



WEEKLY REPORT
HISTORIC BLOODBATH

DATE:

Friday, March 06, 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:

War Premium: How the Iran Conflict is Rewriting Energy's Calculus

International

The US-Israel war on Iran has severely disrupted Middle East energy flows, with the Strait of Hormuz — through which roughly a fifth of global oil transits — effectively paralysed. World oil prices surged around nine percent, with Brent North Sea crude topping USD 85 a barrel for the first time since mid-2024, while European natural gas prices rocketed more than 40 percent in a single session. The supply shock has reignited stagflation fears globally, with central banks caught between inflationary energy costs and the need to support growth. For Pakistan, the secondary consequences are equally acute: early reports warn that remittances — of which the Gulf accounts for nearly half — could fall by 10–15 percent if the conflict persists, implying a shortfall of roughly USD 3bn, widening the current account deficit and putting fresh pressure on the rupee. Pakistan has moved to reroute crude procurement through Saudi Arabia's Yanbu port as an alternative to Hormuz-dependent supply lines, while the Qatar LNG disruption — following strikes on its production facilities — has forced activation of contingency sourcing plans.

Domestic

The government's response has shifted from monitoring to active crisis management. A high-level cabinet committee chaired by Finance Minister Muhammad Aurangzeb has instituted daily reviews of petroleum stocks, global price movements, and shipping route dynamics, with inter-agency coordination intensified across the supply chain. Weekly petroleum price revisions are set to begin from March 8 to pass on war premiums, freight surcharges, and elevated insurance costs to consumers, while Covid-era demand conservation measures — including work-from-home, distance learning, and carpooling — are being revived to limit foreign exchange outflows. On the supply side, oil marketing companies are being directed to regulate and prioritise fuel distribution to retail outlets, with provincial administrations tasked to physically monitor petrol stations and prevent hoarding — measures that effectively amount to a soft rationing of available stocks without a formal declaration. The industrial fallout is already materialising: Agritech Limited has indefinitely shuttered its urea plant after SNGPL declared a force majeure on RLNG supply, a direct consequence of LNG production disruptions tied to the regional conflict— a development with downstream implications for the agricultural inputs market. On a more constructive note, OGDCL has reported a significant oil and gas discovery in Kohat and is accel-

Major Events

-erating output plans to partially offset import dependence, though the scale and timeline of any domestic production uplift remain insufficient to materially cushion the near-term supply shock.

IMF Mission: Stabilisation Holds, but Fault Lines Deepen

The IMF mission's ongoing consultations in Islamabad have laid bare the tension between Pakistan's macroeconomic stabilisation and the structural fault lines that persist beneath it. The mission, led by Iva Petrova, engaged with both the Pakistan Business Council and OICCI, with the private sector pressing for abolition of the super tax, a phased reduction in the corporate tax rate to 25 percent, and rationalisation of withholding tax regimes that act as de facto minimum taxes. On the fiscal side, the IMF has objected to the Power Division's proposal for nearly PKR 990bn in power subsidies for FY27 — including over PKR 400bn to absorb electricity theft and inefficiencies — insisting the allocation be held below the current year's PKR 893bn ceiling. Differences have also emerged over circular debt projections, with the Power Division estimating an additional PKR 500bn for FY27 against the IMF's preferred cap of KR 300–325bn. The government's own admission that circular debt cannot be eliminated before 2031 does little to strengthen its position at the negotiating table. On a more positive note, SBP reserves edged up by approximately USD 87mn to USD 16.3bn over the week, a modest stabilising signal as the programme moves toward its next tranche review.

Other News

Government appoints new secretary for Petroleum Division: Amid speculation about potential fuel shortages in the market due to tensions in the Middle East, the Federal Government on Thursday appointed a Grade 22 officer from the Pakistan Administrative Service as the new Secretary of the Petroleum Division. The appointment takes effect immediately.

Auto sector seeks 18% sales tax: Pakistan's auto industry expects the 25% sales tax slab on certain vehicles to be rationalised to 18% in the upcoming auto policy, a move that industry stakeholders believe could revive demand and restore balance in the market.

Central govt debt up over Rs1.4trn in 7 months: Pakistan's central government debt increased over Rs1.4 trillion during the first seven months of the current fiscal year (FY26), largely driven by a rise in long-term domestic borrowing.

Nepra approves Rs1.627 per unit hike in FCA for March power bills: The National Electric Power Regulatory Authority (NEPRA) on Wednesday approved a Rs1.62 per unit increase in electricity tariff on account of monthly fuel adjustment charges across the country.

Exports contract 8.76pc in February: Pakistan's merchandise exports slipped back into negative territory in February, reversing a brief recovery seen a month earlier and raising fresh concerns about the outlook for overseas shipments amid escalating tensions in the Middle East.

Security bonds will be sold to raise Rs6.525trn: According to auction calendars issued by the State Bank of Pakistan (SBP) on Tuesday, the federal government plans to borrow Rs 5 trillion through the sale of Government of Pakistan Market Treasury Bills (MTBs) during March to May of 2026, against maturities of Rs 4.259 trillion falling due in the same period.

Privatisation Commission board recommends Fauji Fertiliser's inclusion in consortium that won PIA auction: The Privatisation Commission board on Tuesday recommended the inclusion of the Fauji Fertiliser Company (FCC) in the Arif Habib-led consortium that won the auction for Pakistan International Airlines (PIA).

Urea sales fall 41pc in two months: Urea sales plunged 28 per cent year-on-year and rose 15 per cent month-on-month to 250,000 tonnes in February. The MoM recovery reflects normalisation in buying activity after exceptionally weak offtake in January, which followed heavy advance purchases in December 2025 (1.36m tonnes), keeping overall demand relatively soft.

Trade deficit widens 8% in February, exports slump: Pakistan's trade deficit widened by 8.4% month-on-month (MoM) to \$2.98 billion in February 2026, compared to \$2.75bn in January 2026, as exports declined sharply during the month. The deterioration came on the back of a significant drop in exports alongside a moderate contraction in imports, according to provisional data released by the Pakistan Bureau of Statistics (PBS).

Cement sales rise: Local sales of cement rose 8.35 per cent year-on-year to 3.467 million tonnes while exports surged by 37.72pc to 732,333 tonnes in February. Total cement despatches (local sales and exports) increased by 12.53pc to 4.199m tonnes in February from 3.732m tonnes in the same month last year.

Other News

OPEC+ agrees modest oil output boost: OPEC+ agreed a modest oil output boost of 206,000 barrels per day for April on Sunday just as the US-Israeli war on Iran and Tehran's retaliation disrupted oil flows from key members of the producer group in the Middle East.

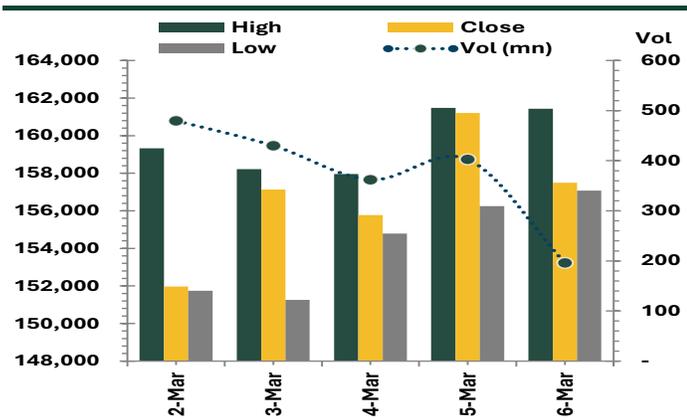
FBR misses collection target by Rs429bn in eight months: The Federal Board of Revenue (FBR) missed its projected collection target by a staggering Rs429 billion during the first eight months of 2025-26.

Equity Market Review

Summary

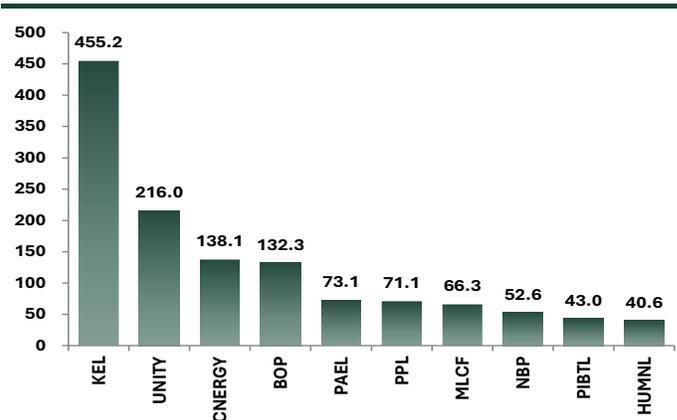
This week proved exceptionally volatile for the PSX as escalating geopolitical tensions linked to the US–Iran conflict rattled global financial markets and sharply undermined investor sentiment. Heightened uncertainty in the Middle East triggered a severe market reaction at the start of the week, culminating in a historic sell-off on Monday when panic-driven liquidation dragged the KSE-100 Index down by over 16,000 points, marking the largest single-day decline in the bourse’s history and wiping out earlier gains. Selling pressure largely persisted in subsequent sessions as investors reassessed risk exposure amid rising geopolitical uncertainty. Although the market staged a brief rebound on Thursday, recovering part of the earlier losses, sentiment remained fragile. On the final trading day, equities again came under pressure, resulting in a further sell-off that ultimately erased nearly 10,566.06 points (around 6.29%) from the benchmark index on a weekly basis. Market participants increasingly gravitated toward liquidity as concerns mounted that the US–Israel confrontation involving Iran could evolve into a prolonged conflict. Despite heightened volatility, trading activity remained robust, with the benchmark index recording average volumes of 374.10mn shares (w/w), while the broader All-Share market saw an average exchange of 652.01mn shares (w/w).

Daily Market Performance



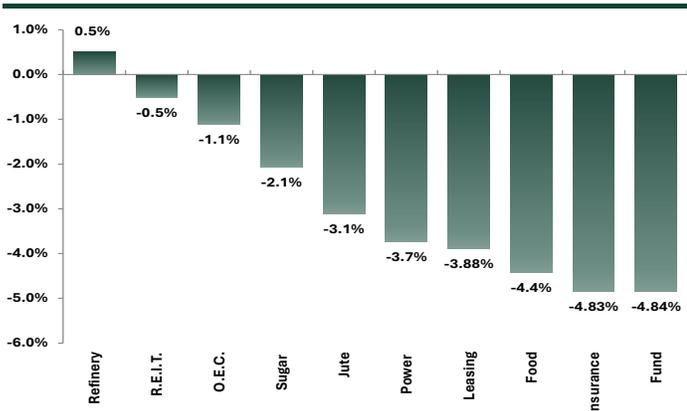
Source: PSX & HMFS Research

Top 10 Volume leaders (volumes in mn)



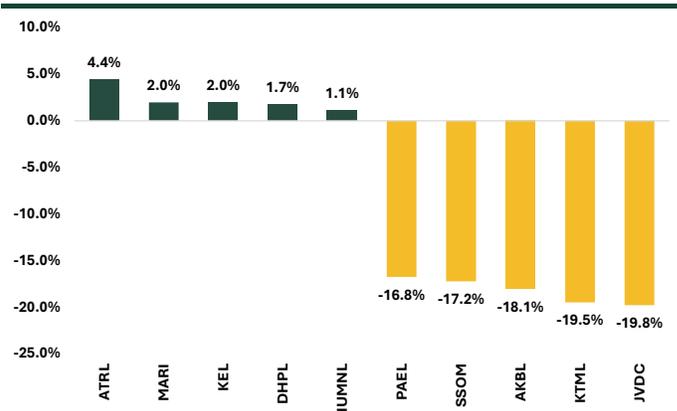
Source: PSX & HMFS Research

Sector Performance



Source: PSX & HMFS Research

Gainers & Losers (KSE-100 Index)



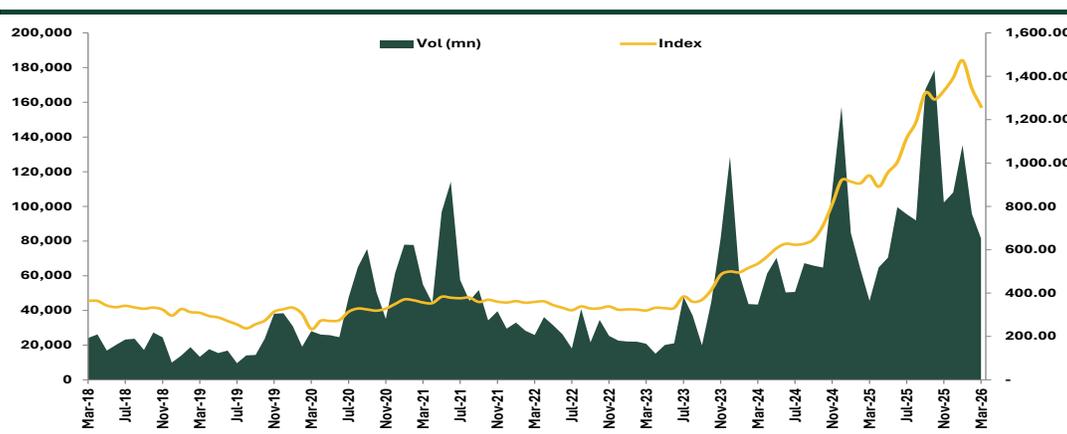
Source: PSX & HMFS Research

Equity Market Review

Outlook

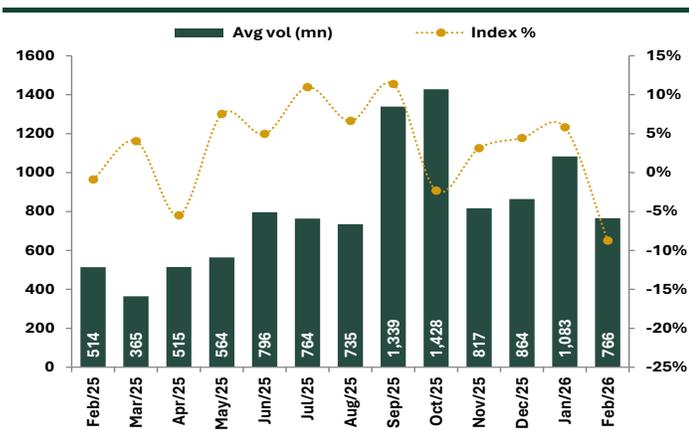
The market is expected to remain under pressure in the coming week as geopolitical tensions continue to escalate, with uncertainty surrounding the duration and potential expansion of the conflict. If these tensions persist, global financial markets—including Pakistan’s equities—are likely to remain vulnerable to heightened volatility. Additionally, any IMF-related developments or policy conditions could further weigh on investor sentiment at the PSX. Meanwhile, the sharp rise in international oil prices presents an added macroeconomic challenge for Pakistan, given its reliance on energy imports. Elevated oil prices complicate the inflation outlook and may limit room for monetary easing. In this context, the upcoming Monetary Policy Committee (MPC) meeting scheduled for Monday is unlikely to deliver a rate cut, as policymakers may adopt a cautious stance amid rising external risks. However, from a valuation perspective, the recent correction has created selective entry opportunities in key sectors, which could attract institutional and value-driven buying. Investors are therefore advised to maintain a disciplined approach, focusing on fundamentally strong companies with resilient earnings and sustainable long-term growth potential.

Index Performance



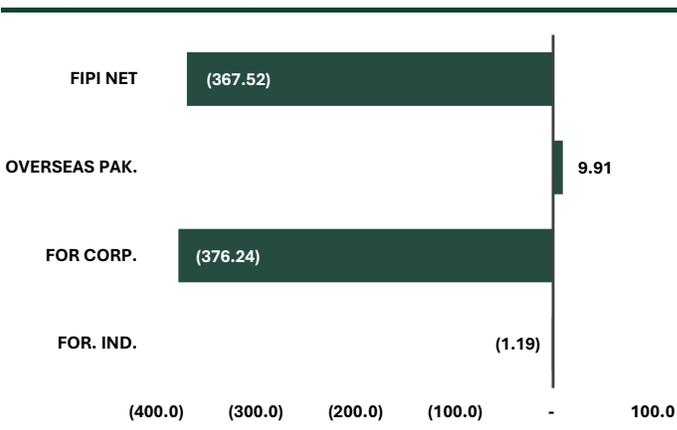
Source: PSX & HMFS Research

MoM Index gain vs Average Volume



Source: PSX & HMFS Research

FIPI (CYTD in USD mn)



Source: NCCPL & HMFS Research

Money Market Review

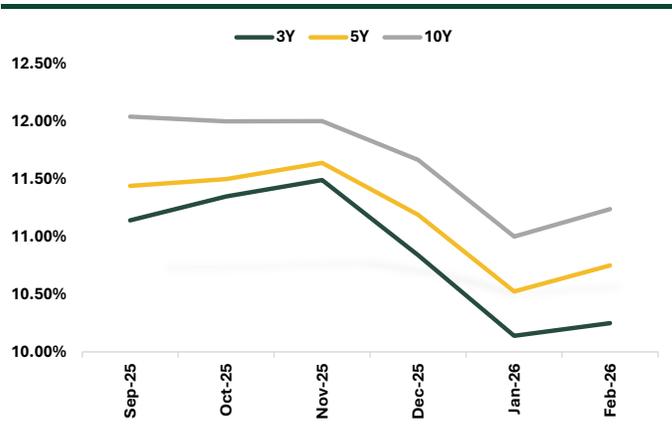
Summary

During the week, the State Bank of Pakistan (SBP) conducted an auction for Market Treasury Bills (MTBs), through which the government raised PKR 581bn. Cut-off yields increased across all tenors, with the 12-month tenor reaching 11%, standing 50bps above the policy rate, indicating a relatively tighter yield environment. No auction for Pakistan Investment Bonds (PIBs) was held during the week. In addition, SBP conducted a reverse repo-based Open Market Operation (OMO), injecting PKR 1.47tn into the system to manage liquidity conditions.

Outlook

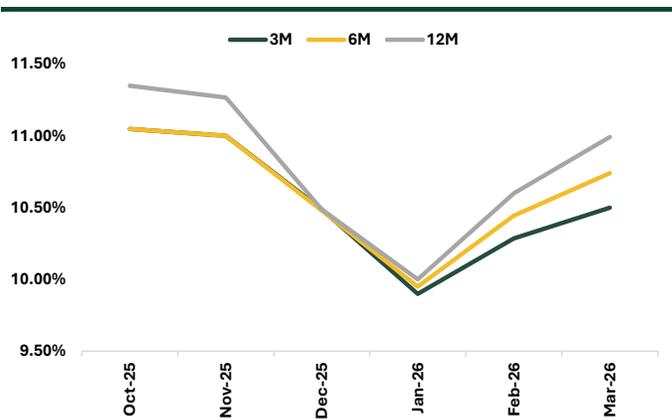
Going forward, money market dynamics will largely remain sensitive to evolving geopolitical developments, particularly the ongoing tensions between the U.S. and Iran, which have pushed global crude oil prices upward. A sustained rise in oil prices, alongside potential supply disruptions, may exert upward pressure on domestic inflation expectations. In this backdrop, yields may trend slightly higher in the upcoming auctions scheduled for MTBs on March 16, 2026, and PIBs on March 26, 2026. Meanwhile, the Monetary Policy Committee (MPC) meeting scheduled for March 09, 2026 is expected to maintain the policy rate at the current level, reflecting a cautious stance amid prevailing external uncertainties.

PIB Yields



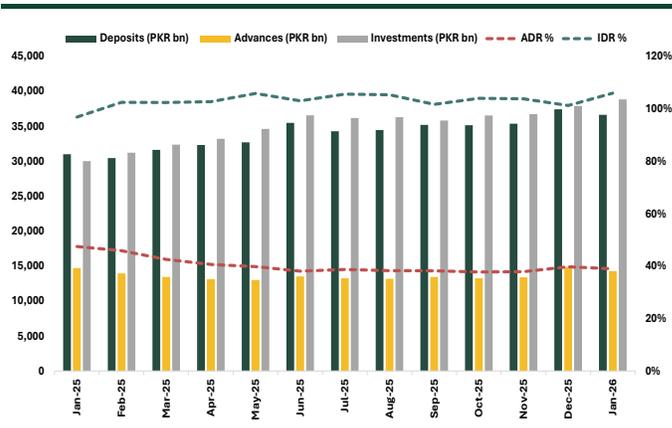
Source: SBP & HMFS Research

T-Bill Yields



Source: SBP & HMFS Research

Bank's ADR & IDR



Source: SBP & HMFS Research

Forex Market Review

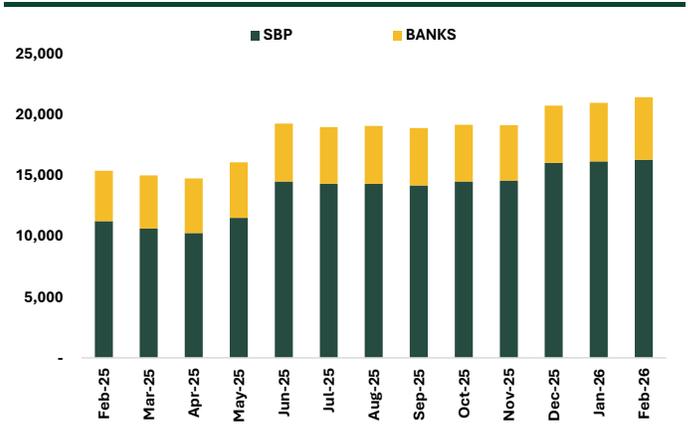
Summary

Pakistan’s total liquid foreign exchange reserves stood at USD 21.4bn at the end of last week, reflecting a w/w increase of USD 26mn. Reserves held by the State Bank of Pakistan (SBP) rose by USD 87mn w/w to USD 16.21bn, while net foreign reserves held by commercial banks declined by USD 61mn w/w to USD 5.13bn. Meanwhile, the PKR/USD exchange rate remained largely stable during the week, closing at PKR 279.40.

Outlook

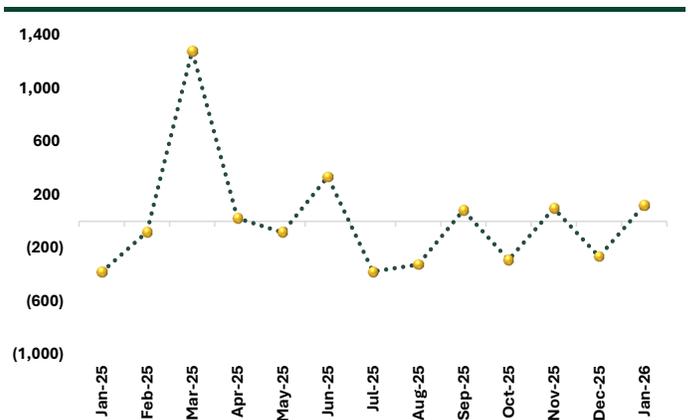
The forex outlook for March appears cautious amid ongoing geopolitical developments, which may weigh on Pakistan’s export dynamics. At the same time, the recent rise in global crude oil prices is likely to increase the country’s import bill, potentially exerting pressure on external balances and reserves. However, seasonal inflows in the form of remittances during Ramzan may provide partial support to foreign exchange liquidity. In this environment, the PKR/USD parity is expected to remain broadly stable, with only minor fluctuations of around 0.05% in the near term.

Foreign Exchange Reserves (USD bn)



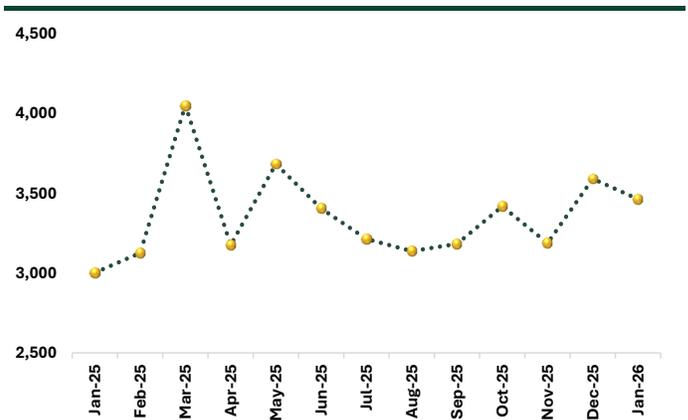
Source: SBP & HMFS Research

Current Account Balance (USD mn)



Source: SBP & HMFS Research

Remittances (USD mn)



Source: SBP & HMFS Research

Key Economic Indicators

Item	Units	Feb-26	Jan-26	Dec-25	Nov-25	Oct-25	Sep-25	%M/M	CY25	CY24	%Y/Y
Banking Indicators											
Return on Outstanding Loans	%	-	10.63%	10.91%	11.15%	11.25%	11.24%	-0.28%	11.74%	17.03%	-5.30%
Return on Deposits	%	-	5.01%	5.35%	5.23%	5.23%	5.20%	-0.34%	5.54%	10.77%	-5.23%
Interest rate Spread	%	-	5.62%	5.56%	5.92%	6.02%	6.04%	0.06%	6.20%	6.26%	-0.06%
Deposits	(PKR bn)	-	36,642	37,431	35,380	35,149	35,211	-2.11%	37,431	30,283	23.60%
Advances	(PKR bn)	-	14,291	14,880	13,421	13,279	13,456	-3.96%	14,880	16,009	-7.05%
Investments	(PKR bn)	-	38,839	37,910	36,732	36,547	35,816	2.45%	37,910	29,129	30.14%
ADR	%	-	39.00%	39.75%	37.93%	37.78%	38.22%	-0.75%	39.75%	52.87%	-13.11%
IDR	%	-	105.99%	101.28%	103.82%	103.98%	101.72%	4.71%	101.28%	96.19%	5.09%
Kibor (Ask Side)											
3-Month	%	10.53%	10.39%	10.85%	11.16%	11.16%	11.05%	0.14%	11.40%	18.81%	-7.41%
6-Month	%	10.55%	10.39%	10.89%	11.19%	11.18%	11.05%	0.15%	11.39%	18.58%	-7.19%
9-Month	%	10.79%	10.62%	11.15%	11.44%	11.39%	11.27%	0.17%	11.61%	18.50%	-6.89%
1-Year	%	10.80%	10.61%	11.16%	11.47%	11.40%	11.28%	0.19%	11.61%	18.21%	-6.60%
Avg. Exchange Rates											
USD		279.62	279.95	280.29	280.71	281.11	281.53	-0.12%	281.15	278.53	0.94%
Euro		330.91	328.56	328.43	324.52	327.24	330.31	0.71%	317.82	301.36	5.46%
JPY		1.80	1.79	1.80	1.81	1.86	1.90	1.08%	1.8811	1.8410	2.18%
GBP		380.06	378.54	375.40	368.67	375.43	380.11	0.40%	370.72	355.94	4.15%
CNY		40.49	40.17	39.81	39.49	39.48	39.51	0.78%	39.11	38.70	1.07%
Inflation											
Avg. CPI	%	5.46%	5.24%	5.10%	5.01%	4.73%	4.22%	0.22%	4.49%	23.41%	-18.92%
Avg. NFNE	%	7.10%	7.20%	6.90%	6.60%	7.50%	7.00%	-0.10%	6.90%	12.20%	-5.30%
Commodities											
Arab Light (Avg.)	USD/bbl	67.67	62.88	62.82	65.62	66.82	71.31	7.63%	74.89	86.22	-13.14%
External Sector (FY USD mn)											
Total Imports	(USD Mn)	5,253	5,805	6,081	5,306	6,087	5,848	-9.51%	58,387	54,937	6.28%
Total Exports	(USD Mn)	2,272	3,055	2,268	2,420	2,848	2,499	-25.63%	32,039	30,684	4.42%
Trade Balance	(USD Mn)	(2,981)	(2,750)	(3,813)	(2,886)	(3,239)	(3,349)	-8.40%	(26,348)	(24,253)	-8.64%
Current Account Balance	(USD Mn)	-	121	(265)	98	(291)	83	145.66%	328	(313)	204.79%
Remittances	(USD Mn)	-	3,465	3,592	3,188	3,420	3,184	-3.56%	38,300	30,251	26.61%
Oil Import Bill	(USD Mn)	-	1,186.10	1,183.09	1,007.78	1,293.23	1,092.95	0.25%	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	2024 A	2025 E	2026 F	2024 A	2025 E	2026 F	2025 E	2026 F	2025 E	2026 F	2025 E	2026 F	2025 E	2026 F	2025 E	2026 F	CY-26/ FY-26
							Trn	PKR	PKR	PKR	PKR	PKR	PKR	%	%	x	x	x	x	%	%	%		
1	FFC	Dec	BUY	522.3	657.0	26%	751.6	45.5	51.7	60.5	36.5	37.0	43.5	7%	8%	10.1	8.6	4.9	4.2	48%	49%	34%		
2	EFERT	Dec	BUY	211.6	255.0	21%	282.5	21.2	17.0	28.5	21.5	15.0	26.7	7%	13%	12.5	7.4	5.7	5.4	60%	45%	33%		
3	INDU*	Jun	BUY	1880.4	2321.0	23%	147.8	191.8	292.7	347.0	114.7	176.0	208.0	9%	11%	6.4	5.4	2.2	1.9	14%	27%	34%		
4	HCAR	Mar	BUY	169.3	298.0	76%	24.2	16.3	19.0	27.3	6.5	8.0	11.5	5%	7%	8.9	6.2	1.0	0.9	8%	6%	83%		
5	HBL	Dec	BUY	278.5	372.0	34%	408.5	39.9	45.5	43.2	16.3	20.0	18.0	7%	6%	6.1	6.4	0.8	0.8	16%	14%	40%		
6	MCB	Dec	BUY	369.6	476.0	29%	438.0	48.6	49.3	44.5	36.0	36.0	36.0	10%	10%	7.5	8.3	1.7	1.7	37%	23%	39%		
7	UBL	Dec	BUY	401.5	514.0	28%	1,005.4	61.1	64.0	60.5	44.0	45.0	44.0	11%	11%	6.3	6.6	1.3	1.3	29%	21%	39%		
8	BAHL	Dec	BUY	156.0	228.0	46%	173.4	37.7	29.2	35.5	17.0	15.0	15.0	10%	10%	5.3	4.4	1.1	0.9	35%	20%	56%		
9	ABL	Dec	BUY	170.4	254.0	49%	195.1	38.8	31.7	45.4	16.0	16.0	17.5	9%	10%	5.4	3.8	0.9	0.8	30%	18%	59%		
10	MEBL	Dec	BUY	444.9	565.0	27%	801.1	57.3	50.2	52.5	28.0	28.0	27.0	6%	6%	8.9	8.5	2.8	2.4	41%	31%	33%		
11	MUGHAL	Jun	BUY	71.9	106.0	47%	24.1	6.0	2.8	2.8	0.0	0.0	0.0	0%	0%	25.4	25.7	0.9	0.9	15%	4%	47%		
12	ISL	Jun	BUY	75.8	148.0	95%	33.0	8.4	3.6	7.2	5.5	2.5	4.0	3%	5%	21.2	10.6	1.6	1.5	6%	8%	101%		
13	OGDC	Jun	BUY	275.8	427.0	55%	1,186.2	48.6	39.5	48.0	10.1	15.1	18.0	5%	7%	7.0	5.7	0.8	0.8	18%	15%	61%		
14	PPL	Jun	BUY	214.8	350.0	63%	584.3	42.0	33.8	43.5	6.0	7.5	8.0	3%	4%	6.3	4.9	0.8	0.7	20%	13%	67%		
15	POL	Jun	BUY	636.7	897.0	41%	180.7	137.9	85.2	105.0	95.0	75.0	90.0	12%	14%	7.5	6.1	2.1	2.0	47%	28%	55%		
16	LUCK	Jun	BUY	383.0	568.0	48%	561.2	44.1	52.5	62.8	3.0	4.0	6.5	1%	2%	7.3	6.1	0.7	0.6	19%	10%	50%		
17	FCCL	Jun	BUY	43.8	72.0	64%	107.5	3.4	5.4	6.5	1.0	1.3	1.5	3%	3%	8.1	6.7	1.4	1.2	12%	17%	68%		
18	MLCF	Jun	BUY	84.3	147.0	74%	88.3	5.0	16.3	13.0	0.0	0.0	0.0	0%	0%	5.2	6.5	1.7	1.3	11%	12%	74%		
19	NML	Jun	BUY	149.1	175.0	17%	52.4	18.1	17.1	35.0	3.0	2.0	4.5	1%	3%	8.7	4.3	0.4	0.4	6%	6%	20%		
20	ILP	Jun	BUY	76.1	128.0	68%	106.7	11.3	3.8	9.2	5.5	1.0	4.0	1%	5%	19.8	8.2	1.4	1.2	40%	11%	73%		
21	GATM	Jun	BUY	19.0	49.0	158%	14.1	6.4	5.4	7.0	0.0	0.0	0.0	0%	0%	3.5	2.7	0.3	0.3	11%	8%	158%		
HMFS Universe						52%	7,166.3							5%	6%	9.4	7.2	1.5	1.3	25%	18%	57%		

(* 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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- Discounted cash flow (DCF, DDM)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

HMFS RATING GUIDE

BUY	More than 15% Upside
HOLD	Between 15% Upside & 15% Downside
SELL	More than 15% Downside

Note: All fair value estimates are for a twelve month time horizon unless specified otherwise in the report
Upside/Downside represents the difference between the stated "Fair Value" & the prevailing "Market Price"
Total Return is based on both the Capital Gains return & the Dividend Yield & is exclusive of all applicable taxes