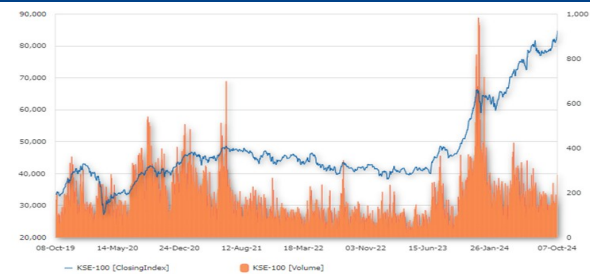


14 July, 2025

KSE –100 Volume



KSE –100 Index– Key Statistics

Open	133,782.34
High	134,931.96
Low	134,130.40
Closing	134,299.76
Change	517.42
Volume	290,063,736

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 (11-Jul-25)	(1.23)
Individuals (11-Jul-25)	(1.14)
Companies (11-Jul-25)	(1.47)
Banks/DFI (11-Jul-25)	(1.48)
NBFC (11-Jul-25)	0.10
Mutual Funds (11-Jul-25)	5.26
Other Organization (11-Jul-25)	(0.33)
Brokers (11-Jul-25)	(0.19)
Insurance Comp: (11-Jul-25)	0.48

Source: NCCPL

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IMF representative calls Pakistan's EFF performance 'strong'

Source: Express Tribune

POSITIVE

The International Monetary Fund (IMF) has praised Pakistan's economic performance under the Extended Fund Facility (EFF), describing it as "strong" and highlighting the successful completion of the first review in May 2025. IMF Representative Mahir Binici credited early policy measures for restoring macroeconomic stability and investor confidence, while emphasizing the need for ongoing structural reforms to ensure long-term sustainability. He also noted regional growth prospects and outlined risks such as geopolitical tensions and trade disruptions. On climate resilience, Binici commended Pakistan's progress under the Resilience and Sustainability Facility (RSF), which includes reforms in disaster preparedness, water management, and climate data transparency. A new 28-month RSF arrangement worth \$1.3 billion aims to support these efforts, with commitments from Pakistan to maintain fiscal discipline, prioritize climate-resilient infrastructure, improve intergovernmental coordination, and promote green initiatives. The session concluded with calls for continued cooperation and dialogue to advance inclusive and sustainable growth.

New era of prosperity in sight

Source: Express Tribune

POSITIVE

Pakistan is experiencing a long-awaited period of economic optimism and stability, marked by the KSE-100 index reaching historic highs above 134,000 and a surge in investor confidence. Once written off due to fears of default and political instability, the country is now benefiting from years of strategic foresight, including investments from the China-Pakistan Economic Corridor (CPEC) under the Belt and Road Initiative. Diplomatic ties have improved regionally and globally, while economic indicators such as interest rates, inflation, and foreign reserves show positive trends. The government's fiscal tightening efforts and structural reforms have begun to yield results, attracting foreign investment in sectors like mining, IT, agriculture, and tourism. Investors are advised to maintain focused, well-researched portfolios to capitalize on potential returns, with the stock market poised for sustained growth. Looking ahead, expectations from policymakers include sustained tax reforms, energy tariff reductions, and the development of key sectors to boost exports, job creation, and foreign exchange reserves, aiming for \$100 billion in reserves over the next decade.

KP asks centre to retain its two HPPs on IGCEP 2025-35

Source: Business Recorder

NEGATIVE

The Khyber Pakhtunkhwa (KP) government has formally urged the federal government to retain its two public sector energy projects—Madyan Hydropower Project and Gabral Kalam Hydropower Project—in the upcoming Indicative Generation Capacity Expansion Plan (IGCEP) 2025–35. In a letter addressed to the Federal Minister for Energy, KP's Special Assistant on Energy, Tariq Saddozai, criticized the System Operator's unilateral change in criteria for "committed projects," which led to the exclusion of KP's projects, despite their earlier recognition under IGCEP 2021 and the National Energy Plan approved under the NEPRA Act. The letter argues that these exclusions violate legal and regulatory frameworks and represent discriminatory treatment, as similar federal projects remain listed. Saddozai emphasized that KP's projects have already made significant physical and financial progress, secured NEPRA generation licenses, and obtained World Bank financing with federal guarantees. Their exclusion could jeopardize multilateral funding and damage investor confidence. The KP government has requested that the federal government reverse the exclusion and ensure equal treatment of provincial projects, in line with decisions by the Council of Common Interests.

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

A bid for consistency in policymaking

Source: Dawn News

POSITIVE

Pakistan is in the final stages of drafting its first-ever medium-term industrial policy, aiming to reverse decades of deindustrialisation and increase the manufacturing sector's share of GDP from 18% to 26% by 2035—a level last seen in 1996. Spurred by negative growth in large-scale manufacturing and poor export performance compared to regional peers, the government is engaging with ministries, experts, and industry bodies to build a more supportive industrial ecosystem. A key team, led by Haroon Akhtar Khan, has identified numerous structural barriers, including high utility and financing costs, regulatory complexity, and poor infrastructure, which have left nearly half of Pakistan's manufacturing units financially distressed. In response, eight specialized committees were formed to propose reforms in areas like tax rationalization, credit access, and export enhancement. Legal and regulatory changes are also being considered to support industrial revival. While officials stress the inclusiveness and urgency of this initiative, business leaders have expressed cautious optimism, citing historical issues with policy inconsistency and implementation failures that have undermined past efforts.

MG official urges industry to rethink pricing, real benefits for consumers

Source: Mettis Global

NEUTRAL

Pakistan's newly launched New Energy Vehicle (NEV) Policy 2025–30 marks a significant move toward cleaner transportation by formally recognizing electric, plug-in hybrid, and hydrogen-powered vehicles. However, auto industry insiders like MG Motors' Syed Asif Ahmed argue that despite the policy's intent, real consumer benefits remain elusive—particularly in the case of Hybrid Electric Vehicles (HEVs), which are priced beyond the reach of average buyers. With HEVs priced as high as Rs 16 million, Ahmed advocates a pivot to Plug-in Hybrid Electric Vehicles (PHEVs), which combine electric range for urban commutes with hybrid flexibility for longer trips, offering a more practical and efficient solution. MG has taken the lead by launching Pakistan's first locally assembled PHEV, the MG HS, offering strong specs and performance under Rs 10 million. Yet, Ahmed criticizes earlier policies that allowed traditional hybrids to benefit from subsidies without delivering meaningful environmental or consumer value. He notes that hybrid vehicles in Pakistan cost on average 45% more than their petrol counterparts—far from the global standard of a 10% premium—making them economically unjustifiable for most buyers. With just one PHEV option currently available, Ahmed urges the Industry to focus on affordability and genuine technological advancement, warning that without meaningful change, the NEV policy risks becoming another missed opportunity.

Finance Act 2025: businesses bear brunt of tax reforms

Source: Express Tribune

NEGATIVE

The Finance Act 2025, now in effect from July 1, has sparked widespread concern among Pakistan's taxpayers and business community, as the government targets a record Rs14.1 trillion in tax revenue for FY 2025–26. Despite claims of a shift toward direct taxation and efforts to broaden the tax base, much of the burden continues to fall on compliant taxpayers through indirect means like advance and withholding taxes. Key amendments—such as disallowing 50% of expenses for payments exceeding Rs200,000 not made digitally, and penalizing purchases from unregistered vendors—have triggered confusion and raised enforcement challenges, especially for small businesses operating in largely cash-based markets. Service providers face higher withholding tax rates, straining cash flows, while the digital economy is under pressure from new compliance obligations imposed on online platforms and couriers, without any transition period. Critics argue these steps unfairly shift regulatory responsibility onto businesses, risk stifling e-commerce growth, and roll back previous reforms aimed at fairer appeals processes. Ultimately, while the Finance Act aims to improve documentation and revenue collection, it continues to sidestep structural inequities—allowing sectors like retail, real estate, and agriculture to remain under-taxed—thereby eroding trust and perpetuating an imbalanced tax system.

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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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