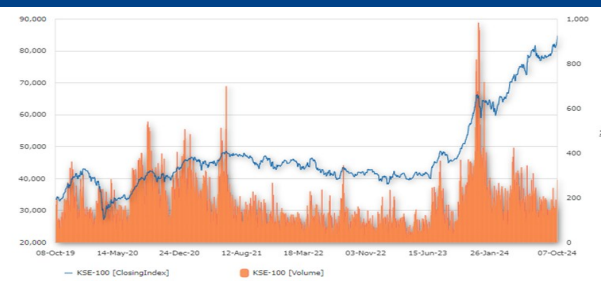


11 August 2025

KSE -100 Volume



KSE -100 Index- Key Statistics

Open	145,647.13
High	146,183.43
Low	144,917.18
Closing	145,382.79
Change	(264.34)
Volume	276,740,075

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 (08-Aug-25)	0.12
Individuals (08-Aug-25)	3.77
Companies (08-Aug-25)	(1.19)
Banks/DFI (08-Aug-25)	(4.39)
NBFC (08-Aug-25)	0.19
Mutual Funds (08-Aug-25)	2.46
Other Organization (08-Aug-25)	(0.12)
Brokers (08-Aug-25)	0.43
Insurance Comp: (08-Aug-25)	(1.27)

Source: NCCPL

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US economy flirts with recession

Source: Express Tribune

NEGATIVE

Fears of a U.S. recession are intensifying amid signs of economic strain and political interference in federal data reporting, particularly after President Trump fired the head of the agency responsible for job statistics. Experts cite rising tariffs, weakened consumer spending, and declining business investment as major red flags, with Moody's warning of a looming recession and stagflation. While headline GDP growth appears strong, it's largely driven by short-term factors like pre-tariff import surges, masking deeper issues in the domestic economy. The labor market is also faltering, with July job numbers falling short. Economists warn that the tariff war is disproportionately hurting middle- and lower-income Americans while wealthier households and large corporations remain insulated, contributing to a "K-shaped" recovery. Additionally, concerns are growing about the politicization of economic data, undermining public trust and threatening the integrity of U.S. economic institutions.

Govt's sick industry credit scheme needs reforms: BMP

Source: Business Recorder

NEUTRAL

FPCCI Businessmen Panel Chairman Mian Anjum Nisar welcomed the government's proposal for a credit scheme to revive sick industrial units but stressed that without structural reforms in industrial financing, energy pricing, and regulatory processes, such efforts would remain ineffective. He supported tax-linked and priority financing measures but argued they must be complemented by broader initiatives such as affordable energy, policy consistency, tax refunds, skilled labor, and modern machinery access. Nisar emphasized the need for a comprehensive National Industrial Rehabilitation Programme, integration with CPEC's SEZs, and a One-Window Industrial Revival Cell to reduce bureaucratic hurdles. He also called for a transparent and merit-based loan process, warning against political interference and stressing that true industrial revival must go beyond financial aid to support long-term industrialization and sustainable growth.

Shocks in trade policy

Source: Express Tribune

NEUTRAL

The article critiques the resurgence of mercantilist thinking in recent U.S. trade policy, where national strength is equated with trade surpluses and protectionism, echoing the zero-sum logic Adam Smith once opposed. While Smith championed free trade based on comparative advantage—foundational for modern global commerce—today's U.S. stance risks undermining that legacy, as rising protectionism and looming trade wars threaten inflation, supply chains, and global economic stability. This shift disproportionately impacts developing countries like Pakistan, which depends heavily on the U.S. for textile exports. Although recent U.S. tariff concessions to Pakistan are seen as a diplomatic win, the benefit may be limited due to high domestic production costs and shrinking U.S. demand. Moreover, the EU's stringent compliance requirements further limit export diversification. Still, U.S. interest in investing in Pakistan's mineral sector offers hope for economic resilience through foreign direct investment. The article concludes that Pakistan is making smart, albeit difficult, choices—such as long-overdue tariff reforms—as it navigates an increasingly geopoliticized and uncertain global trade landscape.

Tariffs: strategy masquerading as chaos

Source: Express Tribune

NEUTRAL

Donald Trump's tariff policies, though seemingly erratic, are part of a strategic agenda guided by competent economists. While tariffs impose economic costs—higher prices, slower GDP growth, and disrupted supply chains—they are being used as tools of geopolitical leverage and domestic political messaging. Tariffs on countries like India and Brazil are tied to broader U.S. interests, including curbing Russian oil revenues and influencing foreign policy. In contrast, Pakistan is receiving favorable treatment, likely due to its mineral wealth, diplomatic relevance, and role in U.S.-backed crypto projects. However, Trump's unpredictability in implementing tariffs creates global uncertainty, risking further instability in an already debt-laden world economy.

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%
CPI	1.52%
POLICY RATE	11.00% p.a
SUKUK (Cutoff rate/Price)	10.9999/90.1146

Source: PSX & SBP

Tariffs a \$1.4b golden opportunity

Source: Express Tribune

POSITIVE

Trump's sweeping tariffs on over 70 countries have disrupted global trade, creating both risks and opportunities. Pakistan, with low labor costs and a newly secured deal reducing its US tariff to 19%, stands to gain—potentially increasing its exports to the US by \$1.4 billion by 2026, especially in textiles, rice, and surgical goods. India, hit with a 50% tariff due to Russian oil imports, faces major losses, opening market space for Pakistan. However, challenges like high raw material tariffs, costly energy, and weak infrastructure could limit gains. To capitalize, Pakistan must urgently cut input tariffs, lower energy costs, diversify exports, and improve port efficiency. Swift, targeted reforms—similar to Sri Lanka's 2018 export strategy—could turn this geopolitical trade upheaval into a \$5–10 billion growth opportunity.

TDAP organises series of seminars to boost maize exports

Source: Business Recorder

POSITIVE

The Trade Development Authority of Pakistan (TDAP), in collaboration with Punjab's Agriculture Department, is hosting specialized seminars from August 11–13, 2025, in Mailsi, Okara, Sahiwal, and Vehari to help maize growers and exporters tap into the Chinese market under a newly finalized export protocol with China's customs authority (GACC). Aimed at meeting China's strict compliance and quality standards, the seminars will cover GACC registration, certification, and pest and contamination control. With China's maize imports valued at \$9.01 billion in 2023, this initiative offers a key opportunity to boost Pakistan's agricultural exports and foreign exchange earnings.

Re0.25pc appreciation

Source: Business Recorder

NEUTRAL

The Pakistani rupee appreciated slightly against the US dollar in the inter-bank market last week, gaining Re0.25 (0.09%) to close at Rs282.47. In the open market, the rupee also strengthened, ending at Rs283.86 for buying and Rs284.90 for selling. This gain came amid strong workers' remittances, which reached \$3.2 billion in July 2025 — a 7.4% year-on-year increase, though down 6% from June. Meanwhile, foreign exchange reserves held by the SBP declined by \$72 million to \$14.2 billion, with total liquid reserves at \$19.5 billion. Pakistan's fiscal position improved, with the FY2024–25 budget deficit recorded at Rs6.17 trillion (5.4% of GDP) — a nine-year low.

Nvidia, AMD to pay 15% of China chip sale revenues to US, official says

Source: Business Recorder

NEUTRAL

Nvidia and AMD have agreed to give the U.S. government 15% of their revenue from sales of advanced AI chips, like Nvidia's H20, to China as a condition for obtaining export licenses after a previous ban by the Trump administration. China is a major market for both firms, with Nvidia and AMD earning billions there annually. While the U.S. justifies the deal as balancing national security and economic interests, critics argue it either undermines security or imposes unnecessary penalties, highlighting the tension between protecting technology and maintaining global competitiveness.

Prices of essential food items soar

Source: Business Recorder

NEGATIVE

Prices of essential food items have surged significantly, according to a recent Business Recorder weekly market survey. Live chicken prices rose from Rs410 to Rs430 per kg, and eggs remain high at Rs360 per dozen. Meat prices are steep, with cow meat at Rs1000–1100/kg and mutton between Rs2500–3000/kg, despite official price controls being ignored by butchers. Vegetables like tomatoes and onions are selling at Rs100/kg and Rs70–80/kg, respectively, with other staples like ginger, garlic, and green chili also remaining costly. Flour prices are stable but still high, with fine flour selling at Rs1600–1750 per 20-kg sack. Pulses show mixed trends, with some varieties like Gram flour rising sharply from Rs280 to Rs420/kg. Fruits such as apples, bananas, and mangoes continue to command high prices, adding to consumer woes amid overall inflation in essential food commodities.

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Analyst Certificate:

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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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