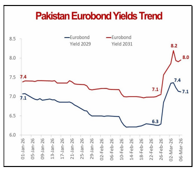
Treasury Consultants

CMKA WEEKLY TREASURY MARKET OUTLOOK 09$^{\text{TH}}$ MARCH 2026

MARKET OUTLOOK

The war in the *Middle East* has cast doubt on capital market activity in the region as conflict freezes travel of bankers and dealmakers over concerns of security risks and business disruptions. Bankers and investors warned that conflict may disrupt planned capital market fundraising & may need to conduct security assessments before tavelling, leading to a *meaningful delay* in visits b/w **ME** & other parts of the world. **Pakistan's planned raising of $1-2$^{\text{b}}$ from Eurobonds/ Sukuks may get delayed.** Consequently, **EMs** bonds are faced with **renewed selling pressure** as intl' stocks/bonds and economy are largely linked to *geopolitical risk* $^{\text{See Chart}\downarrow,}$ which historically have tended to create higher unpredictability.



Price (YTM) Comparison 'B' Rated $-Eurobonds -Before & After ME War - 06 March 2026 - Offer Price							
Borrower	**Security**	**Maturity**	**Amt $m**	**Coupon**	**YTM 26.02.2026**	**YTM 06.03.2026**	**Variation**
Tajikistan Intl' Bond	$ - Eurobond	14-Sep-27	350	7.125%	5.120%	6.060%	94bps↑
Republic of Kenya	$ - Eurobond	28-Feb-28	400	7.250%	5.300%	6.020%	72bps↑
Islamic Rep of Pakistan	$ - Eurobond	08-Apr-31	1,400	7.375%	6.870%	8.010%	114bps↑
Arab Republic of Egypt	$ - Eurobond	11-Apr-31	1,250	6.375%	5.930%	6.960%	103bps↑
Kingdom of Bahrain	$ - Eurobond	30-Sep-31	1,000	5.625%	5.920%	6.930%	101bps↑
Republic of Nigeria	$ - Eurobond	16-Feb-32	1,500	7.875%	6.560%	7.210%	65bps↑

However, long-lasting impact may depend on the nature of *geopolitical risk* that may be evolving. A broader drawn-out conflict may increase stress on Emerging Markets$^{\text{EMs}}$ economies $^{\text{including Pakistan}}$ & revive debt concern. Surge in energy & food prices may play a key role in the crises with rising inflation, disruption of **FCY** remittances and maritime traffic.

FOREIGN EXCHANGE

Pakistan's trade deficit widened by **8.4%$^{\text{MoM}}$** to **$2.98b** in **Feb26,** $^{\text{\$2.75bn in Jan26,}}$ as exports fell reversing the previous month's strong performance with a moderate contraction in imports. It expanded by **4.63%**$^{\text{YoY - \$2.85bn in Feb25,}}$ reflecting continued pressure on external account. Furthermore, the escalating conflict in the Middle East threatens drop in Pakistan's home remittances and potentially widening **CA** deficit. However, suspended travelling $^{\text{out of Pakistan}}$ to the **ME** may keep cash **$** demand lower. In the interbank **$** closed at **279.40** and in kerb **ECs** quoted a mid-rate of **280.00** And **PKR/$** forward swap premiums traded **1$^{\text{M}}$@1.37**$^{(1.05),}$ **3$^{\text{M}}$@2.77**$^{(2.33)}$ & **6$^{\text{M}}$@4.85**$^{(4.73).}$ Forex reserves closed at **21.433^{\text{b}}$** **($21.407b)↑$26m.**

MONEY MARKET

According to data released by Pakistan Bureau of Statistics$^{\text{PBS,}}$ **CPI** based inflation for **Feb26** was recorded at **7%**$^{\text{YoY}}$ as compared to **5.8%** $^{\text{in Jan26.}}$ In a quest to finance the rising budget deficit, govt aims to raise **6.5tr** by revising the auction targets of **5.1tr** for **Mar-May26**. It represents T-bills - **5tr** and Bonds **1.52tr.** T-bills auction targets have been adjusted to align with maturities of **4.26tr.** In last week's T-bills auction, **CB** raised **581b** $^{\text{- maturity 475b \& target 550b.}}$ In view of current situation, cutoff yields moved up in range of **21-39**$^{\text{bps}}$ in **1-12**$^{\text{M}}$ tenors. And *policy rate* in today's **MPC** looks unchanged. Further monetary easing may be deferred due to **ME** war external risks of higher oil prices and **FCY** flow stress.

Global Economy Is Facing the Prospect of Another Profound Shock

A protracted conflict in the Middle East risks a spike in energy prices and broader inflation. In the most hopeful scenario for the global economy, the latest war in the Middle East prevent a shock to the world's energy supplies. But experts cautioned against any hasty sense of reassurance. Any event that extends the conflict or threatens sources of oil and gas is likely to lift energy prices to levels that would sow inflation. That could prompt central banks worldwide to raise interest rates, pushing up the costs of mortgages, car loans and other borrowing. And that would choke off consumer spending and business investment - a classic pathway to a downturn. At center of concern for the moment is the fate of energy produced in the Middle East, source of 30% of the world's oil and 17% of its natural gas. Any disruption to that flow would almost certainly trigger trouble in the world's largest importing nations - major economies in East Asia and Europe. But the crisis at hand underscores the stubborn reality that the world remains heavily dependent on fossil fuels. If passage through the Strait of Hormuz is impeded for more than a few weeks, and if Iranian missiles damage refineries, that will outweigh any immediate gains from cleaner sources of power. That could increase the cost of growing food, threatening malnutrition in sub-Saharan Africa and South Asia - NYT.

Pakistan - Treasury Bills - DV / Floater Bond Auction - March 04, 2026							
Tenor	Target	Maturity	Bids	Raised	Cutoff 18Feb26	Cutoff 04Mar26	Change bps
1M	50.00	107.81	261.30	95.10	10.1482%	10.4955%	34.7↑
3M	200.00	236.65	180.90	260.30	10.2853%	10.5001%	21.5↑
6M	100.00	45.93	203.10	71.50	10.4437%	10.7401%	29.6↑
12M	200.00	84.68	270.00	154.80	10.5996%	10.9928%	39.3↑
Total	550.00	475.07	915.30	581.70	Amount in Billions PKR		
10Y	25.00	0	256.50	Rejected	54.90bps	Rejected	
Total	25.00	NIL	256.50	-	6M T-bills W.A +Spread		

Contributors: Asad Rizvi, Asif Hussain and Khalid Jamil

Established 1994 – Website: www.cmkapak.com – Email: khalid@cmkapak.com – Telephone 3263 4572 & 3263-4515

Suite 908 & 909, 9th Floor, Tower 'B', Saima Trade Tower, I.I. Chundrigar Road, Karachi 74200, Pakistan

CMKA

CMKA WEEKLY TREASURY MARKET OUTLOOK – 09TH MARCH 2026

Currency Market Associates - Pakistan Treasury Market Weekly Update

Date →	Three (3) Weeks Rate			Year End December Closing Rate in PKR/USD						
	09-Mar-26	02-Mar-26	23-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	279.40	279.47	279.56	280.12	278.55	281.86	226.43	176.51	159.83	154.85
USD - Forward - 1M	280.77	280.52	280.35	281.12	279.49	284.24	226.81	177.48	160.88	156.20
USD - Forward - 3M	282.17	281.80	282.12	282.87	280.68	287.97	227.33	179.80	162.77	158.04
USD - Forward - 6M	284.25	284.20	284.41	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)	10.5001%	10.2853%	10.2853%	10.4878%	11.9900%	21.2500%	16.9900%	10.5900%	7.1500%	13.4900%
T-Bills 6M - (Auction Cut-off)	10.7401%	10.4437%	10.4437%	10.4799%	11.9900%	21.3500%	16.8900%	11.4500%	7.2000%	13.2900%
T-Bills 12M - (Auction Cut-off)	10.9928%	10.5996%	10.5996%	10.4880%	12.2900%	21.3500%	16.8000%	11.5100%	7.2900%	13.1300%
PIB 03Y (MKT - YTMs)	10.8000%	10.5000%	10.5000%	10.5000%	12.3000%	17.1000%	15.6500%	11.4000%	8.2800%	11.6100%
PIB 05Y (MKT - YTMs)	11.4000%	11.0800%	11.0700%	10.8000%	12.3500%	16.1000%	14.6000%	11.4000%	9.0800%	10.9400%
PIB 10Y (MKT - YTMs)	11.8500%	11.6000%	11.5000%	11.4700%	12.1500%	14.9000%	13.7000%	11.6000%	9.9000%	11.0000%
PIB 10Y FRB (MKT Spread)	55bps	45bps	45bps	63bps	135bps	150 bps	70bps	68bps	65bps	34bps
Pakistan - Interbank Money Market Rates - KIBOR & REPO										
KIBOR - 1 Month	10.8800%	10.8000%	10.7600%	10.8400%	13.3500%	22.1000%	16.4000%	10.3900%	7.4500%	13.6800%
KIBOR - 3 Months	10.7300%	10.5900%	10.5600%	10.6300%	12.1400%	21.4600%	17.0000%	10.5400%	7.2900%	13.5500%
KIBOR - 6 Months	10.8000%	10.6100%	10.5700%	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	10.5000%	10.4000%	10.4000%	11.0000%	12.2500%	22.1000%	16.8000%	10.5000%	7.2000%	13.4500%
Repo - 6 Months	10.5000%	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	3.1000%	0.9700%	1.9500%	4.8500%	10.3000%	22.8200%	38.7700%	5.7600%	0.0000%	0.0000%
Eurobond $1.5b - 6.875%-12/27	6.5600%	5.6600%	5.5300%	6.1800%	10.5800%	18.1800%	30.9900%	6.4900%	5.8900%	6.0500%
Sukuk $1.0b - 7.950%-01/29	7.1000%	6.0500%	6.0200%	6.8200%	10.0800%	15.2100%	22.0200%	3.1200%	0.0000%	0.0000%
Eurobond $1.4b - 7.375%-04/31	8.0100%	6.8700%	6.8100%	7.2400%	10.8700%	16.5700%	26.1900%	7.3200%	0.0000%	0.0000%
Eurobond $0.3b - 7.875%-03/36	8.3800%	7.6400%	7.6000%	8.0100%	11.2000%	16.5700%	26.1900%	7.3200%	0.0000%	0.0000%
Eurobond $0.8b - 8.875%-04/51	9.2300%	8.6500%	8.6200%	8.9400%	11.3800%	24.0900%	24.0900%	8.8000%	0.0000%	0.0000%
WAPDA Green -$0.5b-7.50%-06/31	8.4200%	7.6700%	7.7100%	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)	425bps	336bps	337bps	441bps	1493bps	3306bps	9763bps	376bps	465bps	350bps
Forex Reserves - SBP	$21.433b	$21.407b	$21.301b	$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	$2.49b	$2.56b	$2.67b	$2.64b	$2.00b	$1.40b	$1.30b	$2.10b	$2.73b	$3.74b
SCRA A/C - LCY Debt - SBP	$510m	$555m	$518m	$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)	7.00%	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	37.430 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	14.880 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	13.808 tr	13.943 tr	14.144 tr	13.122 tr	11.18 tr	10,119b	5,177b	1,674b	1,000b	975b
PSX - 100-Index	157,496	168,062	173,169	174,054	117,008	64,661	39,669	44,886	43,416	40,735
Wheat - (USd-MT)	$227.82	$227.81	$227.81	$222.16	$246.00	$245	$329	$274	$212	$224
Cotton - US Cotton #2 (CTZ5) - USd	$64.25	$65.50	$61.94	$64.34	$68.76	$81.22	$84.53	$113.00	$76.17	$69.05
Sugar London - USd - LSUc1	$406.20	$407.90	$403.30	$426.00	$509.00	$594.00	$554.00	$497.00	$408.00	$358.00
Soybean - USd/Bu	$1,169	$1,146	$1,130	$1,042	$981	$1,298	$1,524	$1,288	$1,341	$942
Coal - USd/T	$137.50	$119.15	$116.20	$106.65	$123.50	$131.55	$404.15	$169.60	$87.40	$67.50
Oil (WTI-OPEC)	$109.51	$71.30	$65.74	$57.89	$71.94	$72.92	$79.93	$76.38	$48.20	$61.20
Gold (Spot - USD/t.oz)	$5,098	$5,353	$5,156	$4,321	$2,635	$2,075	$1,840	$1,804	$1,891	$1,518
Silver (Spot - USD/t.oz)	$83.37	$93.66	$86.96	$74.62	$30.50	$23.75	$24.10	$21.93	$24.42	$17.18
Copper - USD/Lbs	$5.79	$5.98	$5.82	$4.09	$4.09	$3.69	$3.90	$4.28	$3.47	$2.74
Bitcoin - BTC	$67,405	$66,693	$65,027	$88,412	$101,138	$42,265	$17,561	$47,169	$28,841	$7,294
US$ Index - DXY	99.33	97.95	97.49	98.30	108.49	101.33	110.05	89.21	93.27	96.54
PKR/US$ - KERB - Ecs	280.00	281.25	281.25	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.

Contributors: Asad Rizvi, Asif Hussain and Khalid Jamil