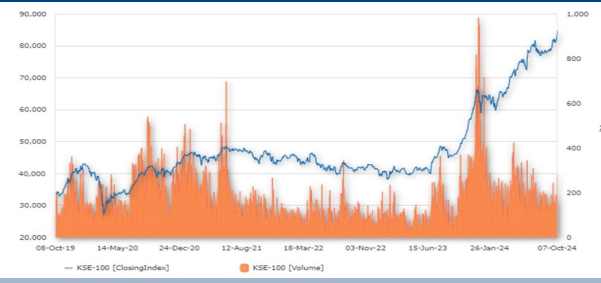


28 July, 2025

KSE –100 Volume



KSE –100 Index– Key Statistics

Open	138,692.66
High	139,436.76
Low	138,808.64
Closing	139,207.28
Change	514.62
Volume	190,962,843

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 (25-Jul-25)	(0.47)
Individuals (25-Jul-25)	1.69
Companies (25-Jul-25)	0.00
Banks/DFI (25-Jul-25)	(3.83)
NBFC (25-Jul-25)	(0.02)
Mutual Funds (25-Jul-25)	2.94
Other Organization (25-Jul-25)	0.09
Brokers (25-Jul-25)	0.51
Insurance Comp: (25-Jul-25)	(0.96)

Source: NCCPL

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Oil rises as US-EU deal lifts trade optimism

Source: Reuters

NEGATIVE

Oil prices edged higher on Monday following a trade agreement between the U.S. and the European Union and the potential extension of a tariff truce with China—developments that eased global trade tensions and supported demand expectations. Brent crude rose 0.32% to \$68.66 per barrel, while WTI gained 0.34% to \$65.38. The trade deal reduced fears of escalating tariffs that could have hindered economic growth and fuel consumption. Meanwhile, concerns over rising global oil supply, particularly from Venezuela and the possibility of OPEC+ easing production cuts, capped price gains. A key OPEC+ panel was expected to maintain the plan to boost output by 548,000 bpd in August. Despite ongoing geopolitical tensions, including Houthi threats in the Red Sea, oil demand remained firm, with JP Morgan reporting a 600,000 bpd annual increase in July, though global stockpiles also grew by 1.6 million bpd.

Weekly SPI increases by 4.07%

Source: Mettis Global

NEUTRAL

Pakistan's short-term inflation, measured by the Sensitive Price Index (SPI), rose by 4.07% week-on-week and 2.22% year-on-year for the week ending July 24, 2025, according to the Pakistan Bureau of Statistics (PBS). Of the 51 essential items tracked, prices of 14 items increased, 12 decreased, and 25 remained unchanged. Significant weekly hikes were seen in gas charges (29.85%), tomatoes (22.93%), and electricity (21.46%), while major declines were noted in chicken (–7.95%) and sugar (–4.25%). On an annual basis, the highest price increases were for ladies' sandals (55.62%) and gas charges, while onions and tomatoes saw steep declines. The impact of inflation varied across income groups, with the lowest income group experiencing a 3.98% weekly increase and 1.64% annual rise, while the highest group saw 3.03% and 2.37% increases, respectively. Commodity-specific changes included a drop in urea prices (–0.53% WoW) and a slight increase in cement prices (+1.01% WoW). The SPI serves as a key tool for weekly inflation monitoring across 50 markets in 17 cities nationwide.

Govt reviews sugar price enforcement today

Source: The News International

NEUTRAL

The federal government convened a high-level meeting on Monday, July 28, 2025, to assess the implementation of the sugar pricing agreement reached with the Pakistan Sugar Mills Association (PSMA) on July 14, following a week of turmoil marked by soaring sugar prices nearing Rs190 per kg. Despite the agreed ex-mill price of Rs165 per kg, enforcement has faltered across major markets, with mills allegedly restricting supply and issuing invoices for previously sold stock to feign compliance. The meeting, led by Food Security Minister Rana Tanveer Hussain, includes key stakeholders such as the FBR chairman, FIA DG, provincial cane commissioners, and PSMA representatives, and aims to stabilize prices and curb malpractice in the sugar trade. Dealers accuse mills of manipulating distribution and selectively supplying only to those with Sales Tax Registration Numbers (STRNs), while mills claim regulatory monitoring is in place and call for full deregulation of the sector. With 80–90% of sugar trade traditionally occurring outside the STRN framework, the current impasse underscores the need for systemic reform and better enforcement to avoid further shortages and price spikes.

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

IT exports – record high

Source: Business Recorder

NEUTRAL

Pakistan’s IT and ICT exports reached a historic high of \$3.8 billion in FY25, marking an 18% year-on-year increase, though falling short of the government’s \$4 billion target and slowing from FY24’s 24% growth. June alone saw exports of \$338 million—up 14% YoY—driven primarily by computer services, which brought in \$3.24 billion, while telecom exports stagnated at \$554 million. Despite the record, persistent structural challenges—talent shortages, connectivity gaps, and sluggish regulatory reforms—continue to weigh on the sector’s momentum. Supportive policies like increased foreign exchange retention and global expansion efforts have cushioned some of the pressure, but the slower pace reflects both global headwinds and a high base effect. IT exports now comprise nearly 10% of Pakistan’s total exports, up from just 2–3% a decade ago. To meet the government’s ambitious \$10 billion target by FY29 under the “Uraan Pakistan” plan, the sector will need to sustain 27% annual growth, which hinges on resolving infrastructure constraints, fostering a skilled workforce, and creating a more enabling policy environment.

As per promise with IMF: Govt all set to reduce circular debt from Rs2.3tr to just Rs561bn

Source: The News International

POSITIVE

In a major development, the Pakistani government is set to slash the country’s circular debt in the power sector from Rs2.381 trillion to around Rs561 billion by disbursing Rs1,275 billion sourced through loans from 18 commercial banks. These funds, managed by the Central Power Purchase Agency (CPPA-G), will be used to fully repay Rs683 billion in Power Holding Limited (PHL) liabilities and clear Rs569 billion in arrears owed to power producers. This marks a substantial move toward stabilizing the power sector and fulfilling IMF commitments. Additionally, the Task Force on Power Sector successfully negotiated a waiver of Rs387 billion in late payment interest (LPI) owed to Independent Power Producers (IPPs), while Rs254 billion has already been cleared through government subsidies. Despite this progress, a residual Rs561 billion in circular debt—comprising both interest and non-interest-bearing liabilities—will remain and is expected to be addressed through sectoral reforms and efficiency improvements in distribution companies (Discos). The repayment of the Rs1,275 billion loan will be financed via an existing Debt Service Surcharge (DSS) of Rs3.23 per unit, already embedded in electricity bills, and will continue for the next six years. While the surcharge isn’t new, its 10% cap has been lifted under IMF conditions, allowing for greater revenue flexibility without adding a new burden on consumers.

Remittance incentive scheme to continue

Source: Business Recorder

POSITIVE

Prime Minister Shehbaz Sharif has announced the continuation of the Workers’ Remittances Incentive Scheme, reaffirming the government’s commitment to boosting foreign exchange reserves and ensuring external account stability by encouraging overseas Pakistanis to remit funds through formal banking channels. The decision follows a record \$38.3 billion in remittances during FY2025, which played a crucial role in achieving Pakistan’s first current account surplus in 14 years. PM Sharif emphasized the vital contribution of overseas Pakistanis—from laborers to entrepreneurs—in supporting the national economy and ordered the immediate release of funds to sustain the scheme. The move is part of broader efforts to formalize remittance flows, reduce reliance on informal channels, and streamline the remittance process to make it more efficient and accessible.

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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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