Treasury Consultants

CMKA WEEKLY TREASURY MARKET OUTLOOK 02ND MARCH 2026

MARKET OUTLOOK

In geo-politics, there are decades where nothing happens; and there are weeks where decades happen. And it happened on the last weekend; a full scale war in the *Middle East*. It may also affect Pakistan economically. **PSX** *bull-run*, which had almost faded, is down to **153k** in anticipation that the conflict may send oil prices to **>$90. PSX** is faced with a bearish market sell-off, down **>19%** [from H-191k] is driven by concerns of softer corporate results and stock futures[*badla*] unwinding. The uncertiainity sends a negative signal to Pakistan as it remains under a structurally import-driven economy and heavily reliant on **NRP**[s] remittances to finance its sizeable import bill. Any prolonged conflict through higher oil prices may add to inflationary pressure, increase **PKR** volatility and put stress on financial market, most likely on debt rollovers [domestic & FCY] with a disruption in supply chain, incase intl' freight charges are altered upward.

And in the sub-continent last week, India **AI**-Impact Summit, [1st in Global South and 4th in a series of Global AI Summit] was impaired by serious mismanagement and ***Tech-Inventions-Scam***. India fraudulently presented other countires' **AI** *robots* with no-show of world's top tech-gurus [Microsoft, Nvidia etc.] It is perhaps a global **IT** *back-office outsouce service provider* with low level **IT** academics[like Galgotias.] In India **AI**-Impact Summit, its dream to be known as one of the **AI** *godfathers* has shattered and devastated. **R&D** investments and focus on ***tech-Innovation*** are imperative for **IT-Companies**' **AI** growth.

FOREIGN EXCHANGE

Pakistan's foreign exchange reserves, following the release of **IMF 2nd** tranche [$1.2b] remained stagnant at **$21.4b** [See Chart.] However, since **Dec25** market confidence had improved, fiscal balances recorded surpluses in **Q1-FY26** but exports constrain & likely rise in global oil prices due to geo-political situation, alongwith **$1.3**[b] repayment of Eurobonds [on 08Apr26] may pose **FCY** challenges in next **1-2M** for Pakistan. Hence, the current visit of **IMF** delegation [from 25Febr to 11Mar26,] for the third review is of significant importance to unlock a **$1.2b** tranche [$1b EFF and $200m RSF] by late **Apr26.**

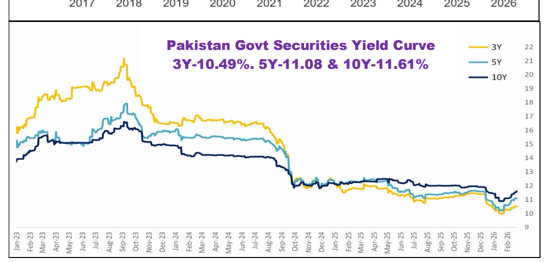
In the interbank **$** closed at **279.47** and in kerb **ECs** quoted a mid-rate of **281.25**. And **PKR/$** forward swap premiums traded **1M@1.05**(0.79), **3M@2.33**(2.56) and **6M@4.73**(4.85). Pakistan forex reserves closed at **$21.407b** ($21.301b)↑$106m.

MONEY MARKET

During the **Y2025,** Pakistan's banking sector booked a cumulative profits of **>670b,** up **11%** [YoY.] Earnings were driven by an overall increase in Net Interest Income[NII] offsetting the decline in interest income by reducing interest expenses. Banks' treasury succesfully locked higher **YTMs**[b/w 3-10Y] on govt securities and maintained decent Net Income Margin[NIM] spread. **MM** continue to trade in a narrow range with of **20-40bps** as supply outstrip demand with regular autions.

US Tariffs – Some Did Deals to Get Lower Tariffs But Many Are Stuck.

A group of people in business attire walks on a gravel path through a manicured garden. One person gestures with his hands while others had listened. It was the announcement of new US trade tariffs on countries that under the threat of tariffs later made commitments; like enormous investment pledges. But the reality is that they might have been better off waiting for the US Supreme Court verdict. The moves were part of trade deals both countries had signed under the threat of huge tariffs, unlike anything they had faced in modern times, as high as 35%. US hailed the developments as signs that they are WINNING. But by the end of the last week, it was no longer clear who, if anyone, was winning. US tariffs are apparently antidote to globalization, a way to force more manufacturing back to the US, to reduce America's reliance on foreign products and lower the large trade deficits, which has long been a sign of US economic weakness. Last week, Supreme Court struck down legal premise of punitive tariffs. After the ruling, the US administration insisted that many of the deals would stand, although even acknowledged that some might not. The court's decision has left the fate of the trade deals highly uncertain. Many government leaders who brokered trade deals and made significant pledges, especially India (buying cheap Russian oil may get more complicated), faced political recrimination at home, accused of giving away too much and, at times, even sacrificing national sovereignty. Countries that chose to conclude deals with the US, knowing that the Supreme Court could overturn the tariffs, negotiated with the assumption that US would find another way to impose import duties to achieve goal of more balanced trading relationships. The fact that in future, actual tariff rates may keep shifting adding trade uncertainty with the US for global trade – *NYT.*



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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						
	02-Mar-26	23-Feb-26	16-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	279.47	279.56	279.62	280.12	278.55	281.86	226.43	176.51	159.83	154.85
USD - Forward - 1M	280.52	280.35	280.16	281.12	279.49	284.24	226.81	177.48	160.88	156.20
USD - Forward - 3M	281.80	282.12	281.86	282.87	280.68	287.97	227.33	179.80	162.77	158.04
USD - Forward - 6M	284.20	284.41	284.02	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%	10.2853%	10.1983%	10.4878%	11.9900%	21.2500%	16.9900%	10.5900%	7.1500%	13.4900%
T-Bills 6M - (Auction Cut-off)	10.4437%	10.4437%	10.3237%	10.4799%	11.9900%	21.3500%	16.8900%	11.4500%	7.2000%	13.2900%
T-Bills 12M - (Auction Cut-off)	10.5996%	10.5996%	10.3997%	10.4880%	12.2900%	21.3500%	16.8000%	11.5100%	7.2900%	13.1300%
PIB 03Y (MKT - YTMs)	10.5000%	10.5000%	10.4000%	10.5000%	12.3000%	17.1000%	15.6500%	11.4000%	8.2800%	11.6100%
PIB 05Y (MKT - YTMs)	11.0800%	11.0700%	10.9800%	10.8000%	12.3500%	16.1000%	14.6000%	11.4000%	9.0800%	10.9400%
PIB 10Y (MKT - YTMs)	11.6000%	11.5000%	11.4000%	11.4700%	12.1500%	14.9000%	13.7000%	11.6000%	9.9000%	11.0000%
PIB 10Y FRB (MKT Spread)	45bps	45bps	40bps	63bps	135bps	150 bps	70bps	68bps	65bps	34bps
Pakistan - Interbank Money Market Rates - KIBOR & REPO										
KIBOR - 1 Month	10.8000%	10.7600%	10.7500%	10.8400%	13.3500%	22.1000%	16.4000%	10.3900%	7.4500%	13.6800%
KIBOR - 3 Months	10.5900%	10.5600%	10.5100%	10.6300%	12.1400%	21.4600%	17.0000%	10.5400%	7.2900%	13.5500%
KIBOR - 6 Months	10.6100%	10.5700%	10.5300%	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%	10.4000%	11.0000%	12.2500%	22.1000%	16.8000%	10.5000%	7.2000%	13.4500%
Repo - 6 Months	10.4000%	10.4000%	10.4000%	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	0.9700%	1.9500%	2.3400%	4.8500%	10.3000%	22.8200%	38.7700%	5.7600%	0.0000%	0.0000%
Eurobond $1.5b - 6.875%-12/27	5.6600%	5.5300%	5.6100%	6.1800%	10.5800%	18.1800%	30.9900%	6.4900%	5.8900%	6.0500%
Sukuk $1.0b - 7.950%-01/29	6.0500%	6.0200%	6.0700%	6.8200%	10.0800%	15.2100%	22.0200%	3.1200%	0.0000%	0.0000%
Eurobond $1.4b - 7.375%-04/31	6.8700%	6.8100%	6.8500%	7.2400%	10.8700%	16.5700%	26.1900%	7.3200%	0.0000%	0.0000%
Eurobond $0.3b - 7.875%-03/36	7.6400%	7.6000%	7.6200%	8.0100%	11.2000%	16.5700%	26.1900%	7.3200%	0.0000%	0.0000%
Eurobond $0.8b - 8.875%-04/51	8.6500%	8.6200%	8.6300%	8.9400%	11.3800%	24.0900%	24.0900%	8.8000%	0.0000%	0.0000%
WAPDA Green -$0.5b-7.50%-06/31	7.6700%	7.7100%	7.7000%	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)	336bps	337bps	351bps	441bps	1493bps	3306bps	9763bps	376bps	465bps	350bps
Forex Reserves - SBP	$21.407b	$21.301b	$21.374b	$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	$2.56b	$2.67b	$2.74b	$2.64b	$2.00b	$1.40b	$1.30b	$2.10b	$2.73b	$3.74b
SCRA A/C - LCY Debt - SBP	$555m	$518m	$469m	$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 12/25 - SBP	37.430 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 12/25 - SBP	14.880 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	13.943 tr	14.144 tr	13.617 tr	13.122 tr	11.18 tr	10,119b	5,177b	1,674b	1,000b	975b
PSX - 100-Index	168,062	173,169	179,603	174,054	117,008	64,661	39,669	44,886	43,416	40,735
Wheat - (USd-MT)	$227.81	$227.81	$226.99	$222.16	$246.00	$245	$329	$274	$212	$224
Cotton - US Cotton #2 (CTZ5) - USd	$65.50	$61.94	$62.11	$64.34	$68.76	$81.22	$84.53	$113.00	$76.17	$69.05
Sugar London - USd - LSUc1	$407.90	$403.30	$397.10	$426.00	$509.00	$594.00	$554.00	$497.00	$408.00	$358.00
Soybean - USd/Bu	$1,146	$1,130	$1,133	$1,042	$981	$1,298	$1,524	$1,288	$1,341	$942
Coal - USd/T	$119.15	$116.20	$116.70	$106.65	$123.50	$131.55	$404.15	$169.60	$87.40	$67.50
Oil (WTI-OPEC)	$71.30	$65.74	$62.95	$57.89	$71.94	$72.92	$79.93	$76.38	$48.20	$61.20
Gold (Spot - USD/t.oz)	$5,353	$5,156	$5,043	$4,321	$2,635	$2,075	$1,840	$1,804	$1,891	$1,518
Silver (Spot - USD/t.oz)	$93.66	$86.96	$77.40	$74.62	$30.50	$23.75	$24.10	$21.93	$24.42	$17.18
Copper - USD/Lbs	$5.98	$5.82	$5.75	$4.09	$4.09	$3.69	$3.90	$4.28	$3.47	$2.74
Bitcoin - BTC	$66,693	$65,027	$68,303	$88,412	$101,138	$42,265	$17,561	$47,169	$28,841	$7,294
US$ Index - DXY	97.95	97.49	96.98	98.30	108.49	101.33	110.05	89.21	93.27	96.54
PKR/US$ - KERB - Ecs	281.25	281.25	281.50	282.10	282.00	284.00	236.50	180.00	161.00	155.10

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