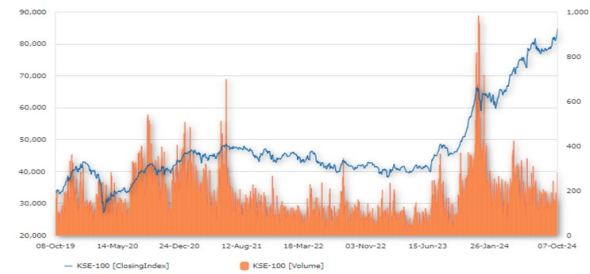


11 July, 2025

### KSE -100 Volume



### KSE -100 Index- Key Statistics

Open	132,576.98
High	133,902.34
Low	132,706.02
Closing	133,782.34
Change	1,205.36
Volume	325,787,943

Source: PSX

### Key Economic Data

Reserves (13-Jun-2025)	\$12.727 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 (10-Jul-25)	(1.14)
Individuals (10-Jul-25)	2.82
Companies (10-Jul-25)	(3.61)
Banks/DFI (10-Jul-25)	(0.18)
NBFC (10-Jul-25)	0.02
Mutual Funds (10-Jul-25)	3.53
Other Organization (10-Jul-25)	(0.91)
Brokers (10-Jul-25)	(0.97)
Insurance Comp: (10-Jul-25)	0.43

Source: NCCPL

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### Forex reserves cross \$20bn mark after three years

Source: Business Recorder

POSITIVE

Pakistan's foreign exchange reserves have surpassed \$20 billion for the first time in over three years, reaching \$20.029 billion as of July 4, 2025, driven by strong foreign inflows from international financial institutions and multilateral funding. This marks a significant recovery from the sharp decline seen in 2022 and reflects improved external account performance, with the State Bank of Pakistan's (SBP) reserves increasing by \$1.774 billion in one week to \$14.502 billion. Additionally, commercial banks' reserves rose to \$5.526 billion. The overall rise of \$5.12 billion in SBP's reserves by the end of FY25 exceeded the IMF target and aligned with earlier projections, supported by higher remittances, successful external debt servicing, and inflows of commercial loans and funding.

### Auto sector rebounds on demand for small cars

Source: Express Tribune

POSITIVE

Pakistan's automobile industry rebounded strongly in FY2024-25, with passenger car sales rising 43% year-on-year to 148,023 units, marking the first major recovery after years of decline. The surge was driven by improved macroeconomic conditions, lower interest rates, and strong demand—especially in June 2025, which saw a 36-month high of 21,773 units sold, fueled by pre-buying ahead of a GST hike. Pak Suzuki Motor Company led the growth, with Alto sales hitting a 39-month peak, while Sazgar Engineering also posted strong gains due to its updated Haval lineup. Indus Motor and Honda Atlas saw mixed results but still recorded annual growth. Motorcycle and three-wheeler sales rose 32% YoY to 1.5 million units, and truck and bus sales doubled, signaling revived commercial activity. However, tractor sales declined annually due to agricultural weakness. Despite this progress, Pakistan's auto market remains modest compared to India's 4.2 million units sold. Analysts expect continued momentum in FY2026, driven by further interest rate cuts and the introduction of hybrid vehicles.

### Banks' profits to drop 14% QoQ

Source: Express Tribune

NEGATIVE

Pakistan's banking sector is expected to post a mixed financial performance for the second quarter of 2025, with Insight Securities forecasting a 1% year-on-year and 14% quarter-on-quarter decline in profitability for major banks due to falling yields, net interest margin (NIM) compression, and lower capital gains following a 100bps policy rate cut in May. Despite these headwinds, strong deposit growth, a focus on low-cost deposits, and healthy dividend payouts are helping cushion the impact. EPS projections for top banks range from Rs4.9 to Rs11.4, with UBL likely to lead due to strong earnings and deposit momentum. Sector-wide, deposits grew 12.5% YoY, but advances declined 4.1% QoQ, lowering the advances-to-deposit ratio. Topline Securities offers a more optimistic view, projecting 7% YoY earnings growth for the sector on the back of increased net interest and non-interest income. UBL and HBL are expected to outperform, while cumulative sector earnings for 1H2025 are estimated at Rs210 billion, up 10% YoY. Meanwhile, investor confidence has surged, as reflected in the banking sector's price-to-book ratio rising to 1.24x in June 2025, surpassing its historical average for the first time in years, signaling a strong turnaround from a decade of suppressed valuations.

### Power minister renews push to slash solar net metering

Source: Dawn News

NEUTRAL

Pakistan's Power Minister Awais Leghari has proposed staggering solar net metering payback periods to two to three years, aiming to manage surplus grid power and improve financial sustainability. He claimed Rs191 billion in savings for FY2025 due to reduced transmission and billing losses, driven by governance reforms and improved recovery rates, particularly in Punjab and Islamabad. The government is also exploring plans to offer 5,000-6,000MW of surplus electricity to crypto mining and data centres at marginal costs. A summary to finalise wheeling charges has been submitted to operationalise competitive power trading. Despite strong public interest in solar, the minister argues that current net metering returns are economically unjustified. Additionally, Leghari signalled a shift away from power distribution companies collecting electricity duty for provinces and pressed for cabinet approval. Transmission and distribution losses slightly declined from 18.3% to 17.6%, and improved governance led to high-profile anti-theft crackdowns. The government also aims to review long-term LNG contracts, stressing strict adherence to fuel merit order and continued reforms in Discos through depoliticised appointments and efficiency targets.

### 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-Bangladesh trade will soon reach \$1bn mark'

Source: Business Recorder

POSITIVE

Deputy High Commissioner of Bangladesh, S M Mahbulul Alam, announced that trade between Pakistan and Bangladesh has reached \$800 million, with expectations to soon hit \$1 billion, during the launch ceremony of the third Made in Pakistan Single-Country Exhibition and Business Conference, scheduled for September 23–27 in Dhaka. He highlighted that 16 Pakistani trade delegations have visited Bangladesh this year and confirmed expedited visa processing for exhibition participants. The event, organized by the Pakistan Association of Exhibition Industry, aims to showcase a wide array of Pakistani products across sectors like textiles, food, machinery, and handicrafts. Other speakers, including TDAP Secretary Shehryar Taj and FPCCI Senior Vice President Saqib Fayyaz Magoon, emphasized initiatives such as reduced fees for women entrepreneurs, participation in 126 global exhibitions, and the need for direct flights to support growing trade ties. The exhibition is intended to strengthen bilateral trade and promote Pakistani goods in international markets.

### Tribunal upholds CCP's order against price fixing

Source: Business Recorder

NEUTRAL

The Competition Appellate Tribunal has upheld the Competition Commission of Pakistan's (CCP) decision against two leading electronic home appliance companies for engaging in Resale Price Maintenance (RPM), a form of price fixing prohibited under the Competition Act, 2010. While the companies did not contest the violation, they appealed the penalties, leading the Tribunal to reduce the fines to Rs90 million, citing their remedial actions and commitment to future compliance. The companies had reimbursed dealers for losses incurred under the price-fixing policy and pledged adherence to competition laws. The CCP reaffirmed its stance that all forms of price fixing, including restrictions on discounts and resale pricing, are serious violations and urged businesses to avoid such anti-competitive practices.

### Pakistan eyes \$1 billion valuation in Roosevelt Hotel redevelopment plan, source says

Source: Business Recorder

POSITIVE

Pakistan is seeking a valuation of over \$1 billion for the Roosevelt Hotel in New York and plans to offer a minority stake in the iconic property through a joint venture as part of its \$7 billion IMF-supported privatisation agenda. Owned by Pakistan International Airlines since 2000, the century-old, 1,000-room hotel in midtown Manhattan has been closed since 2020 and briefly functioned as a migrant shelter. The government has approved a joint venture model to redevelop the 42,000-square-foot property—located near Times Square and Grand Central—into a mixed-use residential and office complex over the next 4–5 years. The process, managed by Jones Lang LaSalle (JLL), is expected to conclude in 6–9 months, with a projected \$100 million initial payment by June 2026. While Pakistan will retain majority ownership, the specific stake on offer remains undisclosed. Interest from potential partners is reportedly high.

### PSDP spending revised to Rs1.05tr

Source: Express Tribune

NEUTRAL

Pakistan's federal development spending reached a record Rs1.046 trillion in FY2024-25, driven by late fund releases and additional foreign loans, despite earlier estimates pegging spending at Rs905 billion. Planning Minister Ahsan Iqbal said the surge was due to last-minute disbursements by the Accountant General's office and Rs80 billion in new external development loans. A significant 43% of the total PSDP was spent in June alone, revealing inefficiencies caused by the strategy of back-loading 40% of funds into the final quarter. While the government achieved its IMF-agreed primary surplus, critics say this strategy distorts fiscal planning. Major sectors like water resources, atomic energy, and Suparco fully utilized their budgets due to the eleventh-hour releases. Additionally, Rs63.6 billion was spent on parliamentarians' SDG-linked schemes and Rs82 billion on provincial projects—both controversial under IMF guidelines. Looking ahead, the FY2025-26 budget continues the same release pattern, which the planning ministry aims to revise for better fund utilization and project execution.

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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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