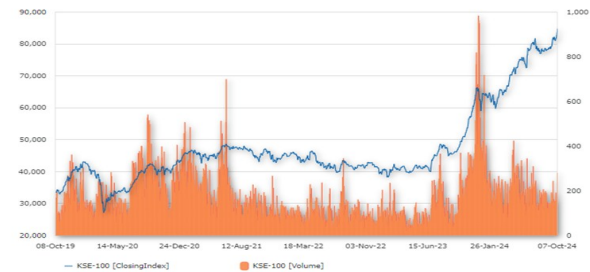


16 July, 2025

KSE -100 Volume



KSE -100 Index- Key Statistics

Open	136,502.53
High	137,747.60
Low	135,826.40
Closing	135,939.87
Change	(562.66)
Volume	307,020,650

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 (15-Jul-25)	(2.02)
Individuals (15-Jul-25)	1.29
Companies (15-Jul-25)	(3.20)
Banks/DFI (15-Jul-25)	0.14
NBFC (15-Jul-25)	0.26
Mutual Funds (15-Jul-25)	2.18
Other Organization (15-Jul-25)	(0.36)
Brokers (15-Jul-25)	1.80
Insurance Comp: (15-Jul-25)	(0.09)

Source: NCCPL

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Moody's urged to improve Pakistan's credit rating

Source: Dawn News

POSITIVE

Finance Minister Muhammad Aurangzeb, during a virtual meeting with Moody's, urged the agency to upgrade Pakistan's credit rating to support its return to international capital markets, which it has avoided since 2021 due to economic instability. He highlighted key achievements, including the successful completion of the IMF program, improved macroeconomic indicators such as reduced inflation and increased foreign exchange reserves, and structural reforms aimed at fiscal prudence, trade liberalisation, and tax administration. The minister emphasised Pakistan's progress in expanding the tax base and enhancing revenue collection, citing a Rs2 trillion revenue increase through autonomous efforts. He also outlined Pakistan's re-engagement with global markets and reaffirmed the government's commitment to ongoing reforms, including privatisation and state-owned enterprise restructuring.

Lending to govt hits record high

Source: Express Tribune

NEGATIVE

While Pakistan's macroeconomic indicators show signs of recovery, deeper structural issues—particularly in the financial sector—persist, notably the record-high Investment-to-Deposit Ratio (IDR) of 103%, indicating banks are investing more in government securities than in the private sector. This crowding-out effect, driven by risk-free returns and IMF restrictions on direct government borrowing from the central bank, has led to massive liquidity injections through Open Market Operations, forming a self-perpetuating loop that benefits banks but starves the real economy of credit. Despite a 14.1% rise in deposits and a 21.2% surge in bank investments, private sector lending grew only 8.7%, lowering the Advance-to-Deposit Ratio (ADR) to 38.1%. While the banking sector remains stable and profitable, its aversion to lending threatens long-term economic growth, prompting calls for regulatory and fiscal reforms to encourage more credit flow to businesses and households.

Govt, UK lawmakers discuss diaspora-driven investment

Source: Express Tribune

POSITIVE

Federal Minister for Commerce Jam Kamal Khan met with members of the UK's All-Party Parliamentary Group on Pakistan and other key officials at the House of Commons to strengthen bilateral trade and investment ties. Discussions focused on enhancing parliamentary cooperation, leveraging the 1.7 million-strong British Pakistani diaspora, and advancing collaboration in sectors such as green technologies, renewable energy, IT, agriculture, and education. The minister highlighted Pakistan's recent economic reforms, including tariff rationalisation, the Pakistan Single Window, and Special Economic Zones. He also met with the UK Prime Minister's Trade Envoy to Pakistan, Mohammad Yasin MP, to reinforce commitments made under the UK-Pakistan Trade and Investment Dialogue. Both sides agreed to deepen economic ties through initiatives like the UK-Pakistan Business Advisory Council and emphasised sustained engagement and diaspora-led entrepreneurship to drive mutual prosperity.

Govt hikes petrol price by Rs5.36, high-speed diesel by Rs11.37

Source: Dawn News

NEGATIVE

The federal government has increased petrol prices by Rs5.36 and high-speed diesel (HSD) by Rs11.37 per litre for the next two weeks, setting the new rates at Rs272.15 for petrol and Rs284.35 for HSD. The hike, based on recommendations from Ogra and other ministries, is expected to impact households and transport costs, particularly affecting middle- and lower-income groups and food prices due to diesel's role in transport and agriculture. Despite no general sales tax on petroleum products, the government collects nearly Rs98 per litre through various levies, including a petroleum development levy, climate support levy, and customs duty. Oil marketing companies and dealers also earn around Rs17 per litre in margins. With monthly consumption of petrol and diesel far outweighing kerosene, these fuels are key revenue sources; the government collected Rs1.161 trillion in petroleum levies in FY24 and aims to raise this by 27% to Rs1.47 trillion in FY25.

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, Afghanistan trade hits \$1b in first half of 2025

Source: Express Tribune

POSITIVE

Bilateral trade between Pakistan and Afghanistan reached \$1 billion in the first half of 2025, reflecting improved diplomatic ties and Kabul's assurances to Islamabad on the TTP issue. According to Afghanistan's Ministry of Commerce, the country exported \$277 million worth of goods—mainly cotton, coal, soft stone, and dry fruits—while Pakistan exported \$712 million, largely in industrial and food products. Despite this growth, traders on both sides have expressed frustration over border restrictions, customs duties, and recurring disruptions due to political and security tensions. Experts stress the need to decouple trade from political and security issues to sustain momentum and reach the \$6 billion target. Positive steps by Deputy Prime Minister Ishaq Dar and Ambassador Muhammad Sadiq have helped improve trade flows, though Pakistan still dominates 70% of the trade balance. With further diplomatic engagement, including a special envoy's upcoming visit to Kabul, both nations aim to stabilize and expand their economic relationship.

Big industry output rises 2.29% in May

Source: Mettis Global

POSITIVE

Pakistan's large-scale manufacturing (LSM) sector showed signs of recovery in May 2025 with a 2.29% year-on-year increase and a robust 7.93% month-on-month growth, reaching 116.58 on the Quantum Index. Despite this, cumulative LSM output for July-May FY2024-25 contracted by 1.21% compared to the same period last year. Key sectors contributing to the overall decline included food, chemicals, cement, iron and steel, and electrical equipment, while gains were seen in tobacco, textiles, garments, petroleum products, and automobiles. LSM, which comprises about 69% of the manufacturing sector and 8% of GDP, reflects broader economic trends. Although economic activity began rebounding in the latter half of FY24, challenges such as currency depreciation, weak global demand, and a strained current account continued to constrain industrial and fiscal performance.

SYS set for 71% profit surge on global tailwinds

Source: Mettis Global

POSITIVE

Systems Ltd (SYS) is expected to post a 71% year-on-year surge in net profit for 2QCY25, reaching Rs2.9 billion with an EPS of Rs1.9, driven by strong demand from Middle Eastern and North American markets, according to AKD Securities. Revenue is projected at Rs19.5 billion, up 23% YoY, with gross margins rising to 25.5% due to operational efficiencies, easing inflation, and a strategic exit from unprofitable contracts. Finance costs have dropped 47%, and the company will benefit from Rs309 million in forex gains. AKD has reaffirmed a 'Buy' rating with a target price of Rs176/share by December 2025—implying a 49% upside. SYS continues to lead Pakistan's tech sector, posting a 65% YoY profit increase in 1HCY25, with revenue at Rs37.6 billion and EPS rising to Rs3.6 from Rs2.2, reflecting its solid financial discipline, export-led growth, and global expansion.

Automobile CKD market projected to grow over 20pc

Source: Business Recorder

POSITIVE

Pak Suzuki Motor Company is projecting over 20% growth in Pakistan's CKD (Completely Knocked Down) automobile market in 2025 and aims to retain its 45% market share, according to CEO Hiroshi Kawamura. Reaffirming Pak Suzuki's deep-rooted commitment to the country's auto industry, Kawamura highlighted its pioneering role in local manufacturing, vendor development, and its extensive dealership network of 175 outlets across more than 100 cities. He emphasized the company's localization efforts, noting annual procurement of PKR 50 billion in local parts and recent investments in the Suzuki Every model. On exports, Pak Suzuki is test marketing in new countries and has previously shipped vehicles and parts to South Asia, Europe, and East Asia. However, Kawamura raised concerns about proposed policy shifts, especially liberalizing used car imports and reducing import duties on finished vehicles, warning these could cripple the local industry operating at just 40% capacity. Drawing parallels with the collapse of Australia's auto industry, he cautioned that premature liberalization could reverse decades of progress. Kawamura also spotlighted Pak Suzuki's Biogas Project, which aims to use renewable energy for transport, potentially boosting rural employment and improving Pakistan's trade and environmental outcomes.

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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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