Treasury Consultants

30 YEARS ANNIVERSARY

CMKA WEEKLY TREASURY MARKET OUTLOOK 16TH FEBRUARY 2026

MARKET OUTLOOK

Last week, international credit rating agency Moody's revised Pakistan *banking sector* credit rating to **Caa1** from Caa2 with stable outlook See Rating Chart and projects **GDP** growth at **3.5%** in **2026.** According to Moody's report, Pakistan's economic conditions are gradually improving, although pace of recovery remains slow. It further states that banks' performance may remain stable over next 12-18M but country's external position remains fragile. The economy is improving, held by progress in fiscal reform implementation. Higher forex reserves is vital to elevate external debt challenges and importance of steady progress with **IMF** program may continue to offer unlocking more future **FCY** financing.

On the other hand as *Artificial Intelligence* **AI** may reshape global economies at their core, Pakistan announced a budget of **$1b** for national **AI** investment plan until 2030 to grow research ability for *Artificial Intelligence*. The plan named as **Indus-AI** may adopt its position as a regional hub, anchored in ethical adoption, sovereign control and youth-led innovation. Nevertheless, **AI** awareness in Pakistan's financial markets is crucial to reshape financial institutions FIs business faster than any previous **hi-tech** wave. From credit assessment to compliance KYC, customer engagement to operational resilience, in future **AI** may redefine how to create value, manage risk & serve vital **hi-tech** needs of clients.

FOREIGN EXCHANGE

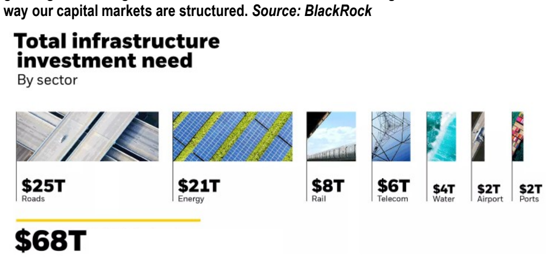
The inflow of **NPPs'** remittances of **$3.46b** in **Jan26** fell by **↓4% MoM** from $3.59b, up **↑15.4% YoY.** In **7MFY26** it stood at **$23.2b,** up **↑11.3%** from $20.9b in 7MFY25. **CB** is targeting cumulative remittances of **$42b** in **FY2025-26,** expecting large inflows may escalate ahead of upcoming festive events of *Ramadan* and two ***EIDs*** in next 3M. In the interbank **$** closed at **279.62** and in kerb **ECs** quoted a mid-rate of **281.50**. And **PKR/$** forward swap premiums traded **1M@0.54**(1.03), **3M@2.23**(2.74) and **6M@4.39**(5.02). Pakistan forex reserves closed at **$21.374b** ($21.338b)↑$36m.

MONEY MARKET

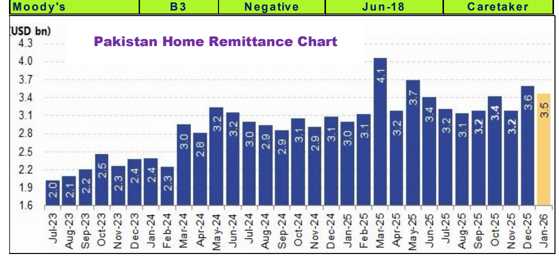
The total govt domestic debt increased by **8.2%** or **641b** during 1H-FY25-26 to **78.53tr** Dec2025, up from **77.89tr** Jun2025. It jumped by **9.6%** or **6.88tr** YoY to **78.53tr** Dec-2025 up from **71.64tr** Dec2024 Consequently, external debt FCY showed a declining trend in Jul-Dec25 and fell by **1.6%** or **251b** to **23.16tr** Dec25 from **23.42tr** Jul25. However over past **18M,** govt having made notable progress in restoring macroeconomic stability is faced with slower **FCY** inflows, which is putting pressure on domestic borrowings to finance fiscal deficits. This may deter **GDP** growth and likelihoods of a fall in *policy rate* from 10.50% in next **4-6M**. **MM** activities may remain lacklustre with marginal upward interest rate trend for re-invesment vs. mismatch tradings.

By 2040, The Global Demand For New Infrastructure Investment Is $68tr

Throughout history, infrastructure has driven a surprising amount of economic growth. Today, the world is standing at the edge of an opportunity so vast it's almost hard to grasp. By 2040, the global demand for new infrastructure investment is $68tr. Over the past year, governments already weighed down by historic deficits cannot rely solely on taxpayers to shoulder the staggering costs of new infrastructure without risking a debt spiral. But governments aren't alone in facing constraints. Even the world's largest tech companies, despite their billions in free cash flow, aren't equipped for this scale of investment. A single AI data center can cost between $50b and $60b. The markets are eager to step in where governments and corporations are stepping out. Investors are already voting with their capitals making infrastructure one of the world's fastest-growing market segments. This investment, however, is being throttled because of the way our capital markets are structured. *Source: BlackRock*



Pakistan Rating - Jun 2018 to Feb 2026				
Agency	Rating	Outlook	Date	Government
Moody's	Caa1	Stable	Feb-26	PML-N/PPP
Standard & Poors	B-	Stable	Jul-25	PML-N/PPP
Fitch	B-	Stable	Apr-25	PML-N/PPP
Moody's	Caa2	Positive	Mar-25	PML-N/PPP
Fitch	CCC	Positive	Jan-25	PML-N/PPP
Fitch	CCC-	Stable	Feb-23	PML-N/PPP
Moody's	Caa3	Negative	Oct-23	PML-N/PPP
Standard & Poors	CCC+	Stable	Dec-23	PML-N/PPP
Standard & Poors	B-	Negative	Jul-23	PML-N/PPP
Fitch	B-	Negative	Jul-23	PML-N/PPP
Moody's	B3	Negative	Jun-23	PML-N/PPP
Moody's	B3	Stable	Dec-19	PTI
Moody's	B3	Stable	Feb-19	PTI
Standard & Poors	B-	Stable	Jan-19	PTI
Fitch	B-	Stable	Dec-18	PTI
Moody's	B3	Negative	Jun-18	Caretaker



Contributors: Asad Rizvi, Asif Hussain and Khalid Jamil

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Currency Market Associates - Pakistan Treasury Market Weekly Update										
Date →	Three (3) Weeks Rate			Year End December Closing Rate in PKR/USD						
	16-Feb-26	09-Feb-26	02-Feb-26	Y-2025	Y-2024	Y-2023	Y-2022	Y-2021	Y-2020	Y-2019
Interbank PKR/US Dollar - Forex Rates in PKR										
USD - Ready/Spot	279.62	279.71	279.77	280.12	278.55	281.86	226.43	176.51	159.83	154.85
USD - Forward - 1M	280.16	280.74	280.60	281.12	279.49	284.24	226.81	177.48	160.88	156.20
USD - Forward - 3M	281.86	282.45	282.16	282.87	280.68	287.97	227.33	179.80	162.77	158.04
USD - Forward - 6M	284.02	284.73	284.35	285.50	283.29	292.35	228.80	183.68	165.30	160.88
Pakistan - Domestic Debt Market Indicators - (Treasury Bills and Pakistan Investment Bonds 'PIBs')										
T-Bills 3M - (Auction Cut-off)	10.1983%	10.1983%	9.8995%	10.4878%	11.9900%	21.2500%	16.9900%	10.5900%	7.1500%	13.4900%
T-Bills 6M - (Auction Cut-off)	10.3237%	10.3237%	9.8995%	10.4799%	11.9900%	21.3500%	16.8900%	11.4500%	7.2000%	13.2900%
T-Bills 12M - (Auction Cut-off)	10.3997%	10.3997%	9.9492%	10.4880%	12.2900%	21.3500%	16.8000%	11.5100%	7.2900%	13.1300%
PIB 03Y (MKT - YTMs)	10.4000%	10.2700%	10.2700%	10.5000%	12.3000%	17.1000%	15.6500%	11.4000%	8.2800%	11.6100%
PIB 05Y (MKT - YTMs)	10.9800%	10.6200%	10.6000%	10.8000%	12.3500%	16.1000%	14.6000%	11.4000%	9.0800%	10.9400%
PIB 10Y (MKT - YTMs)	11.4000%	11.1000%	11.0700%	11.4700%	12.1500%	14.9000%	13.7000%	11.6000%	9.9000%	11.0000%
PIB 10Y FRB (MKT Spread)	40bps	40bps	40bps	63bps	135bps	150 bps	70bps	68bps	65bps	34bps
Pakistan - Interbank Money Market Rates - KIBOR & REPO										
KIBOR - 1 Month	10.7500%	10.7400%	10.7500%	10.8400%	13.3500%	22.1000%	16.4000%	10.3900%	7.4500%	13.6800%
KIBOR - 3 Months	10.5100%	10.5100%	10.4800%	10.6300%	12.1400%	21.4600%	17.0000%	10.5400%	7.2900%	13.5500%
KIBOR - 6 Months	10.5300%	10.5100%	10.4900%	10.6500%	12.1600%	21.7100%	17.0400%	11.4600%	7.3500%	13.4900%
Repo - 1 Month	10.5000%	10.5000%	10.5000%	11.0000%	13.0000%	22.1000%	16.2500%	10.3000%	7.2000%	13.4500%
Repo - 3 Months	10.4000%	10.3000%	10.3000%	11.0000%	12.2500%	22.1000%	16.8000%	10.5000%	7.2000%	13.4500%
Repo - 6 Months	10.4000%	10.3000%	10.3000%	11.0000%	12.0000%	22.1000%	16.9500%	11.2500%	7.2000%	13.4500%
International Debt Market Indicators - Pakistan Eurobond/Sukuk - Market Prices (YTM Offer)										
Eurobond $1.3b - 6.000%-04/26	2.3400%	2.8800%	3.2000%	4.8500%	10.3000%	22.8200%	38.7700%	5.7600%	0.0000%	0.0000%
Eurobond $1.5b - 6.875%-12/27	5.6100%	5.6200%	5.6400%	6.1800%	10.5800%	18.1800%	30.9900%	6.4900%	5.8900%	6.0500%
Sukuk $1.0b - 7.950%-01/29	6.0700%	6.3100%	6.3200%	6.8200%	10.0800%	15.2100%	22.0200%	3.1200%	0.0000%	0.0000%
Eurobond $1.4b - 7.375%-04/31	6.8500%	7.0200%	7.0200%	7.2400%	10.8700%	16.5700%	26.1900%	7.3200%	0.0000%	0.0000%
Eurobond $0.3b - 7.875%-03/36	7.6200%	7.7300%	7.7600%	8.0100%	11.2000%	16.5700%	26.1900%	7.3200%	0.0000%	0.0000%
Eurobond $0.8b - 8.875%-04/51	8.6300%	8.7200%	8.7200%	8.9400%	11.3800%	24.0900%	24.0900%	8.8000%	0.0000%	0.0000%
WAPDA Green -$0.5b-7.50%-06/31	7.7000%	7.7700%	7.8500%	8.4200%	12.2500%	19.1000%	23.3300%	0.0000%	0.0000%	0.0000%
Other Major Indicators										
Rating - Global - Fitch & S&P	B- Stable	B- Stable	B- Stable	B- Stable	CCC+Stable	CCC-Negative	CCC+Stable	B-Stable	B-Stable	B-Negative
Risk Premium CDS 5Y (Mid)	371bps	369bps	369bps	441bps	1493bps	3306bps	9763bps	376bps	465bps	350bps
Forex Reserves - SBP	$21.374b	$21.338b	$21.293b	$21.022b	$16.37b	$12.85b	$11.70b	$24.27b	$20.31b	$18.08b
FCY Debt (Sept25) - SBP	$133.7b	$133.7b	$133.7b	$133.7b	$130.0b	$130.0b	$130.0b	$125.0b	$113.8b	$106.3b
LCY Debt (Sept25) - SBP	53.42 tr	53.42 tr	53.42 tr	53.42 tr	47.72 tr	31.10 tr	31.10 tr	28.23 tr	28.23 tr	21.50 tr
SCRA A/C - PSX Equity - SBP	$2.74b	$2.66b	$2.79b	$2.64b	$2.00b	$1.40b	$1.30b	$2.10b	$2.73b	$3.74b
SCRA A/C - LCY Debt - SBP	$469m	$505m	$495m	$322m	$858m	$3.60m	$5.20m	$656m	$75m	$1.45b
Policy Rate - SBP	10.50%	10.50%	10.50%	10.50%	13.00%	22.00%	16.00%	9.75%	7.00%	13.25%
Fed Rate (US$)	3.75%	3.75%	3.75%	3.75%	4.25%	5.50%	4.00%	0.25%	0.25%	1.75%
CPI (Monthly)	5.80%	5.80%	5.61%	6.15%	4.10%	29.70%	24.50%	12.30%	8.30%	12.67%
Banks' Deposits 11/25 - SBP	35.380 tr	35.380 tr	35.380 tr	35.380 tr	31.11 tr	26.66 tr	22.20 tr	19.91 tr	16.65 tr	14.36 tr
Banks' Loans 11/25 - SBP	13.421 tr	13.421 tr	13.421 tr	13.421 tr	14.87 tr	11.96 tr	11.06 tr	9.85 tr	8.18 tr	8.10 tr
PKR-M2 Cash in Cir. (02Jan26) - SBP	10,917b	10,917b	10,917b	10,967b	9,144b	8.548tr	7.795tr	7.20tr	6.30tr	5.44 tr
OMO-QE Injection - SBP	13.617 tr	13.833 tr	13.281 tr	13.122 tr	11.18 tr	10,119b	5,177b	1,674b	1,000b	975b
PSX - 100-Index	179,603	184,129	184,174	174,054	117,008	64,661	39,669	44,886	43,416	40,735
Wheat - (USd-MT)	$226.99	$228.13	$227.71	$222.16	$246.00	$245	$329	$274	$212	$224
Cotton - US Cotton #2 (CTZ5) - USd	$62.11	$61.62	$63.19	$64.34	$68.76	$81.22	$84.53	$113.00	$76.17	$69.05
Sugar London - USd - LSUc1	$397.10	$407.90	$412.20	$426.00	$509.00	$594.00	$554.00	$497.00	$408.00	$358.00
Soybean - USd/Bu	$1,133	$1,104	$1,062	$1,042	$981	$1,298	$1,524	$1,288	$1,341	$942
Coal - USd/T	$116.70	$116.00	$111.75	$106.65	$123.50	$131.55	$404.15	$169.60	$87.40	$67.50
Oil (WTI-OPEC)	$62.95	$64.03	$61.57	$57.89	$71.94	$72.92	$79.93	$76.38	$48.20	$61.20
Gold (Spot - USD/t.oz)	$5,043	$5,034	$4,612	$4,321	$2,635	$2,075	$1,840	$1,804	$1,891	$1,518
Silver (Spot - USD/t.oz)	$77.40	$82.08	$76.11	$74.62	$30.50	$23.75	$24.10	$21.93	$24.42	$17.18
Copper - USD/Lbs	$5.75	$5.90	$5.67	$4.09	$4.09	$3.69	$3.90	$4.28	$3.47	$2.74
Bitcoin -BTC	$68,303	$70,899	$74,861	$88,412	$101,138	$42,265	$17,561	$47,169	$28,841	$7,294
US$ Index - DXY	96.98	97.51	97.17	98.30	108.49	101.33	110.05	89.21	93.27	96.54
PKR/US$ - KERB - Ecs	281.50	281.45	281.35	282.10	282.00	284.00	236.50	180.00	161.00	155.10

The above materials are based on facts and opinions known to be reliable at the time of publication and is created without the help of AI. Currency Market Associates Ltd. 'CMKA' is not responsible for its accuracy. This market outlook is strictly for information and not intended for any trade and business transaction.

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