CMKA WEEKLY TREASURY MARKET OUTLOOK 23RD FEBRUARY 2026

MARKET OUTLOOK

In **Jan26, SECP** reported that **3,881** new companies were registerated, bringing total number of registered companies to **283,540.** Some **82** newly incorporated companies are *foreign entities* and sectoral analysis shows that the **IT** and e-commerce sectors had **729**, followed by trading **613,** services **494,** and real estate development and construction **347.** In terms of corporate structure, private limited companies accounted for **59%** of new registrations and single-member companies constituted **38%.** Consequently, Pakistan is growing fast to build New Frontier Ecosystems as compared to other technology markets outside traditional hubs. A little over **$4b** is the combined enterprise value of Pakistan's venture capital-backed startups, up **>260%** since **2020.** It has succesfully built a base of **170+** start-ups, accumulated founder experience & attracted early foreign investor[FI] interest. **The rise in startups and incorpration of new companies in Y-2025/2026 looks encouraging but real economic impact remains missing. It is perhaps mainly due to exits of some large companies[MNCs] reducing deep rooted capital [in FCY] & talent pools, which is also resulting in higher un-emplyoment.** On the other hand due to geo-political concerns, **PSX** has applied brakes to long ***bull-run*** having several **red-session**. **KSE100** index fell from high of **191k**[21Jan26] to **171k,** down **>10%** [See Chart,] earning expectations is also softening as some results remained below analysts' forecasts anticipating core inflation to stay sticky & rate cut expectations is fading.

FOREIGN EXCHANGE

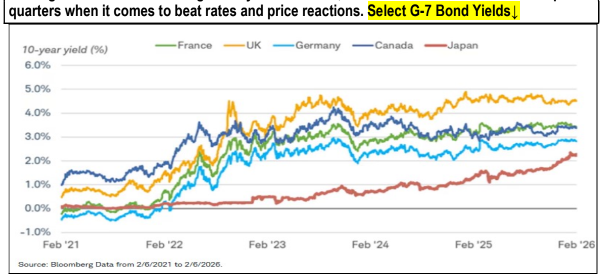
In **Jan26** Current Account[CA] shows surplus of **$121m** after a deficit of **$265m** in **Dec25**[MoM.] During last **7M** of **FY25/26, CA** deficit touched **$1.07b** compared to surplus of **$564**[YoY.] Disruption of **>$4** Afghan trade due to border closure is also taking toll, slowing down economic activities of retailers mainly pharma industry. In the interbank **$** closed at **279.56** and in kerb **ECs** quoted a mid-rate of **281.25**. And **PKR/$** forward swap premiums traded **1[M]@0.79**[(0.54),] **3[M]@2.56**[(2.23)] and **6[M]@4.85**[(4.39).] Pakistan forex reserves closed at **$21.301**[b ($21.374b)↓$73m.]

MONEY MARKET

Rising **IDR** to **101.30%** [up from 96.2%] & falling **ADR** to **39.8%** [down from 52.9%] during [Dec2024-Dec2025 - YoY] deter growth in banks' most secured consumer lending business of *auto-loans* [estimated APR of >14%,] which is marginally up **2.79%**[MoM] at **328**[b.] In a regular fortnighty T-bills and **PIB** floater auctions, **CB** raised total **772**[b] against maturity of **447**[b,] with **1Y** cutoff climbing by **20**[bps.] Govt continued dependence on domestic debt market to finance fiscal requirements and consuming the largest *pie* of market[MM] liquidity may slow down economic activities and keep upward pressure on future interest rates.

Charles Schwab - Global Market Perspective - Riding the Waves

The weakening in global ties may lead to economic disruption and lasting investment implications. International stocks/bond and economy are largely linked to geopolitical risk, such as armed conflicts, which historically have tended to create short-term volatility but not long-lasting impacts on markets. The nature of geopolitical risk may be evolving. Global interconnectedness appears to be weakening, a shift in intl' relations that could lead to lasting implications like economic disruption and market volatility. Additionally, the potential for U.S. dollar weakness could increase returns in international stocks. G-7 bond market volatility has remained low despite economic and policy uncertainty. Most of the fixed income investments seem likely to deliver solid returns this year, in line with their starting yields, but if volatility picks up from the current low levels, investors may have to ride out some ups & downs to earn those yields. Markets may continue to see a steeper yield curve as the dominant trend in bond market in 2026. A focus on intermediate-term duration can help balance inflation and policy risks. Meanwhile, G-7 bond market volatility has remained low despite economic and policy uncertainty. US companies fourth-quarter earnings results have been generally solid so far, albeit a bit weaker relative to prior quarters when it comes to beat rates and price reactions. Select G-7 Bond Yields↓



Pakistan - Treasury Bills - DV / Floater Bond Auction - February 18, 2026

Tenor	Target	Maturity	Bids	Raised	Cutoff 04Feb26	Cutoff 18Feb26	Change bps
1M	100.00	32.50	505.00	79.00	10.1977%	10.1482%	4.9↓
3M	100.00	251.00	240.00	400.00	10.1983%	10.2853%	8.7↑
6M	100.00	76.50	113.00	44.00	10.3237%	10.4437%	12↑
12M	150.00	87.60	407.00	154.00	10.3997%	10.5996%	20↑
Total	450.00	447.60	1,265.00	677.00	Amount in Billions PKR		
10Y	50.00	Floater	423.00	95.00	47bps	54.90bps	7.9↑
Total	50.00	NIL	423.00	95.00	6M T-bills W.A +Spread		

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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						
	23-Feb-26	16-Feb-26	09-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	279.56	279.62	279.71	280.12	278.55	281.86	226.43	176.51	159.83	154.85
USD - Forward - 1M	280.35	280.16	280.74	281.12	279.49	284.24	226.81	177.48	160.88	156.20
USD - Forward - 3M	282.12	281.86	282.45	282.87	280.68	287.97	227.33	179.80	162.77	158.04
USD - Forward - 6M	284.41	284.02	284.73	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)	10.2853%	10.1983%	10.1983%	10.4878%	11.9900%	21.2500%	16.9900%	10.5900%	7.1500%	13.4900%
T-Bills 6M - (Auction Cut-off)	10.4437%	10.3237%	10.3237%	10.4799%	11.9900%	21.3500%	16.8900%	11.4500%	7.2000%	13.2900%
T-Bills 12M - (Auction Cut-off)	10.5996%	10.3997%	10.3997%	10.4880%	12.2900%	21.3500%	16.8000%	11.5100%	7.2900%	13.1300%
PIB 03Y (MKT - YTMs)	10.5000%	10.4000%	10.2700%	10.5000%	12.3000%	17.1000%	15.6500%	11.4000%	8.2800%	11.6100%
PIB 05Y (MKT - YTMs)	11.0700%	10.9800%	10.6200%	10.8000%	12.3500%	16.1000%	14.6000%	11.4000%	9.0800%	10.9400%
PIB 10Y (MKT - YTMs)	11.5000%	11.4000%	11.1000%	11.4700%	12.1500%	14.9000%	13.7000%	11.6000%	9.9000%	11.0000%
PIB 10Y FRB (MKT Spread)	45bps	40bps	40bps	63bps	135bps	150 bps	70bps	68bps	65bps	34bps
Pakistan - Interbank Money Market Rates - KIBOR & REPO										
KIBOR - 1 Month	10.7600%	10.7500%	10.7400%	10.8400%	13.3500%	22.1000%	16.4000%	10.3900%	7.4500%	13.6800%
KIBOR - 3 Months	10.5600%	10.5100%	10.5100%	10.6300%	12.1400%	21.4600%	17.0000%	10.5400%	7.2900%	13.5500%
KIBOR - 6 Months	10.5700%	10.5300%	10.5100%	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%	10.4000%	10.3000%	11.0000%	12.2500%	22.1000%	16.8000%	10.5000%	7.2000%	13.4500%
Repo - 6 Months	10.4000%	10.4000%	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	1.9500%	2.3400%	2.8800%	4.8500%	10.3000%	22.8200%	38.7700%	5.7600%	0.0000%	0.0000%
Eurobond $1.5b - 6.875%-12/27	5.5300%	5.6100%	5.6200%	6.1800%	10.5800%	18.1800%	30.9900%	6.4900%	5.8900%	6.0500%
Sukuk $1.0b - 7.950%-01/29	6.0200%	6.0700%	6.3100%	6.8200%	10.0800%	15.2100%	22.0200%	3.1200%	0.0000%	0.0000%
Eurobond $1.4b - 7.375%-04/31	6.8100%	6.8500%	7.0200%	7.2400%	10.8700%	16.5700%	26.1900%	7.3200%	0.0000%	0.0000%
Eurobond $0.3b - 7.875%-03/36	7.6000%	7.6200%	7.7300%	8.0100%	11.2000%	16.5700%	26.1900%	7.3200%	0.0000%	0.0000%
Eurobond $0.8b - 8.875%-04/51	8.6200%	8.6300%	8.7200%	8.9400%	11.3800%	24.0900%	24.0900%	8.8000%	0.0000%	0.0000%
WAPDA Green -$0.5b-7.50%-06/31	7.7100%	7.7000%	7.7700%	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)	337bps	351bps	369bps	441bps	1493bps	3306bps	9763bps	376bps	465bps	350bps
Forex Reserves - SBP	$21.301b	$21.374b	$21.338b	$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	$2.67b	$2.74b	$2.66b	$2.64b	$2.00b	$1.40b	$1.30b	$2.10b	$2.73b	$3.74b
SCRA A/C - LCY Debt - SBP	$518m	$469m	$505m	$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%	5.80%	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	14.144 tr	13.617 tr	13.833 tr	13.122 tr	11.18 tr	10,119b	5,177b	1,674b	1,000b	975b
PSX - 100-Index	173,169	179,603	184,129	174,054	117,008	64,661	39,669	44,886	43,416	40,735
Wheat - (USd-MT)	$227.81	$226.99	$228.13	$222.16	$246.00	$245	$329	$274	$212	$224
Cotton - US Cotton #2 (CTZ5) - USd	$61.94	$62.11	$61.62	$64.34	$68.76	$81.22	$84.53	$113.00	$76.17	$69.05
Sugar London - USd - LSUc1	$403.30	$397.10	$407.90	$426.00	$509.00	$594.00	$554.00	$497.00	$408.00	$358.00
Soybean - USd/Bu	$1,130	$1,133	$1,104	$1,042	$981	$1,298	$1,524	$1,288	$1,341	$942
Coal - USd/T	$116.20	$116.70	$116.00	$106.65	$123.50	$131.55	$404.15	$169.60	$87.40	$67.50
Oil (WTI-OPEC)	$65.74	$62.95	$64.03	$57.89	$71.94	$72.92	$79.93	$76.38	$48.20	$61.20
Gold (Spot - USD/t.oz)	$5,156	$5,043	$5,034	$4,321	$2,635	$2,075	$1,840	$1,804	$1,891	$1,518
Silver (Spot - USD/t.oz)	$86.96	$77.40	$82.08	$74.62	$30.50	$23.75	$24.10	$21.93	$24.42	$17.18
Copper - USD/Lbs	$5.82	$5.75	$5.90	$4.09	$4.09	$3.69	$3.90	$4.28	$3.47	$2.74
Bitcoin -BTC	$65,027	$68,303	$70,899	$88,412	$101,138	$42,265	$17,561	$47,169	$28,841	$7,294
US$ Index - DXY	97.49	96.98	97.51	98.30	108.49	101.33	110.05	89.21	93.27	96.54
PKR/US$ - KERB - Ecs	281.25	281.50	281.45	282.10	282.00	284.00	236.50	180.00	161.00	155.10

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