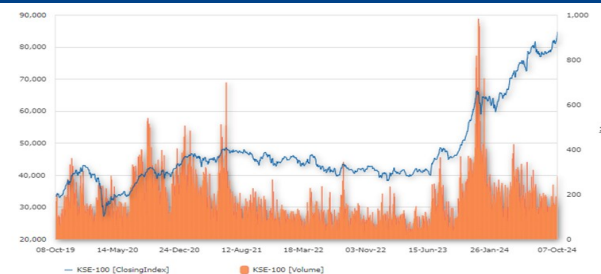


20 August 2025

### KSE -100 Volume



### KSE -100 Index- Key Statistics

Open	148,196.42
High	150,323.38
Low	148,293.94
Closing	149,770.74
Change	1,547.32
Volume	340,193,363

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 (11-Aug-25)	(2.20)
Individuals (11-Aug-25)	(4.32)
Companies (11-Aug-25)	1.17
Banks/DFI (11-Aug-25)	5.18
NBFC (11-Aug-25)	0.02
Mutual Funds (11-Aug-25)	(0.40)
Other Organization (11-Aug-25)	(0.87)
Brokers (11-Aug-25)	1.39
Insurance Comp: (11-Aug-25)	(0.07)

Source: NCCPL

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### Textile sector under threat: Cotton industry grappling with big output shortfall: PCGA

Source: Business Recorder

NEGATIVE

Pakistan's cotton industry is facing a severe production crisis, with national cotton arrivals dropping by 17.45% compared to last year, threatening the country's textile sector and broader economic stability, according to the Pakistan Cotton Ginners Association's August 2025 report. Punjab saw a 5.90% decline due to pest infestations, disease, and extreme weather, while Sindh experienced a sharper 24.10% drop due to reduced cultivation from water shortages, heatwaves, and poor seed quality. Balochistan, however, showed a 17.24% increase in cotton arrivals. The shortfall jeopardizes export earnings and industrial output, prompting urgent calls for national intervention, including increased research funding, farmer support through access to quality seeds and inputs, implementation of support prices, and strategic long-term planning to revive the cotton sector and safeguard Pakistan's economy.

### Pakistan's IT exports grow \$354mIn in July

Source: Business Recorder

POSITIVE

Pakistan's IT and IT-enabled services (ITeS) exports grew by 24% in July 2025 to \$354 million compared to \$286 million in July 2024, and showed a 5% rise from June 2025. In FY 2024-25, IT exports reached \$3.81 billion—an 18% annual increase—though falling short of the \$4.2 billion target. For FY 2025-26, the government has set a higher target of \$5 billion, but policy inconsistency, taxation issues, and banking hurdles continue to limit the sector's estimated \$15 billion potential. Experts see IT as a key driver for economic growth, job creation, and foreign exchange earnings, emphasizing the need for better infrastructure, training, and public-private collaboration to meet future goals.

### Pakistan records current account deficit of \$254 million in July 2025

Source: Profit Pakistan

NEGATIVE

The Pakistan posted a current account deficit of \$254 million in July 2025, a sharp reversal from the \$335 million surplus in June, though still an improvement over the \$348 million deficit in July 2024, according to the State Bank of Pakistan. Exports rose by 16.6% year-on-year to \$3.49 billion, while imports increased by 9.9% to \$6.29 billion, widening the trade deficit in goods and services by 2.6% annually and 11.4% monthly to \$2.81 billion. Workers' remittances also grew 7.3% year-on-year to \$3.21 billion, though they declined by 5.6% compared to June 2025.

### PSX sets historic record

Source: Business Recorder

POSITIVE

The Pakistan Stock Exchange (PSX) continued its record-breaking rally on Tuesday, with the benchmark KSE-100 Index closing at an all-time high of 149,770.75 points, driven by strong institutional inflows, earnings optimism, rupee stability, and positive economic sentiment. Key contributors included major banks and cement stocks, while trading volumes and market capitalization surged, adding Rs 132 billion in a single day. Despite mild profit-taking, market breadth remained positive with 265 gainers out of 483 stocks. Sector-wise, banks and cement led the gains, while power, oil, and tech sectors saw declines. Investor confidence was further bolstered by optimistic GDP forecasts from Fitch and Moody's, the government's plan to reduce circular debt, and improved export and cement data, pushing market participants to eye the 150,000-point mark as the next milestone.

### 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

### Banks set to gain from stability, says Fitch

Source: Dawn News

POSITIVE

Fitch Ratings has projected a positive outlook for Pakistan’s banking sector, supported by stabilizing macroeconomic conditions, falling inflation, and a return to economic growth, with GDP expected to grow by 3.5% in FY27 and inflation averaging 5%. The agency noted that banks are well-positioned to benefit from improved credit demand and economic recovery, aided by lower interest rates and a more stable external environment. The sector’s impaired loan ratio improved to 7.1% by March 2025, and the capital adequacy ratio hit a decade-high of 21%. Despite falling returns on equity and continued exposure to sovereign risk, asset quality and earnings are expected to remain stable, with loan growth and treasury operations providing support. However, Fitch emphasized the need for continued reforms to deepen credit penetration and strengthen the banking sector’s resilience.

### Pakistan, Iran set \$3bn target for agri-trade in two years

Source: Dawn News

POSITIVE

Pakistan and Iran have agreed to boost bilateral agricultural trade to \$3 billion within two years, following the visit of a Pakistani ministerial delegation to Tehran led by Minister Rana Tanveer Hussain. Key outcomes include Iran’s commitment to import most of its rice from Pakistan and resolve issues hindering mango exports. In return, Iran will expand exports of dairy, nuts, fruits, and vegetables to Pakistan, while Pakistan will supply corn, rice, and 60% of Iran’s meat imports. Both sides also agreed to enhance cooperation in climate change research, food security, and trade facilitation, including improved customs clearance, cold chain infrastructure, and border facilities. A joint agriculture committee will meet biannually to monitor progress, and both nations reaffirmed their intention to pursue a Free Trade Agreement, with the next Iran–Pakistan Joint Economic Commission session scheduled for next month in Tehran.

### Pakistan plans to re-enter global capital markets with Panda Bonds, Sustainable Bonds, and Eurobonds

Source: Profit Pakistan

POSITIVE

Pakistan is preparing to re-enter international capital markets with instruments like Sustainable Bonds, Panda Bonds, and Eurobonds, depending on favorable interest rates and macroeconomic conditions. The Debt Management Office has finalized a Sustainable Financing Framework, now under federal cabinet review, to guide bond issuances focused on funding environmental and social projects such as renewable energy, green buildings, and water management. An initial \$200–250 million Panda Bond issuance is planned for FY2026 as part of a broader \$1 billion program. The government will continue prioritizing multilateral and bilateral financing for its concessional terms, while aiming to reduce refinancing risks associated with rising short-term debt. Externally, Pakistan’s debt is largely denominated in U.S. dollars (57.8%), with limited diversification across other currencies. Domestically, the strategy will focus on fixed-rate and zero-coupon bonds to manage the maturity profile and stabilize financing costs.

### CPEC debt relief: No free pass

Source: Business Recorder

NEGATIVE

Pakistan’s plan to settle Rs1,275 billion in power sector circular debt through refinancing by 18 banks hinges on Chinese government approval, particularly for waiving Late Payment Surcharges (LPS) owed to Chinese IPPs under CPEC. While the IMF has approved the plan assuming full LPS waivers and debt reprofiling, China’s agreement remains uncertain due to concerns about setting a precedent for other Belt and Road Initiative (BRI) countries. If China does agree, it may impose strict conditions, such as establishing a revolving payment account for IPPs to ensure timely future payments, possibly treating delays as defaults. Additional conditions could include limits on tariff adjustments, security guarantees for Chinese nationals, and resumption of dividend repatriation. Even then, sources suggest China might only agree to a 50% LPS waiver, with the risk that any future payment delays could reinstate the waived amounts—posing a complex and high-stakes negotiation for Pakistan.

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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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