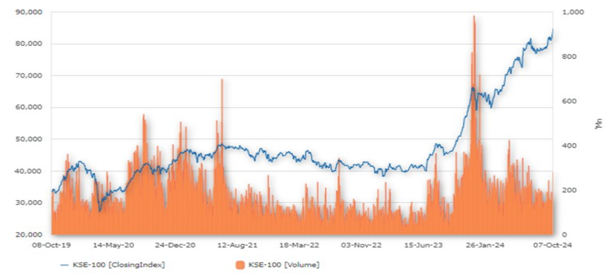
Morning Briefing

News Feeds

We Invest in Relationships ™

02 July, 2025

KSE –100 Volume



KSE –100 Index– Key Statistics

Open	125,627.31
High	128,475.59
Low	126,113.27
Closing	128,199.42
Change	2,572.11
Volume	336,907,385

Source: PSX

Key Economic Data

Reserves (11-Apr-2025)	$15.662 bn
Inflation CPI (Mar'25)	0.69%
Exports - (Mar'25)	$2.617 bn
Imports - (Mar'25)	$4.736 bn
Trade Balance- (Mar'25)	$(2.199) bn
Current A/C- (Mar'25)	$1,195 Mn
Remittance - (Mar'25)	$4.055 bn

Source: SBP

FIPI/LIPI (USD Million)

FIPI (01-Jul-25)	(3.22)
Individuals (01-Jul-25)	(4.99)
Companies (01-Jul-25)	3.97
Banks/DFI (01-Jul-25)	1.53
NBFC (01-Jul-25)	0.08
Mutual Funds (01-Jul-25)	6.97
Other Organization (01-Jul-25)	(1.67)
Brokers (01-Jul-25)	(0.65)
Insurance Comp: (01-Jul-25)	(2.02)

Source: NCCPL

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Oil prices little changed as investors look ahead to OPEC+ meeting

Source: The Reuters **POSITIVE**

The news indicates that oil prices remained stable as markets await the OPEC+ decision on August output, with Brent crude hovering around $67.12 per barrel. Price movements have been restrained due to reduced geopolitical tensions, particularly after the Iran-Israel ceasefire, and expectations that OPEC+ will modestly increase production by 411,000 barrels per day. Positive demand signals came from China's factory growth, while U.S. inventory data and upcoming payroll and tariff developments may influence future trends. For Pakistan, this stability in oil prices is positive, as it helps control import costs, inflation, and supports macroeconomic stability—especially important for a net oil-importing economy.

Pakistan's trade deficit improves by over 9% in June

Source: Mettis Global **POSITIVE**

The latest trade data shows that Pakistan's trade deficit narrowed by 9.4% month-on-month in June 2025, primarily due to a sharper drop in imports (-7.08%) compared to exports (-4.79%). However, on an annual basis, the full fiscal year 2024–25 saw a 9% increase in the cumulative trade deficit, reaching $26.27 billion. While exports grew by 4.67% year-on-year, imports rose even faster at 6.57%, widening the overall gap. This presents a mixed impact: the monthly improvement is positive for the external account and short-term stability, but the annual data reflects a negative trend, indicating persistent structural imbalances in trade. Overall, the impact can be categorized as neutral, balancing short-term gains with long-term concerns.

June CPI inflation clocks in at 3.2pc YoY

Source: Business Recorder **POSITIVE**

In June 2025, Pakistan's Consumer Price Index (CPI) inflation slowed to 3.2% year-on-year from 3.5% in May and sharply down from 12.6% in June 2024, reflecting easing price pressures. Urban inflation eased to 3.0%, while rural inflation slightly rose to 3.6% year-on-year. Month-on-month inflation showed a modest 0.2% increase overall, driven by notable rises in food prices such as tomatoes (+57.3%), potatoes (+25.7%), and onions (+15.3%). Core inflation measures indicated moderate increases, with urban trimmed mean inflation at 4.7% and rural at 5.2%. Wholesale Price Index (WPI) inflation was marginally up by 0.6% year-on-year. Overall, the data suggests a continued trend of low inflation compared to the previous year, though food price volatility remains a key concern.

Private sector borrowing hits Rs710bn in FY25

Source: Dawn News **POSITIVE**

In FY25, Pakistan's private sector borrowing rebounded to Rs710 billion, the highest in three years, driven mainly by easing interest rates in the final quarter that saw rates drop from 22% to 11%. While borrowing increased compared to Rs513 billion in FY24 and Rs45.8 billion in FY23, it remains well below the Rs1.33 trillion borrowed in FY22. Most borrowing continues to target short-term working capital needs rather than new investments, reflecting ongoing caution amid economic and political uncertainties following FY23's turmoil and negative GDP growth. The State Bank of Pakistan (SBP) noted that the country's credit-to-GDP ratio remains one of the lowest in the region, hampered by high borrowing costs, shallow financial markets, government borrowing crowding out private credit, and banks' preference for lending to large corporates or investing in government securities. Structural issues like the energy crisis also constrain credit growth, limiting private sector expansion despite monetary easing and moderate inflation.

Govt looking to sell excess LNG cargoes

Source: Business Recorder **NEGATIVE**

Pakistan is facing a surplus of liquefied natural gas (LNG), with at least three excess cargoes imported from Qatar that currently have no domestic use, leading to steep discounts and production cuts by local gas producers. This gas supply glut, driven by a decline in gas-fired power generation due to the rise of cheaper solar energy, has caused significant financial losses estimated at $378 million over the next year. Pakistan is exploring options to store excess LNG offshore and potentially resell it, although long-term contracts with QatarEnergy include restrictions on resale and renegotiation of terms is complex and time-consuming. Despite deferring some LNG cargo deliveries, the country struggles with surplus capacity amid lower-than-expected summer demand.

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PIB (3Y) (09-Apr-25)	11.88%
PIB (5Y) (09-Apr-25)	12.34%
PIB (10Y) (09-Apr-25)	12.79%
T-Bills (3M) (16-Apr-25)	12.32%
T-Bills (6M) (16-Apr-25)	12.01%
T-Bills (1Y) (16-Apr-25)	11.99%
POLICY RATE	11.00% p.a
SUKUK (Cuttoff rate/Price)	10.9999/90.1146

Source: PSX & SBP

FBR seeks 18pc tax-to-GDP ratio by 2027-28

Source: Business Recorder **POSITIVE**

Federal Board of Revenue (FBR) Chairman Rashid Mahmood Langrial outlined Pakistan's goal to raise the national tax-to-GDP ratio from the current 12.1 percent to 18 percent by 2027–28, requiring provinces to increase their contribution from 0.8 to 3 percent and the federation from 11.3 to 15 percent. He emphasized substantial improvements in tax compliance and enforcement, with an eightfold increase in collections from enforcement measures in 2024–25, and highlighted that revenue growth was driven by inflation, new taxes, and enhanced compliance efforts. Langrial stressed a taxpayer-friendly approach focused on fairness and transparency, rejecting coercive tactics. Meanwhile, Minister of State for Finance Bilal Azhar Kayani credited the government's fiscal and monetary policies for stabilizing the economy, reducing inflation dramatically, negotiating a supportive IMF Extended Fund Facility, boosting foreign reserves to $14 billion, and achieving a 26 percent revenue growth. The government aims to sustain macroeconomic stability through export-led growth, tariff rationalization, and tax relief for salaried workers, with inflation projected between 6.5 and 7.5 percent in the coming year.

FBR abolishes ACD on imports under 0pc, 5pc and 20pc duty slabs

Source: Business Recorder **POSITIVE**

The Federal Board of Revenue (FBR) has abolished Additional Customs Duty (ACD) on imports under the 0%, 5%, and 10% customs duty slabs starting July 1, 2025, and significantly reduced Regulatory Duty (RD) on 1,022 items as part of implementing the National Tariff Policy 2025-2030. This policy aims to simplify the tariff structure by phasing out ACD within four years and RD within five years, reducing customs duty slabs from five to four (0%, 5%, 10%, and 15%), and eliminating duty exemptions over five years. The recent reforms focus on lowering costs for industry, facilitating trade, and promoting export-led growth by reducing ACD rates—especially on intermediate and capital goods—and cutting the maximum RD from 90% to 50%. While RD remains on over 900 consumer goods to protect local industries, these changes are designed to create a more transparent, predictable tariff system aligned with international norms, boosting competitiveness and industrial growth.

Sugar import decision confirmed

Source: Business Recorder **POSITIVE**

The high-level steering committee, chaired by Deputy Prime Minister and Foreign Minister Ishaq Dar, confirmed the import of 500,000 metric tonnes of sugar through both the Trading Corporation of Pakistan and the private sector to ensure stable supply and affordable prices. The meeting included key federal and provincial officials, highlighting the government's commitment to managing essential commodity availability. Separately, Ishaq Dar also chaired a committee reviewing the project pay scale framework, focusing on reforming hiring policies for skilled professionals with proposals for competitive pay and performance-based incentives; the committee plans to finalize recommendations in a follow-up meeting next week.

Knitwear exports to China rise 11%

Source: Express Tribune **POSITIVE**

Pakistan's exports of knitted and crocheted apparel to China, including jerseys, pullovers, cardigans, and waistcoats, rose by 11% in the first five months of 2025 to $4.30 million, up from $3.87 million in the same period last year. This growth reflects Pakistan's strengthening position in China's competitive apparel market, driven by increased cotton-blended knitwear production and enhanced compliance with Chinese quality standards. Improved manufacturing processes, such as advanced dyeing and finishing, have met Chinese consumers' demand for comfortable and durable winter wear. Most exports are imported through eastern Chinese provinces, with Jiangsu, Zhejiang, and Henan leading in volume. Pakistan's advantage is bolstered by zero-tariff access under the China-Pakistan Free Trade Agreement's second phase, giving it an edge over regional competitors.

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Stock Ratings

WE Financial Services Ltd. uses three rating categories, depending upon return form current market price, with Target period as December 2018 for Target Price. In addition, return excludes all type of taxes. For more details kindly refer the following table;

Potential to target price	
Buy Upside	More than +10% from last closing price
HOLD	In between -10% and +10% from last closing price
SELL	Less than -10% from last closing price

Equity Valuation Methodology

WE Research uses the following valuation technique(s) to arrive at the period end target prices;

- Discounted Cash Flow (DCF)
- Dividend Discount Model (DDM)
- Relative valuation (P/E, P/B, P/S)
- Equity & Asset return based (EVA, Residual income)

Risks

The following risks may potentially impact our valuations of subject security(ies);

- Market Risk
- Interest Rate Risk
- Exchange rate risk

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