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Pakistan Stock Exchange Ends Week on a Strong Note Amid Optimism for Rate Cut

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– Categories: Finance



The Pakistan Stock Exchange (PSX) closed on a positive note Friday, with the benchmark KSE-100 index rising 515 points, or 0.37%, to finish at 139,207. Investor optimism is building ahead of a likely interest rate cut and following an upgrade of Pakistan's sovereign credit rating, factors that are driving selective buying across key sectors.

Market players anticipate a 50-basis-point (bps) reduction in the policy rate when the State Bank of Pakistan (SBP) announces its monetary policy on July 30. This expectation is bolstered by easing inflation and falling global oil prices, which analysts say pave the way

for monetary easing. Ali Najib, Deputy Head of Trading at Arif Habib Ltd (AHL), emphasized that these developments have “strengthened market confidence,” according to a recent survey conducted by the firm.

Adding further to market optimism, Standard & Poor’s (S&P), a global ratings agency, upgraded Pakistan’s sovereign credit rating to ‘B-’ with a stable outlook. This upgrade reflects Pakistan’s ongoing engagement with the International Monetary Fund (IMF) and improvements in fiscal indicators. The rating boost also lifted prices of Pakistan’s long-term bonds in international markets, positively impacting investor sentiment domestically.

Key blue-chip companies ENGROH (Engro Corporation), UBL (United Bank Limited), LUCK (Lucky Cement), MEBL (Meezan Bank), and NBP (National Bank of Pakistan) were major contributors, adding a combined 492 points to the index. However, some pressure came from declines in HBL (Habib Bank Limited), ABL (Allied Bank Limited), MCB (Muslim Commercial Bank), PSEL (Pakistan State Oil), and SRVI (Service Industries), which collectively subtracted 141 points.

Trading activity saw a mild slowdown, with total volume reaching 633.3 million shares and turnover standing at Rs. 24.5 billion. Bank of Punjab (BOP) led the volume chart with 50.2 million shares traded.

The KSE-100 index marked its fifth consecutive weekly gain, climbing 610 points or 0.44% for the week. The index opened at 139,142 points, hit an intraday high of 140,202, and a low of 138,150 before closing at 139,207.

Market analysts maintain a cautiously optimistic outlook, expecting the KSE-100 to sustain its bullish momentum. They identify 137,000 as a key support level; a dip below this could see the index drop toward 135,000. At that level, lower valuations combined with anticipated monetary easing might attract fresh buying interest, offering investors an entry point.

In summary, despite ongoing economic challenges, the PSX is demonstrating resilience fueled by hopeful monetary policy adjustments and positive credit rating news. Investors remain watchful but encouraged as the market navigates these developments.