



BUSINESS MARKET

WALL STREET

	Apr 3 close	Mar 31 close
Company	75.84	75.69
Const Energy		

WEEKLY REPORT

CONFIDENCE RUNS THIN

DATE:

Friday, March 27, 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:

A War Paused, Not Resolved: Power, Pressure, and the Politics of Negotiation

The ongoing US-Israel confrontation with Iran has entered a critical phase, where diplomacy is slowing escalation but not resolving the conflict. An initial five-day pause in US strikes on Iran's energy infrastructure has now been extended until April 6, indicating continued backchannel engagement rather than a concrete breakthrough. This pause has largely been facilitated through coordinated diplomatic efforts involving Pakistan, Türkiye, and Egypt, with Pakistan emerging as an active regional stabiliser by enabling indirect communication between Washington and Tehran. However, despite this progress, the core differences between both sides remain deeply entrenched. The US has proposed a detailed 15-point framework, offering sanctions relief and support for a civilian nuclear programme in exchange for strict limitations—freezing nuclear expansion, dismantling key facilities, and curbing missile capabilities under international oversight. In contrast, Iran has rejected both the proposal and formal talks, presenting a much narrower set of conditions focused on sovereignty, control over the Strait of Hormuz, and guarantees against external interference. More importantly, Iran has made it clear that any ceasefire will occur strictly on its own terms and timeline, signalling its unwillingness to negotiate under pressure. This creates a clear deadlock: the US is pushing for compliance and containment, while Iran is prioritising strategic autonomy and deterrence. The extension of the pause suggests that diplomacy is buying time, not resolving differences. For now, the conflict remains in a holding pattern—where negotiations continue, but without any real alignment on key issues. Ultimately, this is not a resolution but a temporary pause. Unless either side shows flexibility on its core demands, the risk of escalation remains firmly in place.

Fuel, Fiscal Pressure & Tech: Pakistan's Strategic Response to Global Oil Shock

Pakistan's response to the Middle East conflict reflects a calibrated shift toward targeted, technology-led fuel management as global oil prices remain elevated. Instead of broad-based relief, the government is moving to a mobile app-driven quota system for motorcycles, rickshaws, and small cars, aimed at delivering direct subsidies to lower-income users while allowing higher fuel prices to rationalise overall consumption. This dual-track approach balances social protection with demand discipline. Quotas—yet to be finalised—will determine subsidised access, while a fully automated system, supported by the Oil and Gas Regulatory Authority, integrates track-and-trace mechanisms and dedicated apps for both retailers and consumers. The rollout of specialised devices further signals an attempt to institutionalise monitoring and minimise leakages, though it raises questions around cost and scalability. On the fiscal side, the sharp increase

Major Events

in petroleum levy on high-octane fuel, coupled with a strict ban on its use in government vehicles under Shehbaz Sharif, reinforces a clear policy stance—premium consumption will be discouraged and self-financed. This aligns with broader efforts to contain the fiscal burden and manage external account pressures. Overall, the strategy combines subsidy targeting, digital enforcement, and demand compression into a single framework. Its success, however, will hinge on execution—particularly the government’s ability to ensure seamless adoption, transparency, and enforcement without creating new inefficiencies.

Efficiency by Design: How Pakistan is Restructuring Industrial Electricity

Pakistan is moving toward a more flexible and market-driven electricity framework for industrial consumers, aiming to improve energy efficiency while containing costs. The government, led by Sardar Awais Ahmed Khan Leghari, is considering a new optional tariff mechanism based on time-of-use pricing, with the first nationwide stakeholder consultation scheduled online at the end of March. Under the proposed system, industries can opt into a multi-slab tariff where electricity rates reflect marginal costs at different times of the day. Fixed charges, calculated using Maximum Demand Indicators (MDI), are designed to incentivise peak-demand management, while variable energy charges are rationalised to more accurately reflect actual electricity costs. This structure to encourage industrial operations to shift toward off-peak hours, enhancing load management, reducing grid strain, and limiting the need for costly capacity expansions. By providing more predictable and transparent energy pricing, the mechanism is also intended to support industrial productivity and long-term economic sustainability. Complementing this reform, the National Electric Power Regulatory Authority has approved the country’s first-ever wheeling auction process, enabling competitive allocation of up to 800 MW of electricity and ensuring recovery of stranded costs. Commencing commercially on January 22, 2026, the auction framework, the auction framework—developed by the Independent System and Market Operator (ISMO)—adheres to transparency, non-discrimination, and procedural fairness. Taken together, these initiatives mark a significant step toward a competitive and efficient electricity market in Pakistan, combining incentives for industrial efficiency with structural reforms to enhance market transparency and long-term energy sustainability.

Other News

ME conflict disrupts Pakistan's trade to GCC states, other regions: The ongoing Middle East conflict is poised to potentially reduce Pakistan's direct exports to Gulf Cooperation Council (GCC) countries by USD 1.5 billion to USD 2 billion, while imports — predominantly energy — could decline by USD 3 billion.

Govt may place RLNG-fired power plants on preservation mode: The government is likely to place RLNG-fired power plants with a cumulative capacity of over 3,600 MW on preservation mode due to difficulties in arranging RLNG at reasonable rates, particularly after Qatar declared force majeure, well-informed sources told Business Recorder.

10 companies to take part in Techtexil and Texprocess 2026: The global textile community will come together this April in Frankfurt at Techtexil 2026 and Texprocess 2026, two of the world's leading exhibitions for technical textiles and garment processing. They will feature more than 1,700 exhibitors from 49 countries, including over 1,500 at Techtexil and around 200 at Texprocess.

Multi-slab power tariff proposed for industrial consumers: New optional electricity tariff mechanism for industrial consumers is being considered to improve energy efficiency and reduce costs, with the first nationwide stakeholder consultation scheduled online for March 26. The initiative, led by Sardar Awais Ahmed Khan Leghari, aims to introduce a flexible multi-slab tariff structure based on time-of-use pricing, according to a press release issued. Under this framework, industries will be able to opt into a system where electricity rates reflect average marginal costs during different periods of the day.

Development budget slashed by 10pc: In the wake of geopolitical tensions that had hiked the POL prices in the international market, the government has been left with no option but to proceed with austerity measures to save and divert resources for absorbing the subsidy. Over the last two weeks, the government has provided a subsidy to keep the prices of petrol and diesel unchanged; however, it had to substantially increase the prices of Hi-Octane and kerosene.

Mobile app-based fuel quota system finalised: The government has decided to launch a mobile app to manage fuel quotas for motorcycles, rickshaws, and potentially small cars (up to 800cc). The goal is to provide a direct subsidy to low-income drivers while using higher prices to encourage everyone to save fuel. However, quota limits will be finally decided by the concerned cabinet committee.

PM Shehbaz says Pakistan ready to host US-Iran talks as FO acknowledges role in de-escalation efforts: In a potentially game-changing diplomatic signal, Prime Minister Shehbaz Sharif on Tuesday publicly offered Pakistan as a venue for US-Iran peace talks, an offer that received an extraordinary boost when President Donald Trump reposted it on his Truth Social platform, a move widely seen in Islamabad as Washington's tacit endorsement of Pakistan's emerging role as a mediator.

Finance ministry says Pakistan has 'largely secured' petrol cargoes for March and April: The Committee to Monitor Petrol Prices was informed on Tuesday that the country has largely secured petrol cargoes for March and April, with additional shipments planned to further strengthen supply buffers. Earlier this month, the government sharply increased diesel and petrol prices by Rs55 per litre, or 20%, citing disruptions in global supply chains caused by the ongoing US-Israel and Iran war, which pushed crude oil prices to a two-year high.

Other News

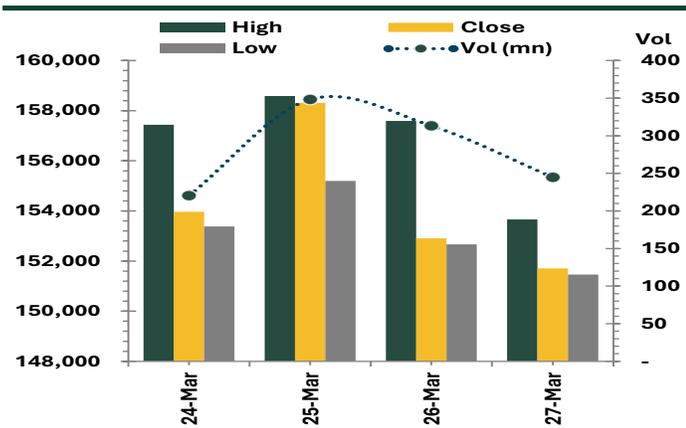
IMF blocks move to control SOE chiefs: The global lender also did not agree to another suggestion that the ex-officio members of the SOEs should be appointed from outside the relevant ministries, according to officials privy to the discussions held recently. Government sources told The Express Tribune that the proposals were made during the recent inconclusive talks for the \$1 billion loan tranche of the Extended Fund Facility (EFF). They said that the issue about the appointment of the chief executive officers (CEOs) had also been raised during the second review talks, but the IMF did not agree.

Equity Market Review

Summary

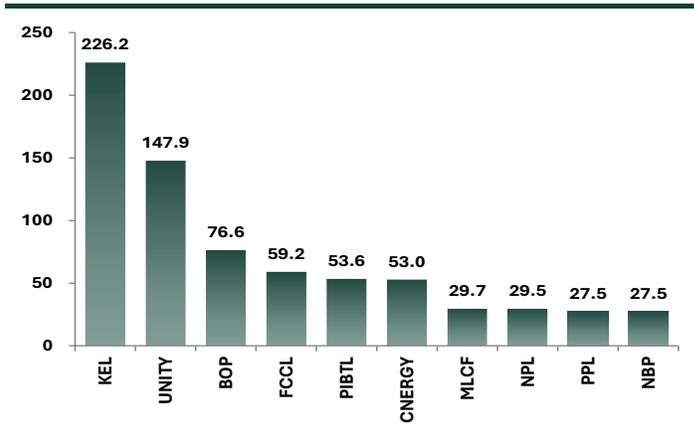
The Pakistan Stock Exchange had a turbulent week, caught in the crossfire of rapidly shifting US-Iran diplomatic signals that whipsawed sentiment across sessions. Investor mood swung violently between hope and caution — a broad-based 4,300-point rally on de-escalation optimism midweek was almost entirely unwound within 48 hours after Tehran rejected a US-backed ceasefire proposal, citing demands for reparations and full Strait control. Participation remained moderate and largely headline-driven throughout, with elevated oil prices continuing to weigh on the policy rate and current account outlook. The KSE-100 ended the week at 151,707.51, shedding roughly 1,032.86 points w/w, as average daily volumes remained moderate, with the benchmark and All-Share index, exchanging 281.65mn and 479.51mn shares, respectively.

Daily Market Performance



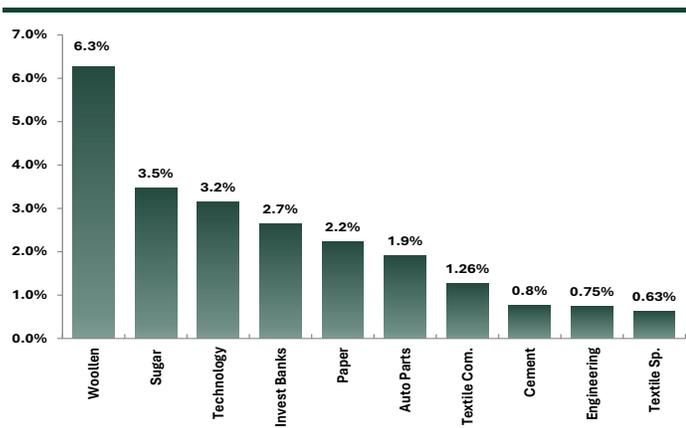
Source: PSX & HMFS Research

Top 10 Volume leaders (volumes in mn)



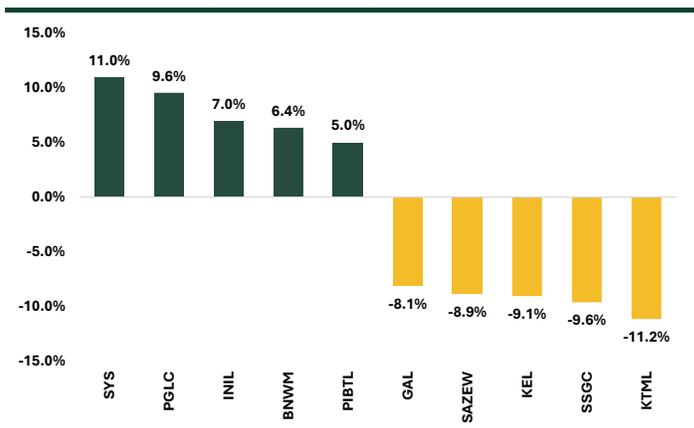
Source: PSX & HMFS Research

Sector Performance



Source: PSX & HMFS Research

Gainers & Losers (KSE-100 Index)



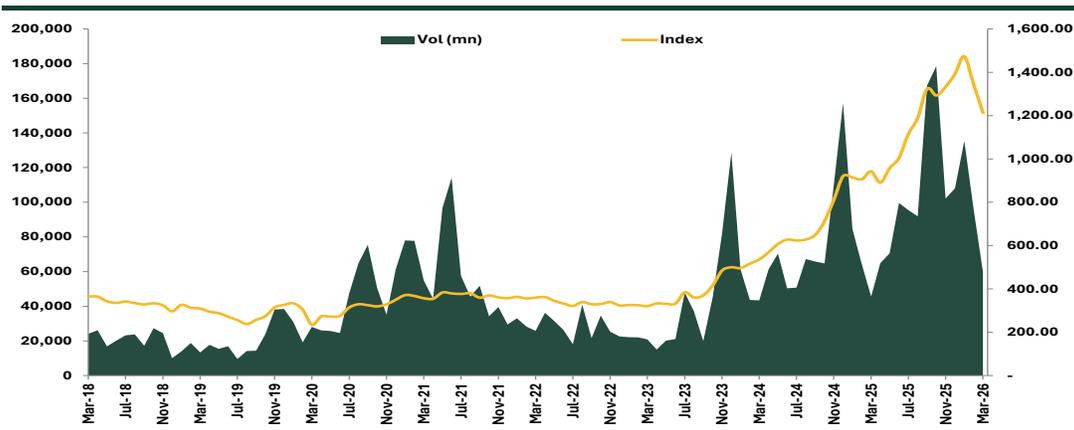
Source: PSX & HMFS Research

Equity Market Review

Outlook

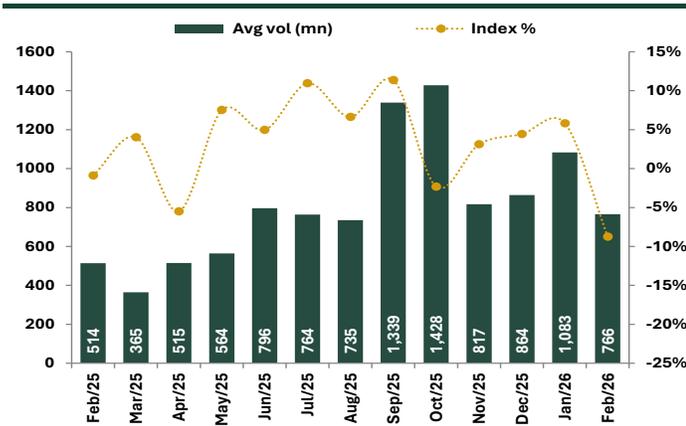
The path of least resistance for the market remains unclear until there is a credible shift in US-Iran dynamics. The week's violent price swings underscore just how thinly the market is trading on sentiment. With Brent crude sustaining above USD 100/bbl and Iran's negotiating position hardening, the risk to Pakistan's import bill, current account, and inflationary trajectory remains material. On the margin, Iran's posture of allowing non-belligerent vessels to transit the Strait of Hormuz offers some comfort on energy import continuity. Domestically, attention will revert to the SBP's monetary policy stance and progress on the IMF EFF review as the primary domestic anchors. Absent a credible breakthrough on the geopolitical front, the market is expected to remain volatile and headline-sensitive, with capital likely gravitating toward fundamentally sound, high-dividend-yield names offering defensible earnings through the uncertainty.

Index Performance



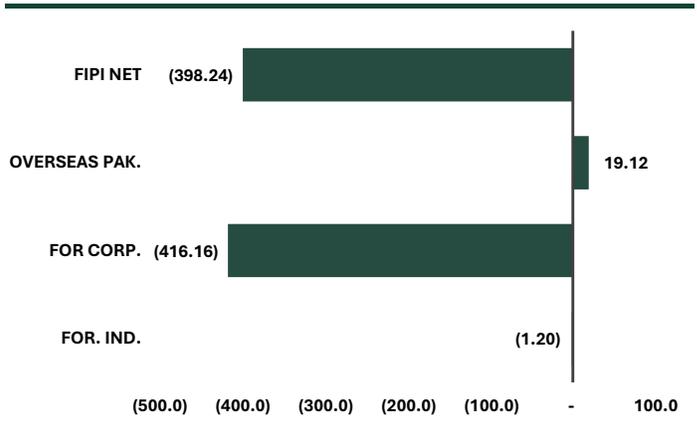
Source: PSX & HMFS Research

MoM Index gain vs Average Volume



Source: PSX & HMFS Research

FIPI (CYTD in USD mn)



Source: NCCPL & HMFS Research

Money Market Review

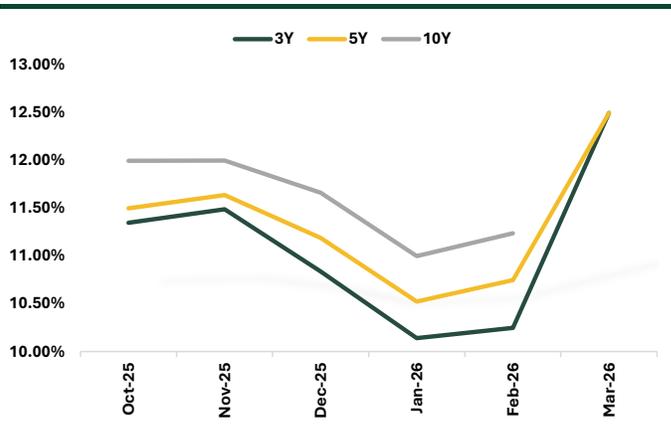
Summary

Fixed income markets saw significant activity this week, headlined by the PIB (Pakistan Investment Bonds) auction on March 26 where the government raised PKR 452bn — meeting its target despite yields surging by up to 225bps across tenors. Cut-off yields settled at 12.5% across the 2-, 3-, and 5-year tenors, while the 15-year cleared at 12.4% — increases that largely reflect a geopolitical and inflation risk premium being priced into duration. Bids on the 10-year tenor were rejected outright. Alongside the auction, the SBP announced a buyback of MTB (Market Treasury Bills) and PIB securities worth PKR 1.08tr targeting instruments maturing in May 2026, aimed at managing upcoming redemption pressures. Separately the SBP also conducted an OMO (Open Market Operation) injection of PKR 13.8tn today to support interbank liquidity conditions.

Outlook

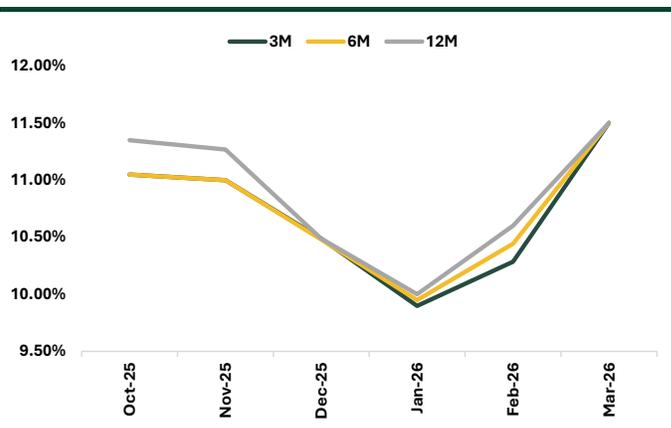
Attention now shifts to the MTB auction on April 1 (target: PKR 400bn) and the PIB auction on April 20 (target: PKR 450bn), both of which will serve as near-term reads on how aggressively the market continues to price in risk. The sharp yield surge seen in this week's PIB auction — with short-end tenors jumping over 200bps — sets a challenging tone for upcoming issuances. Meanwhile, elevated global crude prices stemming from the US-Iran conflict continue to pose upside risks to domestic inflation, which in turn narrows the SBP's room to manoeuvre ahead of the MPC meeting on April 27. March CPI data, due before the meeting, will be the critical variable — any meaningful uptick driven by fuel cost pass-throughs could further entrench the market's hawkish repricing and keep yields biased to the upside in the near term.

PIB Yields



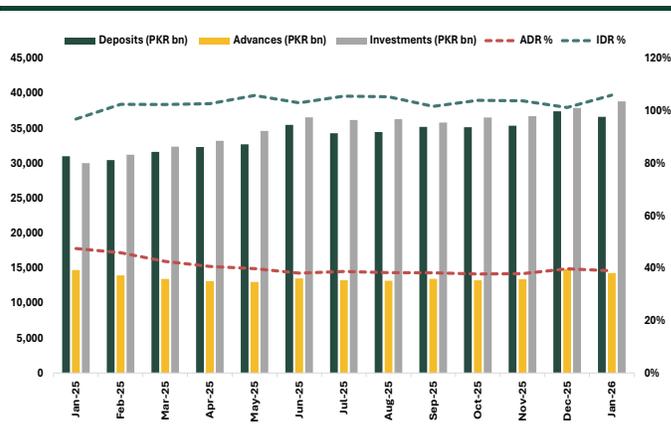
Source: SBP & HMFS Research

T-Bill Yields



Source: SBP & HMFS Research

Bank's ADR & IDR



Source: SBP & HMFS Research

Forex Market Review

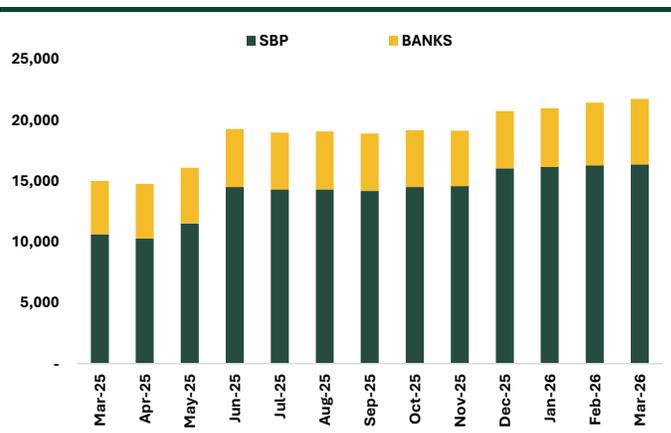
Summary

During the week ended March 19, 2026, Pakistan’s foreign exchange reserves recorded a marginal uptick, reflecting limited external inflows. SBP-held reserves inched up by USD 22.1mn to USD 16.38bn. Similarly, reserves held by commercial banks rose by USD 9.7mn to USD 5.36bn. Consequently, total liquid foreign exchange reserves increased by USD 31.8mn to USD 21.74bn. Meanwhile, the PKR remained largely stable in the interbank market, closing at PKR 279.17 per USD as of March 27, 2026, amid contained demand pressures.

Outlook

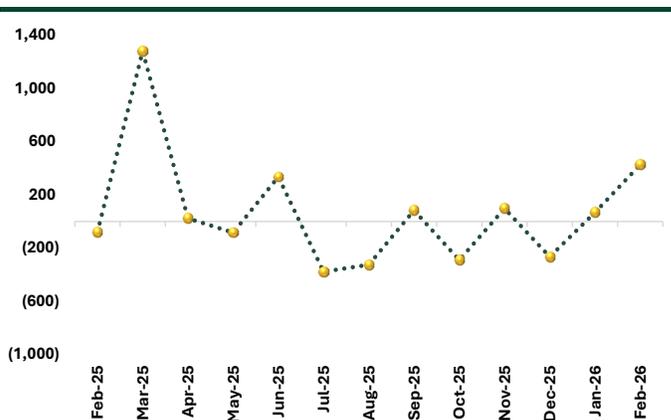
The forex outlook for the coming week remains cautiously stable, with PKR/USD parity expected to hold within a narrow band, with fluctuations contained within ~0.5% around the PKR 279–280 level. The balance of risks, however, is skewed to the downside, primarily due to elevated global crude oil prices amid ongoing Middle East tensions, which are likely to raise Pakistan's import bill and exert pressure on forex reserves. Direct exports to GCC countries may decline by USD 1.5–2bn, while higher energy costs could increase the overall import bill by ~USD 4.5bn, further widening the current account deficit and adding to external debt pressures. Disruptions in regional shipping lanes and war-risk surcharges are expected to weigh on export flows. Meanwhile, on the supportive side, resilient remittance inflows and continued progress on the IMF's third review under the EFF are likely to provide a meaningful cushion, helping contain sharp PKR depreciation in the near term.

Foreign Exchange Reserves (USD bn)



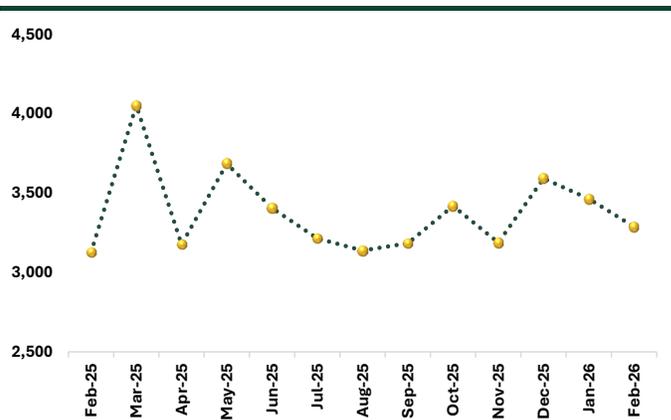
Source: SBP & HMFS Research

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	%	10.59%	10.63%	10.91%	11.15%	11.25%	11.24%	-0.04%	11.74%	17.03%	-5.30%
Return on Deposits	%	4.97%	5.01%	5.35%	5.23%	5.23%	5.20%	-0.04%	5.54%	10.77%	-5.23%
Interest rate Spread	%	5.62%	5.62%	5.56%	5.92%	6.02%	6.04%	0.00%	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)	427	68	(265)	98	(291)	83	527.94%	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)	1,199.40	1,186.10	1,183.09	1,007.78	1,293.23	1,092.95	1.12%	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	498.4	657.0	32%	717.3	45.5	51.7	60.5	36.5	37.0	43.5	7%	9%	9.6	8.2	4.6	4.0	48%	49%	41%		
2	EFERT	Dec	BUY	197.8	255.0	29%	264.1	21.2	17.0	28.5	21.5	15.0	26.7	8%	14%	11.7	6.9	5.3	5.0	60%	45%	42%		
3	INDU	Jun	BUY	1800.3	3267.0	81%	141.5	191.8	292.7	400.1	114.7	176.0	242.0	10%	13%	6.1	4.5	1.9	1.5	14%	31%	95%		
4	HCAR*	Mar	BUY	156.0	298.0	91%	22.3	16.3	19.0	27.3	6.5	8.0	11.5	5%	7%	8.2	5.7	0.9	0.9	8%	6%	98%		
5	HBL	Dec	BUY	252.9	372.0	47%	371.0	39.9	45.5	43.2	16.3	20.0	18.0	8%	7%	5.6	5.9	0.8	0.7	16%	14%	54%		
6	MCB	Dec	BUY	366.4	476.0	30%	434.1	48.6	49.3	44.5	36.0	36.0	36.0	10%	10%	7.4	8.2	1.7	1.6	37%	23%	40%		
7	UBL	Dec	BUY	344.5	514.0	49%	862.6	61.1	64.0	60.5	44.0	45.0	44.0	13%	13%	5.4	5.7	1.2	1.1	29%	21%	62%		
8	BAHL	Dec	BUY	152.8	228.0	49%	169.9	37.7	29.2	35.5	17.0	15.0	15.0	10%	10%	5.2	4.3	1.0	0.9	35%	20%	59%		
9	ABL	Dec	BUY	170.7	254.0	49%	195.4	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	457.9	565.0	23%	824.4	57.3	50.2	52.5	28.0	28.0	27.0	6%	6%	9.1	8.7	2.9	2.5	41%	31%	29%		
11	MUGHAL	Jun	BUY	67.9	106.0	56%	22.8	6.0	2.8	2.8	0.0	0.0	0.0	0%	0%	24.0	24.3	0.8	0.8	15%	4%	56%		
12	ISL	Jun	BUY	72.0	148.0	105%	31.3	8.4	3.6	7.2	5.5	2.5	4.0	3%	6%	20.1	10.0	1.5	1.4	6%	8%	111%		
13	OGDC	Jun	BUY	265.6	427.0	61%	1,142.4	48.6	39.5	48.0	10.1	15.1	18.0	6%	7%	6.7	5.5	0.8	0.7	18%	15%	68%		
14	PPL	Jun	BUY	204.7	350.0	71%	556.9	42.0	33.8	43.5	6.0	7.5	8.0	4%	4%	6.1	4.7	0.8	0.7	20%	13%	75%		
15	POL	Jun	BUY	626.8	897.0	43%	177.9	137.9	85.2	105.0	95.0	75.0	90.0	12%	14%	7.4	6.0	2.0	1.9	47%	28%	57%		
16	LUCK	Jun	BUY	362.3	568.0	57%	530.8	44.1	52.5	62.8	3.0	4.0	6.5	1%	2%	6.9	5.8	0.7	0.6	19%	10%	59%		
17	FCCL	Jun	BUY	40.2	72.0	79%	98.5	3.4	5.4	6.5	1.0	1.3	1.5	3%	4%	7.4	6.1	1.2	1.1	12%	17%	83%		
18	MLCF	Jun	BUY	79.0	147.0	86%	82.8	5.0	16.3	13.0	0.0	0.0	0.0	0%	0%	4.9	6.1	1.6	1.3	11%	12%	86%		
19	NML	Jun	BUY	133.0	175.0	32%	46.8	18.1	17.1	35.0	3.0	2.0	4.5	2%	3%	7.8	3.8	0.3	0.3	6%	6%	35%		
20	ILP	Jun	BUY	78.2	128.0	64%	109.6	11.3	3.8	9.2	5.5	1.0	4.0	1%	5%	20.4	8.5	1.4	1.3	40%	11%	69%		
21	GATM	Jun	BUY	18.8	49.0	160%	13.9	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						62%	6,816.3									6%	7%	9.0	6.9	1.4	1.3	25%	18%	67%

(*) 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

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
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