CMKA WEEKLY TREASURY MARKET OUTLOOK 06TH APRIL 2026

MARKET OUTLOOK

Pakistan having given commitments to **IMF** under **MEFP** Memorandum of Economic & Financial Policies for passing on the impact on oil prices to consumers, hiked for the second time 02Apr26 prices of diesel and petrol. After **Mar2026** increase consumption increased by **>19%** YoY in **<1M,** on expectations of further price increases amid an uptick in global oil markets spurred by the **ME** conflict. The decision is likely to ripple thru to higher inflation. Pakistan imports oil mainly from **GCC** through the Strait of Hormuz. As a silver lining, **Pakistan's role as a *negotiator* to halt the ME war may add future unforeseen financial benefits.** Post **9/11** and during *war-on-terror's* geopolitical episode b/w 2001-2003, Pakistan had witnessed sudden sizable **FCY** inflows. However, at the end of ongoing **ME** war, there is a possibility that some positive dynamics may transpire and investors mainly expatriate NRPs and resident *citizens* HNWI who had found safe-haven in **GCC** may favour investing in Pakistan or at least **stop regular investment outflow.** Return of *lost capital coming back home* may be a notable offshore wealth pool shift. And lifting of sanctions on Iran may further offer new business scenarios Including Start of Pak/Iran Gas Pipeline Project and replace trade loss of $4b with Afghanistan. On **6th** week of war in **ME,** market is entering a crucial stage.

FOREIGN EXCHANGE

In interbank **$** closed at **279.10** and in kerb **ECs** quoted a mid-rate of **279.60**. Forward swap premiums for **PKR/$** traded **1M@1.06**(1.20), **3M@2.71**(2.71) & **6M@4.505**(4.93). And forex reserves closed at **$21.789b** ($21.736b)↑$53m. However**,** expected large **FCY** debt outflow of **>$4b** in **Apr26** may change the forex reserves position and set a new **$** business directon.

MONEY MARKET

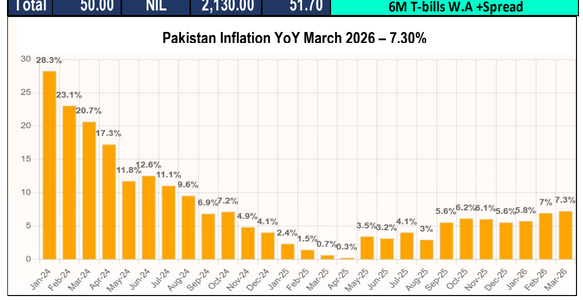
According to **IMF,** if inflation pressures intensify in Pakistan, **CB** may raise interest rates and maintain a tight monetary policy to steer external risks amid ongoing geopolitical tensions by keeping a check on volatile global oil/gas prices. **IMF** supported **CB's** stance in its latest assessment following staff-level agreement, emphasizing that keeping inflation within target range remains top priority for stability of the financial markets. Inflation after rise in local fuel prices may range b/w **11-12%** in **2Q26** and remittance inflows depending on economic conditions of host countries GCC, may be crucial for further modifications in Pakistan's economic conditions. During T-bills auction held on **01Apr26** target 750b maturity 506b, **CB** received bids of **2.96tr** with 1.79tr in 1M and accepted **753b** with **3M** cutoff rising up by **29**bps. Aggressive bidding in short dated **1M** indicates hedging ahead of **MPC,** with chances of increase in *policy rate* by up to **150bps.** There has been renewed interest in trading of floating rate bonds as banks prefer to prudently lower future interest rate risk.

Oil Shocks Are Bullish for Gold. But Why Gold Is Down?

In times of crisis, capital flees to *safe-haven* assets, like the one market is seeing now, are supposed to lead to rising gold prices. But it's other way round. Why? During the first Middle East War of 1970s, oil supply had shocks had pushed gold up from $90 to $180 in 12M. And the second oil shock came at the end of 1970s, when USSR invaded Afghanistan followed by the fall of Shah of Iran. Thereafter oil prices went ballistic and for second time in a decade gold prices surged from $220 to $850. It never looked back. *Fast forward to 2026.* Missiles fly across the Middle East and Strait of Hormuz remains closed. This has sparked a supply shock among global markets and yet, price of gold is dropping. Operation Epic Fury is different. Despite rising tsunami of global chaos, gold prices never even made a run at their late Jan2026 peak. Indeed, they're down about >$1,000 from all-time highs. What happened to gold as a hedge against oil shocks & global chaos? Answer: Nothing. Gold initially tried to rally as Epic Fury got underway but it just didn't get very far. And that's mainly due to a bearish factor unique to present situation; Gulf States scrambled for cash liquidity. Along Persian Gulf, oil exports are GCC main source of income. And because many of these countries' CCYs are informally pegged to $, they must hold large $ balances. But because closure of Strait has locked them out of export markets, oil can't flow, & they don't get paid in $. So, they're selling GOLD to raise cash pushing price of gold down in the process. Of course, all this may change once GCC oil exports resume and the Middle East war is stopped. *Source: Weiss Research.*

Pakistan - Treasury Bills - DV / Floater Bond Auction - April 01, 2026

Tenor	Target	Maturity	Bids	Raised	Cutoff 16Mar26	Cutoff 01Apr26	Change bps
1M	200.00	95.10	1,796.00	146.00	11.4795%	11.1886%	29↓
3M	200.00	79.60	575.00	473.00	11.5000%	11.7899%	29↑
6M	200.00	112.40	210.00	98.00	11.4998%	11.4750%	02↓
12M	150.00	219.30	386.00	36.00	11.5000%	11.7501%	25↑
Total	750.00	506.40	2,967.00	753.00	Amount in Billions PKR		
10Y	50.00	0	2,130.00	51.70	95.51bps	95bps	0.51↓
Total	50.00	NIL	2,130.00	51.70	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						
	06-Apr-26	30-Mar-26	16-Mar-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	279.10	279.17	279.31	280.12	278.55	281.86	226.43	176.51	159.83	154.85
USD - Forward - 1M	280.16	280.37	280.83	281.12	279.49	284.24	226.81	177.48	160.88	156.20
USD - Forward - 3M	281.81	281.88	282.23	282.87	280.68	287.97	227.33	179.80	162.77	158.04
USD - Forward - 6M	284.15	284.10	284.31	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)	11.7899%	11.5000%	11.5000%	10.4878%	11.9900%	21.2500%	16.9900%	10.5900%	7.1500%	13.4900%
T-Bills 6M - (Auction Cut-off)	11.4750%	11.4998%	11.4998%	10.4799%	11.9900%	21.3500%	16.8900%	11.4500%	7.2000%	13.2900%
T-Bills 12M - (Auction Cut-off)	11.7501%	11.5000%	11.5000%	10.4880%	12.2900%	21.3500%	16.8000%	11.5100%	7.2900%	13.1300%
PIB 03Y (MKT - YTMs)	12.4700%	12.4200%	11.4000%	10.5000%	12.3000%	17.1000%	15.6500%	11.4000%	8.2800%	11.6100%
PIB 05Y (MKT - YTMs)	12.6000%	12.4800%	11.7500%	10.8000%	12.3500%	16.1000%	14.6000%	11.4000%	9.0800%	10.9400%
PIB 10Y (MKT - YTMs)	12.8000%	12.7000%	12.1000%	11.4700%	12.1500%	14.9000%	13.7000%	11.6000%	9.9000%	11.0000%
PIB 10Y FRB (MKT Spread)	92bps	93bps	95.51bps	63bps	135bps	150 bps	70bps	68bps	65bps	34bps
Pakistan - Interbank Money Market Rates - KIBOR & REPO										
KIBOR - 1 Month	11.1200%	11.1100%	10.9400%	10.8400%	13.3500%	22.1000%	16.4000%	10.3900%	7.4500%	13.6800%
KIBOR - 3 Months	11.4900%	11.4300%	10.8800%	10.6300%	12.1400%	21.4600%	17.0000%	10.5400%	7.2900%	13.5500%
KIBOR - 6 Months	11.6400%	11.5300%	11.0100%	10.6500%	12.1600%	21.7100%	17.0400%	11.4600%	7.3500%	13.4900%
Repo - 1 Month	10.9000%	10.6000%	10.5500%	11.0000%	13.0000%	22.1000%	16.2500%	10.3000%	7.2000%	13.4500%
Repo - 3 Months	11.1200%	10.7500%	10.7500%	11.0000%	12.2500%	22.1000%	16.8000%	10.5000%	7.2000%	13.4500%
Repo - 6 Months	11.2500%	10.7500%	10.7500%	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 $1.5b - 6.875%-12/27	6.7800%	7.4300%	7.0200%	6.1800%	10.5800%	18.1800%	30.9900%	6.4900%	5.8900%	6.0500%
Sukuk $1.0b - 7.950%-01/29	7.5400%	8.0400%	7.7000%	6.8200%	10.0800%	15.2100%	22.0200%	3.1200%	0.0000%	0.0000%
Eurobond $1.4b - 7.375%-04/31	8.5000%	8.9100%	8.3000%	7.2400%	10.8700%	16.5700%	26.1900%	7.3200%	0.0000%	0.0000%
Eurobond $0.3b - 7.875%-03/36	8.8700%	9.3200%	8.6100%	8.0100%	11.2000%	16.5700%	26.1900%	7.3200%	0.0000%	0.0000%
Eurobond $0.8b - 8.875%-04/51	9.5800%	9.8800%	9.4500%	8.9400%	11.3800%	24.0900%	24.0900%	8.8000%	0.0000%	0.0000%
WAPDA Green -$0.5b-7.50%-06/31	9.5900%	9.7600%	9.3200%	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) Indicative	562bps	578bps	425bps	441bps	1493bps	3306bps	9763bps	376bps	465bps	350bps
Forex Reserves - SBP	$21.789b	$21.736b	$21.704b	$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	$2.08b	$2.15b	$2.50b	$2.64b	$2.00b	$1.40b	$1.30b	$2.10b	$2.73b	$3.74b
SCRA A/C - LCY Debt - SBP	$307m	$332m	$511m	$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)	7.30%	7.00%	7.00%	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	37.430 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	14.880 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. (20Mar26) - SBP	12,101b	12,101b	11,738b	10,967b	9,144b	8.548tr	7.795tr	7.20tr	6.30tr	5.44 tr
OMO-QE Injection - SBP	15.123 tr	14.460 tr	14.351 tr	13.122 tr	11.18 tr	10,119b	5,177b	1,674b	1,000b	975b
PSX - 100-Index	150,398	151,707	153,866	174,054	117,008	64,661	39,669	44,886	43,416	40,735
Wheat - (USd-MT)	$233.70	$236.53	$240.74	$222.16	$246.00	$245	$329	$274	$212	$224
Cotton - US Cotton #2 (CTZ5) - USd	$70.88	$69.19	$66.00	$64.34	$68.76	$81.22	$84.53	$113.00	$76.17	$69.05
Sugar London - USd - LSUc1	$435.70	$459.60	$414.30	$426.00	$509.00	$594.00	$554.00	$497.00	$408.00	$358.00
Soybean - USd/Bu	$1,163	$1,176	$1,169	$1,042	$981	$1,298	$1,524	$1,288	$1,341	$942
Coal - USd/T	$137.90	$143.00	$138.75	$106.65	$123.50	$131.55	$404.15	$169.60	$87.40	$67.50
Oil (WTI-OPEC)	$111.32	$101.50	$99.55	$57.89	$71.94	$72.92	$79.93	$76.38	$48.20	$61.20
Gold (Spot - USD/t.oz)	$4,667	$4,510	$5,010	$4,321	$2,635	$2,075	$1,840	$1,804	$1,891	$1,518
Silver (Spot - USD/t.oz)	$72.46	$70.46	$79.86	$74.62	$30.50	$23.75	$24.10	$21.93	$24.42	$17.18
Copper - USD/Lbs	$5.60	$5.48	$5.70	$4.09	$4.09	$3.69	$3.90	$4.28	$3.47	$2.74
Bitcoin -BTC	$69,181	$67,746	$73,901	$88,412	$101,138	$42,265	$17,561	$47,169	$28,841	$7,294
US$ Index - DXY	100.10	100.11	100.30	98.30	108.49	101.33	110.05	89.21	93.27	96.54
PKR/US$ - KERB - Ecs	279.60	279.85	279.75	282.10	282.00	284.00	236.50	180.00	161.00	155.10

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