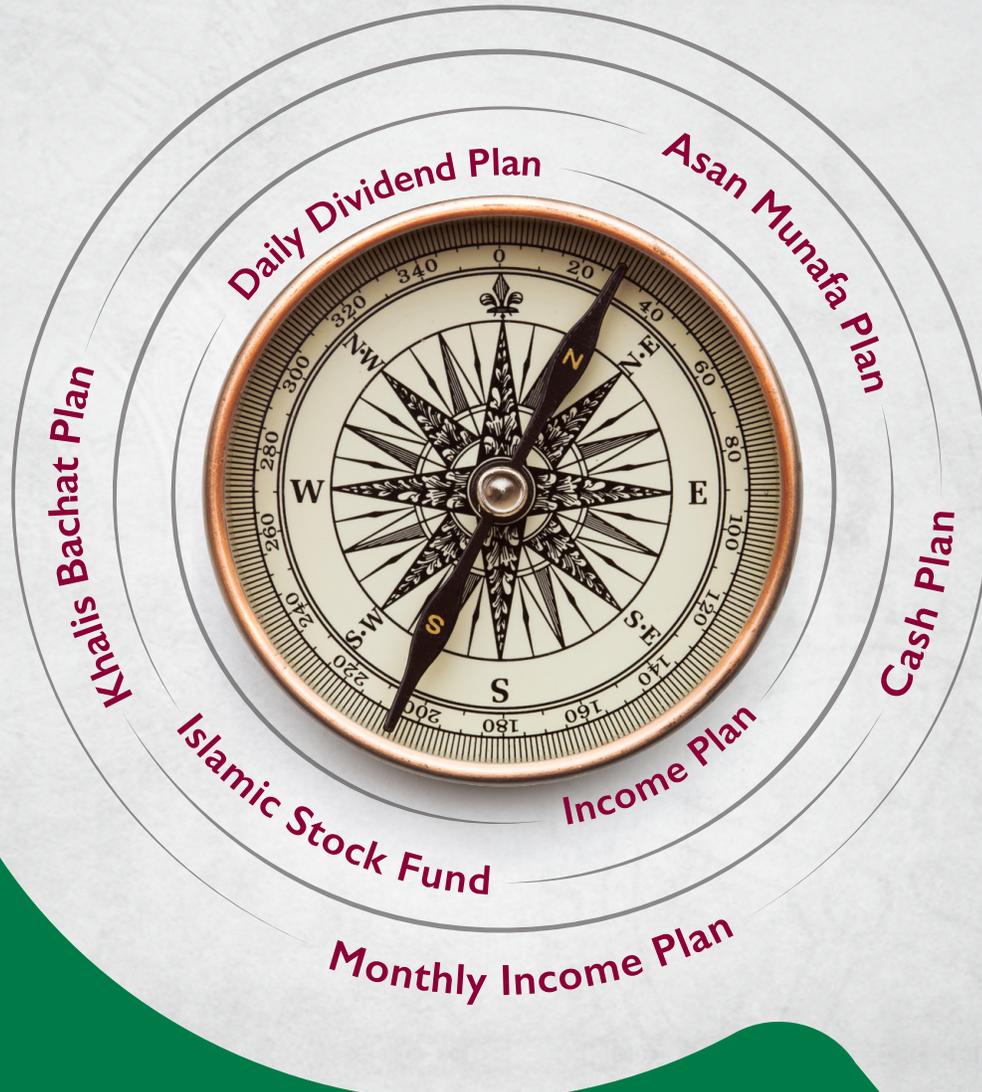




PAK-QATAR
ASSET MANAGEMENT



INVESTOR'S OUTLOOK

June 15, 2025

Pak-Qatar Asset Management Company Limited

Keynote June 15, 2025

Market Summary

	13-Jun-25	MTD	30days	90days	FYTD	CYTD
KSE100	122,144	2.05%	3.0%	5.7%	55.0%	6.1%
KMI30	180,397	-0.13%	0.8%	2.3%	42.4%	1.0%
KMIAll	52,092	0.74%	2.3%	4.2%	49.4%	3.1%

Global Markets

	13-Jun-25	MTD	30days	90days	FYTD	CYTD
UK	8,851	0.9%	-3.0%	-2.5%	-7.7%	-7.7%
USA	19,407	1.5%	-1.3%	-8.5%	-7.1%	-0.5%
China	3,377	0.9%	0.8%	1.3%	-11.3%	-0.7%
Japan	37,834	-0.3%	-0.2%	-2.1%	4.7%	5.4%
India	81,119	-0.4%	0.3%	-9.0%	-2.0%	-3.7%

Portfolio Investments (USD mn)

	15 days	30 days	90 days	365days	FYTD	CYTD
FPI (net)	(24)	(32)	(51)	(284)	(289)	(102)
LIPI (net)	24	32	51	284	289	102
Ind.	8	25	20	55	55	29
Banks/DFIs	(23)	(19)	289	384	399	419
Companies	9	4	22	96	86	59
M.Funds	21	6	(267)	(240)	(235)	(418)
Brokers	2	5	(5)	(9)	(17)	(12)
Others	2	(4)	27	11	14	31
Ins.	5	15	(38)	(15)	(14)	(10)
NBFC	0	0	2	2	2	2

Key Economic Figures

		FY21	FY22	FY23	FY24	13-Jun
Policy Rate	13-Jun-25	7.0%	13.8%	22.0%	20.5%	11.00%
1yr KIBOR	13-Jun-25	8.1%	15.7%	23.3%	19.2%	11.48%
Inflation	May End	9.8%	21.3%	29.4%	12.6%	3.50%
PKR USD*	13-Jun-25	157.3	204.8	286.0	279.0	282.02

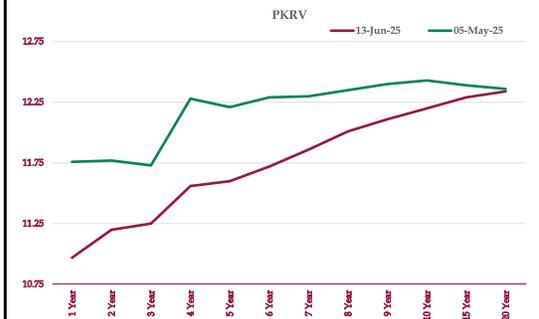
Key Economic Figures

	FY21	FY22	FY23	FY24	FY25-TD	
Imports	USD/mn	56,380	72,048	51,979	48,402	53,450
Exports	USD/mn	25,304	32,450	27,903	28,678	29,445
Trade Deficit	USD/mn	(31,076)	(39,598)	(24,076)	(19,724)	(24,005)
Remittances	USD/mn	29,370	31,238	27,028	27,093	34,940
FX Reserves	USD/mn	24,398	15,742	9,181	14,207	16,875

PKRV Rates (change in bps)

	Rate %	15day Δ	1m Δ	3m Δ	6m Δ	12m Δ
PKRV 1Y	10.97	(12)	(34)	(79)	(114)	(799)
PKRV 3Y	11.25	(4)	(31)	(76)	(86)	(505)
PKRV 5Y	11.60	2	(40)	(82)	(53)	(368)
PKRV 10Y	12.20	(3)	(28)	(13)	18	(183)
PKRV 20Y	12.34	(1)	(6)	12	34	(159)

*Inter Bank Rate



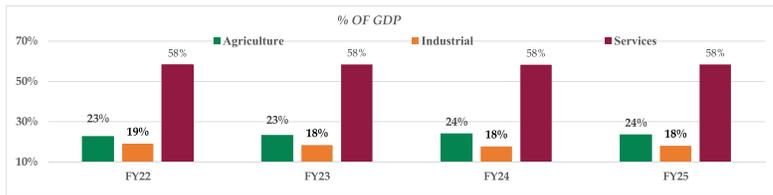
16-Jun-25

KSE100 Index Top Ten Sector Details (on Free Float Market Capitalization)

SECTORS	Index Weight (%)	Current Market Cap (PKR/Bn)	Previous Market Cap (PKR/Bn)	Change (%) in Market Cap.
COMMERCIAL BANKS	20	931	895	3.98
FERTILIZER	7	462	451	2.28
OIL & GAS EXPLORATION COMPANII	15	469	465	0.87
CEMENT	7	350	340	2.92
CHEMICAL	3	51	51	(0.38)
OIL & GAS MARKETING COMPANIES	2	128	128	(0.24)
PHARMACEUTICALS	3	104	102	2.56

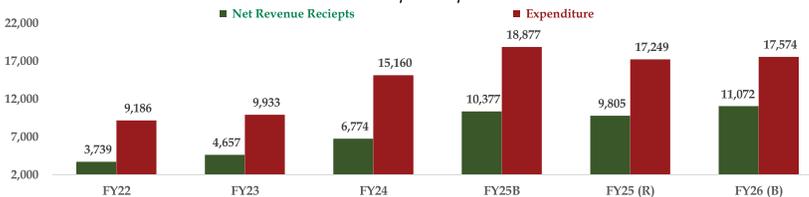
Commentary

Economic Review: The government released two significant economic bulletins in sync: the Economic Survey and the Budget FY2026, offering a comprehensive view of both recent performance and future projections. The Economic Survey highlighted that the real, fiscal, and external sectors continued to demonstrate steady improvement in FY25. The growth rate reached 2.68%, sustained by controlled macroeconomic measures. The agriculture sector posted a modest 0.56% growth due to a decline in major crops, while the industrial sector grew by 4.77% despite sluggish recovery in large-scale manufacturing. The services sector emerged as the primary growth driver. Inflation dropped sharply to 4.7%, a significant improvement from 26% a year earlier. Fiscal and primary balances remained on a positive trajectory, with revenues rising to 36.7% of GDP. On the external front, the current account recorded a surplus of PKR 1.9 billion, aided by steady diaspora inflows and favorable global oil prices. Foreign exchange reserves stood at USD 16.88 billion, with the central bank holding USD 11.6 billion.



The Budget FY26 reflects a cautious stance under the broader narrative shaped by ongoing engagement with the International Monetary Fund (IMF). Nonetheless, the government presented a relatively balanced budget, projecting GDP growth at 4.2% and inflation at 7.5%. Gross revenue receipts are expected to reach PKR 19.3 trillion, marking a 14.7% increase from FY25 revised estimates. The Federal Board of Revenue (FBR) has set a tax collection target of PKR 14.1 trillion, while non-tax revenues are projected to surge by 171% to PKR 5.1 trillion. However, indirect tax revenues are forecasted to dip by 3.07% to PKR 7.2 trillion. Total expenditure is budgeted at PKR 17.6 trillion—a 6.9% decrease YoY—with current expenditure at PKR 16.3 trillion, primarily allocated to interest payments, defense (PKR 2.6 trillion, up 17.2%), and pensions (up 7%). Development spending, particularly under the Federal Public Sector Development Programme (PSPD), has been slashed to PKR 1,000 billion, down 71% from the previous year.

Net Revenue Receipts Vs Expenditure



Key policy measures include a stricter crackdown on non-filers through restrictions on property and vehicle purchases, mutual fund investments, and cash withdrawals. While the capital market remained largely untouched in terms of dividend and capital gains taxation, relief was granted to the salaried class through marginal reductions in income tax rates. The super tax rate was lowered by 0.5% for companies earning between PKR 200–500 million, while the tax rate on interest income was raised from 15% to 20%, excluding National Savings.

Pensioners under 70 with income exceeding PKR 10 million will face a flat 5% tax rate. The construction sector emerged as a major beneficiary, with incentives such as tax credits for smaller homes, reduced withholding tax on property purchases (from 4% to 2.5%), removal of 7% Federal Excise Duty on commercial property sales, and lowered customs duty on steel scrap.

Additionally, the Petroleum Development Levy was increased from PKR 1,281 billion to PKR 1,468 billion, along with the introduction of a carbon tax (~PKR 2.5/liter) and 18% sales tax on locally assembled vehicles.

Despite significant expenditure pressures, especially from debt servicing, the government has maintained its commitment to digital infrastructure investment, aiming to build an innovation-driven digital economy. As geopolitical tensions, particularly in the Middle East, continue to evolve, economic managers are expected to proceed with caution. The central bank holds interest rates steady amidst rising regional uncertainty. Overall, the fiscal deficit is targeted at PKR 5.0 trillion (~3.9% of GDP), showing improvement from FY25's revised 5.6%, suggesting a careful balance between consolidation and growth support.

Stock Market Review: On the fortnightly basis, the KSE-100 Index gained ~2.05%, while the KMI-30 Index decline by around -0.13%, reflecting a stable market recovery amid a geopolitical tension escalating in the middle east introducing heightened volatility. Although the unveiling of Budget FY26, improved foreign exchange reserves and external position aided in maintaining the market participants sentiments. Foreign investors recorded net outflows of USD 7.2 million, primarily from foreign corporates, while overseas Pakistanis and local banks remained net buyers. In contrast, local individual were net sellers. Going forward, while the market remains skeptical to geopolitical risks and expectations surrounding the mounting war tension while focusing on the turbulence causing the sensitivity, we expect the market to remain range bound.

PAK-QATAR

ASSET MANAGEMENT



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