



WEEKLY REPORT

OIL CLOUDS SENTIMENT

DATE:

Friday, March 13, 2026

Table Of Content

Major Events	3
Other News	5
Equity Market Review	7
Money Market Review	9
Forex Market Review	10
Key Economic Indicators	11
Valuation Guide	12

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:

Middle East Escalation Drives Oil Price Surge and Domestic Economic Strain

Escalating conflict in the Middle East has intensified volatility in global energy markets, creating ripple effects for oil-importing economies such as Pakistan. Oil prices fluctuated sharply during the week, briefly falling before rebounding above the USD 100 per barrel mark as geopolitical risks escalated. The surge in international prices translated quickly into domestic fuel adjustments, as the government raised petrol and high-speed diesel prices by PKR 55 per litre, increasing transportation and production costs across the economy. The adjustment significantly boosted the inventory value of petroleum dealers and oil marketing companies, generating an estimated PKR 113bn windfall profits. Recognising the potential macroeconomic strain from higher energy import costs, Prime Minister Shehbaz Sharif announced austerity and fuel conservation measures, including a four-day workweek for government offices, expanded remote working, and temporary school closures aimed at curbing energy consumption. Meanwhile, authorities have moved to safeguard supply stability. Several fuel shipments have already reached Port Qasim, including diesel and petrol cargoes, while additional vessels are scheduled to berth in the coming days to replenish domestic stocks. Despite regional disruptions, Pakistan National Shipping Corporation confirmed that its vessels remain operational, and no ships are stranded at the Hormuz chokepoint. Overall, prolonged regional instability could widen Pakistan's import bill, intensify inflationary pressures, and strain fiscal and external balances, reinforcing the economy's vulnerability to global energy shocks.

Pakistan's Economic Outlook Shaped by Strategic Ties with Saudi Arabia and IMF Reforms

Pakistan's economic condition is increasingly being shaped by a combination of geopolitical partnerships and ongoing fiscal reforms as the recent high-level engagement between Pakistan and Saudi Arabia reflects how security cooperation and economic support remain closely intertwined. During his visit to the Kingdom, Field Marshall Asim Munir met with Saudi Defence Minister Khalid bin Salman to discuss regional security concerns and reinforce collaboration under the Strategic Mutual Defence Agreement. Alongside defence coordination, the discussions also revived negotiations on a broader economic cooperation framework aimed at supporting Pakistan's financial stability amid rising regional uncertainties. Pakistan has reportedly requested Riyadh to convert USD 5bn in deposits held with the SBP into a long-term facility of up to 10 years and a securitisation of diaspora's remittances, which would reduce near-term external repayment pressure and strengthen foreign exchange reserves. In addition, Islamabad has sought a major expansion of the Saudi oil facility on deferred payments, proposing to increase it from USD 1.2bn to USD 5bn, with repayment periods extended to

Major Events

three years. If realised, these measures could significantly ease Pakistan's external financing requirements and help manage energy import costs. Parallel to these diplomatic efforts, Pakistan remains engaged in negotiations with the IMF under the USD 7bn Extended Fund Facility (EFF) to finalise a revised macroeconomic framework. The talks include downward revisions to tax collection targets after the Federal Board of Revenue recorded a PKR 428bn shortfall during the first eight months of FY26. To meet structural benchmarks and secure continued IMF support, the government is also introducing legislation to strengthen governance and financial oversight across major state-owned enterprises. However, the IMF has raised concerns regarding Pakistan's long-term revenue sustainability, particularly following proposed tax reductions for salaried individuals and the abolition of the Super Tax. The outcome of these discussions will be critical in determining Pakistan's fiscal trajectory, investor confidence, and access to external financing. Overall, Pakistan's economic outlook currently hinges on balancing strategic financial backing from key allies like Saudi Arabia with continued structural reforms under the IMF programme, both of which remain essential for maintaining macroeconomic stability and avoiding renewed external financing pressures.

Pakistan Accelerates Its Digital Transformation

Pakistan's technology landscape saw several major developments recently, signalling a stronger push toward digital connectivity and tech-driven services. A key milestone was the completion of the country's 5G spectrum auction in Islamabad, where the government sold 480 MHz of spectrum for USD 507mn after three competitive bidding rounds. The most intense competition took place in the 2600 MHz band, a critical frequency for delivering high-speed 5G services. Among the telecom operators, Jazz secured the largest share with 190 MHz, followed by Ufone with 180 MHz, and Zong with 110 MHz. Each operator was required to acquire at least 100 MHz, ensuring sufficient capacity to support nationwide 5G deployment. Alongside expanding telecom infrastructure, the sector also witnessed a notable move into digital financial services. Jazz International Holding Limited, the UAE-based subsidiary of VEON, signed an agreement to acquire a controlling stake in TPL Insurance Limited for approximately PKR 4.15bn from TPL Corp Limited. The transaction, expected to close in Q2 2026 pending approval from the CCP, reflects a growing convergence between telecom platforms and digital insurance solutions. With Pakistan widely considered underinsured, the partnership aims to expand access to affordable insurance products through mobile-based platforms and digital distribution channels. At the same time, the government is working to strengthen Pakistan's digital trade ecosystem. Plans are underway to launch an Amazon-style digital marketplace designed to connect local small and medium-sized enterprises (SMEs) with international buyers. The initiative forms part of the broader economic agenda of Shehbaz Sharif, focusing on digitising the SME sector and increasing its contribution to national exports.

Other News

CDF, Saudi minister discuss steps to halt Iranian attacks under joint defence pact: Both sides discussed the gravity of security situation arising from Iranian drone and missile attacks on the Kingdom. The discussions focused on joint measures required to stop these Iranian attacks within the context of SMDA, stated the Inter-Services Public Relations (ISPR).

SECP registers 3,444 new companies in February: The Securities and Exchange Commission of Pakistan (SECP) registered 3,444 new companies in February, bringing the total number of registered companies in the country to 287,049, reflecting continued growth in Pakistan's corporate sector.

AT&C-based load shedding violations: The National Electric Power Regulatory Authority (Nepra) has imposed fines totaling Rs 75 million on Quetta Electric Supply Company (QESCO) and Peshawar Electric Supply Company (PESCO) for violations related to AT&C-based load shedding and failure to improve transmission and distribution (T&D) losses and recovery respectively.

Paisa 35/kWh: Nepra notifies approved positive adjustment: National Electric Power Regulatory Authority (NEPRA) has notified approved positive adjustment of Paisa 35/kWh for second quarter of FY2025-26 under QTA adjustment mechanism to be recovered from March to May 2026.

Auto sales rise 43pc in July-February: As the tractor sector continues to struggle, sales of cars, sport utility vehicles, pickups, and vans reached 17,121 units in February, showing a 42 per cent increase year-on-year (YoY) but a 26pc decrease month-on-month (MoM).

Govt approves weekly oil price proposals: The government has approved a set of proposals for oil price review on a weekly basis aimed at bailing out the oil industry from the risk of high premiums, insurance costs and freight charges. A decision has been taken following a warning from the Petroleum Division about the looming oil crisis due to tensions in the Gulf region, which have disrupted supplies.

Govt accelerates capital market reforms: Federal Minister for Finance and Revenue Muhammad Aurangzeb on Wednesday presided over a meeting of the Capital Market Development Council to review progress on reforms aimed at strengthening Pakistan's capital markets. The meeting placed particular emphasis on expanding the corporate debt market and enhancing the role of capital markets in supporting economic growth.

Export push: Aurangzeb holds talks with textile barons: To discuss measures aimed at strengthening export competitiveness, facilitating investment and supporting industrial growth. During the meeting, the Finance Minister emphasized that strengthening export-led sectors remains central to Pakistan's economic revival strategy.

RLNG jumps 22% on global oil price surge: The Oil and Gas Regulatory Authority (Ogra) on Thursday notified a sharp 19-22 per cent increase in the price of regasified liquefied natural gas (RLNG) for March at the distribution stage for the country's two Sui gas companies.

Govt issues no statement on further petrol price hike: No statement has been issued regarding a further increase in petrol prices in the country, which dismisses reports circulating on some television channels as incorrect.

Other News

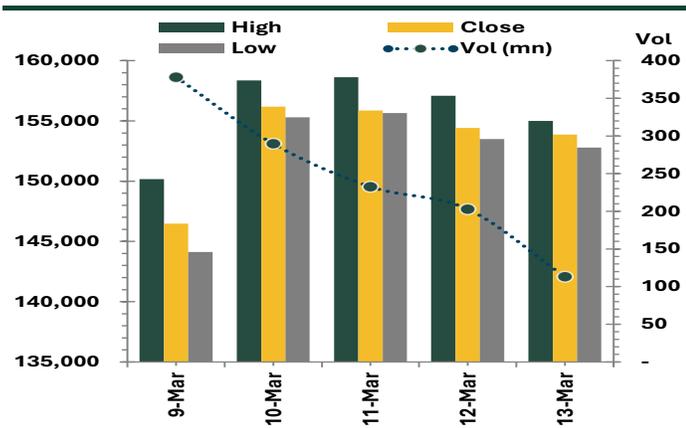
New values on import of chemicals issued: Directorate General of Customs Valuation Karachi has issued new custom values on the import of chemicals i.e. Mono-Ethylene Glycol (MEG) and Di-Ethylene Glycol (DEG) from all origins. In this regard, the directorate has issued a new valuation ruling. According to the ruling, the matter for determination of customs values on the import of chemicals was earlier done in 2020.

Equity Market Review

Summary

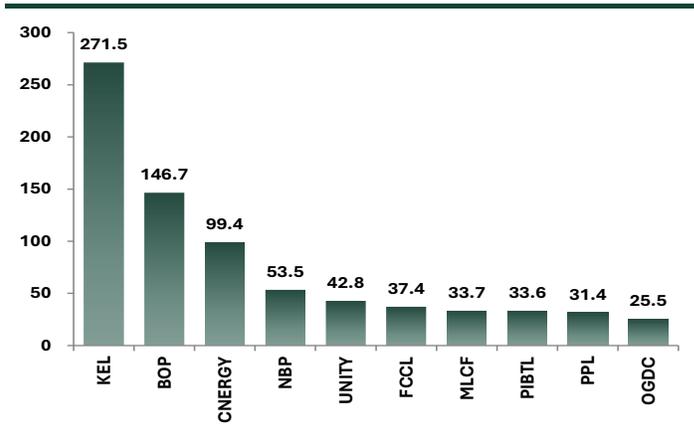
The week at the Pakistan Stock Exchange remained highly volatile, with aggressive profit-taking and valuation adjustments exerting sustained pressure on the benchmark KSE-100 Index. The week began on a weak note, with the market hitting a lower lock halt as escalating geopolitical tensions between the United States and Iran dampened investor sentiment and triggered institutional offloading. Sentiment briefly improved in the following session, where reports suggesting a potential de-escalation in hostilities fueled a sharp rebound, pushing the market to an upper lock halt. However, the recovery proved short-lived as elevated valuations after the recent rally encouraged institutional investors to lock in profits, leading to sharp intraday swings and heightened volatility. Overall, the market remained unsettled throughout the week amid a sharp surge in petrol prices and persistent geopolitical uncertainty. The week ultimately concluded on a negative note, as investors adopted a cautious stance ahead of the weekend, reflecting concerns over potential geopolitical developments and associated market risks. Consequently, the index closed the week at 153,866.16 level, down 3,629.94 points w/w (-2.30%), with average daily volumes remaining relatively firm at ~243.26mn shares on the KSE-100 and ~445.35mn shares in the broader market.

Daily Market Performance



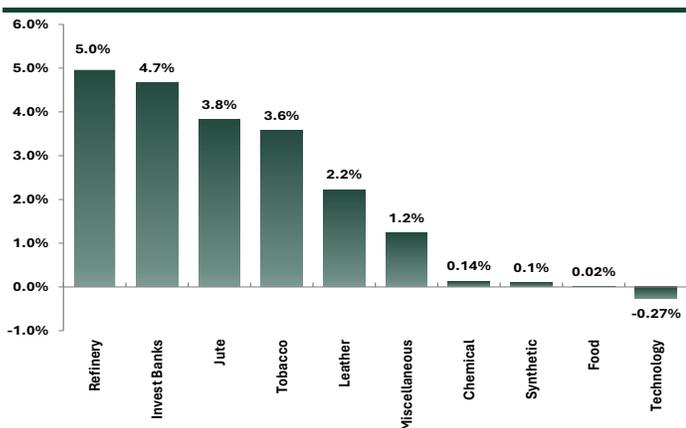
Source: PSX & HMFS Research

Top 10 Volume leaders (volumes in mn)



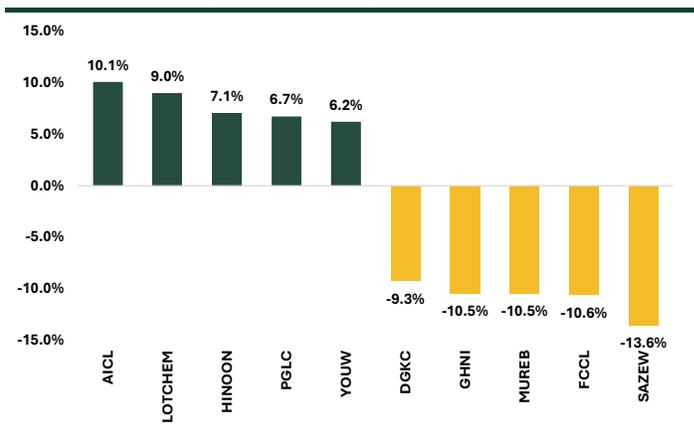
Source: PSX & HMFS Research

Sector Performance



Source: PSX & HMFS Research

Gainers & Losers (KSE-100 Index)



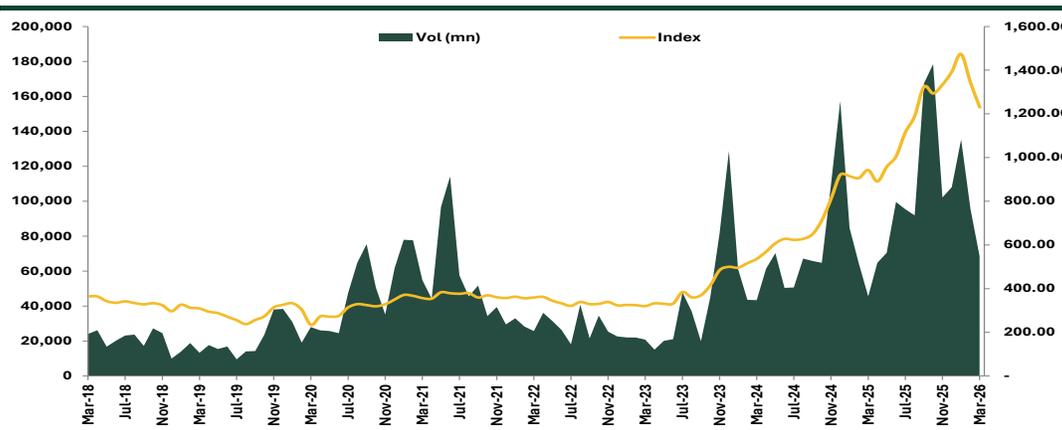
Source: PSX & HMFS Research

Equity Market Review

Outlook

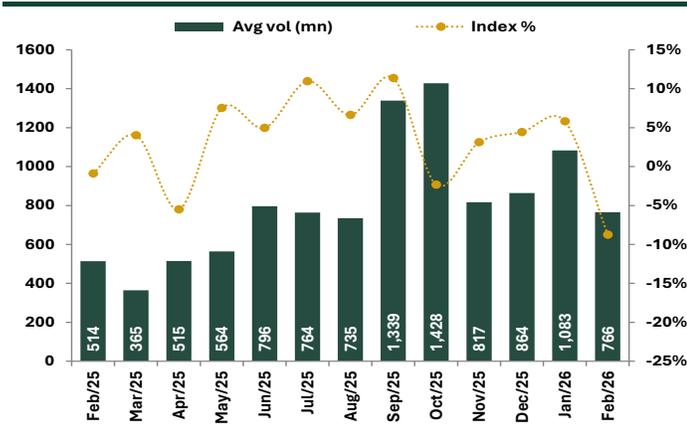
Near-term market direction is likely to remain heavily influenced by external geopolitical developments, particularly the evolving dynamics between the US and Iran. Any signs of de-escalation could help stabilize sentiment and revive risk appetite among investors. On the domestic front, focus will remain on ongoing discussions between Pakistan and the International Monetary Fund regarding the third review of the Extended Fund Facility (EFF) and the second review of the Resilience and Sustainability Facility (RSF), where a staff-level agreement is yet to be reached. A favorable outcome could reinforce investor confidence and support a recovery in market participation. In the absence of major policy catalysts, market activity is expected to remain selective and event-driven, with geopolitical developments and progress on the IMF review acting as the key near-term triggers.

Index Performance



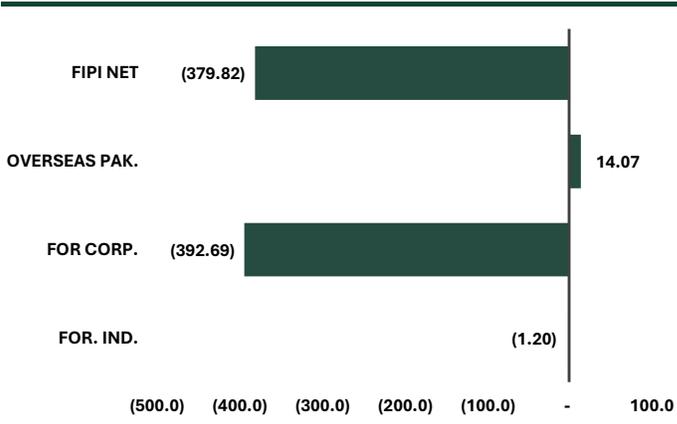
Source: PSX & HMFS Research

MoM Index gain vs Average Volume



Source: PSX & HMFS Research

FIPI (CYTD in USD mn)



Source: NCCPL & HMFS Research

Money Market Review

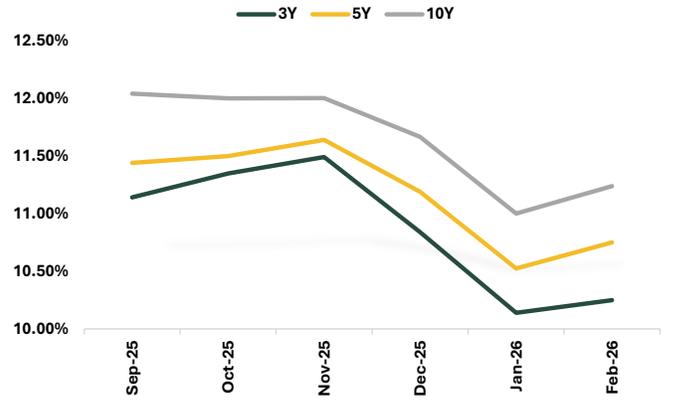
Summary

No MTB or PIB auctions were conducted during the week, nor did the SBP undertake any OMO activity. Nevertheless, the money market absorbed the SBP's decision on 9 March to hold the policy rate steady at 10.5%, extending the pause in its easing cycle.

Outlook

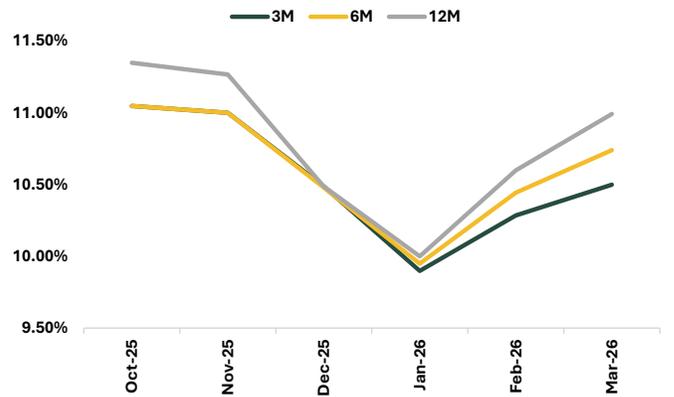
Going forward, money market dynamics will remain sensitive to evolving geopolitical developments, particularly ongoing tensions in the Middle East, which have pushed global crude oil prices higher. A sustained rise in oil prices, alongside potential supply disruptions, may exert upward pressure on domestic inflation expectations, keeping yields biased to the upside. In this backdrop, yields may trend slightly higher in the upcoming auctions scheduled for; MTBs on 16 March 2026 and PIBs on 26 March 2026.

PIB Yields



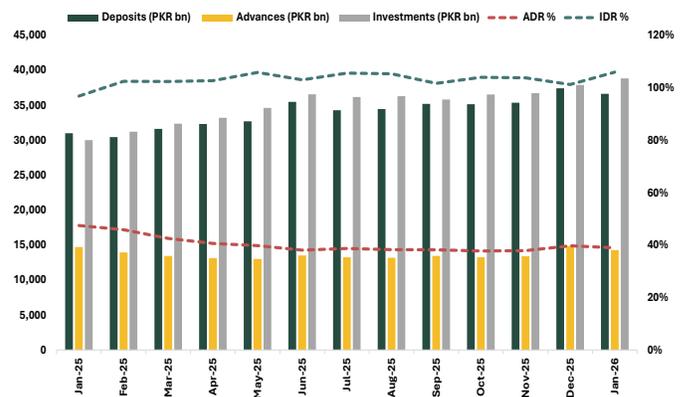
Source: SBP & HMFS Research

T-Bill Yields



Source: SBP & HMFS Research

Bank's ADR & IDR



Source: SBP & HMFS Research

Forex Market Review

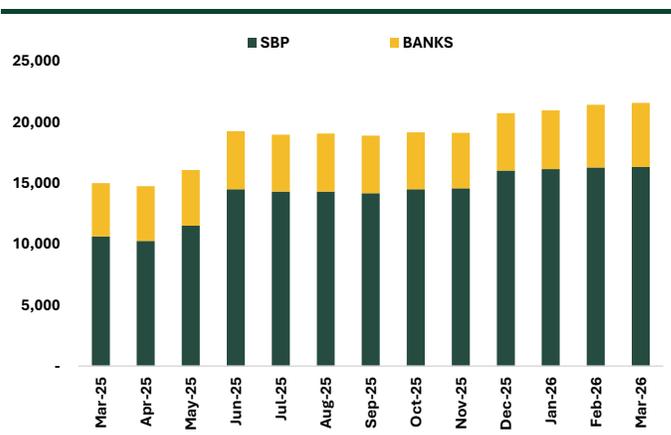
Summary

Pakistan's total liquid foreign exchange reserves rose sharply to USD 21.60bn as of 6 March 2026, reflecting a robust w/w increase of USD 164.4mn. Reserves held by the SBP climbed by USD 41.1mn w/w to USD 16.34bn, while net foreign reserves held by commercial banks advanced by USD 123.3mn w/w to USD 5.26bn — a notable turnaround from the preceding week's decline. Meanwhile, the PKR/USD exchange rate remained broadly stable, closing marginally stronger at PKR 279.32 against the USD.

Outlook

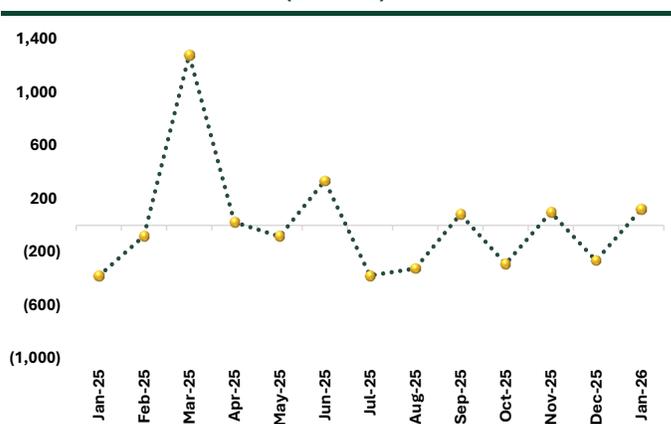
The forex outlook for the coming week remains cautious, with rising global crude prices — Brent now near USD 108/bbl — posing a direct threat to the import bill following the government's recent fuel price hike to PKR 321.17/litre. The MPC's decision to hold the policy rate steady at 10.5% on 9 March signals the SBP is prioritising stability amid ongoing regional uncertainty, offering limited room for near-term easing. Seasonal remittance inflows during Ramzan should continue to underpin liquidity, with the PKR/USD parity expected to remain rangebound with minor fluctuations in the near term.

Foreign Exchange Reserves (USD bn)



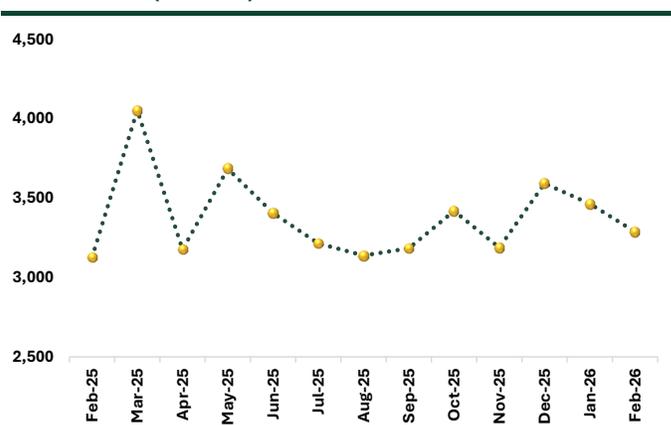
Source: SBP & HMFS Research

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)	3,288	3,464	3,592	3,188	3,420	3,184	-5.10%	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 A	2026 E	2024 A	2025 A	2026 E	2025 A	2026 E	CY-26/ FY-26								
							Trn	PKR	PKR	PKR	PKR	PKR	PKR	%	%	x	x	x	x	%	%	%		
1	FFC	Dec	BUY	501.0	657.0	31%	721.0	45.5	51.7	60.5	36.5	37.0	43.5	7%	9%	9.7	8.3	4.7	4.0	48%	49%	40%		
2	EFERT	Dec	BUY	207.6	255.0	23%	277.2	21.2	17.0	28.5	21.5	15.0	26.7	7%	13%	12.2	7.3	5.5	5.3	60%	45%	36%		
3	INDU	Jun	BUY	1791.1	3267.0	82%	140.8	191.8	292.7	400.1	114.7	176.0	242.0	10%	14%	6.1	4.5	1.9	1.5	14%	31%	96%		
4	HCAR*	Mar	BUY	166.0	298.0	79%	23.7	16.3	19.0	27.3	6.5	8.0	11.5	5%	7%	8.8	6.1	1.0	0.9	8%	6%	86%		
5	HBL	Dec	BUY	278.6	372.0	34%	408.7	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	363.1	476.0	31%	430.3	48.6	49.3	44.5	36.0	36.0	36.0	10%	10%	7.4	8.2	1.7	1.6	37%	23%	41%		
7	UBL	Dec	BUY	371.4	514.0	38%	930.0	61.1	64.0	60.5	44.0	45.0	44.0	12%	12%	5.8	6.1	1.2	1.2	29%	21%	50%		
8	BAHL	Dec	BUY	153.3	228.0	49%	170.4	37.7	29.2	35.5	17.0	15.0	15.0	10%	10%	5.3	4.3	1.0	0.9	35%	20%	58%		
9	ABL	Dec	BUY	170.9	254.0	49%	195.7	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	444.7	565.0	27%	800.7	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	71.4	106.0	48%	24.0	6.0	2.8	2.8	0.0	0.0	0.0	0%	0%	25.2	25.5	0.9	0.9	15%	4%	48%		
12	ISL	Jun	BUY	75.1	148.0	97%	32.7	8.4	3.6	7.2	5.5	2.5	4.0	3%	5%	21.0	10.5	1.6	1.5	6%	8%	103%		
13	OGDC	Jun	BUY	273.1	427.0	56%	1,174.5	48.6	39.5	48.0	10.1	15.1	18.0	6%	7%	6.9	5.7	0.8	0.8	18%	15%	63%		
14	PPL	Jun	BUY	209.5	350.0	67%	570.0	42.0	33.8	43.5	6.0	7.5	8.0	4%	4%	6.2	4.8	0.8	0.7	20%	13%	71%		
15	POL	Jun	BUY	621.6	897.0	44%	176.4	137.9	85.2	105.0	95.0	75.0	90.0	12%	14%	7.3	5.9	2.0	1.9	47%	28%	59%		
16	LUCK	Jun	BUY	358.9	568.0	58%	525.7	44.1	52.5	62.8	3.0	4.0	6.5	1%	2%	6.8	5.7	0.6	0.6	19%	10%	60%		
17	FCCL	Jun	BUY	39.2	72.0	84%	96.1	3.4	5.4	6.5	1.0	1.3	1.5	3%	4%	7.2	6.0	1.2	1.0	12%	17%	88%		
18	MLCF	Jun	BUY	79.0	147.0	86%	82.7	5.0	16.3	13.0	0.0	0.0	0.0	0%	0%	4.9	6.1	1.6	1.2	11%	12%	86%		
19	NML	Jun	BUY	139.8	175.0	25%	49.1	18.1	17.1	35.0	3.0	2.0	4.5	1%	3%	8.2	4.0	0.4	0.3	6%	6%	28%		
20	ILP	Jun	BUY	78.1	128.0	64%	109.5	11.3	3.8	9.2	5.5	1.0	4.0	1%	5%	20.3	8.5	1.4	1.3	40%	11%	69%		
21	GATM	Jun	BUY	18.9	49.0	160%	14.0	6.4	5.4	7.0	0.0	0.0	0.0	0%	0%	3.5	2.7	0.3	0.3	11%	8%	160%		
HMFS Universe						59%	6,953.4							5%	7%	9.2	7.0	1.4	1.3	25%	18%	64%		

(*) 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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- 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