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KSE-100 Surges 500 Points as PSX Opens Robustly

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On July 22, 2025, the Pakistan Stock Exchange (PSX) kicked off the trading day with vigor, as the KSE-100 Index climbed 500 points in early trade, reaching 138,717.58. This rally follows a 379.78-point dip the previous day, reflecting renewed investor confidence. This article examines the factors fueling the upswing, key sector contributions, and the broader economic context shaping Pakistan's market outlook.

The KSE-100 Index, representing 85% of the PSX's market capitalization, saw robust buying in banking, cement, and fertilizer stocks, driving the early surge. *Hum News* reported, "The PSX opened the week in green, with the KSE-100 adding 600 points in initial trading," citing strong performances from companies like Habib Bank Limited (HBL) and Engro Fertilizers. Analysts attribute the rebound to optimism surrounding a potential interest rate cut by the State Bank of Pakistan (SBP), which maintained an 11% policy rate in June despite inflation dropping to 2.4% in January 2025. "Investors are betting on monetary easing to boost corporate earnings," said Muhammad Sohail of Topline Securities, per *The Express Tribune*.

Global and domestic developments also played a role. A recent ceasefire agreement between Pakistan and India, brokered by the United States, has eased geopolitical tensions, bolstering market sentiment. Additionally, progress on a \$7 billion International Monetary Fund (IMF) loan program has reassured investors, despite concerns over a rising fiscal deficit. The PSX's year-on-year gain of 73.19%, with the index hitting 138,752 points on July 18, underscores its status as the world's third-best-performing market over the past 12 months, according to *Bloomberg*.

However, challenges loom. Profit-taking, as seen on July 21, and uncertainties around IMF conditions could temper gains. The exploration and production (E&P) sector, sensitive to global oil price fluctuations, remains volatile with crude at \$75 per barrel. Pakistan's economic recovery hinges on sustained reforms and political stability. For now, the PSX's strong opening signals resilience, but investors must remain

vigilant as external pressures and domestic policy decisions shape the market's trajectory.