

Flash Note

Monday, October 12, 2026



Pakistan Politics

Governor Rule and Emergency Imposed in KPK

- Federal Government imposed emergency and Governor's rule in Khyber Pakhtunkhwa (KPK) on 11-Oct-2026 with President of Pakistan approving the federal cabinets recommendation\.. The Government has imposed emergency under article 232 and Governor's rule under article 234 of the Constitution citing deteriorating law and order situation and failure of talks with provincial leadership. Post suspension of Government, Governor Kundi will administer the province with the assistance of interim cabinet.
- As per news report, this is the fourth time Governor Rule has been imposed in the province each arising from different Political and Constitutional crisis. First once was imposed in 1974 followed by second and third Governor Rule in 1994 and 1999 respectively.
- According to news reports, the Governor rule is initially imposed for a period of 2 months and can be extended for up to 2 months at a time under joint Parliament sitting while Governor rule can stay in place for a maximum of 6 months.
- Under the new arrangement, the provincial assembly will remain functional and retain its legislative power, however, in case of any conflict with Federal law the Federal Legislation will prevail as long as the Federal Law remains in force. KPK will now be administered under new Governor with the support of 11-member advisory council.
- **Market Return:** We base our analysis of KSE100 return with the last 3 events since 2007 and historically market has initially posted negative returns in the days following the Emergency/Governor Rule announcement while recovering and posting positive return in the next 1-2months. As the Governor rule has been imposed reducing political noise and uncertainty, we expect market to initially react negatively and recover in subsequent weeks. Nevertheless, market performance in coming weeks will likely follow subsequent events in KPK such as social unrest and possibility of fresh elections if any alongside outcome of other key events such as Monetary Policy (26-Oct-2026), US Mid Term Elections (03-Nov-2026), and Geopolitical Developments. These historical returns provide an insight of historical market return and not indicative of future performance as several other factors as highlighted above may impact performance outlook.

Historical KSE100 Returns Post emergency							
Event	Start Date	End Date	1st Day	7 Days	15 Days	1Month	Return During Emergency
2007 National Emergency	3-Nov-07	15-Dec-07	-4.6%	-3.5%	-6.0%	0.1%	4.6%
2009 Punjab Governor Rule	25-Feb-09	30-Mar-09	-5.0%	-4.7%	-5.4%	12.6%	19.4%
2013 Balochistan Governor Rule	14-Jan-13	13-Mar-13	-3.2%	0.0%	3.2%	5.5%	6.8%

Source: Bloomberg, CapitalStake, Newsprint Media, IGI Research

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