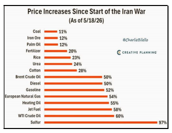
Treasury Consultants

CMKA WEEKLY TREASURY MARKET OUTLOOK 25TH MAY 2026

MARKET OUTLOOK



Pakistan's Shariah-compliant financial services known as Islamic Banking is expanding at a rapid pace and market penetration is expected to witness phenomenal growth. Total banking assets projected to reach **>19tr** by **Dec26** up >25% - YoY. Share in total banking deposits is expected to increase by **>30%** & loans by **>7.5tr** up >30% **YoY.** It also plays a vital role in financing govt Sharia-compliant debt instruments outstanding approximately 6.6tr via Sukuks; backed by underyling assets showcasing different types; Hybrid or Leaseback, Commodity Murabaha transaction and Sovereign Green Sukuk to finance renewable energy and climate resilience projects. Advantage of **PSX** listing of Sukuks with trading platform BATS & electronic safekeeping at **CDC** further strengthen the fastest-growing Islamic Shariah-compliant instruments market.

On the other hand, **UN** World Food Program WFP report that countries dependent on fertilizer and fuel imports primarily in Africa and South Asia, could face serious food insecurity if war continues**. ME** war's overlooked front remains on *food insecurity* since the blockade of *Strait of Hormuz* needs a *humanitarian* corridor. Consequently, after the news that a **60** days tenuous ceasefire may be announced and a proposed deal may be signed soon in Islamabad, oil prices fell to **$90** levels. Only a permanent peace deal, if materialised may help full reopening of the *Strait of Hormuz*, a vital passageway for shipment of a significant portion of the world's oil, gas and fertilizer See Chart.

FOREIGN EXCHANGE

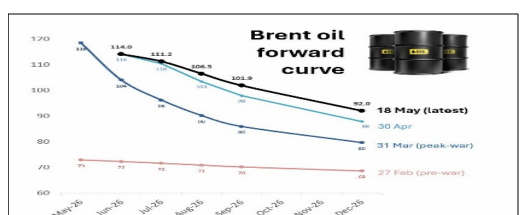
Pakistan continue to struggle in attracting **FDIs** as inflows during **Apr26** was merely **$54m** $179m-YoY. For **Jul25-Apr26**, **FDI** stood at **$1.4b** $2.035b-YoY down **31%.** This is the reflection of **FDI** withdrawal by several countries except China with **$740m** inflow as the largest source of **FDI** in last **10M**. In the interbank, **PKR** against **$** closed at **278.55** and in kerb **ECs** quoted a mid-rate of **279.20**. Forward premiums traded **1M@2.00**(1.91), **3M@5.10**(5.11) and **6M@9.60**(9.15). **CB's** forex reserves for the week closed at **$22.588b** ($21.336b)↑$1.25b.

MONEY MARKET

The **US** Treasury Bonds trembled on pushing rates to levels not seen since global financial crisis nearly 20Y ago, as investors grew increasingly anxious about rising inflation due to ME war. Yield on **30Y** Treasury rose to **5.18%** highest level since **2007.** Bond yields move inversely to prices and rising rates are pushing up borrowing costs for govts, homeowners and businesses. And Japan's **30Y** bond yield touched **4.13%** highest ever, as rising energy prices has started to strain their economy too. Global markets including Pakistan are at a crucial juncture, the end of **ME** war under final mediation stage with possible positive outcome shortly, may only help to reduce market volatility. In a fixed rate bond PIBs auction, **CB** picked up **618b** target of 350b with cutoff yield moving up by **75** to **50bps** b/w **2-15Y** tenors. And in a T-bills auction scheduled earlier due to forthcoming Eid Al-Adha holidays next week, **CB** picked up **701b** target 450b with cutoff yield rising by **86/41/15/9bps** in **1/3/6/12M** tenors respectively.

Pakistan Investment Bond 'PIB' (Fixed Coupon) Auction May 19, 2026						
Tenor	Target	Bids	Accepted	Cutoff 26Mar26	Cutoff 19May26	Change bps
2 Year	50.00	66.50	24.50	12.5000%	13.2500%	75↑
3 Year	50.00	40.00	5.00	12.5000%	13.2500%	75↑
5 Year	100.00	126.73	15.00	12.5000%	12.9490%	44.9↑
10 Year	100.00	150.76	53.44	Rejected	12.9490%	0
15 Year	50.00	626.50	521.00	12.4000%	12.9000%	50↑
Total	350.00	1,010.49	618.94	Amount in Billions		

Pakistan - Treasury Bills - DV / Floater Bond Auction - May 20, 2026							
Tenor	Target	Maturity	Bids	Raised	Cutoff 13May26	Cutoff 20May26	Change bps
1M	100.00	-	941.00	436.00	11.3700%	12.2300%	86↑
3M	150.00	-	456.00	239.00	12.0848%	12.4904%	41↑
6M	100.00	68.90	150.00	19.60	12.3499%	12.4999%	15↑
12M	100.00	410.30	185.00	6.40	12.4999%	12.5900%	09↑
Total	450.00	479.20	1,732.00	701.00	Amount in Billions PKR		
10Y	50.00	NIL	765.50	NIL	79.43bps	Rejected	
Total	50.00	NIL	765.50	-	6M T-bills W.A +Spread		



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CMKA WEEKLY TREASURY MARKET OUTLOOK – 25th May 2026

Currency Market Associates - Pakistan Treasury Market Weekly Update										
Date →	Three (3) Weeks Rate			Year End December Closing Rate in PKR/USD						
	25-May-26	18-May-26	11-May-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	278.55	278.61	278.70	280.12	278.55	281.86	226.43	176.51	159.83	154.85
USD - Forward - 1M	280.55	280.52	280.48	281.12	279.49	284.24	226.81	177.48	160.88	156.20
USD - Forward - 3M	283.65	283.72	283.23	282.87	280.68	287.97	227.33	179.80	162.77	158.04
USD - Forward - 6M	288.15	287.76	286.72	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)	12.4904%	12.0848%	11.8398%	10.4878%	11.9900%	21.2500%	16.9900%	10.5900%	7.1500%	13.4900%
T-Bills 6M - (Auction Cut-off)	12.4999%	12.3499%	11.9800%	10.4799%	11.9900%	21.3500%	16.8900%	11.4500%	7.2000%	13.2900%
T-Bills 12M - (Auction Cut-off)	12.5900%	12.4999%	12.0999%	10.4880%	12.2900%	21.3500%	16.8000%	11.5100%	7.2900%	13.1300%
PIB 03Y (MKT - YTMs)	13.0000%	12.7000%	12.3000%	10.5000%	12.3000%	17.1000%	15.6500%	11.4000%	8.2800%	11.6100%
PIB 05Y (MKT - YTMs)	12.8000%	12.8500%	12.5000%	10.8000%	12.3500%	16.1000%	14.6000%	11.4000%	9.0800%	10.9400%
PIB 10Y (MKT - YTMs)	12.9000%	13.1000%	12.8500%	11.4700%	12.1500%	14.9000%	13.7000%	11.6000%	9.9000%	11.0000%
PIB 10Y FRB (MKT Spread)	75bps	75bps	74bps	63bps	135bps	150 bps	70bps	68bps	65bps	34bps
Pakistan - Interbank Money Market Rates - KIBOR & REPO										
KIBOR - 1 Month	12.0900%	11.8100%	11.8800%	10.8400%	13.3500%	22.1000%	16.4000%	10.3900%	7.4500%	13.6800%
KIBOR - 3 Months	12.3400%	12.0300%	11.8000%	10.6300%	12.1400%	21.4600%	17.0000%	10.5400%	7.2900%	13.5500%
KIBOR - 6 Months	12.5900%	12.2500%	12.0100%	10.6500%	12.1600%	21.7100%	17.0400%	11.4600%	7.3500%	13.4900%
Repo - 1 Month	11.5500%	11.5500%	11.5500%	11.0000%	13.0000%	22.1000%	16.2500%	10.3000%	7.2000%	13.4500%
Repo - 3 Months	11.6000%	11.6000%	11.6000%	11.0000%	12.2500%	22.1000%	16.8000%	10.5000%	7.2000%	13.4500%
Repo - 6 Months	11.7000%	11.7000%	11.7000%	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 $0.750b - 6.975%-04/29	7.1250%	7.1600%	7.0120%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Eurobond $1.500b - 6.875%-12/27	6.5700%	6.5300%	6.2510%	6.1800%	10.5800%	18.1800%	30.9900%	6.4900%	5.8900%	6.0500%
Eurobond $1.400b - 7.375%-04/31	8.1700%	8.1300%	7.7380%	7.2400%	10.8700%	16.5700%	26.1900%	7.3200%	0.0000%	0.0000%
Eurobond $0.300b - 7.875%-03/36	8.4700%	8.4100%	8.1870%	8.0100%	11.2000%	16.5700%	26.1900%	7.3200%	0.0000%	0.0000%
Eurobond $0.800b - 8.875%-04/51	9.4200%	9.3900%	9.1530%	8.9400%	11.3800%	24.0900%	24.0900%	8.8000%	0.0000%	0.0000%
Sukuk $1.000b - 7.950%-01/29	7.2000%	7.2900%	6.8600%	6.8200%	10.0800%	15.2100%	22.0200%	3.1200%	0.0000%	0.0000%
WAPDA Green - $0.500b-7.50%-06/31	8.7800%	8.8900%	8.5600%	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)	456bps	435bps	429bps	441bps	1493bps	3306bps	9763bps	376bps	465bps	350bps
Forex Reserves - SBP	$22.588b	$21.336b	$21.293b	$21.022b	$16.37b	$12.85b	$11.70b	$24.27b	$20.31b	$18.08b
FCY Debt (Mar26) - SBP	$137.5b	$137.5b	$138.0b	$133.7b	$130.0b	$130.0b	$130.0b	$125.0b	$113.8b	$106.3b
LCY Debt (Mar26) - SBP	57.56 tr	57.56 tr	56.67 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	$2.14b	$2.18b	$2.24b	$2.64b	$2.00b	$1.40b	$1.30b	$2.10b	$2.73b	$3.74b
SCRA A/C - LCY Debt - SBP	$312m	$332m	$313m	$322m	$858m	$3.60m	$5.20m	$656m	$75m	$1.45b
Policy Rate - SBP	11.50%	11.50%	11.50%	10.50%	13.00%	22.00%	16.00%	9.75%	7.00%	13.25%
Fed Rate (US$)	3.75%	3.75%	3.75%	3.75%	4.25%	5.50%	4.00%	0.25%	0.25%	1.75%
CPI (Monthly)	10.90%	10.90%	10.90%	6.15%	4.10%	29.70%	24.50%	12.30%	8.30%	12.67%
Banks' Deposits 03/26 - SBP	37.505 tr	37.505 tr	37.505 tr	35.380 tr	31.11 tr	26.66 tr	22.20 tr	19.91 tr	16.65 tr	14.36 tr
Banks' Loans 03/26 - SBP	14.555 tr	14.555 tr	14.555 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. (03Apr26) - SBP	11,748b	11,748b	11,748b	10,967b	9,144b	8.548tr	7.795tr	7.20tr	6.30tr	5.44 tr
OMO-QE Injection - SBP	15.309 tr	14.539 tr	13.804 tr	13.122 tr	11.18 tr	10,119b	5,177b	1,674b	1,000b	975b
PSX - 100-Index	167,844	165,596	171,115	174,054	117,008	64,661	39,669	44,886	43,416	40,735
Wheat - (USd-MT)	$248.45	$248.50	$220.21	$222.16	$246.00	$245	$329	$274	$212	$224
Cotton - US Cotton #2 (CTZ5) - USd	$78.52	$81.86	$83.05	$64.34	$68.76	$81.22	$84.53	$113.00	$76.17	$69.05
Sugar London - USd - LSUc1	$445.10	$442.90	$431.90	$426.00	$509.00	$594.00	$554.00	$497.00	$408.00	$358.00
Soybean - USd/Bu	$1,194	$1,190	$1,175	$1,042	$981	$1,298	$1,524	$1,288	$1,341	$942
Coal - USd/T	$132.05	$131.50	$132.20	$106.65	$123.50	$131.55	$404.15	$169.60	$87.40	$67.50
Oil (WTI-OPEC)	$90.89	$107.65	$95.42	$57.89	$71.94	$72.92	$79.93	$76.38	$48.20	$61.20
Gold (Spot - USD/t.oz)	$4,556	$4,550	$4,715	$4,321	$2,635	$2,075	$1,840	$1,804	$1,891	$1,518
Silver (Spot - USD/t.oz)	$77.60	$75.51	$80.32	$74.62	$30.50	$23.75	$24.10	$21.93	$24.42	$17.18
Copper - USD/Lbs	$6.34	$6.20	$6.25	$4.09	$4.09	$3.69	$3.90	$4.28	$3.47	$2.74
Bitcoin - BTC	$77,325	$76,988	$81,481	$88,412	$101,138	$42,265	$17,561	$47,169	$28,841	$7,294
US$ Index - DXY	98.98	99.32	97.90	98.30	108.49	101.33	110.05	89.21	93.27	96.54
PKR/US$ - KERB - Ecs	279.20	279.40	279.45	282.10	282.00	284.00	236.50	180.00	161.00	155.10

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