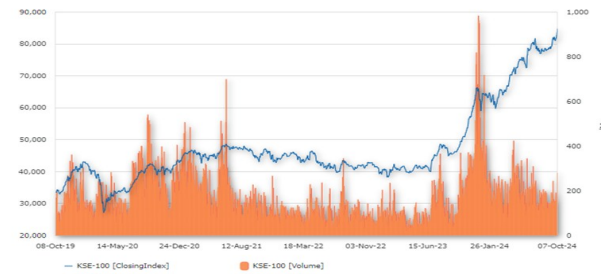


21 July, 2025

### KSE -100 Volume



### KSE -100 Index- Key Statistics

Open	138,665.49
High	140,585.38
Low	138,343.72
Closing	138,597.36
Change	(68.13)
Volume	255,772,024

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 (18-Jul-25)	(1.23)
Individuals (18-Jul-25)	(2.13)
Companies (18-Jul-25)	0.72
Banks/DFI (18-Jul-25)	(2.76)
NBFC (18-Jul-25)	(0.03)
Mutual Funds (18-Jul-25)	2.47
Other Organization (18-Jul-25)	0.29
Brokers (18-Jul-25)	2.03
Insurance Comp: (18-Jul-25)	0.64

Source: NCCPL

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### Pakistan, US near breakthrough as trade talks enter final stage

Source: Dawn News

POSITIVE

Finance Minister Muhammad Aurangzeb has returned to Pakistan after high-level talks in Washington, expressing optimism over a near-final trade agreement with the US aimed at reducing tariffs on Pakistani exports and boosting economic cooperation. He described the discussions with US officials as "very constructive," with both sides committed to resolving remaining issues and expanding the partnership beyond trade into areas like investment, minerals, AI, and crypto. A broader strategic framework has reportedly been agreed upon, with a formal announcement expected after similar US deals with other nations. Meanwhile, Deputy Prime Minister Ishaq Dar will visit the US next week to chair key UN Security Council events, focusing on multilateralism, the Middle East, and the Palestinian issue.

### \$2.45bn FDI fetched in FY25

Source: Business Recorder

POSITIVE

Foreign Direct Investment (FDI) in Pakistan rose by 5% in FY25, reaching \$2.457 billion compared to \$2.347 billion in FY24, driven largely by increased Chinese inflows. According to the State Bank of Pakistan, total FDI inflows surged 27% to \$4.026 billion, while outflows rose sharply by 92% to \$1.569 billion. Analysts attribute this rise to improved economic indicators and growing investor confidence, which also helped push foreign exchange reserves to \$20 billion. China led with a 50% share in total FDI, investing \$1.227 billion—up 91% from the previous year—followed by Hong Kong at \$470 million and the UAE at \$283 million. Month-on-month, June 2025 FDI saw a marginal increase to \$206.6 million.

### C/A posts surplus of over \$2bn after 14 years

Source: Business Recorder

POSITIVE

Pakistan recorded a current account surplus of \$2.1 billion in FY25—the first annual surplus in 14 years and the largest in 22 years—mainly due to a historic 27% rise in workers' remittances, which surpassed \$38 billion. This marked a sharp turnaround from the \$2.1 billion deficit in FY24. Monthly data also showed improvement, with June 2025 posting a \$328 million surplus compared to a \$500 million deficit in June 2024. Economists credited robust government and SBP policies for strengthening the external sector and formalizing remittance channels. Despite a widened trade deficit of \$26.78 billion due to an 11% increase in imports, rising exports and a favorable exchange rate (REER at 96.6) helped maintain external balance. Additionally, investor confidence surged, with the Pakistan Stock Market reaching an all-time high, ranking 4th globally and crossing 140,000 points in intraday trading, pushing its market value to Rs 16.8 trillion (approx. \$60 billion).

### REER index depreciates to 96.6 in June

Source: The News International

POSITIVE

In June, Pakistan's Real Effective Exchange Rate (REER) declined to 96.6 from 97.8 the previous month, making the Pakistani Rupee (PKR) more competitive against the US dollar and potentially boosting exports, according to the State Bank of Pakistan. Khurram Schehzad, adviser to the finance ministry, noted that this trend could help maintain external account stability. Meanwhile, the rupee appreciated slightly in the interbank market, closing at 284.87 per dollar, while remaining unchanged at 288.6 in the open market. On the reserves front, SBP's foreign exchange reserves rose by \$23 million to \$14.526 billion, though total liquid reserves declined by \$72 million to \$19.957 billion, mainly due to a \$95 million drop in commercial banks' reserves.

### Disallowing expenditure: Govt likely to increase limit to Rs2.5m

Source: Business Recorder

NEUTRAL

The government is planning to ease the implementation of a new tax law disallowing expenditure related to large cash sales by phasing in the restrictions over three years. The amendment to Section 24 of the Income Tax Ordinance 2001, introduced through the Finance Act 2025 and effective from July 1, initially disallows 50% of expenses on cash sales exceeding Rs200,000 per transaction for business income. However, due to strong concern from the business community, the government now proposes to raise this threshold to Rs2.5 million in the first year, gradually reducing it to Rs1.5 million in the second year and Rs0.5 million in the third. Simultaneously, the disallowance rate will start at 20% and increase over the same period. The aim is to support documentation and maintain revenue while giving businesses time to adapt.

### 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

### Ogra defends diesel import planning

Source: The News International

POSITIVE

In a recent statement, the Oil and Gas Regulatory Authority (Ogra) clarified that Pakistan's additional high-speed diesel (HSD) imports in FY2024-25 were the result of structured monthly planning and unavoidable operational constraints, not arbitrary decisions. Local refinery output slightly increased to 4.5 million tonnes, covering 72% of national demand, but disruptions such as scheduled maintenance at Parco and crude supply issues at Cynergico and NRL necessitated supplemental imports. Ogra emphasized that imports are guided by monthly Product Review Meetings (PRMs), which account for inventory, refinery shutdowns, and projected demand. Global tensions, including India-Pakistan and Iran-Israel conflicts, also impacted fuel logistics, underscoring the need for inventory stability. To enhance competition and reduce prices, Ogra has enabled non-PSO oil marketing companies to import HSD, lowering PSO's benchmark import price and offering consumer relief while broadening the supply base.

### KE base tariff raised by Rs6.15 per unit

Source: The Express Tribune

NEGATIVE

In a significant assertion of regulatory independence, Pakistan's National Electric Power Regulatory Authority (Nepra) has officially notified K-Electric's long-pending multi-year tariffs for power supply, transmission, and distribution through 2030, despite an unresolved review motion from the federal government. The approved base tariff includes a Rs6.15 per unit hike for KE consumers, bringing the average supply tariff to Rs39.97/kWh for FY2023-24. Invoking powers granted by a 2021 legal amendment, Nepra bypassed federal approval to meet reform demands from international lenders like the IMF and World Bank. The regulator warned that KE's financial health is at risk, with recovery rates declining and potential under-recoveries nearing Rs97 billion over two years. Nepra approved Rs43.4 billion in investment over seven years, supported by a distribution tariff component of Rs3.31/kWh. However, the federal power division challenged the tariff, alleging it unfairly favors KE by Rs750 billion over the period, undermining fairness, taxpayer interests, and national tariff uniformity, and called for a review to ensure cost-reflective and efficient pricing.

### June FCA: CPPA-G seeks 65 paisa negative adjustment

Source: Business Recorder

POSITIVE

The Central Power Purchasing Agency–Guaranteed (CPPA-G) has requested a negative fuel cost adjustment (FCA) of 65 paisa per unit for June 2025, aiming to refund Rs 8.7 billion to electricity consumers. Nepra will hold a public hearing on July 30 to evaluate the proposal and gather feedback from consumer representatives. According to CPPA-G data, total power generation in June stood at 13,744 GWh, with a generation cost of Rs 7.8698 per unit. After factoring in previous adjustments, sales to IPPs, and transmission losses, the net delivered cost to DISCOs came to Rs 7.68 per unit — lower than the reference rate of Rs 8.334. This cost difference prompted CPPA-G to seek the negative adjustment. The generation mix was led by hydel (39.36%), RLNG (16.12%), and coal (local and imported), while nuclear contributed 10.06%. Cost-effective sources like hydel and nuclear helped lower the overall cost, supporting the refund request.

### PSMA urges govt to deregulate sugar industry

Source: Business Recorder

POSITIVE

The Pakistan Sugar Mills Association (PSMA) has called on the government to fully deregulate the sugar industry, emphasizing its significant role as the country's second-largest agro-based sector after textiles. Highlighting the industry's vast economic impact—including Rs 1,000 billion in direct and indirect business activities, Rs 225 billion in tax contributions, and \$4 billion in import substitution—the PSMA argued that deregulation would boost investment, innovation, and efficiency similar to the deregulated rice and maize sectors. The association stressed the potential for expanding the sugar-cane value chain, especially through bio-ethanol production, which could reduce reliance on imported fuels. While welcoming the government's formation of a deregulation committee, PSMA urged for permanent policy reforms to unlock the sector's full potential in enhancing exports, employment, and national revenue.

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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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