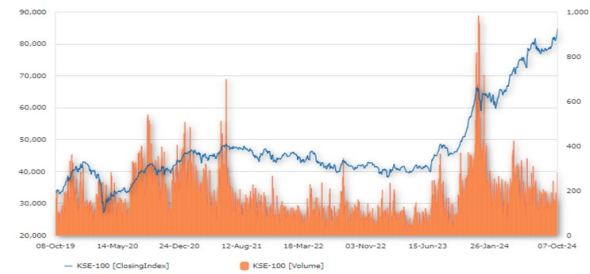


07 July, 2025

KSE –100 Volume



KSE –100 Index– Key Statistics

Open	130,686.65
High	132,129.60
Low	130,716.10
Closing	131,949.06
Change	1,262.41
Volume	198,953,974

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 (04-Jul-25)	(2.31)
Individuals (04-Jul-25)	2.00
Companies (04-Jul-25)	0.61
Banks/DFI (04-Jul-25)	(3.54)
NBFC (04-Jul-25)	0.05
Mutual Funds (04-Jul-25)	1.45
Other Organization (04-Jul-25)	(0.68)
Brokers (04-Jul-25)	2.76
Insurance Comp: (04-Jul-25)	(0.35)

Source: NCCPL

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Azerbaijan to invest \$2bn in economic sector

Source: Business Recorder

POSITIVE

Pakistan and Azerbaijan have signed a significant \$2 billion investment agreement, marking a new milestone in bilateral economic relations. The deal, signed in the presence of Prime Minister Shehbaz Sharif, Deputy Prime Minister Ishaq Dar, and Azerbaijani Economy Minister Mikayil Jabbarov, reflects growing investor confidence in Pakistan. It follows a cordial meeting between Prime Minister Sharif and Azerbaijani President Ilham Aliyev in Khankandi, with a more detailed agreement to be finalized during the Azerbaijani President's upcoming visit to Pakistan. Both countries committed to further enhancing co-operation across various sectors, including trade, investment, and climate issues, as emphasized by Prime Minister Sharif during his remarks in Shusha.

Pakistan, US reach accord on trade and tariffs

Source: Dawn News

POSITIVE

With less than a week before the July 9 deadline, Pakistan and the United States have reached a preliminary understanding on a trade agreement aimed at securing Pakistan's key export sectors, particularly textiles and agriculture, from the re-imposition of a 29% tariff. Led by Commerce Secretary Jawad Paal, the Pakistani delegation concluded four days of negotiations in Washington, with a formal announcement expected after the US finalizes talks with other trade partners. The proposed deal includes reciprocal tariff arrangements, increased Pakistani imports of US goods such as crude oil, and potential American investment in Pakistan's mining, energy, and infrastructure sectors—including projects like Reko Diq. Officials remain optimistic that the agreement will preserve Pakistan's access to the US market and revitalize economic ties strained since the Trump-era tariffs.

Oil slides on oversupply fears after surprise OPEC+ decision

Source: The News International

NEUTRAL

Oil prices dropped over 1% after OPEC+ surprised markets by announcing a larger-than-expected production increase of 548,000 barrels per day (bpd) for August, raising fears of oversupply. Brent crude fell to \$67.50 per barrel, while U.S. West Texas Intermediate dropped to \$65.68. The hike, up from prior monthly increases of 411,000bpd, reflects a more aggressive push for market share, with Saudi Arabia driving much of the actual output gains. OPEC+ cited strong global demand and low inventories as justification. Goldman Sachs expects a final 550,000bpd increase to be announced for September at the group's August 3 meeting. Meanwhile, Saudi Arabia raised prices for its flagship Arab Light crude in a show of confidence in demand. In a related development, U.S. President Trump indicated higher tariffs will be announced by July 9, with implementation set for August 1.

\$300m SWAT project progress unsatisfactory: World Bank

Source: Business Recorder

NEUTRAL

The World Bank has rated the \$300 million "Sindh Water and Agriculture Transformation (SWAT)" project as moderately unsatisfactory in overall implementation and moderately satisfactory in progress toward its development goals. Launched in December 2022, the project aims to boost agricultural water productivity, enhance integrated water resources management (IWRM), and help restore crop production for small and medium farmers impacted by the 2022 floods. While some delays persist, progress is being made, including the drafting of a new water resources bill to replace outdated irrigation laws and the design of a Hydro-Agro Informatics program. Pilot Farmer Organizations are preparing Area Development Plans to guide investments, with the Akram Wah Rehabilitation sub-project expected to begin contracting by early 2026. The Agriculture Department has also advanced work in crop monitoring, soil salinity, and value chain development, with flood recovery payments expected to conclude in 2025.

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

Govt mulls lifting ban on gas connections amid LNG glut

Source: Dawn News

NEGATIVE

Amid mounting pressure from surplus LNG, underutilized infrastructure, and sovereign commitments, the Pakistani government is considering lifting the ban on new gas connections—a moratorium reimposed in 2022—to ease demand-side stress and reduce economic and operational imbalances in the energy sector. With over 3.5 million pending applications, this move could help absorb excess gas, particularly imported LNG that's straining foreign reserves and contributing to circular debt. However, concerns persist over increased losses, lower recovery rates, and intensified winter shortages, especially in Punjab and KP. The current surplus stems from reduced industrial gas demand, underutilized \$7bn LNG infrastructure, and deferred Qatari LNG cargoes. Officials propose structural reforms like weighted average cost of gas (WACOG) pricing and reallocating cheaper domestic gas to households while reserving expensive LNG for industries and power plants. Already, gas tariffs have been hiked by up to 17% and fixed charges by 50%, adding Rs85bn in projected revenue for FY2025–26 to meet IMF benchmarks. Despite cautious expansion plans for 120,000 new connections this year, including 1,000 for commercial/industrial users, gas companies remain hesitant due to unresolved market distortions, suppressed domestic output, and unresolved gas cess collections exceeding Rs400bn.

Govt pushes to scale up EV adoption

Source: Express Tribune

POSITIVE

The Ministry of Climate Change and Environmental Coordination (MoCC&EC) held a high-level meeting with electric vehicle (EV) manufacturers and officials to strategize ways to accelerate EV adoption and reduce reliance on fossil fuels in Pakistan. Chaired by Secretary Aisha Humera Moriani, the meeting focused on key challenges such as inadequate charging infrastructure, especially in urban areas, and the high cost of EVs. Stakeholders emphasized the importance of policy support for converting the country's vast fleet of fuel-powered vehicles—particularly the nearly 29 million petrol motorcycles—to electric through standardized retrofitting. To improve affordability, the ministry is exploring EV financing options in partnership with financial institutions and encouraging a shift from imported CBUs to locally assembled CKDs to cut costs and boost local industry. The government also plans to develop a regulatory framework to ensure the safety and quality of retrofitting services. These initiatives align with Pakistan's climate goal of achieving 30% EV adoption by 2030 under its Nationally Determined Contributions (NDCs).

Taxes unnerve e-commerce platforms

Source: Dawn News

NEGATIVE

With the introduction of Pakistan's new e-commerce taxation regime for fiscal year 2025–26, confusion and concern are spreading across local and international platforms, sellers, and courier services. The regime includes an 18% General Sales Tax (GST) on all online goods and services—mirroring brick-and-mortar retail—as well as additional levies for non-filers and mandatory buyer data reporting by banks and payment intermediaries. Major global platforms like Facebook, Google, Apple, AliExpress, and Netflix are among those affected, with total e-commerce transactions exceeding Rs317 billion. However, ambiguity over implementation, enforcement mechanisms, and the absence of updated legal documentation on the FBR website have fueled uncertainty. The Pakistan E-commerce Association (PEA) and other stakeholders have warned that the new rules will hurt profit margins and burden consumers, prompting planned protests. Courier companies have started advising sellers to complete tax registrations, as unregistered businesses will soon be barred from shipping orders. Meanwhile, FBR officials assert that the changes aim to boost tax compliance, protect consumers, and regulate the fast-growing e-commerce sector, with enforcement expected to begin in earnest after Ashura.

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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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