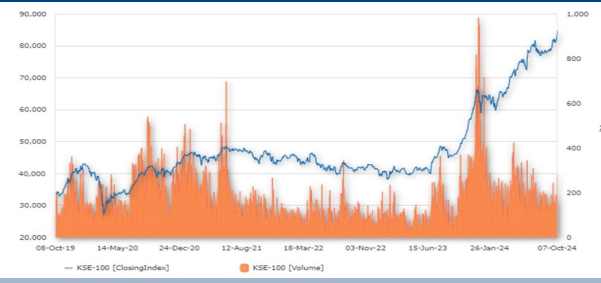


05 August, 2025

### KSE -100 Volume



### KSE -100 Index- Key Statistics

Open	141,034.98
High	142,323.34
Low	141,440.48
Closing	142,052.64
Change	1,017.66
Volume	349,227,740

Source: PSX

### Key Economic Data

Reserves (18-Jul-2025)	\$19.918 bn
Inflation CPI (Jun'25)	3.2%
Exports - (Jun'25)	\$2.543 bn
Imports - (Jun'25)	\$4.866 bn
Trade Balance- (Mar'25)	\$(2.323) bn
Current A/C- (Mar'25)	\$1,195 Mn
Remittance - (Jun'25)	\$3.406 bn

Source: SBP

### FIPI/LIPI (USD Million)

FIPI (04-Aug-25)	0.71
Individuals (04-Aug-25)	(0.70)
Companies (04-Aug-25)	(0.65)
Banks/DFI (04-Aug-25)	(0.92)
NBFC (04-Aug-25)	(0.03)
Mutual Funds (04-Aug-25)	2.01
Other Organization (04-Aug-25)	(0.60)
Brokers (04-Aug-25)	(0.29)
Insurance Comp: (04-Aug-25)	0.47

Source: NCCPL

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### Trump warns he will 'substantially' raise tariffs on India over Russian oil purchases

Source: Dawn News

NEGATIVE

U.S. President Donald Trump announced plans to substantially raise tariffs on India in response to its continued imports of Russian oil, accusing New Delhi of profiting from the resale of Russian crude and indirectly funding Russia's war in Ukraine. Despite Trump's threats and harsh rhetoric, including calling India's economy "dead in the water," India has vowed to continue its oil trade with Russia, citing past U.S. encouragement and pointing out Western nations' own ongoing trade with Moscow. India's Ministry of External Affairs labeled the U.S. criticism as hypocritical and unjustified, asserting that it will act to protect its national interests. Meanwhile, Trump's recent trade overtures to Pakistan and his public undermining of Indian Prime Minister Narendra Modi have strained U.S.-India relations, dampening previous displays of political camaraderie and placing Modi's government under pressure amid domestic disappointment.

### Eight OPEC+ countries raise production by 547,000 bpd

Source: Express Tribune

NEUTRAL

Saudi Arabia, Russia, and six other major OPEC+ members—collectively known as the Voluntary Eight (V8)—announced a production increase of 547,000 barrels per day starting in September 2025, aiming to regain market share amid resilient oil prices and stable demand. This move is part of a broader strategy to unwind the 2.2 million barrels per day of cuts agreed upon in April, with analysts noting that oil prices have remained stable due to strong summer demand and ongoing geopolitical tensions, especially between Iran and Israel. While the hike represents only a 1.5% increase in output from the V8's current 41–42 million bpd, experts believe it won't significantly impact prices, which are hovering around \$70 per barrel. The United Arab Emirates received a special 300,000 bpd increase as part of the agreement. Analysts warn that maintaining unity within OPEC+ while navigating geopolitical risks and potential market oversupply—especially by the fourth quarter—will be a major challenge. The group emphasized flexibility, stating that adjustments may be paused or reversed based on market conditions, and plans to meet monthly, with the next full OPEC+ ministerial gathering set for November.

### Tobacco sector: potential & illicit trade challenges

Source: Express Tribune

NEGATIVE

Pakistan's tobacco industry, valued at \$2.3 billion in 2024, plays a significant role in the national economy by generating substantial tax revenue, providing employment, and supporting agriculture, particularly in regions like Khyber-Pakhtunkhwa and Punjab. However, it faces mounting challenges from stringent regulations and a rapidly expanding illicit cigarette market, which now accounts for 58% of total sales—the highest in the region. Despite contributing Rs150 billion (\$540 million) in taxes during 2023–24, legal cigarette sales dropped by 8.3% in 2024, largely due to high taxes and anti-smoking measures aligned with WHO guidelines. This regulatory pressure has fueled smuggling, with 74 illegal brands reported nationwide, resulting in over Rs567 billion in lost revenue over the past decade. Compared to regional counterparts like India, Bangladesh, and Iran—each facing similar challenges—Pakistan's growth potential remains strong, with a projected CAGR of 6.28% from 2025 to 2029. To secure a sustainable future, the industry must address illicit trade through stricter enforcement, regional cooperation, and diversification into reduced-risk products, while supporting farmers in transitioning to alternative crops.

### Jaguar Land Rover names Tata Motors CFO as top boss

Source: Business Recorder

NEUTRAL

British carmaker Jaguar Land Rover (JLR) has appointed P B Balaji as its new CEO, replacing Adrian Mardell, who is stepping down after three years in the role and over three decades with the company. Balaji, currently the group chief financial officer of Tata Motors since 2017, will assume his new position in November, according to an announcement by parent company Tata Motors.

### KSE –100 Index– Key Statistics

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 (Cutoff rate/Price)	10.9999/90.1146

Source: PSX & SBP

### Pakistan's cotton production drops by 30pc: PCGA report

Source: Dawn News

**NEGATIVE**

Pakistan's cotton production has fallen by 30% compared to the same period last year, with only 594,000 bales reaching ginning factories by July 31, according to the Pakistan Cotton Ginners Association (PCGA). The decline is largely due to a record 47% drop in Sindh's output, while Punjab saw a modest 3% increase. Notably, there's a major discrepancy between PCGA and Punjab's Crop Reporting Service, with the latter reporting double the production figures. Despite the downturn, 99,000 bales remain unsold, and textile mills have purchased 529,000 bales so far. The shift of cotton from Sindh and Balochistan to Punjab, driven by better prices, explains the higher volume in Punjab's ginning factories, despite Sindh having more operational units. Heavy rains have damaged crop quality, reducing demand from textile mills and forcing some ginning factories to shut down. In response, PCGA introduced a moisture policy effective August 1, setting guidelines for acceptable moisture levels in cotton and corresponding payment deductions to address quality concerns.

### Rs3bn financial mismanagement identified in Aviation Ministry

Source: Business Recorder

**NEGATIVE**

The Audit Report 2024–25 has uncovered over Rs 3 billion in financial mismanagement within Pakistan's Ministry of Aviation and its attached bodies, including the Pakistan Civil Aviation Authority (PCAA) and the Airport Security Force (ASF). The audit highlights widespread irregularities such as unauthorised payments, unapproved contracts, poor recordkeeping, and violations of procurement rules. The bulk of the losses—Rs 2.3 billion—stem from the PCAA's failure to recover dues from airlines and stakeholders despite repeated audit warnings. Additional issues include Rs 313.6 million spent on consultancy contracts awarded without competitive bidding, Rs 154.6 million on unsanctioned procurements, and Rs 45.8 million by ASF on purchases without proper tendering. ASF also paid Rs 125 million in rent without proper documentation and lacked inventory and asset records, raising concerns over accountability. The report criticizes the persistent lack of corrective action and absence of Departmental Accounts Committee (DAC) meetings, urging strict enforcement of financial regulations, recovery of dues, and internal audit reforms to prevent further mismanagement.

### Power division projects 25pc rise in tariff by 2034

Source: Dawn News

**NEGATIVE**

Pakistan's Power Division has projected a 25% increase in electricity tariffs over the next eight years, following a 50% hike since FY2022, primarily driven by massive rupee devaluation rather than fuel costs. According to a recent working paper, the average tariff is expected to reach Rs29.70 per unit by 2034, up from the current Rs24, with power purchase rates having surged nearly 250% since FY2016. Capacity charges rose sharply—from Rs275 billion in FY2016 to Rs2.1 trillion in FY2025—due to dollar-denominated contracts under CPEC and the rupee's decline from Rs100 to Rs300 per USD. While energy costs remained relatively stable, extraneous taxes and inefficiencies added to consumer burden. The report also highlighted that despite reforms, technical and commercial losses remain stagnant at around 18%, and deindustrialization is accelerating as rising electricity prices force industries to shut down or switch to off-grid solutions. The division recommends reducing dollar-linked capacity charges and boosting reliance on indigenous energy sources to improve long-term sustainability.

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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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