors.



The State Bank of Pakistan (SBP) reported foreign exchange reserves dipped \$72 million to \$14.2 billion as of August 1, maintaining precarious import coverage levels. However, market participants appear focused on potential International Monetary Fund (IMF) program continuity and upcoming corporate earnings seasons rather than immediate balance of payment pressures. Sector rotation became evident during the week with cement, banking and energy stocks leading gains, suggesting investors are positioning for infrastructure spending and industrial recovery.

This week’s market performance demonstrates the resilience of Pakistani equities amid economic challenges. While macroeconomic indicators present a mixed picture, the sustained buying interest reveals underlying confidence in corporate profitability and reform potential. The coming weeks will test whether this optimism can withstand external account

pressures and political developments. For now, the stock market's ability to attract domestic investment capital offers a rare bright spot in Pakistan's financial landscape, though prudent investors remain watchful of fundamental economic realities.

