JS Global

Aug-2026: Energy sector attracts the limelight

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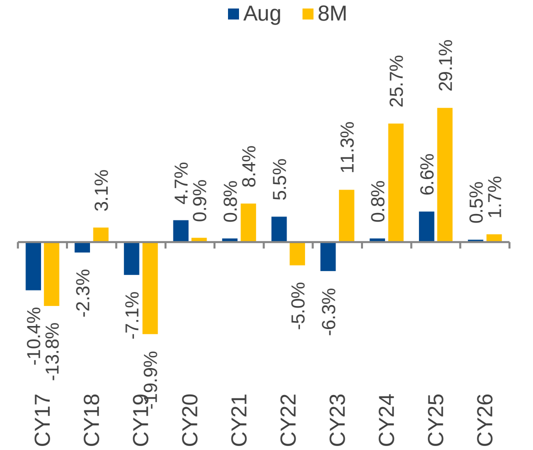
September 1, 2026

KSE100: Aug & 8M performance



Source: PSX, JS Research

Geopolitical unrest keep markets volatile; KSE100 flat MoM

The KSE100 remained volatile in Aug-2026, trading between 176k-181k points, amid renewed geopolitical tensions, oil price volatility, and trade disruptions that tightened energy markets. Brent remained broadly flat MoM at US$92/bbl, translating into a ~50% CY26TD increase, with supply constraints and declining buffer inventories keeping the market tight despite weaker demand.

Energy stocks remained in focus on renewed efforts to address gas-sector circular debt, expectations of OMC margin revisions, and the anticipated signing of the refinery upgradation policy in Sep-2026. APL, PPL, PSO, and POL gained 7-9% MoM, while the refinery sector led market performance with a 37% MoM return. MLCF gained 5% MoM amid expectations of acquiring PIOC's entire stake. In contrast, AGP fell 14% MoM following weaker-than-expected earnings.

Domestic demand picks up

FY27 began on a strong footing for domestic demand, with cement dispatches up 17% YoY, auto sales rising 80% YoY, petroleum product sales increasing 20% YoY, and power demand growing 7% YoY in Jul-2026. Jun-2026 quarter results across the food sector also pointed to improving demand trends.

The broad-based recovery was supported by positive budgetary measures, strong remittances (+13% YoY), currency stability, and easing fuel-price pressures (MS up just 2% MoM, HSD down 5% following an agreement between the government and refineries to cap crack spreads).

Govt to address circular debt; OMCs push for margin revision

The Petroleum Division submitted a Rs1.49trn gas circular debt settlement plan to the Cabinet against total gas circular debt of Rs3.6trn. Key measures include Rs540bn in dividends from OGDC, PPL, and GHGL, an additional Rs5/ltr petroleum levy, and savings from reduced LNG cargoes. Meanwhile, the government is increasingly focusing on curbing gas utility line losses, which could support efforts to contain the buildup of circular debt.

Meanwhile the Oil Companies Advisory Council (OCAC) urged the government to implement the recently approved Rs1.22/ltr increase in OMC margins amid cashflow concerns.

CAD narrows; IMF and geopolitical risks remain key

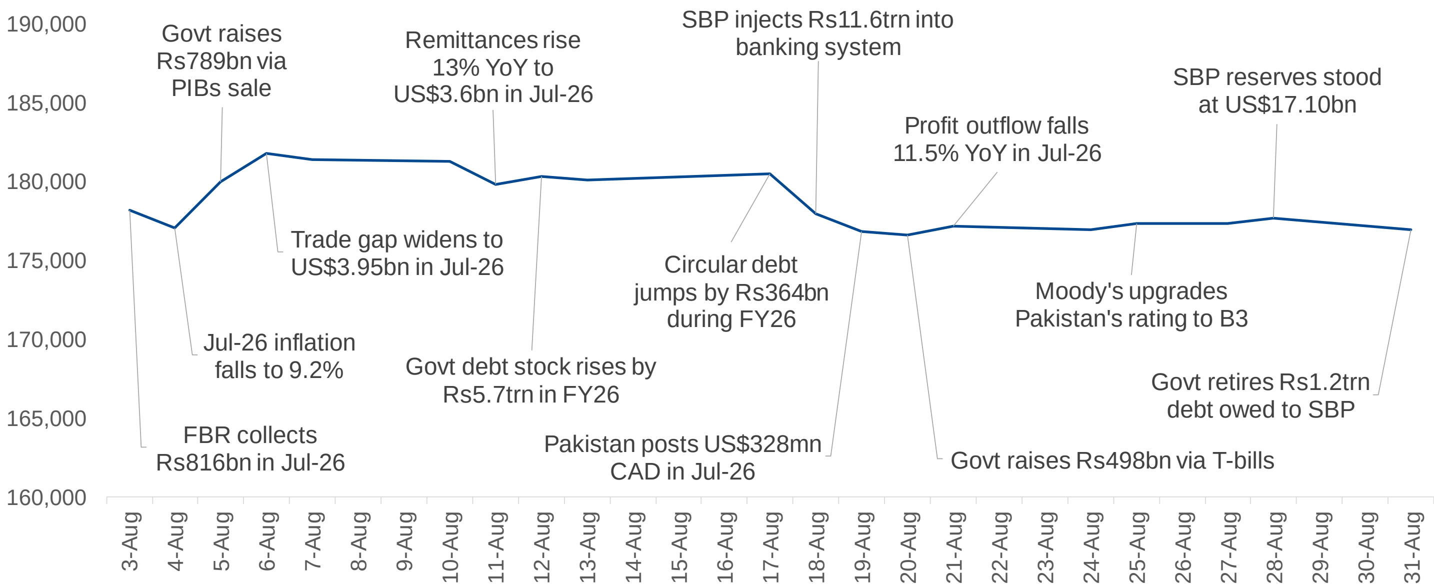
Pakistan's current account deficit narrowed 60% MoM to US$328mn in Jul-2026 from a revised US$814mn in Jun-2026, supported by a narrower trade gap and stronger transfers. Remittances rose 4% MoM and 13% YoY, partly offsetting a wider services deficit.

We recommend investors closely monitor developments in the Middle East, oil prices, and news flow around the upcoming IMF review, given their potential implications for external balances and market sentiment. Our top picks are OGDC, PPL, UBL, AKBL, ILP, GLAXO, NATF, GAL, INDU, PIOC and MLCF.

Monthly Wrap

Pakistan Market

Aug-2026: Key events

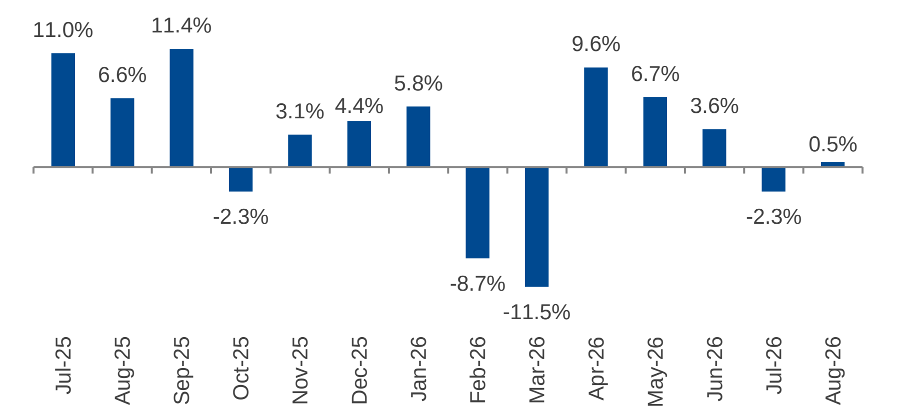


Source: PSX, JS Research

KSE100 was largely flat MoM as geopolitical landscape remained volatile.

Development in the energy sector and corporate announcements brought stock-specific activity.

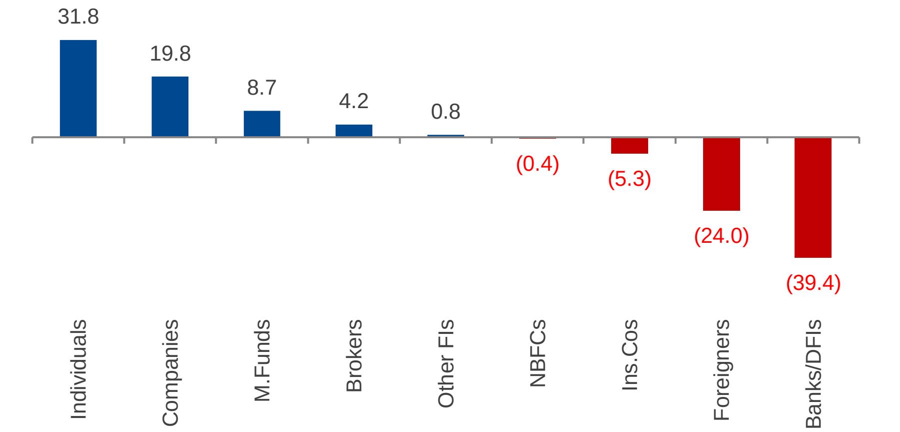
Index Monthly Returns



Source: PSX, JS Research

Banks and Foreigners remained net sellers, with Aug-2026 net outflow crossing US$39mn and US$24mn respectively.

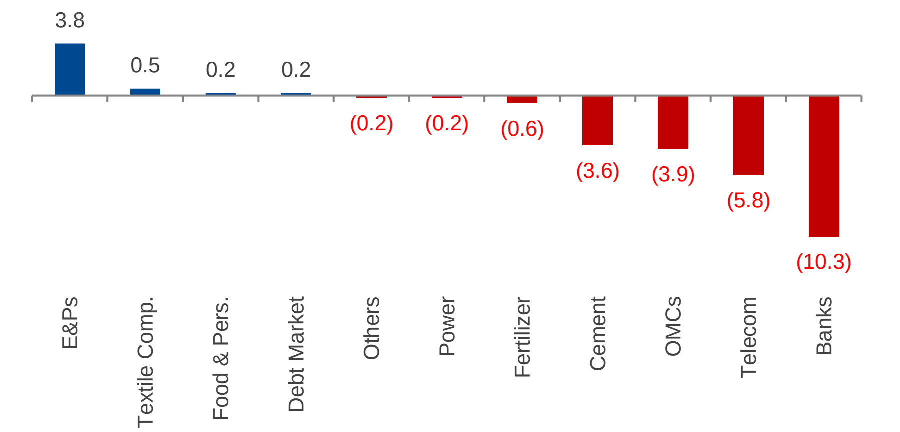
Aug-2026: Investor segment break-up (US$ mn)



Source: NCCPL, JS Research

Foreigners activity remained negligible in the market with a net outflow seen in Banks and Telecom sectors.

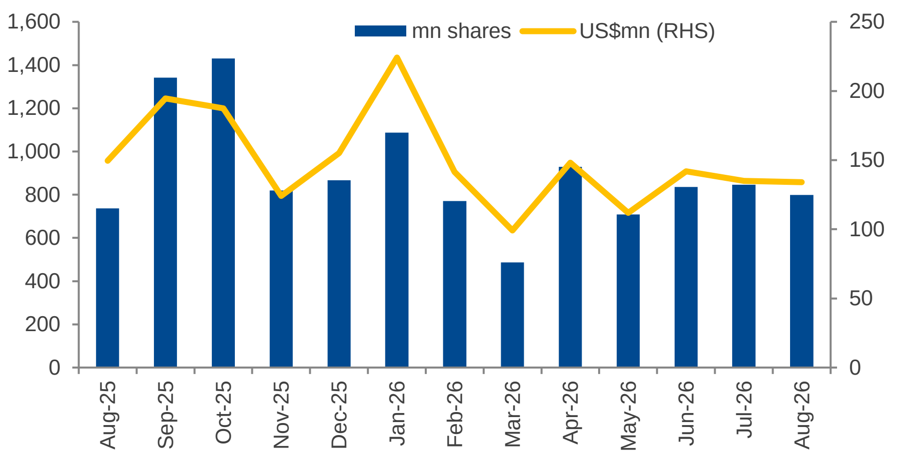
Aug-2026: Sector-wise foreign investor activity (US$ mn)



Source: NCCPL, JS Research

Average daily turnover flat MoM in Aug-2026, in US$ value terms. ADTO in shares fell 6% MoM.

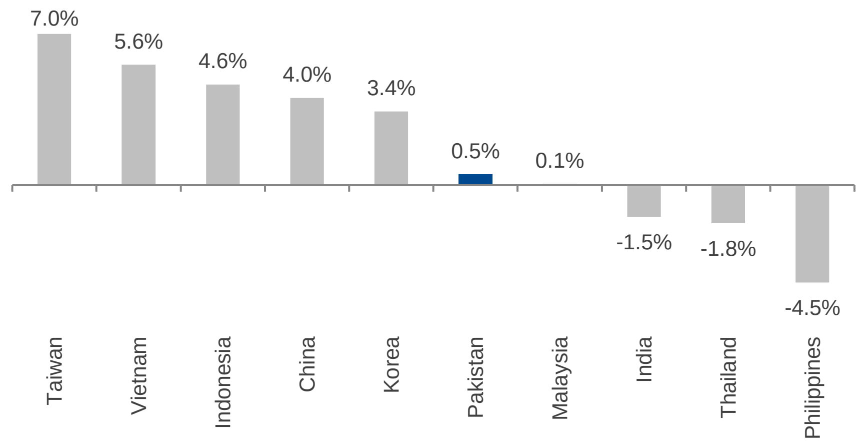
ADTO trend



Source: PSX, JS Research

Aug-2026: Regional Comparison

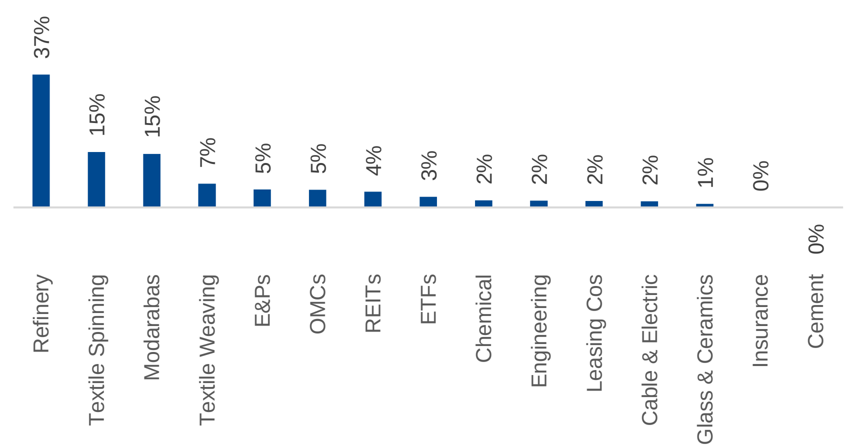
Asian markets remain volatile with mixed trends seen across different markets.



Source: Bloomberg, PSX, JS Research

Aug-2026: Sector performance

Refineries outperform other key sector due to govt commitment to sign Refinery upgradation plan in the coming month.

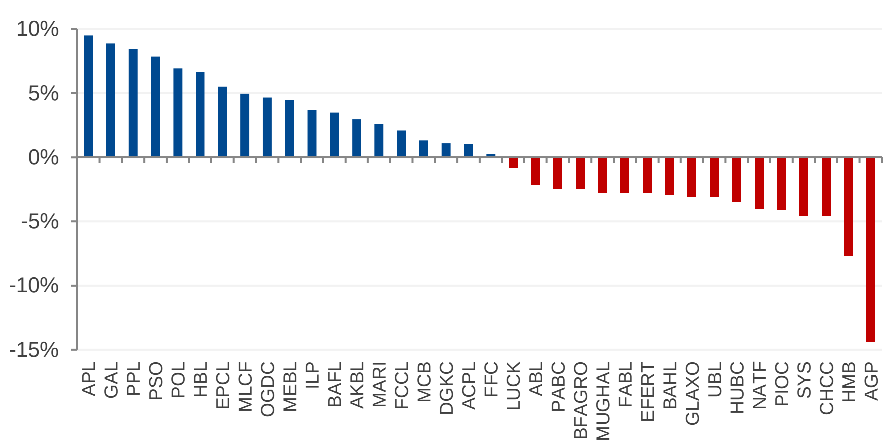


Source: PSX, JS Research

Aug-2026: JS Universe Stocks performance

Energy stocks including APL, PPL, PSO, POL outperformed JS Universe companies due to multiple development including progress on refinery policy, rebuilding focus on resolving gas circular debt, strong OMC sales, expected revision in OMC margins.

GAL also was the star performer due to strong sales figures reported in Jul-2026.



Source: PSX, JS Research

Market Technical Analysis

KSE-100 Index

	High	Low	Close	Return
Aug-26	182,348	176,111	176,976	0.5%
Jul-26	188,127	169,513	176,094	-2.3%

Technical Indicators

	RSI	Stoch	MACD	CCI
Daily	46.6	44.7	(137.6)	(57.5)
Weekly	53.6	43.3	2,991.2	(7.9)
Monthly	69.2	75.7	22,630.8	82.7

Moving Averages

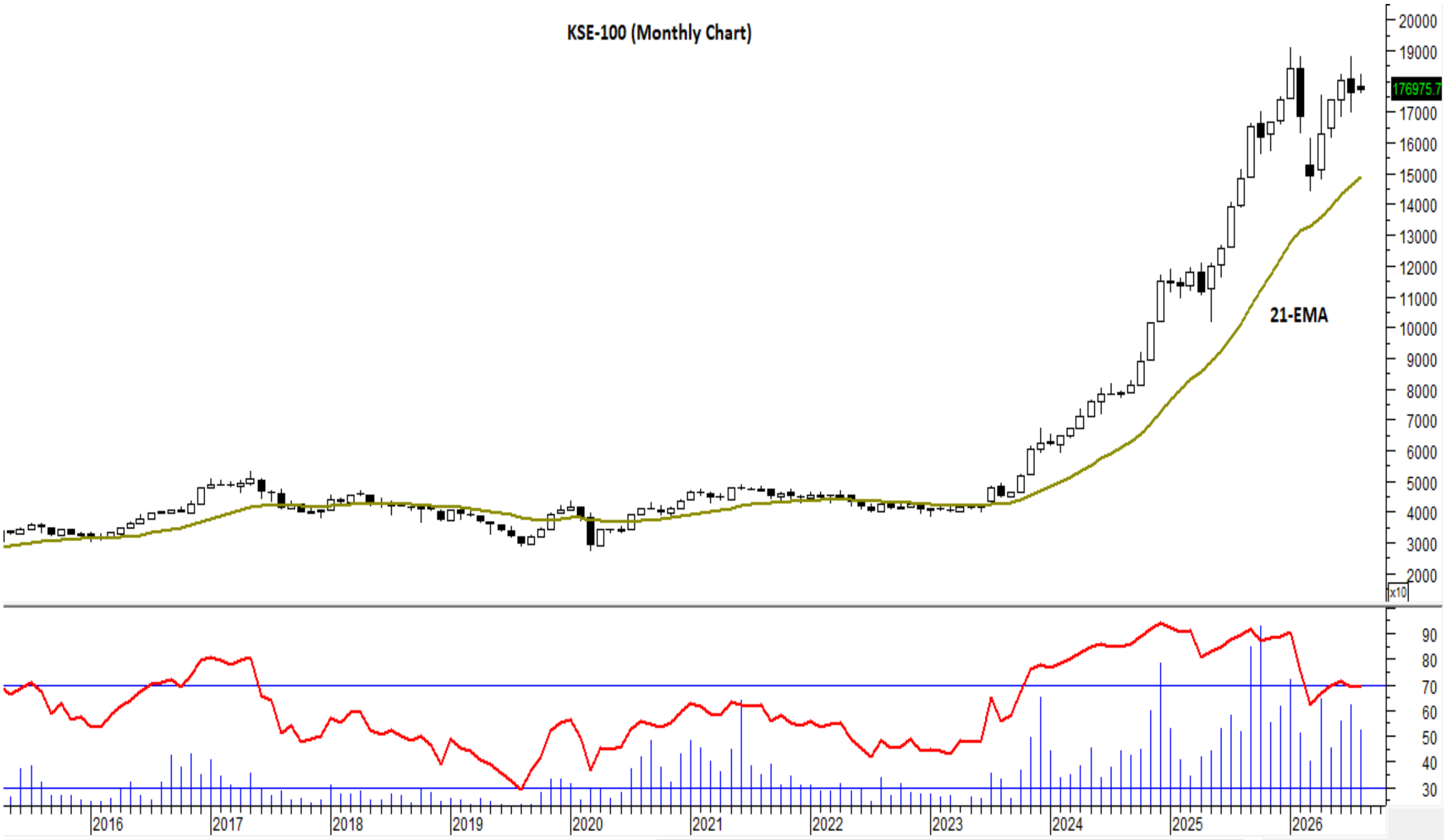
	30-DMA	50-DMA	100-DMA	200-DMA
Daily	177,470	178,780	173,216	171,521
Weekly	170,855	170,916	144,949	100,750
Monthly	128,817	95,969	68,341	47,277

Bulls returned in August, with the KSE-100 Index closing at 176,976, up 0.5% MoM, while volatility remained subdued as the index traded between 176,111 and 182,348. Market participation weakened, with average daily traded volume declining 6% MoM to 799mn shares from 845mn shares in July 2026.

PIVOT Analysis				
S2	S1	PIVOT	R1	R2
172,241	174,608	178,478	180,845	184,715

We maintain our consolidation view, with immediate resistance placed at 177,470-178,780; a decisive breakout above this zone would signal renewed bullish momentum and open the way toward 182,350, followed by the all-time high of 191,030. On the downside, 176,110 remains the key interim support, while a sustained breach could intensify selling pressure toward 171,521, the 200-DMA.

Technically, the monthly chart has formed a Spinning Top, signaling indecision and scope for further consolidation, while the daily chart has breached key moving-average support. Moreover, momentum indicators across multiple timeframes continue to weaken, reinforcing our cautious near-term view. Accordingly, we recommend investors maintain a cautious stance at current levels and await a confirmed breakout above 177,470-178,780 before adopting a more constructive view.



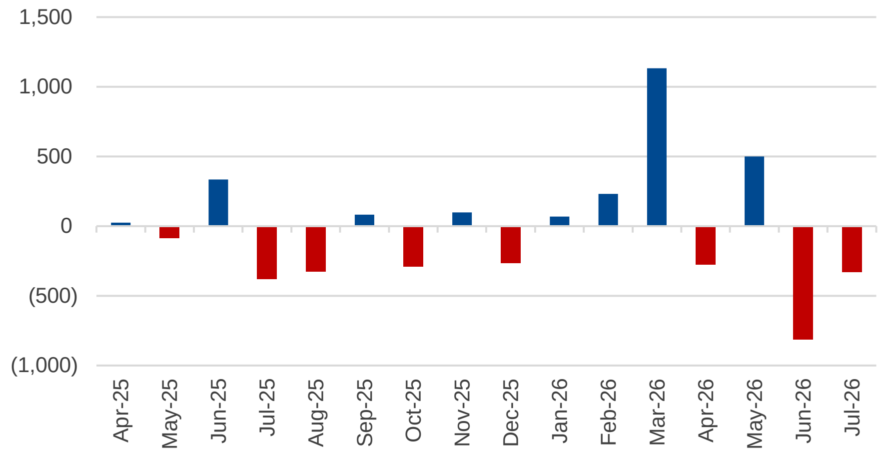
Macros

Pakistan's current account posted a deficit of US$328mn in Jul-2026, narrowing 60% from June's downwardly-revised US$814mn shortfall (previously reported at US$649mn), as a smaller trade gap and firmer transfers offset a wider services deficit.

Trade deficit is still up 17% YoY as exports jumped 9% YoY but imports posted a higher increase of 13% YoY. Notably energy imports fell 14% YoY, reducing its share in total imports to 18% in Jul-2026.

The financial account swung to a US$1,139mn net outflow in July (from +US$1,998mn in June) on heavy government debt amortization and bank liability outflows, tipping the overall balance of payments into a US$1.4bn deficit despite the narrower current account gap.

Monthly Current account balance (US$ mn)



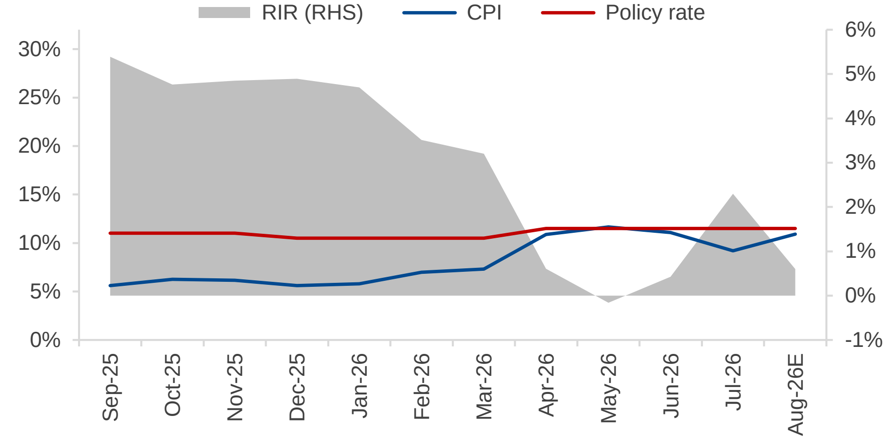
Source: SBP, JS Research

US$mn	Apr-26	May-26	Jun-26	Jul-26	MoM	YoY
Current account	**(276)**	**500**	**(814)**	**(328)**	**NM**	**NM**
Trade balance	(3,370)	(3,283)	(3,579)	(3,146)	NM	NM
- Exports	*2,619*	*2,357*	*2,573*	*3,008*	*0*	*9%*
- Imports	*5,989*	*5,640*	*6,152*	*6,154*	*0*	*13%*
Services balance	33	54	(83)	(228)	NM	NM
- Services Exports	*904*	*838*	*942*	*927*	*(0)*	*27%*
- Services Imports	*871*	*784*	*1,025*	*1,155*	*0*	*12%*
Income	(657)	(648)	(837)	(848)	NM	NM
Current transfers	3,718	4,377	3,685	3,894	0	17%
- Remittances	*3,539*	*4,252*	*3,475*	*3,631*	*0*	*13%*
Capital account	**17**	**11**	**3**	**19**	**5**	**12%**
Financial account	**(365)**	**(410)**	**1,998**	**(1,139)**	**NM**	**NM**
FDI	38	214	50	180	3	-8%
FPI	(434)	233	(40)	27	NM	NM
Others	31	(857)	1,997	(1,341)	NM	NM
Assets	(13)	(296)	567	213	(1)	9%
Liabilities	44	(561)	1,430	(1,554)	NM	NM
Banks	480	(510)	(273)	(1,036)	NM	NM
Government	3,267	59	1,693	(554)	NM	NM
- Loans	*379*	*466*	*3,644*	*254*	*(1)*	*NM*
- Amortization	*(184)*	*(481)*	*(2,049)*	*(893)*	*NM*	*NM*
- Other	*3,072*	*74*	*98*	*85*	*(0)*	*-75%*
Errors/Omission	**73**	**68**	**100**	**59**	**(0)**	**NM**
BOP	**(551)**	**169**	**1,287**	**(1,389)**	**NM**	**NM**

Source: SBP, JS Research

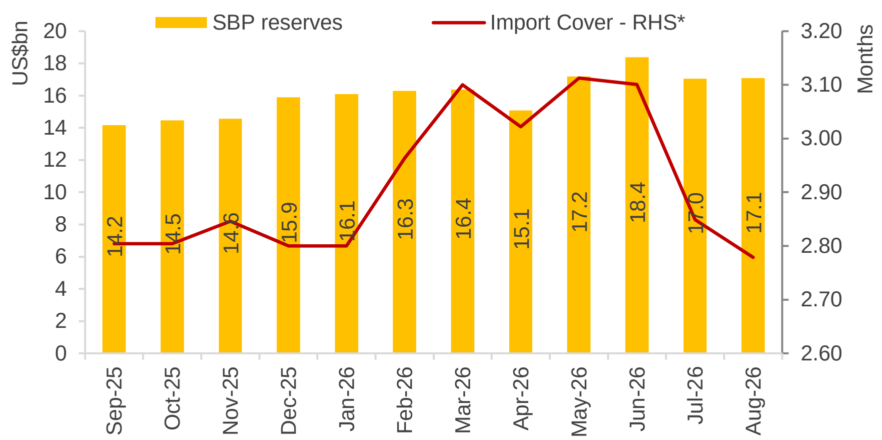
CPI for Jul-2026 clocked in at 9.2%. At present, the real interest rate (RIR) hovers around 2.3ppt.

Inflation and Real Interest Rate (RIR)



Source: SBP, JS Research

Import cover

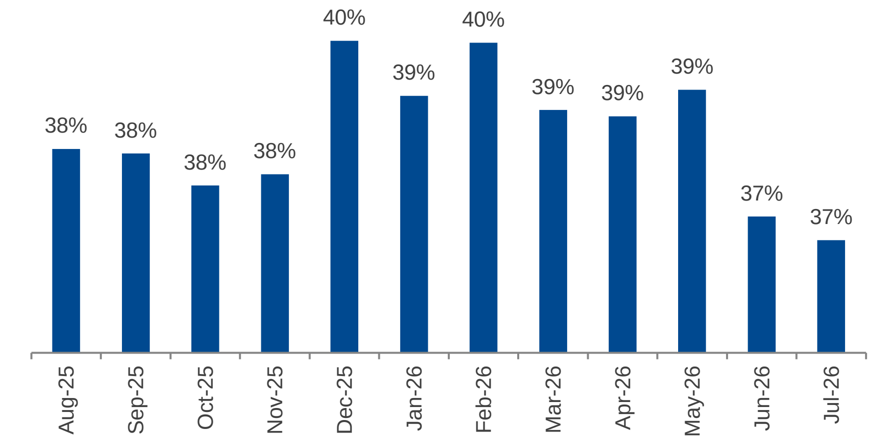


*Source: SBP, JS Research, * Import cover based on 3MMA*

Banks

Banking sector's Gross ADR stayed at 37%, as deposit growth continue to outpace growth in advances.

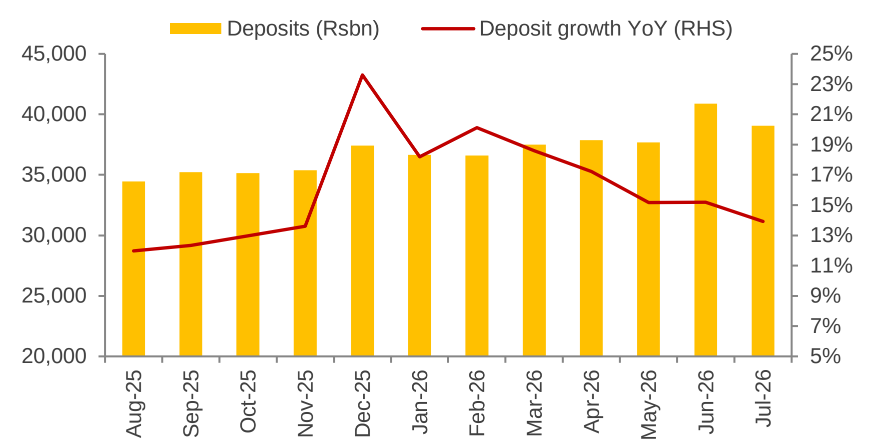
ADR levels show slight uptick



Source: SBP, JS Research

Deposits grew by 14% YoY in the month of Jul-2026.

Banking sector deposits

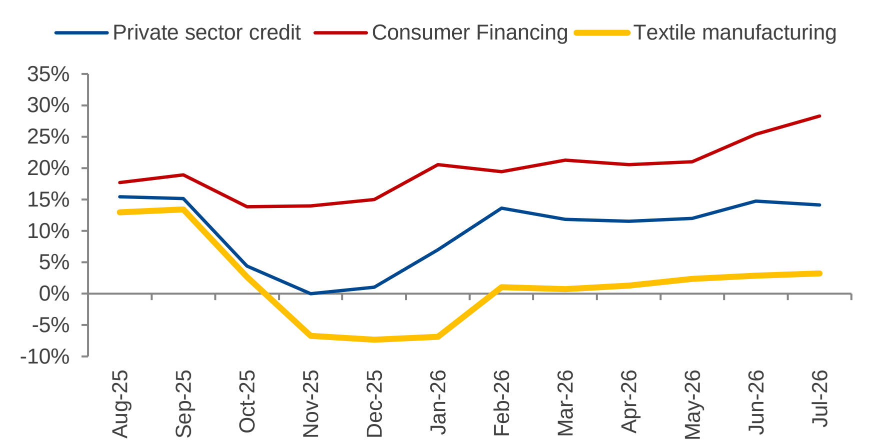


Source: SBP, JS Research

Private sector credit growth clocked in at 14% YoY in Jul-2026 mainly led by consumer sector.

Credit to consumer sector increased 28% YoY in Jul-2026, while lending to textile sector - a key contributor to the pie, increased 3% YoY.

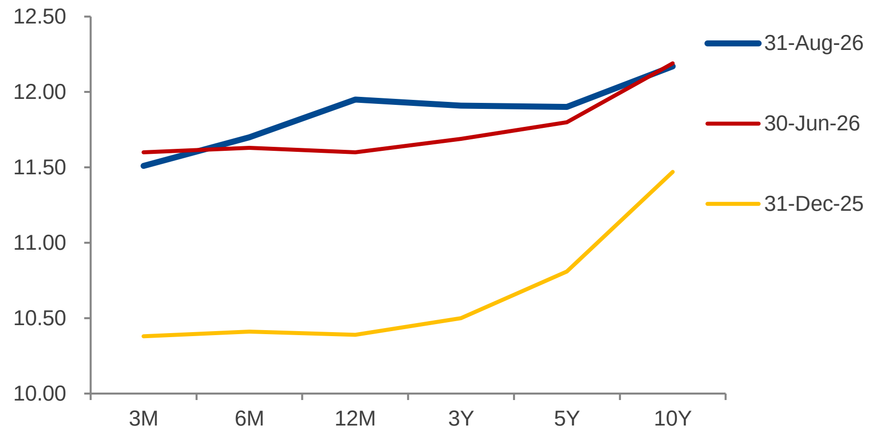
Growth in private sector credit (YoY)



Source: SBP, JS Research

The Monetary Policy Committee (MPC) maintained the policy rate unchanged at 11.5% at its Jul-2026 meeting. SBP believes inflation to decline after a few months if there is no further escalation in the Middle east.

Yield Curve (%)

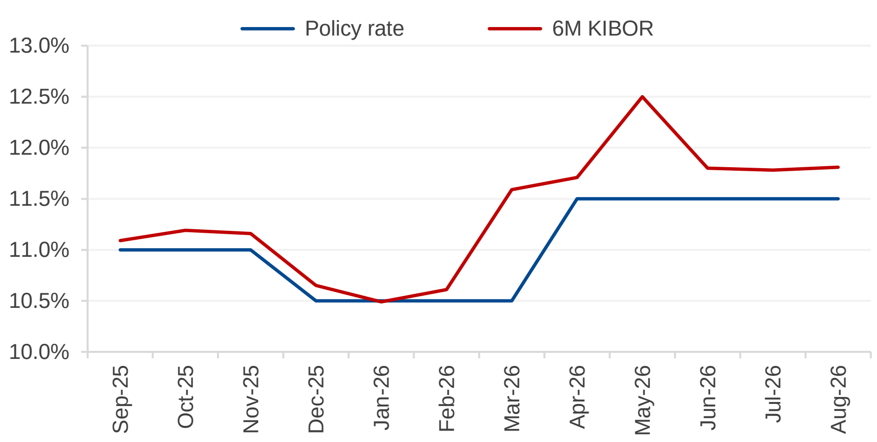


Source: MUFAP, JS Research

MPC stressed the need to continue strengthening external and fiscal buffers to absorb potential shocks and support the economic recovery, while maintaining coordinated monetary and fiscal policies and advancing structural reforms to ensure sustainable growth without fuelling inflationary or external pressures.

The SBP also projects foreign exchange reserves to reach US$20.2bn by Dec-2026, supported by an estimated 6% YoY increase in workers' remittances to US$44 billion in FY27, alongside a recovery in exports.

Policy Rate pushes spreads

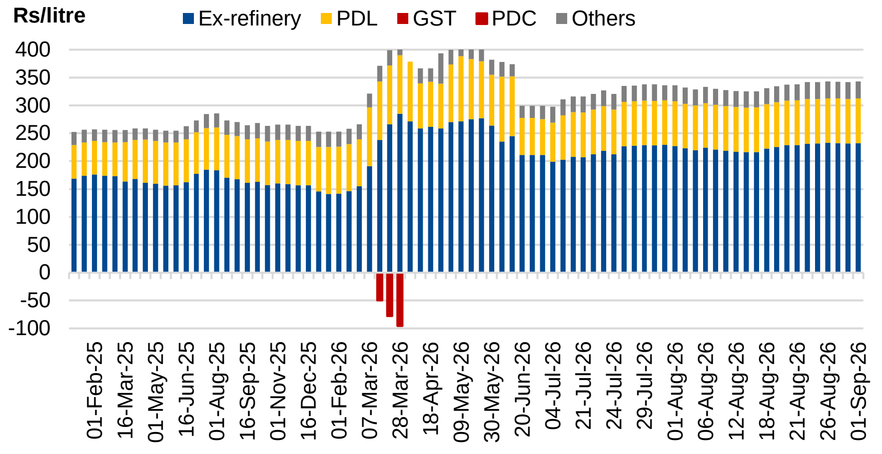


Source: SBP, JS Research

Oil Marketing Companies

MS prices increased by Rs5.8/ltr MoM while HSD prices were down Rs22/ltr MoM in Aug-2026. The decline in HSD came in as a result of Govt-Refinery sector agreement on capping crack spreads.

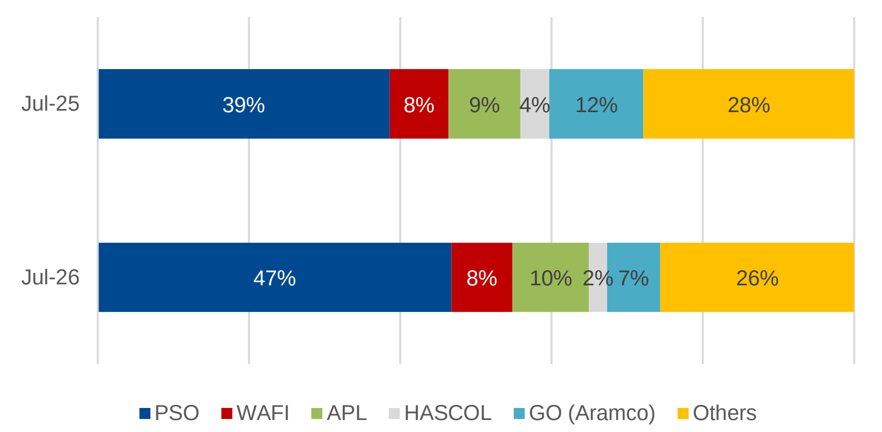
Petrol prices up 2% in Aug-2026



Source: OCAC, JS Research

PSO gained its market share for MS from 39% in Jul-2025 to 47% in Jul-2026, taking back the lost share from small players including Gas & Oil Pakistan (GO – Aramco).

Company-wise Market Share (MS) – PSO share rise 8%YoY in Jul-26



Source: OCAC, JS Research

POL sales volume increased by 23% on a YoY basis during Jul-2026 reflecting correction in oil prices subsequent pickup in domestic demand. On a product-wise basis, Motor Spirit (MS) volumes increased by 19% YoY, on the other hand Hi-Speed Diesel (HSD) were up 23% YoY, respectively during the month.

OMC Industry Sales up 20% YoY in Jul-2026

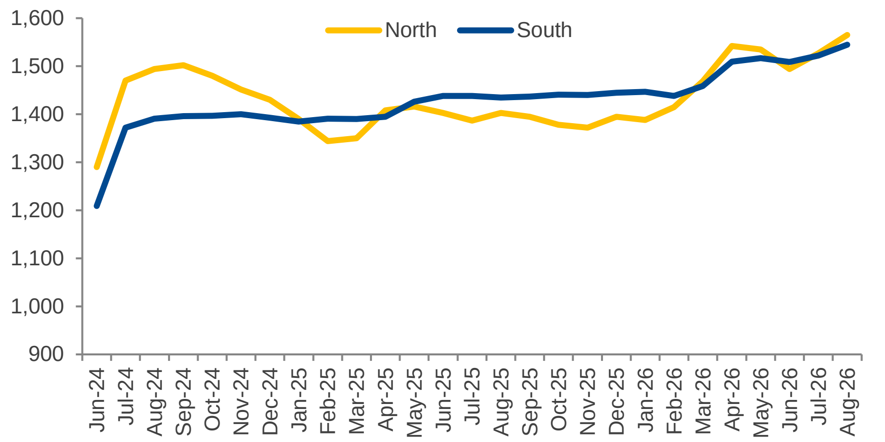
'000 MT	Mar-26	Apr-26	May-26	Jun-26	Jul-26	YoY	MoM
PSO	627	**591**	518	527	702	38%	33%
APL	114	**119**	97	104	127	29%	23%
WAFI	103	**100**	103	117	131	24%	12%
HASCOL	45	**35**	34	44	42	-6%	-4%
GO	171	**138**	123	119	86	-42%	-27%
Others	384	**377**	298	348	421	33%	21%
Industry	**1,444**	**1,360**	**1,172**	**1,258**	**1,509**	**23%**	**20%**

Source: OCAC, JS Research

Cements

Cement prices in the North region rose by ~Rs38/bag during Aug-2026 to an average of Rs1,565/bag MoM. While In the South region, prices saw a rise of ~Rs22/bag to an average of Rs1,545/bag for Aug-2026.

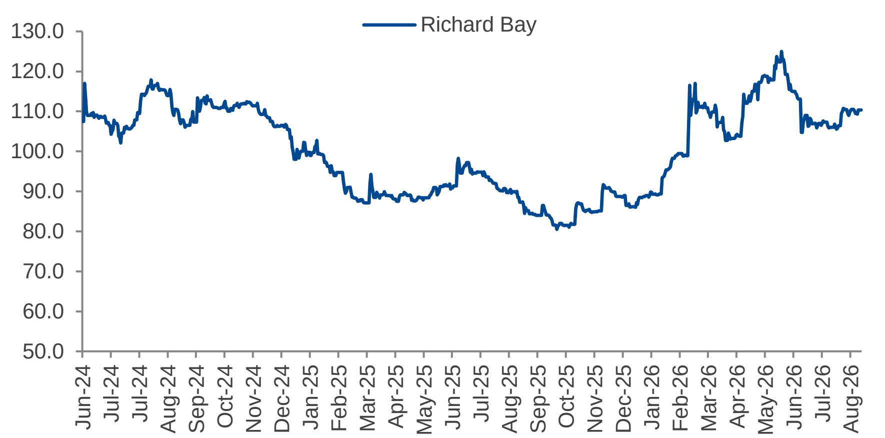
Cement prices (Rs/bag)



Source: PBS, JS Research

African coal prices for the month of Aug-2026 averaged US$109/ton, reflecting a marginal 2% MoM increase. At period end, RB coal prices clocked in at around US$110.4/ton.

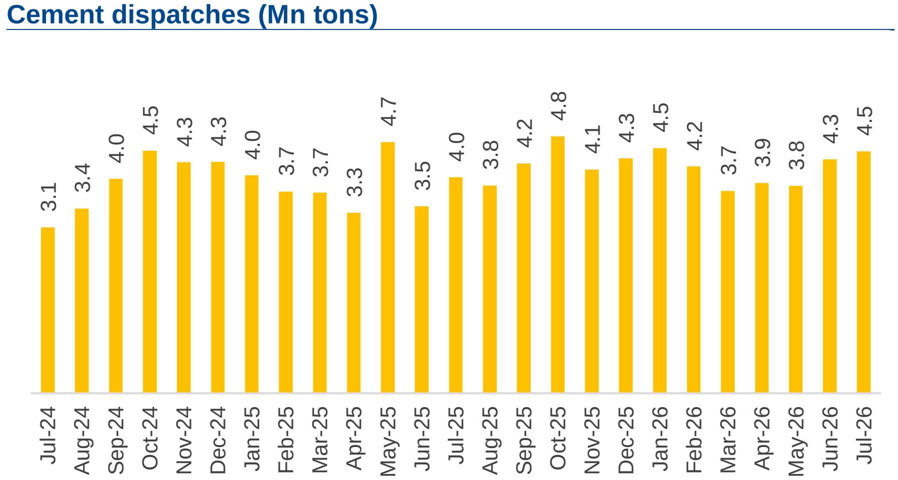
Coal prices (US$/ton)



Source: Bloomberg, JS Research

Jul-2026 cement dispatches stood at 4.47mn tons, up 6.0% YoY and 3.4% MoM. The increase was driven by a 17.3% YoY rise in domestic dispatches, Meanwhile, export dispatches declined 30% YoY, marking the 9th consecutive month of zero exports from the northern region.

Cement dispatches (Mn tons)



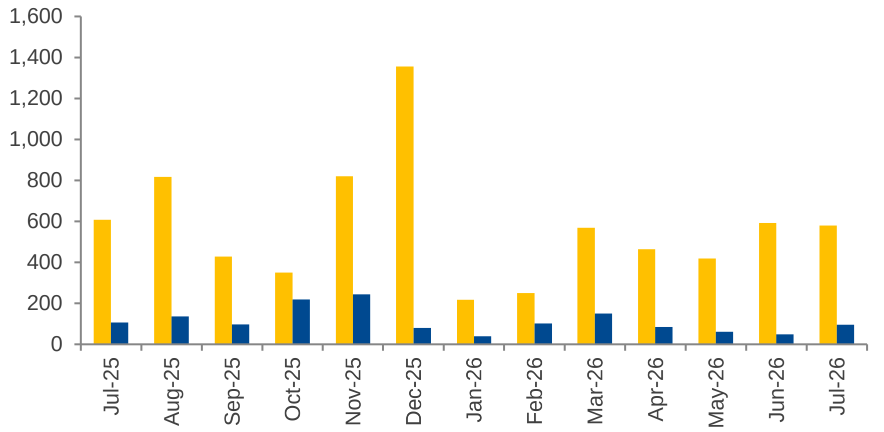
Source: APCMA, JS Research

Fertilizers

Urea offtake declined 1.97% MoM to ~580k tons in Jul-2026, primarily due to rainfall-led disruption in fertilizer application. On a YoY basis, offtake was down 4.6%

DAP offtake surged 100.35% MoM to ~96k tons, driven by dealer inventory build-up ahead of anticipated price hikes. Despite the strong MoM recovery, offtake remained down 9.9% YoY, as elevated DAP prices continued to constrain farmer affordability.

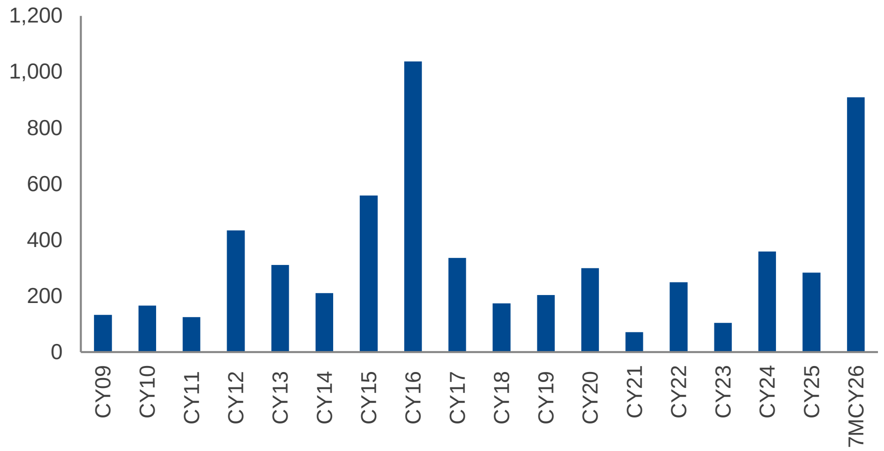
Fertilizer offtake ('000 tons)



Source: NFDC, JS Research

In Jul-2026, Urea production declined 8% MoM and 5% YoY to ~537k tons. Meanwhile, closing inventory stood at ~910k tons, down 5% MoM and 26% YoY. Moreover, EFERT accounted for ~78% of total inventory, with stocks of ~709k tons.

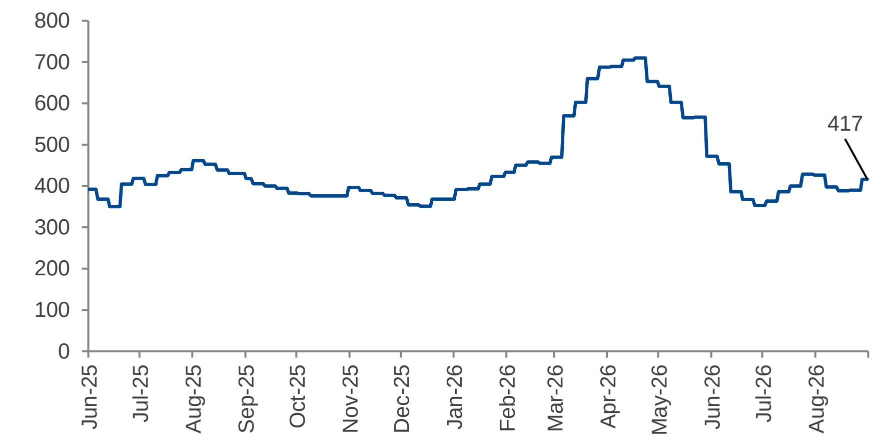
Urea closing inventory ('000 tons)



Source: NFDC, JS Research

Global urea prices started Aug-2026 at US$426.5/ton, declining by 8.9% during the month to reach US$388.5/ton. However, prices subsequently reversed course and closed the month at US$416.5/ton. Despite the late-month recovery, urea prices remained down 2.3% MoM and 3.1% YoY.

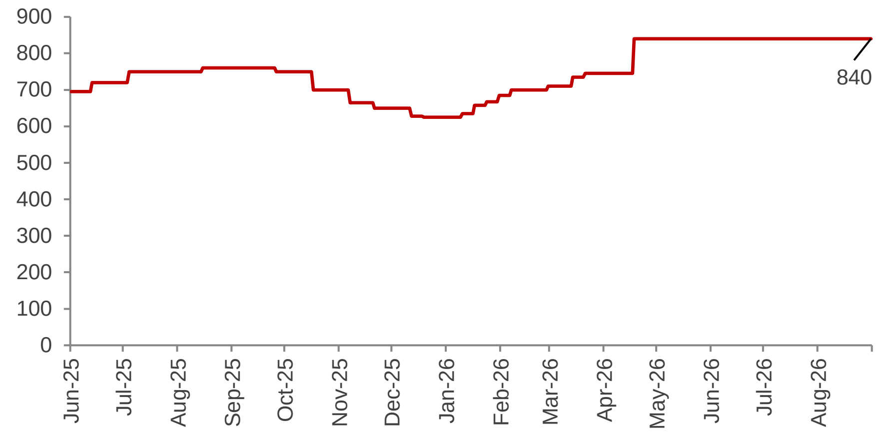
Urea US Gulf (US$/ton)



Source: Bloomberg, JS Research

Globally, DAP prices remained flat at US$840/ton during Aug-2026, primarily due to limited demand and subdued import activity. Still, prices registered a 10.5% YoY increase.

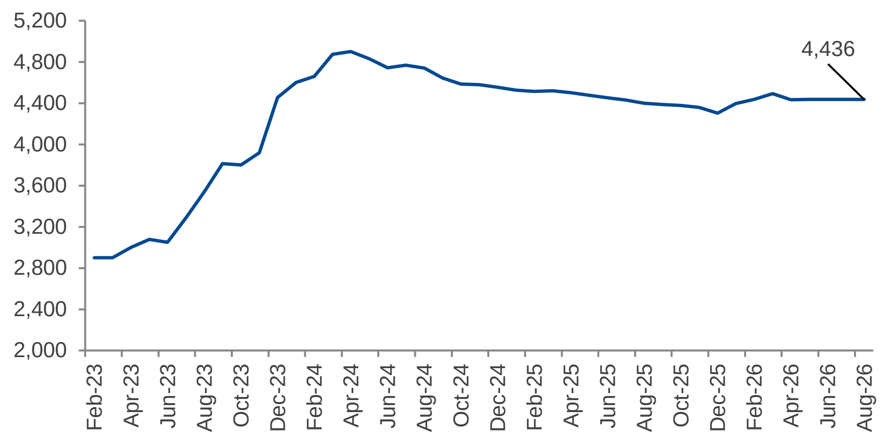
DAP US Gulf (US$/ton)



Source: Bloomberg, JS Research

The Dealer Transfer Price (DTP) of Urea remained unchanged in Aug-2026, keeping domestic urea prices broadly stable.

Local Urea prices (Rs/bag)



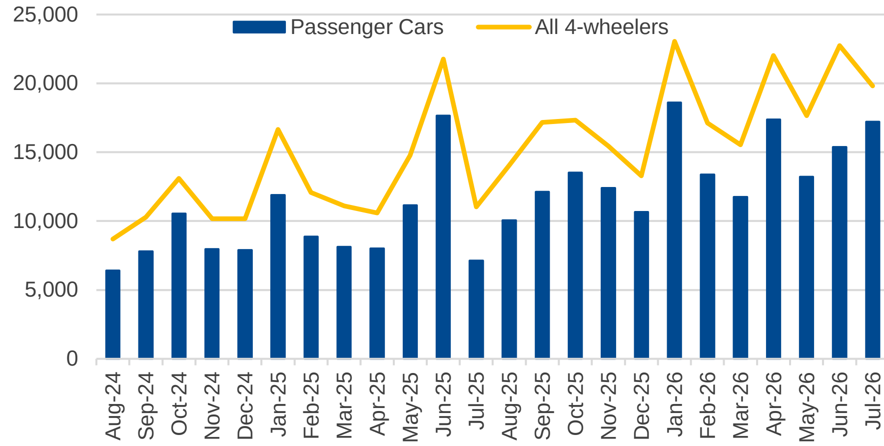
Source: PBS, JS Research

Autos

Auto sales in Jul-2026 saw a sharp 80% YoY growth to ~20k units, supported by the strong 2.4x YoY growth in PCs segment. Meanwhile, SUV sales lagged during the month mainly due to the lack of clarity on the sales tax issue on HEVs and PHEVs, declining 36% YoY.

On a MoM basis, volumes declined 13% owing to the strong base from Jun-2026 on the back of strong pre-budget buying.

Auto sales (4-wheelers/ Passenger cars - units)

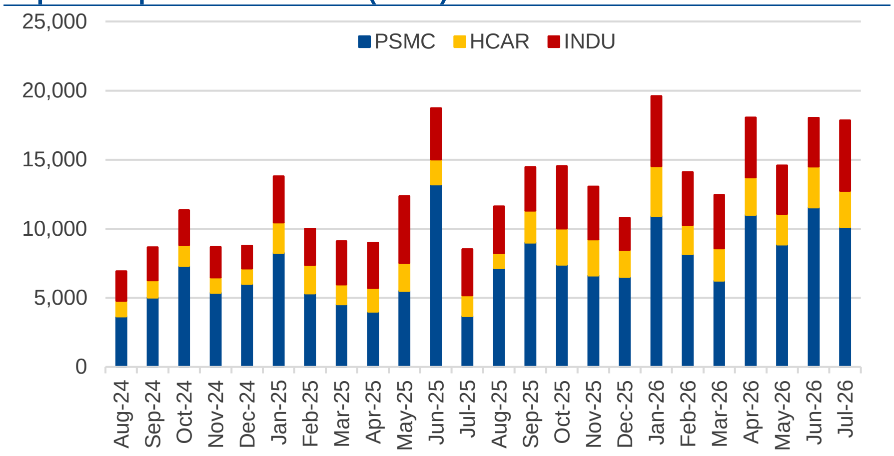


Source: PAMA, JS Research

In Jul-2026, combined sales of the top three automakers saw a strong 2.1x YoY increase, leading the market as uncertainty regarding the sales tax on HEVs/PHEVs reverted volumes back to ICE engine vehicles.

On a MoM basis, sales remained flat owing to the 45% MoM jump in INDU sales.

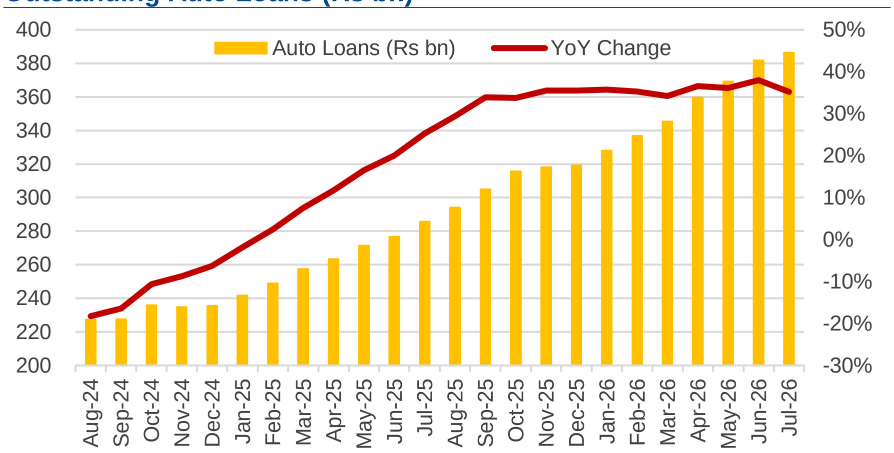
Top-3 companies auto sales (units)



Source: PAMA, JS Research

Auto loans increased 35.2% YoY in Jul-2026, clocking in at Rs386bn, the eighteenth straight monthly YoY increase, mainly due to uptick in overall volumes and lower financing rates. On a MoM basis, auto loans saw an uptick of 1.2%, increasing for the 20th straight month.

Outstanding Auto Loans (Rs bn)



Source: SBP, JS Research

Power

Power generation during Jul-2026 clocked in at 15,122 GWh, up 7% YoY.

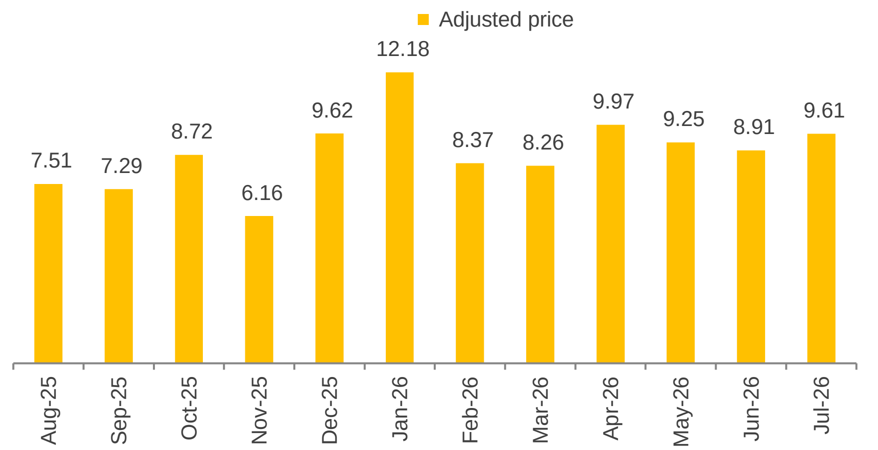
Total Power Generation by Source

GWh	May-26	Jun-26	Jul-26	MoMΔ	YoYΔ	Energy mix (%)	Source wise cost (Rs/unit)	Cost contrib. (Rs/unit)
Hydel	4,205	5,242	6,019	15%	6%	40%	0.0	0.0
Coal	3,186	3,057	3,819	25%	44%	25%	13.8	3.1
FO	20	100	215	2.2x	99%	1%	50.1	0.6
Gas	1,050	867	990	14%	-9%	7%	13.8	0.8
RLNG	1493	1480	1629	10%	-33%	11%	47.4	4.6
Nuclear	1,801	1,800	1,527	-15%	9%	10%	3.0	0.3
Others	883	884	923	4%	20%	6%	NM	0.2
Energy Generated	**12,638**	**13,430**	**15,122**	**13%**	**7%**	**100%**	**9.61**	**9.61**

Source: NEPRA, JS Research

Average cost of generation for Jul-2026 stood at Rs9.61/kWh, up by 17.5%YoY. The increase was primarily driven by rise in energy prices amid ongoing pressures in global energy markets.

Fuel Cost (Rs/kwh)



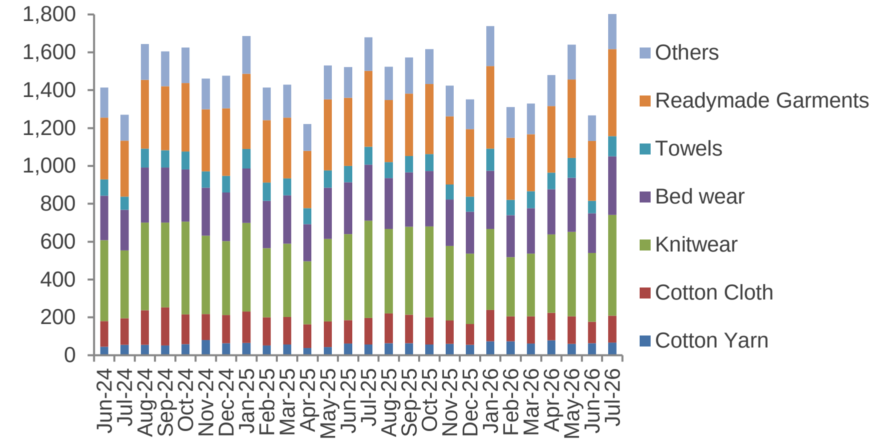
Source: NEPRA, JS Research

Textiles

Pakistan Textile exports were up 8% YoY in Jul-2026.

Within exports, Knitwear exports were up 4% YoY, bedwear up 4% YoY and ready-made garments up 15% YoY during the month of Jul-2026.

Segment-wise textile exports (US$ mn)



Source: PBS, JS Research

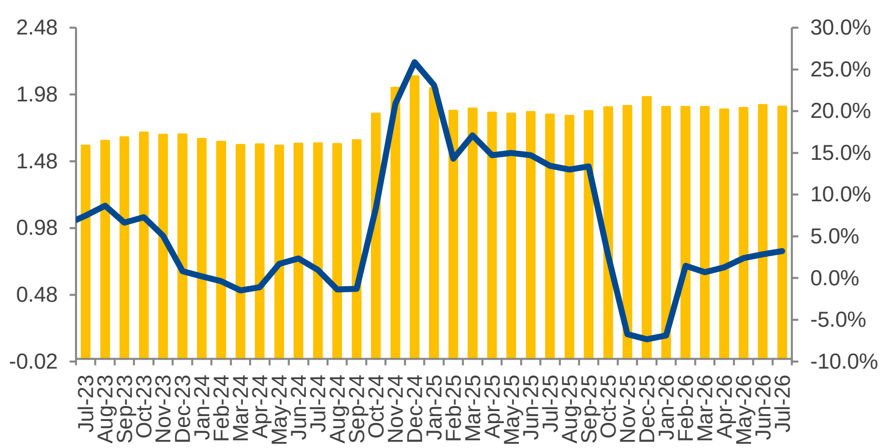
Int'l cotton prices (COT A Index) went up 13% during the month of Aug-2026 closing at US$0.92/lbs towards the month-end. Prices went up 40% CY26 TD, implying a shift from polyester (petroleum derivative) to cotton, rise in freight and polyester fibre prices and overall pickup in global demand.

Int'l Cotton prices (CTA) remain 40% CY26 TD (US$/lbs)

Source: Bloomberg

Textile sector loans reported 3.2% YoY growth in Jul-2026.

Textile manufacturing credit growth (YoY)

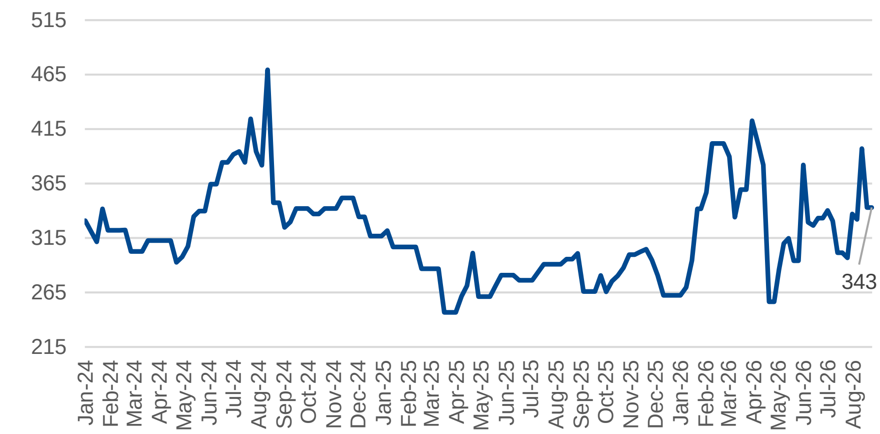


Source: SBP

Chemicals

PVC-Ethylene average core delta averaged at US$350/ton during Aug-2026 compared to US$293/ton during same period last year, rising by 19% YoY.

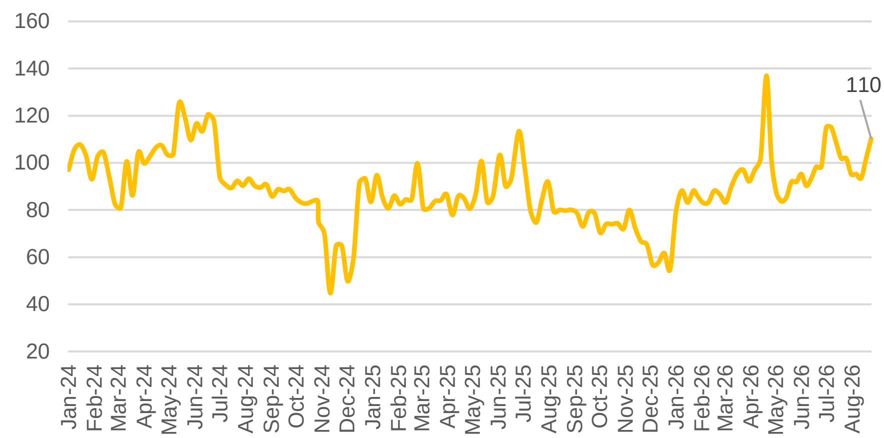
PVC Ethylene Core Delta (US$/Ton)



Source: Bloomberg, JS Research

Average PTA-PX margins have increased by 20% YoY to ~US$99.2/ton in Aug-2026 and while declining 9% MoM.

PTA PX Margins (US$/Ton)



Source: Bloomberg, JS Research

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