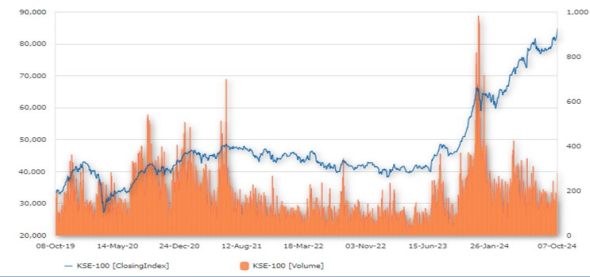


08 July, 2025

KSE -100 Volume



KSE -100 Index- Key Statistics

Open	131,949.06
High	133,862.01
Low	132,467.12
Closing	133,370.06
Change	1,421.08
Volume	344,248,572

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 (07-Jul-25)	(2.50)
Individuals (07-Jul-25)	7.51
Companies (07-Jul-25)	(2.28)
Banks/DFI (07-Jul-25)	(5.40)
NBFC (07-Jul-25)	0.13
Mutual Funds (07-Jul-25)	3.48
Other Organization (07-Jul-25)	(0.78)
Brokers (07-Jul-25)	(1.07)
Insurance Comp: (07-Jul-25)	0.91

Source: NCCPL

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Oil prices up; strong demand outweighs surprisingly big OPEC+ output hike

Source: Reuters

POSITIVE

Oil prices rose nearly 2% on Monday, buoyed by stronger-than-expected demand that outweighed concerns about increased OPEC+ production and potential U.S. tariffs. Brent crude closed at \$69.58 and WTI at \$67.93, rebounding after early session lows. Despite OPEC+ agreeing to raise output by 548,000 barrels per day in August, the actual increases have been limited, mainly driven by Saudi Arabia. Saudi confidence in demand was reflected in a price hike for its flagship crude. Strong U.S. holiday travel further signaled robust consumption, while easing trade tensions and delayed tariffs helped lift sentiment. Geopolitical tensions also persisted, with a Houthi ship attack in the Red Sea and ongoing U.S.-Middle East diplomacy.

Domestic banking sector: Pakistan govt sets Rs5.75trn borrowing target for Q1

Source: Business Recorder

NEGATIVE

The federal government of Pakistan has set a borrowing target of Rs 5.575 trillion from the domestic banking sector for the first quarter of FY26, marking a 40% increase from the Rs 3.970 trillion target in the same period of FY25, to finance the fiscal deficit. The State Bank of Pakistan (SBP) released auction calendars for Pakistan Investment Bonds (PIBs) and Market Treasury Bills (MTBs), with Rs 2.4 trillion planned from PIBs—Rs 1 trillion from fixed-rate and Rs 1.4 trillion from floating-rate bonds—and Rs 3.175 trillion from short-term T-Bills, starting with a Rs 1.35 trillion auction on July 9. Economists attribute this heightened borrowing to shortfalls in revenue collection, which have already led to interest payments exceeding Rs 8 trillion this fiscal year.

Economy: SBP governor speaks of policy mix

Source: Business Recorder

POSITIVE

Governor State Bank of Pakistan (SBP) Jameel Ahmad emphasized that the current policy framework is aimed at sustainable and inclusive economic growth, rather than short-term, populist measures, marking a break from previous boom-bust cycles. Speaking at the launch of the Women Entrepreneurs Finance Code in Karachi—organized with the Asian Development Bank—he highlighted Pakistan's macro-economic progress, including a sharp decline in inflation to 4.5% in FY25, stable foreign exchange reserves, improved fiscal discipline, and a projected supportive current account. Ahmad underscored SBP's commitment to structural reforms and stressed the importance of supporting women-led businesses as engines for inclusive growth. The event also showcased international collaboration and policy dialogue to boost women's financial inclusion, with contributions from ADB, the World Bank, and SBP leadership.

Reserves up: SBP eyes global bond market

Source: Business Recorder

POSITIVE

Pakistan's foreign exchange reserves rose to \$14.5 billion by the end of June, exceeding both the IMF's FY25 target of \$13.9 billion and the SBP Governor's own projections, signaling improved economic stability. This growth—driven by the SBP's aggressive dollar purchases totaling \$6.2 billion in the first nine months of FY25—was partially used for debt servicing, while the remainder strengthened reserves. Timely Chinese loan rollovers and a \$1 billion commercial loan from Dubai Islamic Bank also played key roles, marking Pakistan's return to international financing after a 2–3 year pause. While these developments are encouraging, the SBP must continue building reserves to meet the FY26 target of \$17.7 billion, even if it comes at the cost of slower GDP growth. Reopening access to the global bond market through Panda and Eurobond issuances and improving credit ratings remain crucial next steps to restore investor confidence and secure long-term financial stability.

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

Businesses struggle with new tax rule on high-value cash sales

Source: Business Recorder

NEGATIVE

The business community is grappling with a new income tax provision, effective July 1, 2025, introduced under the Finance Act 2025, which disallows 50% of expenditure related to any single cash sale exceeding Rs200,000. This amendment to Section 24 of the Income Tax Ordinance 2001 targets only income classified under “Income from Business” (Section 18), and does not affect other income types such as property income, capital gains, salaries, or income from other sources. In response, many companies are urging customers to avoid large cash transactions. Tax experts clarify that, like the existing disallowance under Section 21 for payments to non-NTN holders, the new rule applies strictly to business income and not to individuals or entities earning under other heads. Businesses are concerned about the practical implications of compliance, especially regarding operational adjustments and customer communication.

Pakistan’s textile exports rise 7.22% YoY

Source: Business Recorder

POSITIVE

Pakistan’s textile exports reached \$17.88 billion in FY2025, marking a 7.22% year-on-year increase from \$16.68 billion in FY2024, according to data from the All Pakistan Textile Mills Association (APTMA). Despite this growth, exports remain 7.36% below the record high of \$19.3 billion achieved in FY2022. For June 2025 alone, textile exports rose 7.75% year-on-year to \$1.53 billion, up from \$1.42 billion in June 2024, reflecting a continued recovery in the sector.

Gold prices drop Rs2,500 per tola

Source: The News International

NEGATIVE

Gold prices in Pakistan dropped by Rs2,500 per tola on Monday, bringing the rate of 24Kt gold down to Rs353,000 per tola, in line with a \$25 decline in international gold prices to \$3,310 per ounce. The 10-gram gold price also fell by Rs2,143 to Rs302,640. According to the All Pakistan Sarafa Gems and Jewellers Association, local gold prices typically include a \$20 premium over global rates. Silver prices also declined, with a Rs30 drop per tola to Rs3,841 and a Rs25 decrease per 10 grams to Rs3,293.

Refineries asked to submit upgrade proposals as sales tax exemption persists

Source: The News International

NEGATIVE

The government has asked local oil refineries to submit detailed proposals outlining their upgradation plans, after ongoing delays linked to the continued sales tax exemption on petroleum products. A planned meeting between refineries and authorities was postponed, with the Petroleum Division now seeking comprehensive proposals including financial analyses, expected consumer price impacts, and clear justifications. These proposals may also address key concerns such as the potential reduction of deemed duty from 7.5% to 5%, extension requests for missed upgrade agreement deadlines, and reimbursement of crude oil customs duties via the Inland Freight Equalization Margin (IFEM). Industry sources blame the sales tax exemption—maintained in the current budget—for hindering progress under the previous brownfield refinery policy. Refinery executives warn that cutting the deemed duty to 5% could financially cripple the sector, possibly forcing shutdowns.

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Stock Ratings

WE Financial Services Ltd. uses three rating categories, depending upon return from 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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