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PSX Reaches New High as KSE-100 Closes Above 136,500

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The Pakistan Stock Exchange (PSX) soared to a record high on July 14, 2025, with the Karachi Stock Exchange KSE-100 Index closing at 136,502.53, up 2,202.77 points. This article explores the drivers behind this surge, its economic implications, and the risks of over-optimism, urging cautious policy to sustain growth.

The PSX's benchmark KSE-100 Index hit an intra-day peak of 136,841.49, fueled by robust buying in sectors like banking, cement, and oil and gas, per Business Recorder. "The rally was driven by strong participation from local mutual funds and institutional investors," said Topline Securities in its post-market report. Key stocks, including United Bank Limited (UBL), Habib Bank Limited (HBL), and Mari Petroleum (MARI), contributed 1,443 points to the index. Record remittances of \$38.3 billion in fiscal year 2025 and foreign exchange reserves at a 39-month high of \$14.5 billion bolstered investor confidence, per DAWN. Samiullah Tariq, head of Research at Pakistan Kuwait Investment Company Ltd, told DAWN, "Improvement in macroeconomic indicators and better result expectations, especially in commercial banks, is the primary reason for the increase."

This milestone reflects Pakistan's improving fiscal health, with a 60% KSE-100 gain in fiscal year 2025, per Topline Securities. China's \$3.4 billion loan rollover and a \$7 billion International Monetary Fund (IMF) bailout in 2024 eased liquidity concerns, driving market optimism. However, the rally's reliance on external factors raises red flags. Awais Ashraf of AKD Securities noted, "Delays in clearing circular debt payments have kept energy stocks under pressure," signaling sector-specific vulnerabilities. Global trade tensions, including U.S. tariff threats, could also dampen momentum, per Reuters.

The PSX's surge is a testament to market resilience but demands scrutiny. Over-optimism risks ignoring structural issues like energy sector debt and currency volatility. Pakistan must prioritize sustainable reforms to maintain this trajectory, ensuring growth doesn't hinge solely on foreign inflows or temporary sentiment.