



WEEKLY REPORT

Bulls Reclaim Ground

DATE:

Friday, April 17, 2026

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Major Events

During the week, the stock market was impacted by a combination of news and events that had a considerable effect on its direction. Key events that shaped the market's trend included:

Pakistan at the Center of Global Diplomacy

Pakistan emerged as a key diplomatic facilitator this week as global focus remained on the evolving US-Iran conflict and its economic repercussions. The initial round of Pakistan-hosted talks between Washington and Tehran concluded without a breakthrough after prolonged negotiations, with both sides citing unresolved differences. Despite the lack of an immediate agreement, both parties kept communication channels open, signaling that a prolonged conflict impacting global markets and oil prices cannot be resolved in a single sitting. During the week, Prime Minister Shehbaz Sharif announced that extending the ceasefire remains Pakistan's immediate priority, with efforts underway to secure a further 45-day truce and remove remaining hurdles. In parallel, Field Marshal Syed Asim Munir's visit to Tehran, including meetings with Iranian leadership, reportedly helped narrow differences and revived optimism for renewed negotiations. Further strengthening sentiment, US President Donald Trump stated that talks with Iran could resume shortly and indicated Pakistan as the likely venue for future discussions, acknowledging Pakistan's constructive role in mediation efforts. He also noted that both sides were moving closer to a potential peace understanding. Separately, a ceasefire between Lebanon and Israel added to hopes of broader regional de-escalation. Overall, Pakistan's proactive diplomatic engagement has significantly enhanced its strategic relevance, with successful mediation efforts likely to strengthen investor confidence and support positive sentiment at PSX.

Washington Week: USD 1.2bn in Sight, But Vulnerabilities Persist

Pakistan's engagement with international financial institutions dominated the week, with Finance Minister Aurangzeb attending the IMF-World Bank Spring Meetings (April 13–18) in Washington, holding over 50 engagements including meetings with IMF MD Georgieva — who appreciated Pakistan's reform progress — and global investors. Aurangzeb confirmed the staff-level agreement on the 3rd EFF review and 2nd RSF review has been completed with all benchmarks met, with IMF Board approval and the associated ~USD 1.2bn disbursement expected shortly. The IMF's April 2026 Fiscal Monitor placed Pakistan's fiscal deficit at 3.2% of GDP for FY26 and FY27, down from 5.4% in FY25, with gross government debt projected to decline from 70.1% to 58.2% of GDP by FY31. However, the Fund warned that revenue has likely peaked and urged Pakistan to phase out fuel subsidies, widen the tax base, and address contingent liabilities. ADB revised its FY26 growth forecast to 3.5% (from 3.0%), projecting 4.5% in FY27, while Fitch affirmed Pakistan's B- Stable rating, flagging rising external debt repayments (~USD 12.8bn in FY26 vs. ~ USD 8bn in FY25) and negative net FX re-

Major Events

-serves as key vulnerabilities. The multilateral signal is cautiously constructive, but programme continuity remains the linchpin of macro stability.

Surplus in March, Questions for the Year Ahead

Pakistan's external account delivered a standout reading for March 2026, with the current account posting a surplus of USD 1.07bn — the second highest monthly figure on record — up sharply from USD 231mn in February. The improvement was driven by a M/M surge in remittances to USD 3.83bn (Ramadan/Eid effect), though remittances declined 5.5% Y/Y from USD 4.05bn in March 2025. Goods exports stood at USD 2.53bn (-8.4% Y/Y) while imports came in at USD 4.90bn (-0.7% Y/Y). Textile group exports for Jul-Mar FY26 dipped 0.5% Y/Y to USD 13.545bn, with weakness broad-based across knitwear, bedwear, and towels. FDI inflows for March came in at USD 167.64mn, up from USD 63.67mn in March 2025 but sharply down from USD 385mn in February. Cumulative 9MFY26 FDI stood at USD 1.35bn versus USD 1.86bn in the prior year, while portfolio equity outflows deepened to USD 184.66mn against USD 15.32mn in March 2025. Against this backdrop, Pakistan is set to host its first-ever EU-Pakistan Business Forum on April 28-29, targeting investment across textiles, agribusiness, fintech, and mining under the EU's €400bn Global Gateway initiative. Auto financing, meanwhile, extended its recovery to a 16th consecutive month at PKR 345bn — a three-year high — while the government is expected to unveil the Auto Policy 2026-31 on July 1, centred on localisation incentives and duty rationalisation. On energy, the government is weighing spot LNG purchases at USD 20–30/MMBtu following Qatar Energy's force majeure, while OGDC's Baragzai X-01 well could trim the annual import bill by ~ USD 329mn at peak output. The broader picture is one of stabilisation rather than structural strength — remittance-driven surpluses and recovering consumer credit are encouraging, but stagnating exports and weak FDI underline that external durability remains contingent on Gulf stability and the conflict trajectory.

Other News

Govt admits up to seven hours of power outages: Power Minister Awais Leghari confirmed six to seven hours of load management, which was almost three times higher than the government's public commitment — citing a sudden surge in demand, non-availability of imported gas and lower water discharges for irrigation. Speaking at a news conference, the minister said power shortfalls had been caused by disruptions to LNG imports due to the Middle East crisis and by lower provincial irrigation water requirements, both of which he said were beyond the government's control. However, he insisted that the government was making every possible effort to minimise both outages and potential tariff increases arising from the use of expensive alternative fuels.

Govt reviews plan to cut GST to 10% for dairy products: The government has moved to address key structural and taxation challenges in Pakistan's dairy sector, focusing on reducing GST, improving productivity, and formalizing the industry. Officials are working on proposals to lower sales tax on dairy products from 18% to 10%, alongside broader reforms aimed at improving genetic quality of livestock, expanding access to banking and financial support for farmers, and introducing stricter regulatory measures to ensure the availability of only pasteurized or properly packaged milk.

Govt weighs spot LNG as Iran war hits supply, ramps up domestic oil and gas: Minister for Petroleum Ali Pervaiz Malik said that the government is considering buying liquefied natural gas (LNG) on the spot market to offset supply disruptions caused by the Iran war, but would favour government-to-government deals to avoid paying steep premiums. Spot LNG cargoes have surged to \$20 to \$30 per mmBtu amid the Middle East conflict, Malik told Reuters.

Govt eyes \$10bn rice exports, assures support to exporters: Federal Minister for Maritime Affairs Muhammad Junaid Anwar Chaudhry has urged rice exporters to set an ambitious target of \$10 billion in rice exports and assured them of full support from his ministry and port authorities. During the visit, REAP Chairman Malik Faisal Jahangir briefed the delegation on the performance of the rice sector, describing it as a \$4 billion industry with a target to reach \$5 billion. He also highlighted plans to bring nearly 30 million acres of land under cultivation to boost production and exports.

Auto Policy likely to be unveiled on July 1: The Ministry of Industries and Production reviewed the draft 'Auto Policy', which is expected to be unveiled on July 1, 2026, and stated that the policy focuses on localization to help bring vehicle prices down. In this connection, a meeting was held here on Tuesday under the chairmanship of Special Assistant to the Prime Minister (SAPM) on Industries and Production, Haroon Akhtar Khan, with a delegation of auto parts manufacturers to discuss the forthcoming auto policy and measures for strengthening the local industry.

Wahdat Poultry sets IPO book building at Rs12-18/share: SECP and PSX have approved the issuance, circulation and publication of the prospectus and offer for sale document for the public offering of 53,102,350 ordinary shares of Wahdat Poultry Farm Limited through the book building mechanism. Under the structure of the offering, 70% of the issue size, equivalent to 37,171,645 shares, will be offered through book building at a floor price of Rs12 per share, with a price band extending up to Rs18 per share. The book building window has been scheduled from April 20, 2026 to April 21, 2026, during which participants can submit and revise bids subject to deposit of required margin money.

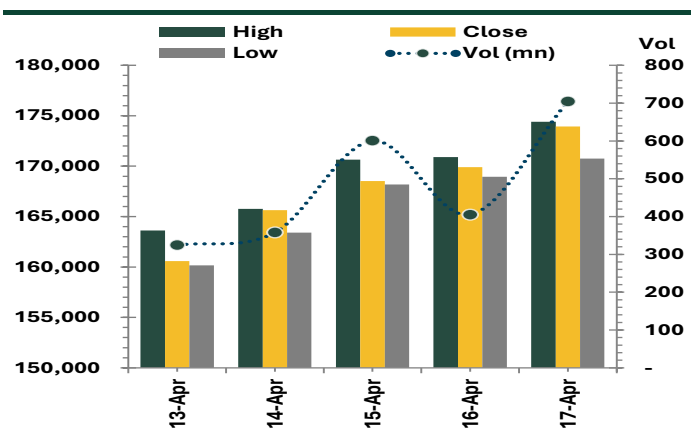
HSD price slashed by Rs135, petrol's by Rs12: Prime Minister Shehbaz Sharif announced a reduction in fuel prices following a decline in international oil rates, cutting diesel by Rs135 per litre and petrol by Rs12 per litre, effective from midnight on Saturday. In a televised address, the prime minister said the measure was aimed at easing the burden of inflation, which he described as "crushing the nation."

Equity Market Review

Summary

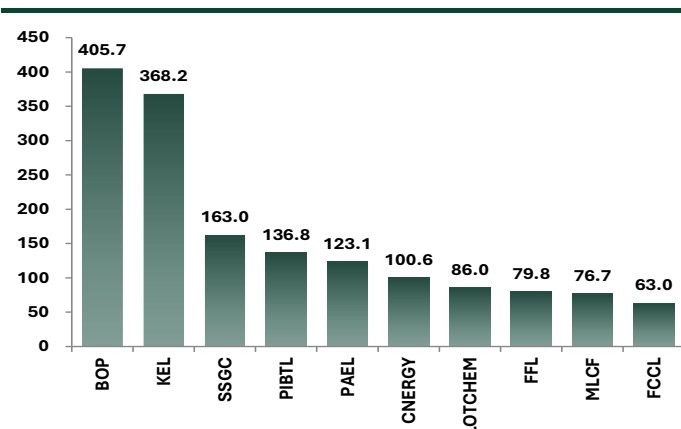
The Pakistan Stock Exchange witnessed a positive yet highly volatile week, with the benchmark KSE-100 Index initially coming under pressure due to heightened geopolitical uncertainty following disruptions in US–Iran diplomatic talks, which triggered early risk-off sentiment and sharp declines. However, the downturn proved short-lived as sentiment gradually stabilized, supported by easing external concerns and improving domestic macroeconomic indicators. A key catalyst was the current account surplus of USD 1.076bn in March 2026 — the highest in a year — alongside financial inflows of USD 2bn from Saudi Arabia, which alleviated concerns around external financing and strengthened investor confidence. This improvement, coupled with renewed expectations of diplomatic engagement, drove a recovery in risk appetite, shifting sentiment from cautious to constructive. Consequently, the market witnessed broad-based buying interest, particularly in banking, energy, fertilizer, and cement sectors, enabling the index to not only recover earlier losses but also post strong cumulative gains. Despite intermittent profit-taking and intraday volatility, the overall trajectory remained firmly upward. Market participation stayed robust, with average daily volumes of 478.63mn shares in the KSE-100 Index and 1.03bn shares in the broader market, underscoring sustained investor engagement, as the index gained 6,747.64 points WoW to close at 173,939.01 level.

Daily Market Performance



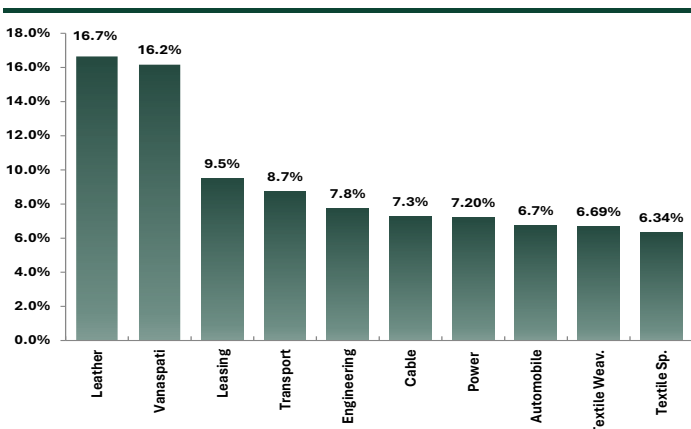
Source: PSX & HMFS Research

Top 10 Volume leaders (volumes in mn)



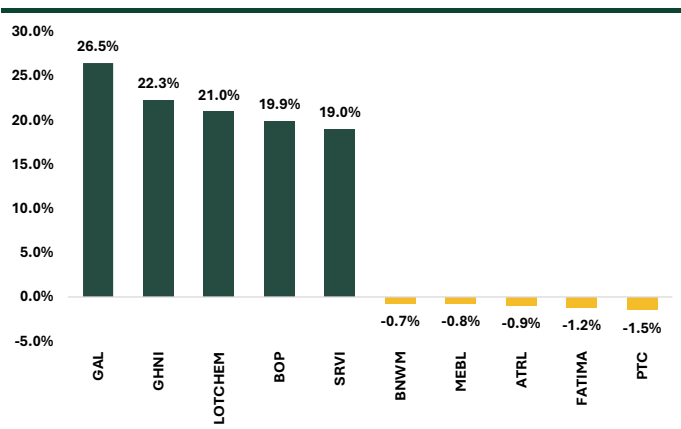
Source: PSX & HMFS Research

Sector Performance



Source: PSX & HMFS Research

Gainers & Losers (KSE-100 Index)



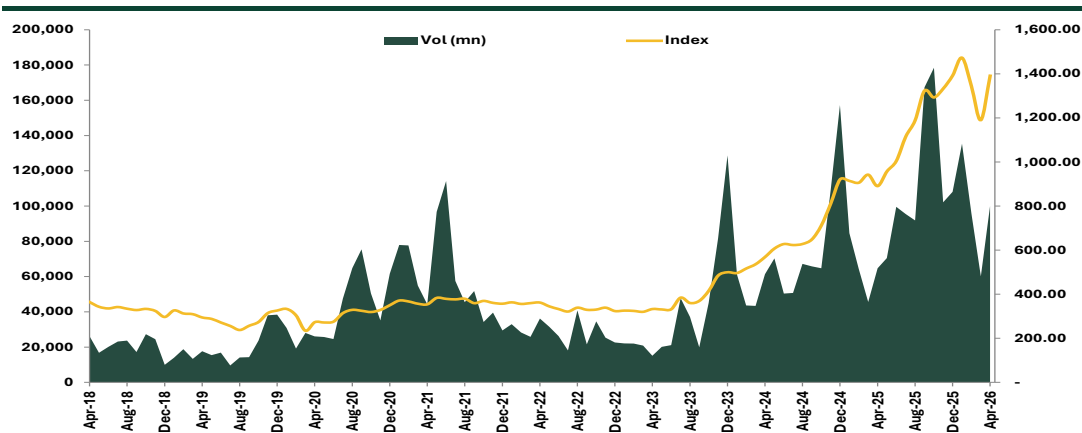
Source: PSX & HMFS Research

Equity Market Review

Outlook

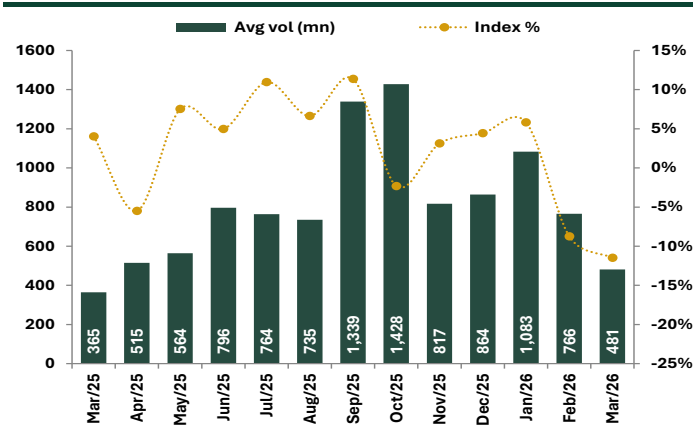
The equity market is expected to maintain a cautiously positive bias in the near term, supported by improving macroeconomic fundamentals and easing external pressures. Recent strength in the external account, highlighted by a current account surplus and continued inflows from allied financial support, has helped reinforce confidence in Pakistan’s external stability. However, the market is likely to remain sensitive to developments on the geopolitical front, with any escalation or delay in diplomatic progress having the potential to trigger short-term volatility. On the domestic front, upcoming corporate result announcements will play a key role in guiding stock-specific movements and sustaining sectoral momentum, particularly in banking, energy, and fertilizer segments. Liquidity conditions and participation trends also suggest continued investor engagement, though profit-taking cannot be ruled out after recent gains. Overall, the index is expected to trade in a range-bound but upward-tilted manner, with investors advised to remain selective, focusing on fundamentally strong names while closely monitoring external and macroeconomic triggers.

Index Performance



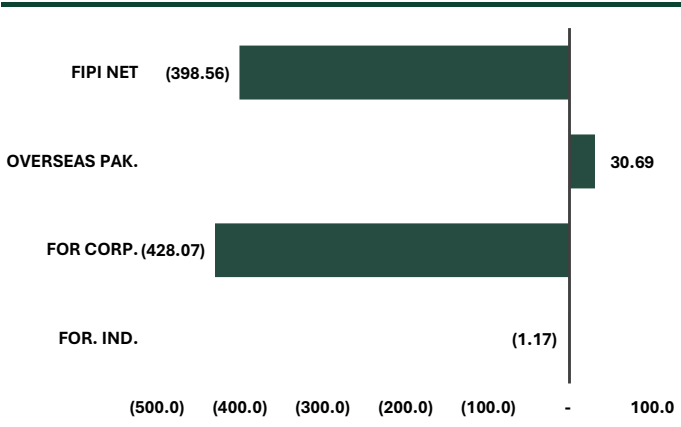
Source: PSX & HMFS Research

MoM Index gain vs Average Volume



Source: PSX & HMFS Research

FIPI (CYTD in USD mn)



Source: NCCPL & HMFS Research

Money Market Review

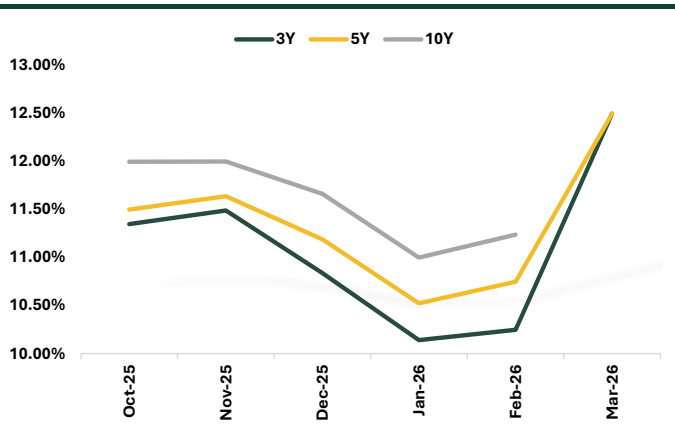
Summary

During the week ended April 17, 2026, the State Bank of Pakistan (SBP) conducted a Market Treasury Bill (MTB) auction, raising a substantial PKR 1.0tn, significantly higher than the previous auction’s intake. Cut-off yields declined across most tenors, reflecting a normalization in rates after the previous week’s uptick driven by geopolitical tensions. The 1-month tenor declined to 10.70% (-49bps), while 3-month and 6-month papers settled at 11.44% (-35bps) and 11.15% (-32bps), respectively. In contrast, the 12-month yield edged up to 11.89% (+14bps), indicating a slight uptick at the longer end of the curve. No auction for Pakistan Investment Bonds (PIBs) was conducted during the week. On the liquidity front, SBP continued its active management through Open Market Operations (OMOs), conducting reverse repo operations with a cumulative injection of PKR 13.04tn into the banking system.

Outlook

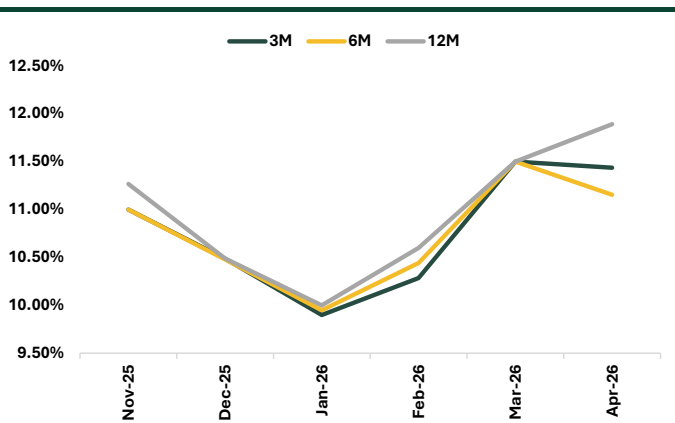
Yields are expected to remain broadly anchored around the prevailing policy rate in the near term, with recent movements reflecting normalization following the prior auction’s geopolitically driven spike. The short end of the curve is likely to trade within a narrow range, supported by stable liquidity conditions and ongoing SBP liquidity management. Market focus will now shift to upcoming auctions, with a PIBs auction scheduled on April 28th with a target of PKR 450bn, followed by an MTB auction on April 29th targeting PKR 1.2tn. The outcomes of these auctions will be key in shaping the yield curve, particularly at the longer end, where recent upticks suggest cautious participation.

PIB Yields



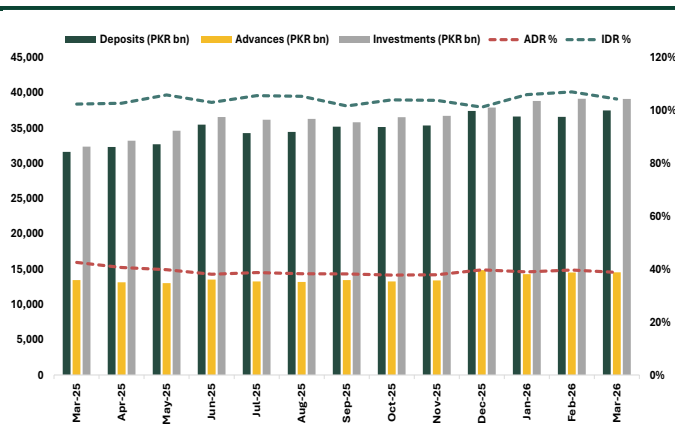
Source: SBP & HMFS Research

T-Bill Yields



Source: SBP & HMFS Research

Bank's ADR & IDR



Source: SBP & HMFS Research

Forex Market Review

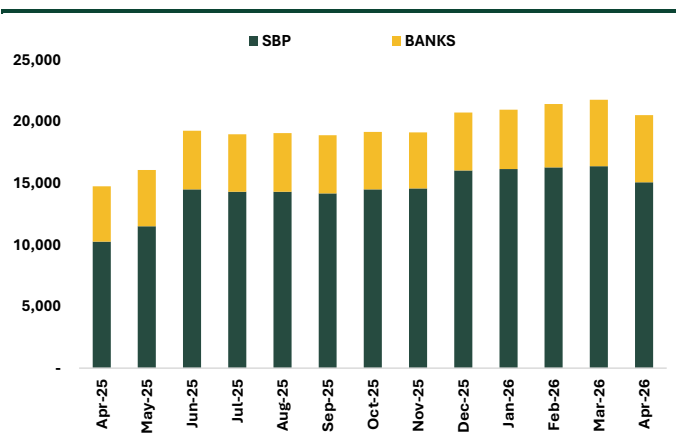
Summary

During the week ended April 10, 2026, Pakistan’s foreign exchange reserves witnessed a sharp decline, primarily driven by external debt repayments. Reserves held by the State Bank of Pakistan (SBP) fell significantly by USD 1.32bn w/w to USD 15.08bn, largely due to the repayment of USD 1,426.1mn against Pakistan’s sovereign Eurobond. Meanwhile, reserves held by commercial banks also declined, albeit marginally, by USD 49.6mn (down 0.90% w/w) to USD 5.45bn. Consequently, the country’s total liquid foreign exchange reserves decreased by USD 1.37bn (down 6.26% w/w) to USD 20.52bn. On the currency front, the PKR remained broadly stable in the interbank market, closing at PKR 278.92 per USD as of April 17, 2026, reflecting relatively balanced demand-supply dynamics despite the pressure on external reserves.

Outlook

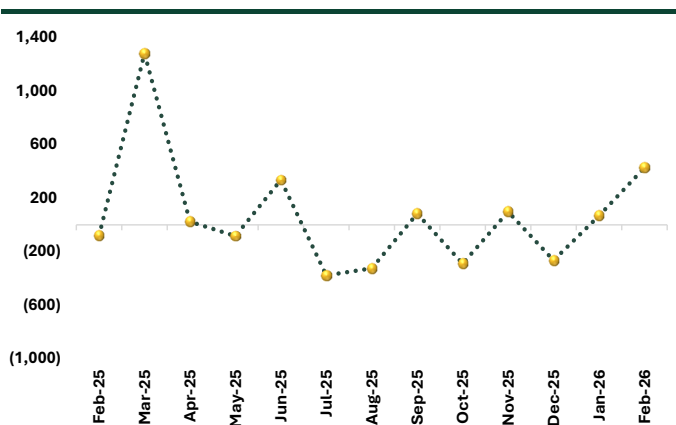
The near-term outlook for the external sector remains cautious, with foreign exchange reserves likely to stay under pressure amid elevated external debt servicing requirements. Recent developments highlight liquidity strain, including a USD 3.5bn repayment obligation to the UAE, posing a significant near-term drain on reserves. Some relief is expected from external inflows, with Saudi Arabia pledging USD 3bn in additional support, of which around USD 2bn has already been received, partially cushioning reserve pressures. In addition, Pakistan is targeting reserves of around USD 18bn under the IMF program, while the next IMF tranche of approximately USD 1.3bn is also expected soon, supporting the external position. Despite these inflows, reserve dynamics remain reliant on bilateral and multilateral financing, underscoring structural vulnerabilities in the external account. On the currency front, the PKR is expected to remain broadly stable in the near term, though risks remain slightly tilted to the downside in case of delays in inflows or higher external repayments.

Foreign Exchange Reserves (USD bn)



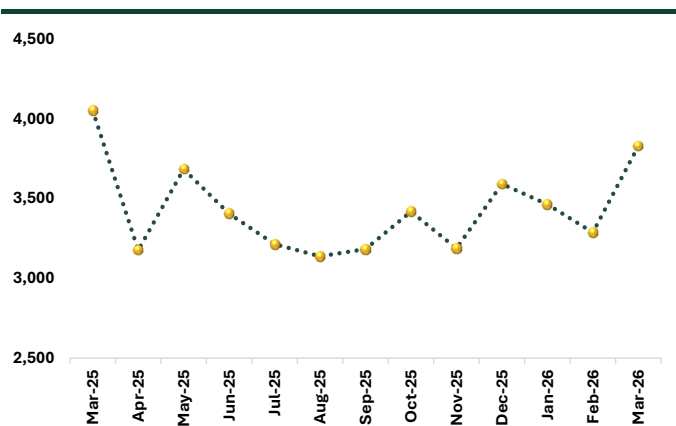
Source: SBP & HMFS Research

Current Account Balance (USD mn)



Source: SBP & HMFS Research

Remittances (USD mn)



Source: SBP & HMFS Research

Key Economic Indicators

Item	Units	Mar-26	Feb-26	Jan-26	Dec-25	Nov-25	Oct-25	%M/M	CY25	CY24	%Y/Y
Banking Indicators											
Return on Outstanding Loans	%	-	10.59%	10.63%	10.91%	11.15%	11.25%	-0.04%	11.74%	17.03%	-5.30%
Return on Deposits	%	-	4.97%	5.01%	5.35%	5.23%	5.23%	-0.04%	5.54%	10.77%	-5.23%
Interest rate Spread	%	-	5.62%	5.62%	5.56%	5.92%	6.02%	0.00%	6.20%	6.26%	-0.06%
Deposits	(PKR bn)	37,505	36,586	36,642	37,431	35,380	35,149	2.51%	37,431	30,283	23.60%
Advances	(PKR bn)	14,555	14,534	14,291	14,880	13,421	13,279	0.15%	14,880	16,009	-7.05%
Investments	(PKR bn)	39,127	39,156	38,839	37,910	36,732	36,547	-0.08%	37,910	29,129	30.14%
ADR	%	38.81%	39.73%	39.00%	39.75%	37.93%	37.78%	-0.92%	39.75%	52.87%	-13.11%
IDR	%	104.32%	107.02%	105.99%	101.28%	103.82%	103.98%	-2.70%	101.28%	96.19%	5.09%

Kibor (Ask Side)											
3-Month	%	11.03%	10.53%	10.39%	10.85%	11.16%	11.16%	0.50%	11.40%	18.81%	-7.41%
6-Month	%	11.12%	10.55%	10.39%	10.89%	11.19%	11.18%	0.58%	11.39%	18.58%	-7.19%
9-Month	%	11.50%	10.79%	10.62%	11.15%	11.44%	11.39%	0.71%	11.61%	18.50%	-6.89%
1-Year	%	11.57%	10.80%	10.61%	11.16%	11.47%	11.40%	0.76%	11.61%	18.21%	-6.60%

Avg. Exchange Rates											
USD		279.30	279.62	279.95	280.29	280.71	281.11	-0.11%	281.15	278.53	0.94%
Euro		322.83	330.91	328.56	328.43	324.52	327.24	-2.44%	317.82	301.36	5.46%
JPY		1.76	1.80	1.79	1.80	1.81	1.86	-2.41%	1.8811	1.8410	2.18%
GBP		372.54	380.06	378.54	375.40	368.67	375.43	-1.98%	370.72	355.94	4.15%
CNY		40.51	40.49	40.17	39.81	39.49	39.48	0.06%	39.11	38.70	1.07%

Item	Units	Mar-26	Feb-26	Jan-26	Dec-25	Nov-25	Oct-25	%M/M	FY25	FY24	%Y/Y
Inflation											
Avg. CPI	%	5.67%	5.46%	5.24%	5.10%	5.01%	4.73%	0.21%	4.49%	23.41%	-18.92%
Avg. NFNE	%	7.40%	7.10%	7.20%	6.90%	6.60%	7.50%	0.30%	6.90%	12.20%	-5.30%

Commodities											
Arab Light (Avg.)	USD/bbl	102.99	67.67	62.88	62.82	65.62	66.82	52.18%	74.89	86.22	-13.14%

External Sector (FY USD mn)											
Total Imports	(USD Mn)	4,995	5,290	5,805	6,081	5,306	6,087	-5.58%	58,387	54,937	6.28%
Total Exports	(USD Mn)	2,264	2,276	3,055	2,268	2,420	2,848	-0.53%	32,039	30,684	4.42%
Trade Balance	(USD Mn)	(2,731)	(3,014)	(2,750)	(3,813)	(2,886)	(3,239)	9.39%	(26,348)	(24,253)	-8.64%
Current Account Balance	(USD Mn)	-	427	68	(265)	98	(291)	527.94%	328	(313)	204.79%
Remittances	(USD Mn)	3,831	3,288	3,464	3,592	3,188	3,420	16.53%	38,300	30,251	26.61%
Oil Import Bill	(USD Mn)	983.01	1,199.40	1,186.10	1,183.09	1,007.78	1,293.23	-18.04%	15,003.59	15,161.83	-1.04%

Source: SBP, PBS, Oilprice.com, HMFS Research

Note: % change is of last available month

*N/M: Not Meaningful

Valuation Guide

	Symbol	Period End	Stance	Current Price	Fair Value	FV Return	M. Cap	EPS			DPS			DY		P/E		P/B		ROE		Total Yield				
							PKR	2025 A	2026 E	2027 F	2025 A	2026 E	2027 F	2026 E	2027 F	2026 E	2027 F	2026 E	2027 F	2026 E	2027 F	2026 E	2027 F	2026 E	2027 F	CY-26/ FY-26
							Trn	PKR	PKR	PKR	PKR	PKR	PKR	%	%	x	x	x	x	%	%	%	%			
1	FFC	Dec	BUY	539.4	735.0	36%	776.2	51.7	50.3	53.8	37.0	43.0	46.0	8%	9%	10.7	10.0	4.7	4.4	44%	44%	44%				
2	EFERT	Dec	BUY	212.1	255.0	20%	283.2	17.0	28.5	31.0	15.0	26.7	27.0	13%	13%	7.4	6.8	5.4	4.9	73%	72%	33%				
3	INDU	Jun	BUY	1998.9	3267.0	63%	157.1	292.7	400.1	414.7	176.0	242.0	253.0	12%	13%	5.0	4.8	1.7	1.5	34%	31%	76%				
4	HCAR	Mar	BUY	186.8	232.0	24%	26.7	19.0	20.5	23.0	8.0	8.5	9.5	5%	5%	9.1	8.1	1.1	1.0	12%	12%	29%				
5	HBL	Dec	BUY	313.2	372.0	19%	459.3	45.5	43.2	48.5	20.0	18.0	18.0	6%	6%	7.2	6.5	0.9	0.8	12%	13%	25%				
6	MCB	Dec	BUY	418.0	476.0	14%	495.4	49.3	44.5	53.1	36.0	36.0	36.0	9%	9%	9.4	7.9	1.9	1.7	20%	22%	22%				
7	UBL	Dec	BUY	406.9	514.0	26%	1,018.9	64.0	60.5	55.2	45.0	44.0	44.0	11%	11%	6.7	7.4	1.3	1.2	19%	17%	37%				
8	BAHL	Dec	BUY	174.8	228.0	30%	194.3	29.2	31.0	31.0	15.0	15.0	15.0	9%	9%	5.6	5.6	1.1	1.0	19%	17%	39%				
9	ABL	Dec	BUY	185.3	254.0	37%	212.2	31.7	45.4	33.4	16.0	17.5	18.0	9%	10%	4.1	5.5	0.9	0.8	22%	15%	47%				
10	MEBL	Dec	BUY	497.1	565.0	14%	895.1	50.2	52.5	54.2	28.0	27.0	28.0	5%	6%	9.5	9.2	2.7	2.3	28%	26%	19%				
11	MUGHAL*	Jun	BUY	83.2	106.0	27%	27.9	2.8	2.8		0.0	0.0		0%		29.7		1.0		3%		27%				
12	ISL	Jun	BUY	89.9	148.0	65%	39.1	3.6	7.2	9.5	2.5	4.0	8.0	4%	9%	12.5	9.5	1.8	1.7	14%	18%	69%				
13	OGDC	Jun	BUY	324.7	427.0	31%	1,396.6	39.5	34.9	37.9	15.1	18.0	20.0	6%	6%	9.3	8.6	1.0	0.9	10%	11%	37%				
14	PPL	Jun	BUY	238.4	350.0	47%	648.8	33.8	29.7	34.9	7.5	8.0	10.0	3%	4%	8.0	6.8	0.8	0.8	10%	11%	50%				
15	POL	Jun	BUY	663.9	897.0	35%	188.5	85.2	82.4	88.0	75.0	90.0	92.0	14%	14%	8.1	7.5	2.2	2.3	28%	30%	49%				
16	LUCK	Jun	BUY	449.4	568.0	26%	658.3	52.5	62.8	79.0	4.0	6.5	15.0	1%	3%	7.2	5.7	0.7	0.7	10%	12%	28%				
17	FCCL	Jun	BUY	53.0	72.0	36%	130.1	5.4	6.5	8.2	1.3	1.5	0.0	3%	0%	8.1	6.5	1.4	1.2	18%	18%	39%				
18	MLCF	Jun	BUY	95.9	147.0	53%	100.4	16.3	13.0	23.0	0.0	0.0	0.0	0%	0%	7.4	4.2	1.5	1.1	21%	27%	53%				
19	NML	Jun	HOLD	158.0	175.0	11%	55.6	17.1	17.1	19.8	2.0	3.0	3.0	2%	2%	9.3	8.0	0.4	0.4	4%	5%	13%				
20	ILP	Jun	BUY	84.0	128.0	52%	117.7	3.8	9.2	9.0	1.0	4.0	6.0	5%	7%	9.1	9.3	1.4	1.3	15%	14%	57%				
21	GATM	Jun	BUY	26.1	49.0	88%	19.3	5.4	7.0	5.2	0.0	0.0	0.0	0%	0%	3.7	5.0	0.4	0.3	10%	7%	88%				
HMFS Universe						36%	7,900.7							6%	7%	8.8	7.0	1.5	1.4	19%	21%	42%				

(*) Under Review (A) Actual (E) Estimated (F) Forecasted

Valuations may be revised following changes in monetary policy, fluctuations in relevant commodity prices, and the announcement of financial results, as well as other material macroeconomic or company-specific developments.

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HMFS RATING GUIDE

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Total Return is based on both the Capital Gains return & the Dividend Yield & is exclusive of all applicable taxes