



WEEKLY REPORT

STRAIT OF FEAR

DATE:

Friday, April 24, 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:

On Track but Not Off the Hook: IMF Deepens Conditions as Auto Sector Overhaul Looms

The week brought a mixed picture on the IMF front. On the positive side, reports indicate most program targets have been met and the USD 1.2bn tranche is expected to receive board approval in May — a meaningful milestone that would bring cumulative EFF disbursements closer to the programme midpoint. However, the Fund simultaneously loaded eleven new structural conditions onto the programme, while an IMF official outlined increasingly specific budget priorities and urged the removal of non-tariff barriers — signalling that the reform ask is intensifying even as the headline numbers hold. Embedded within this conditionality is the Auto Policy 2026-31, which the IMF will vet before cabinet approval. The draft policy, effective July 1, 2026, targets a phased reduction of the weighted average tariff from 10.6% to ~6% by FY30, a simplified four-slab customs duty structure, and the progressive elimination of regulatory and additional duties — effectively dismantling decades of assembler protection. Domestically, the super tax default surcharge dispute and the PBC's (Pakistan Business Council) warning of deep-rooted structural challenges serve as a reminder that reform fatigue and implementation risks remain very much in play.

From Supply Shock to Ceasefire Broker: Pakistan's Hormuz Moment

The week opened on a sharp note as the Strait of Hormuz closure rattled global energy markets, with oil clawing back losses, three LNG cargoes stranded in the Persian Gulf, and diesel imports surging to 1.1mn tonnes. The disruption threatened Pakistan's already-stretched energy supply chain. However, rather than remain a passive bystander, Islamabad moved to position itself as a diplomatic interlocutor. Trump publicly stated he would consider the advice of the COAS on the Hormuz blockade and later extended the ceasefire at Pakistan's request — a rare acknowledgement of Pakistan's regional leverage. High-stakes talks were facilitated through Islamabad, with Pakistan expressing confidence that Iran would engage. Concurrently, contingency measures advanced on multiple fronts: Azerbaijan offered LNG supply, Qatar LNG cargo negotiations progressed, and SBP Governor confirmed the economy retained sufficient buffers to absorb the shock. By week's end, shipping channels were reported unaffected, and the diplomatic temperature had meaningfully cooled, though the risk overhang on energy costs persists.

Major Events

External Credibility Pays Off as Pakistan Locks In a Landmark Week for Sovereign Financing

Pakistan's ability to attract foreign capital took centre stage this week, with several distinct but thematically connected developments reinforcing the country's improving investment credentials. The Eurobond issuance — initially sized at USD 500mn— was priced at a sub-7% yield and subsequently upsized to USD 750mn on the back of strong international demand, reflecting a markedly improved risk perception among global fixed-income investors. On the multilateral side, Pakistan signed a Transaction Advisory Services Agreement with the IFC for the large-scale rollout of smart metering infrastructure covering 10 million single-phase connections, under a public-private partnership framework designed to attract both local and international investors to the power distribution sector. The SIFC, meanwhile, cleared a USD 700mn cement sector investment — a signal that the structural reform agenda is beginning to translate into tangible FDI commitments at scale. Finance Minister Aurangzeb, present at international forums, secured key global pledges, and SBP reserves rose to USD 15.1bn as of April 17. Cumulatively, the week demonstrated that sovereign financing gains and project-level FDI are advancing in parallel — a combination that Pakistan's external account narrative has rarely been able to sustain simultaneously.

Other News

First Central Asian shipment reaches Pakistan via China, bypassing Afghanistan: Pakistan has operationalised a new trade route connecting Central Asian states to its southern ports via China, as the country received the first shipment of goods from Kyrgyzstan, a development that positions it as a regional transit hub while bypassing neighbouring Afghanistan.

China praises Pak efforts for ME peace: Chinese Ambassador in Islamabad Jiang Zaidong Thursday expressed his country's appreciation of Pakistan's diplomatic efforts for lasting peace in the region.

Mining gains traction despite Reko Diq delays: Pakistan's emergence in the global race for critical minerals is gaining traction. Backed by multilateral financing and large-scale mining investments, anchored by the Reko Diq copper-gold project, this shift is beginning to reshape the country's export profile and industrial landscape.

Pakistan plans up to 70,720MW power expansion by 2035 amid demand risks: Pakistan will require between 62,660MW and 70,720MW of additional power generation capacity by 2035 to support projected economic growth of 3.5 to 6.4 percent, according to the revised Indicative Generation Capacity Expansion Plan (IGCEP) 2025-35.

Early shop closures wipe Rs200bn off economy in two weeks: CAP: The Chainstore Association of Pakistan (CAP) has called for an urgent review of early retail closing hours, warning the policy has already led to an estimated Rs200 billion loss in economic activity within just two weeks of implementation.

Duties on used phones hiked by 175%: The federal government has increased customs valuation on used imported mobile phones by up to 175%, making 62 models from various companies more expensive, according to a document available with The Express Tribune.

Govt, ADB sign Rs365bn M6 deal: The government and the Asian Development Bank (ADB) on Wednesday signed a landmark agreement to finance the Rs365 billion Sukkur-Karachi Motorway (SKM) project (M6), the only missing link in the motorway network from Karachi to Peshawar and the northern areas.

Govt orders probe into costly off-grid power purchases by Discos: Amid public outcry over high electricity tariffs and prolonged loadshedding, the government on Wednesday said it had uncovered instances of distribution companies (Discos) purchasing expensive power outside the national grid in violation of the economic merit order.

Plastic prices surge 70% on supply shortage: Prices of plastic products across Pakistan have surged sharply in recent weeks, driven by supply disruptions and volatility in petroleum-linked raw materials, affecting a broad range of everyday consumer goods.

SIFC clears \$700m cement investment: Pakistan's industrial revival gathered fresh momentum as the Special Investment Facilitation Council (SIFC) cleared long-standing regulatory hurdles, paving the way for seven new cement plants backed by roughly \$700 million in investment.

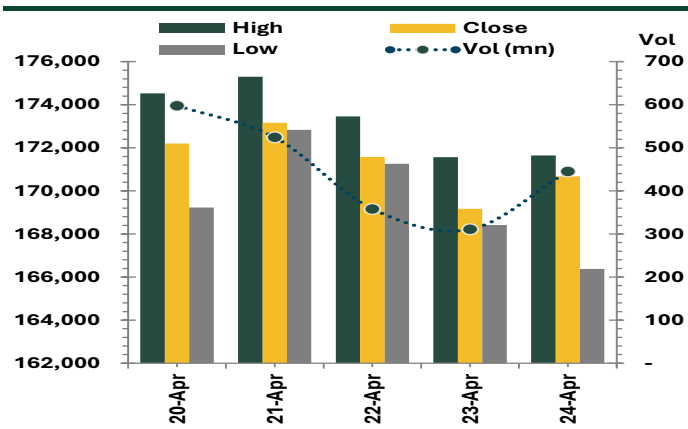
Pakistan wins Russian approval for seafood exports: Pakistan has secured a major breakthrough in its fisheries sector, with Russian authorities approving exports of Pakistani seafood through the registration of 16 local seafood processing plants.

Equity Market Review

Summary

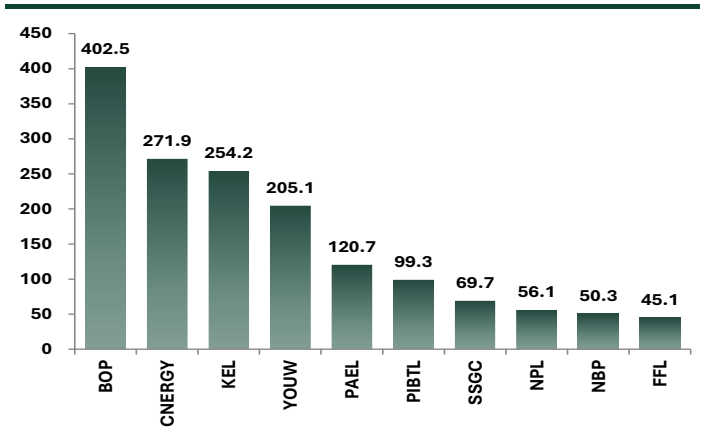
During the week, the KSE-100 Index exhibited a distinctly cautious tone, closing 3,266.97 points lower at 170,672.04, as negative sentiment dominated price action across the board. The primary headwind stemmed from the ongoing US-Iran conflict, where the closure of the Strait of Hormuz introduced material upward pressure on commodity import costs — raising concerns over a potential return to double-digit CPI for April and consequently shifting MPC expectations toward a rate hike at the scheduled Monday, April 27 meeting. While the US administration announced a ceasefire extension, the absence of any confirmatory response from Iranian representatives kept geopolitical risk firmly on the table. On the external account front, Pakistan received a USD 3.0bn bilateral loan from Saudi Arabia while simultaneously repaid USD 3.45bn to the UAE. Despite these financing flows providing a degree of structural reassurance, the broader risk-off sentiment overwhelmed any positive catalysts, sustaining selling pressure through the week.

Daily Market Performance



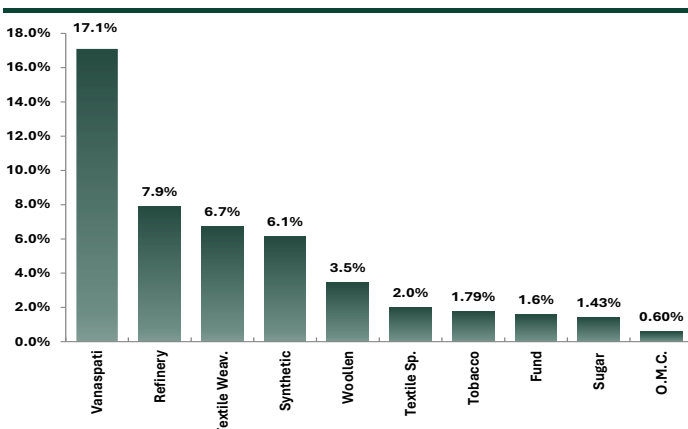
Source: PSX & HMFS Research

Top 10 Volume leaders (volumes in mn)



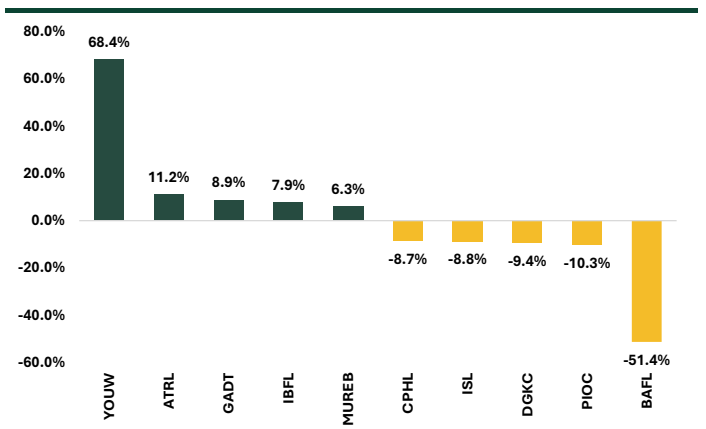
Source: PSX & HMFS Research

Sector Performance



Source: PSX & HMFS Research

Gainers & Losers (KSE-100 Index)



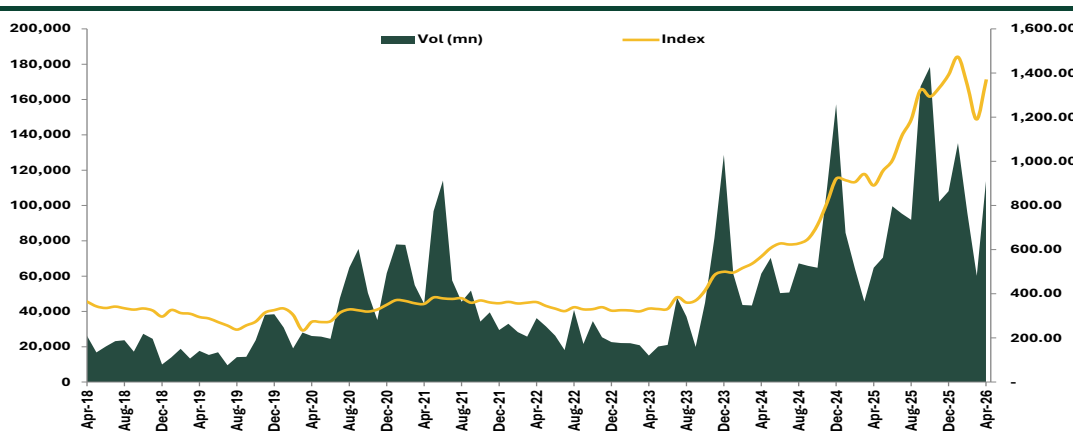
Source: PSX & HMFS Research

Equity Market Review

Outlook

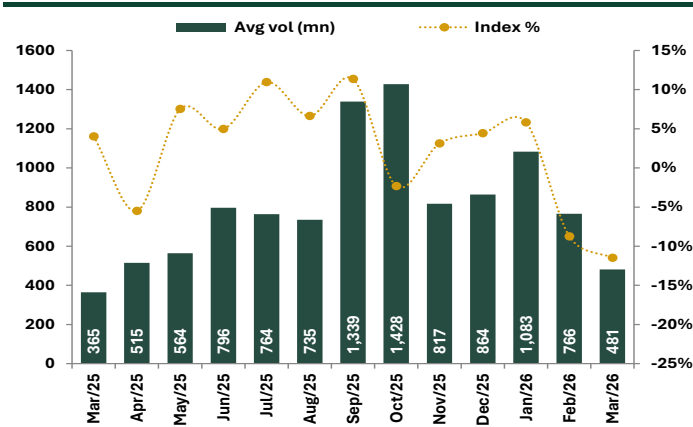
Looking ahead, market direction in the coming week will be predominantly dictated by two pivotal developments: the SBP's MPC decision on April 27 and the trajectory of the US-Iran conflict. Any credible de-escalation signal from the Middle East could serve as a meaningful re-rating catalyst, potentially reversing the recent bearish momentum. Concurrently, the ongoing corporate result season is expected to provide selective support, particularly for dividend-yielding equities where announced payouts may attract yield-seeking institutional flows. An anticipated round two of Islamabad Accords, if materialised, would further reinforce Pakistan's macroeconomic stability narrative and bolster investor confidence. On the downside, month-end dynamics introduce a technical headwind, as rollover activity historically exerts brief downward pressure on index levels. In this environment, investors are advised to maintain a selective, fundamentals-anchored approach, prioritising stocks with visible earnings growth, strong dividend coverage, and resilience to rate and commodity cycle volatility.

Index Performance



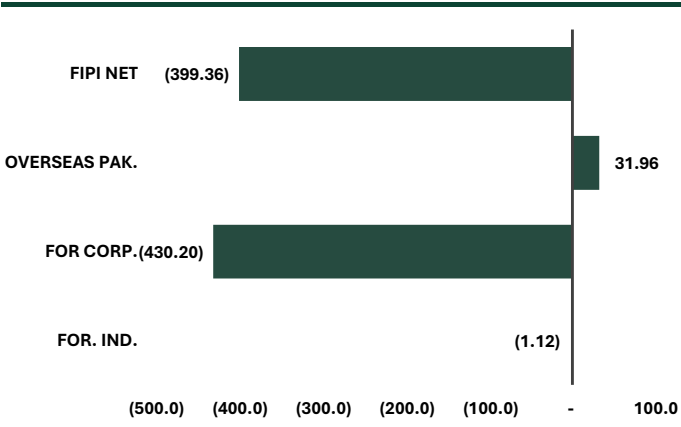
Source: PSX & HMFS Research

MoM Index gain vs Average Volume



Source: PSX & HMFS Research

FIPI (CYTD in USD mn)



Source: NCCPL & HMFS Research

Money Market Review

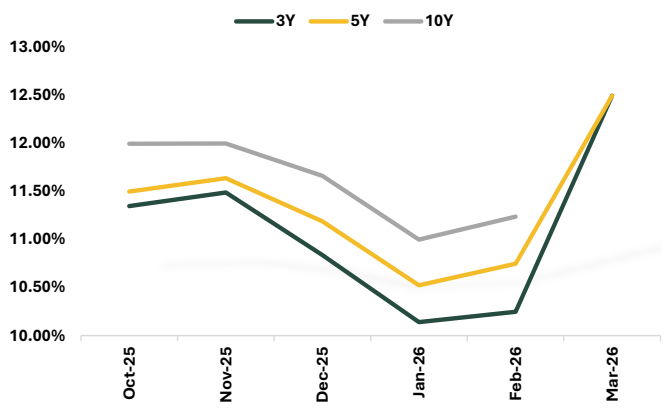
Summary

The debt market remained relatively subdued during the week, primarily due to the absence of major scheduled activities by the State Bank of Pakistan (SBP), including Market Treasury Bill (MTB) and Pakistan Investment Bond (PIB) auctions. However, liquidity conditions stayed active, as the SBP conducted a reverse repo Open Market Operation (OMO), injecting approximately PKR 9tn into the system, reflecting continued liquidity needs within the banking sector. Looking ahead, the next PIB auction is scheduled for 28th April 2026, followed by the MTB auction on 29th April 2026, which is expected to drive market activity and provide fresh direction to yields.

Outlook

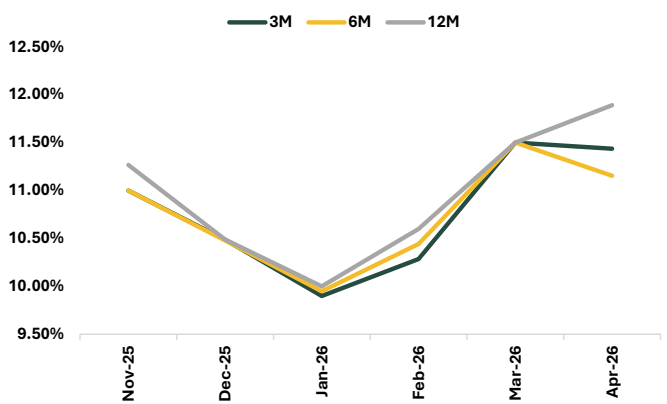
The State Bank of Pakistan’s upcoming Monetary Policy Committee (MPC) meeting, scheduled for Monday, 27 April, remains the key focus for the money market. Market is expecting a modest policy rate hike, driven by rising external inflationary risks following the recent escalation in Middle East tensions. The sharp rebound in international crude oil prices during the past week is expected to intensify imported inflation pressures for Pakistan, particularly through the energy channel. In response, yields in the secondary market have already shown an upward bias, reflecting cautious positioning ahead of the policy announcement. We expect the upcoming T-bill auction to witness stronger demand at higher cut-off levels as investors seek to realign portfolios with the evolving rate outlook.

PIB Yields



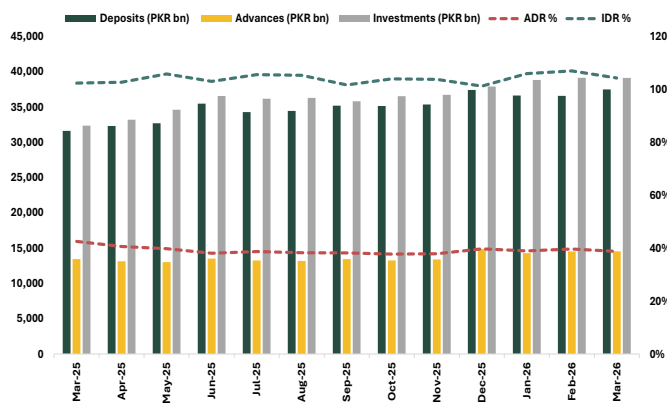
Source: SBP & HMFS Research

T-Bill Yields



Source: SBP & HMFS Research

Bank’s ADR & IDR



Source: SBP & HMFS Research

Forex Market Review

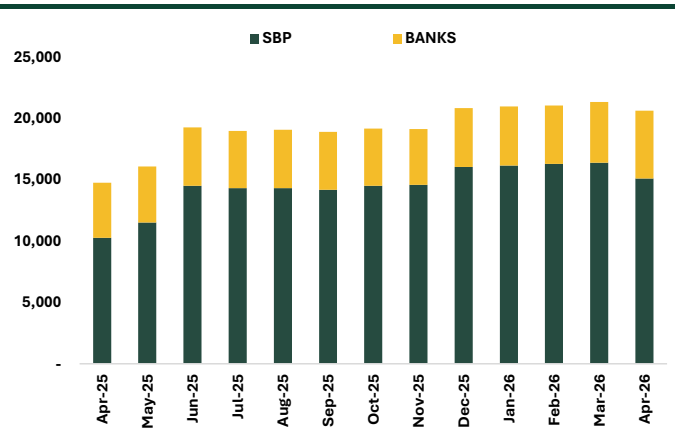
Summary

During the week ended April 17, 2026, Pakistan’s external position strengthened as total liquid foreign exchange reserves rose by USD 104mn w/w to USD 20.63bn. Reserves held by the State Bank of Pakistan (SBP) increased by USD 18.1mn, reaching USD 15.1bn, reflecting continued support to the country’s reserve buffer. Meanwhile, commercial banks’ reserves posted a stronger uptick, rising by USD 85.9mn (up 1.58% w/w) to USD 5.53bn. The overall improvement signals a gradual easing in external account pressures and enhanced liquidity levels. On the currency front, the PKR remained broadly stable in the interbank market, closing at PKR 278.85/USD on April 24, 2026. The stable exchange rate indicates balanced market demand-supply conditions amid an improving reserve outlook.

Outlook

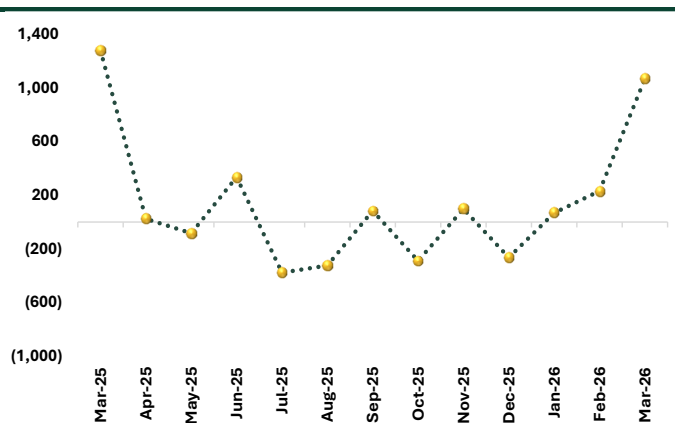
The PKR strengthened in the interbank market amid a notable improvement in Pakistan’s near-term external liquidity position, supported by fresh financial inflows from strategic partners. Saudi Arabia extended USD 3bn in additional support to reinforce foreign exchange reserves, while also rolling over its existing USD 5bn deposit, reflecting continued confidence in Pakistan’s macroeconomic stabilisation efforts. This came alongside Pakistan’s successful repayment of USD 3.4bn in maturing UAE obligations, easing immediate external repayment concerns without materially pressuring reserves. Investor sentiment was further boosted by Pakistan’s return to international debt markets after four years, where strong foreign demand enabled the upsizing of its Eurobond issuance from USD 500mn to USD 750mn through the green-shoe option. Moreover, expectations of IMF Executive Board approval next month for a USD 1.2bn disbursement under the EFF and RSF facilities have strengthened confidence over upcoming external inflows and reserve sustainability. Overall, improving reserve visibility, successful external financing execution, and renewed multilateral support collectively supported the PKR.

Foreign Exchange Reserves (USD bn)



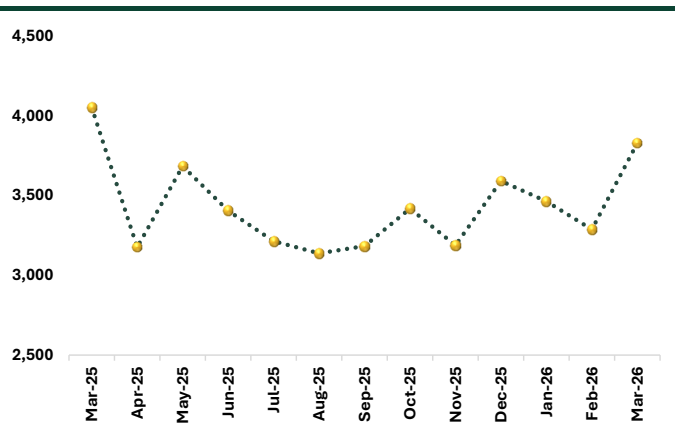
Source: SBP & HMFS Research

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	%	10.48%	10.59%	10.63%	10.91%	11.15%	11.25%	-0.11%	11.74%	17.03%	-5.30%
Return on Deposits	%	4.94%	4.97%	5.01%	5.35%	5.23%	5.23%	-0.03%	5.54%	10.77%	-5.23%
Interest rate Spread	%	5.54%	5.62%	5.62%	5.56%	5.92%	6.02%	-0.08%	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%
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)	1,070	231	68	(265)	98	(291)	363.20%	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	CY-26/ FY-26
							Trn	PKR	PKR	PKR	PKR	PKR	PKR	%	%	x	x	x	x	%	%	%		
1	FFC	Dec	BUY	524.8	735.0	40%	755.1	51.7	50.3	53.8	37.0	43.0	46.0	8%	9%	10.4	9.8	4.6	4.3	44%	44%	48%		
2	EFERT	Dec	BUY	199.1	255.0	28%	265.9	17.0	28.5	31.0	15.0	26.7	27.0	13%	14%	7.0	6.4	5.1	4.6	73%	72%	41%		
3	INDU	Jun	BUY	2009.3	3267.0	63%	157.9	292.7	400.1	414.7	176.0	242.0	253.0	12%	13%	5.0	4.8	1.7	1.5	34%	31%	75%		
4	HCAR	Mar	BUY	182.7	232.0	27%	26.1	19.0	20.5	23.0	8.0	8.5	9.5	5%	5%	8.9	8.0	1.0	1.0	12%	12%	32%		
5	HBL	Dec	BUY	298.5	372.0	25%	437.9	45.5	43.2	48.5	20.0	18.0	18.0	6%	6%	6.9	6.2	0.8	0.8	12%	13%	31%		
6	MCB	Dec	BUY	405.8	476.0	17%	480.9	49.3	44.5	53.1	36.0	36.0	36.0	9%	9%	9.1	7.6	1.8	1.7	20%	22%	26%		
7	UBL	Dec	BUY	416.3	514.0	23%	1,042.5	64.0	60.5	55.2	45.0	44.0	44.0	11%	11%	6.9	7.5	1.3	1.3	19%	17%	34%		
8	BAHL	Dec	BUY	175.0	228.0	30%	194.5	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	183.9	254.0	38%	210.6	31.7	45.4	33.4	16.0	17.5	18.0	10%	10%	4.1	5.5	0.9	0.8	22%	15%	48%		
10	MEBL	Dec	BUY	494.5	565.0	14%	890.3	50.2	52.5	54.2	28.0	27.0	28.0	5%	6%	9.4	9.1	2.7	2.3	28%	26%	20%		
11	MUGHAL*	Jun	BUY	76.4	106.0	39%	25.6	2.8	2.8		0.0	0.0		0%		27.3		0.9		3%		39%		
12	ISL	Jun	BUY	82.0	148.0	80%	35.7	3.6	7.2	9.5	2.5	4.0	8.0	5%	10%	11.4	8.7	1.6	1.6	14%	18%	85%		
13	OGDC	Jun	BUY	325.9	427.0	31%	1,401.7	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	232.0	350.0	51%	631.3	33.8	29.7	34.9	7.5	8.0	10.0	3%	4%	7.8	6.6	0.8	0.8	10%	11%	54%		
15	POL	Jun	BUY	660.4	897.0	36%	187.4	85.2	82.4	88.0	75.0	90.0	92.0	14%	14%	8.0	7.5	2.2	2.2	28%	30%	49%		
16	LUCK	Jun	BUY	430.3	568.0	32%	630.3	52.5	62.8	79.0	4.0	6.5	15.0	2%	3%	6.9	5.4	0.7	0.6	10%	12%	34%		
17	FCCL	Jun	BUY	50.3	72.0	43%	123.4	5.4	6.5	7.7	1.3	1.5	2.5	3%	5%	7.7	6.5	1.3	1.2	18%	18%	46%		
18	MLCF	Jun	BUY	87.6	147.0	68%	91.7	16.3	13.0	23.0	0.0	0.0	0.0	0%	0%	6.7	3.8	1.4	1.0	21%	27%	68%		
19	NML	Jun	HOLD	156.9	175.0	12%	55.2	17.1	17.1	19.8	2.0	3.0	3.0	2%	2%	9.2	7.9	0.4	0.4	4%	5%	13%		
20	ILP	Jun	BUY	80.1	128.0	60%	112.3	3.8	9.2	9.0	1.0	4.0	6.0	5%	7%	8.7	8.9	1.3	1.3	15%	14%	65%		
21	GATM	Jun	BUY	24.5	49.0	100%	18.2	5.4	7.0	5.2	0.0	0.0	0.0	0%	0%	3.5	4.7	0.3	0.3	10%	7%	100%		
HMFS Universe						41%	7,774.6							6%	7%	8.5	6.8	1.4	1.3	19%	21%	47%		

(*) 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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