Treasury Consultants

30 YEARS ANNIVERSARY

CMKA WEEKLY TREASURY MARKET OUTLOOK 08TH JUNE 2026

MARKET OUTLOOK

China and Pakistan agreed to fast-track expansion of **CPEC-2**[China Pakistan Economic Corridor,] inorder to upgrade free trade agreement and explore support in manufacturing, agriculture field & digital economy[A.I.] **CPEC-2** may offer a wide range of industrial upgrading projects and most importantly generate *large scale of employment opportunities*. It may optimise industrial structures & improve export competitiveness. On the other hand, under **ME** war shadow, oil prices uncertainty & **IMF** limits, govt may announce **FY-26/27** budget of approx. **17tr-**[$60b] with **GDP** growth projected at **4%** & inflation [average] of **8.4**[%.] Having found a convenient way to collect taxes, petroleum levy is targeted at **1.7**[b-10%,] while total tax revenue aimed at around **15.2tr-**[$54b.] Govt plan to allocate **7.8tr-**[$28b or 45%] for debt servicing payments. Non tax revenue is assessed at **2.7tr** and defence expenditure of around **2.7tr**[$9.7b-15.7%.] However due to war in **ME**, budget[FY-26/27] looks challenging as business confidence deteriorated during **2Q26** with higher inflation, altered investment plans & disrupted supply chains. **Global financial markets continue to struggle, as major cracks emerged in ME war ceasefire driving oil prices to $97 higher.**

And **FIFA-WC-2026** starts from **11Jun** to **19Jul26** [48 teams, 104 matches & 16 host cities in three(3) countries across Canada, Mexico & US.] The official match ball for **FIFA-WC-2026**, named the Adidas Trionda, is proudly manufactured in **Sialkot, Pakistan.** However, there are concern about the lack of hype on upcoming **FIFA-WC-2026** event, especially from oil rich **GCC** nations due to ongoing war in the **ME.** The excitement has taken a backseat, giving way to security & economic concerns. It is **NOT** catching the type of fever or outpouring emotions in this part of the world [Qatar FIFA-WC-2022 is remembered.]

FOREIGN EXCHANGE

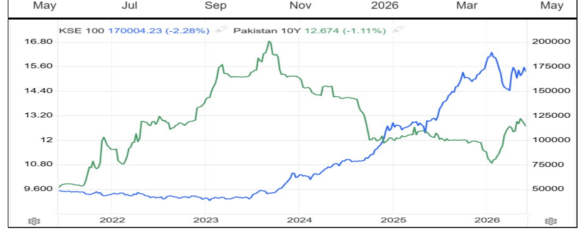
Trade deficit widened by **17.48%** to **$34.7b** during **11M** of **FY25/26** [$29.6b-YoY.] Exports fell by **5.6%** to **27.9b**[29.5b-YoY] & imports swelled by **5.94%** to **$62.66b**[59.15b-YoY.] Uncertainty of **ME** war has started affecting Pakistan's economy, with a likely slowdown in remittances emerging as a key concern. And to counter any such decline, govt has expanded scope of Naya Pakistan Certificates[NPCs] scheme with investment options in Saudi Riyal[SAR] and **UAE** Dirham[AED.] In addition to **PKR, USD, Euro & GBP**, the new scheme may offer investments from **GCC** based **NRPs.** In the interbank, **PKR** against **$** closed at **278.41** and in kerb **ECs** quoted a mid-rate of **278.85**. Forward premiums traded **1M@1.59**[(2.04),] **3M@4.41**[(5.12)] and **6M@8.42**[(9.32).] **CB's** forex reserves for the week closed at **$22.636**[b ($22.646b)↓$10m.]

MONEY MARKET

CPI surged to **11.7%**[YoY] in **May26** [10.9% Apr26,] highest in **23M.** Given the elevated inflation risk, **MM** business may continue to be subdued and driven by the outcome of the **ME** war untill oil prices dip [to $75.] Market expectations around the path of **MPC** [due on 15Jun26] may fluctuate since the situation looks fluid, the bar for a *policy rate* hike seems to be moving upward. Govt securities auctions next week may indicate yield direction & most likely maintain *status quo*, if war continues.

Creating More Banks in USA

Crypto companies & financial technology upstarts have long cast themselves as challengers to traditional banks. But now, many are seeking licenses to enter the very industry they once sought to upend: That is, they want to become banks. Dozens of financial firms - established industry veterans & nascent start-ups have applied for banking charters. The list includes the payments behemoth PayPal; the "buy now, pay later" pioneer Affirm; all of Detroit's Big Three Automakers; World Liberty Financial, which is linked to President's family; and a wave of other crypto-currency brokers and merchants. The firms are taking advantage of US administration policies aimed at creating more banks, after a lengthy period during which the number of new entrants stalled. The banking charters would allow the firms to have more control over the loans they initiate and the assets they can hold. Without a charter, some of the firms have had to rely on third parties to extend credit, which complicates their decision-making and reduces profits. These charters come with other major perks - most notably, for national charters, a federal pre-emption that overrides many state-specific consumer protection laws like interest-rate caps. Banking remains one of America's most heavily regulated industries because of power such institutions hold over consumers, businesses and nation's economy. But US administration has made it clear that it believes regulations went too far, creating excessive red tape. Newly appointed regulators who have significantly cut bank supervision and have rewritten rules to reduce the amount of capital banks need to retain to protect against losses. The relaxed regulations are another factor making it more attractive for financial firms to now seek bank charters. Many of the firms seeking bank charters won't necessarily look like Main Street banks, with retail branches, savings accounts and A.T.M.s. The shift comes after a 15-year stretch in which the average number of new banks created annually plunged to its lowest level since the 1960s. Roughly a quarter of US's 4,500 banks are federally chartered; the rest are licensed and primarily supervised by individual states – *NYT.*



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CMKA WEEKLY TREASURY MARKET OUTLOOK – 08TH June 2026

Currency Market Associates - Pakistan Treasury Market Weekly Update

Date →	Three (3) Weeks Rate			Year End December Closing Rate in PKR/USD						
	08-Jun-26	01-Jun-26	25-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	278.41	278.50	278.55	280.12	278.55	281.86	226.43	176.51	159.83	154.85
USD - Forward - 1M	280.00	280.54	280.55	281.12	279.49	284.24	226.81	177.48	160.88	156.20
USD - Forward - 3M	282.82	286.62	283.65	282.87	280.68	287.97	227.33	179.80	162.77	158.04
USD - Forward - 6M	286.83	287.82	288.15	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%	12.4904%	12.4904%	10.4878%	11.9900%	21.2500%	16.9900%	10.5900%	7.1500%	13.4900%
T-Bills 6M - (Auction Cut-off)	12.4999%	12.4999%	12.4999%	10.4799%	11.9900%	21.3500%	16.8900%	11.4500%	7.2000%	13.2900%
T-Bills 12M - (Auction Cut-off)	12.5900%	12.5900%	12.5900%	10.4880%	12.2900%	21.3500%	16.8000%	11.5100%	7.2900%	13.1300%
PIB 03Y (MKT - YTMs)	12.7000%	12.6000%	13.0000%	10.5000%	12.3000%	17.1000%	15.6500%	11.4000%	8.2800%	11.6100%
PIB 05Y (MKT - YTMs)	12.5500%	12.3500%	12.8000%	10.8000%	12.3500%	16.1000%	14.6000%	11.4000%	9.0800%	10.9400%
PIB 10Y (MKT - YTMs)	12.8500%	12.7500%	12.9000%	11.4700%	12.1500%	14.9000%	13.7000%	11.6000%	9.9000%	11.0000%
PIB 10Y FRB (MKT Spread)	75bps	75bps	75bps	63bps	135bps	150 bps	70bps	68bps	65bps	34bps
Pakistan - Interbank Money Market Rates - KIBOR & REPO										
KIBOR - 1 Month	12.0400%	12.0300%	12.0900%	10.8400%	13.3500%	22.1000%	16.4000%	10.3900%	7.4500%	13.6800%
KIBOR - 3 Months	12.2200%	12.2400%	12.3400%	10.6300%	12.1400%	21.4600%	17.0000%	10.5400%	7.2900%	13.5500%
KIBOR - 6 Months	12.4800%	12.5000%	12.5900%	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	11.7500%	11.6000%	11.6000%	11.0000%	12.2500%	22.1000%	16.8000%	10.5000%	7.2000%	13.4500%
Repo - 6 Months	11.9000%	11.7500%	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	7.5200%	7.4830%	7.1250%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Eurobond $1.500b - 6.875%-12/27	6.8700%	6.5210%	6.5700%	6.1800%	10.5800%	18.1800%	30.9900%	6.4900%	5.8900%	6.0500%
Eurobond $1.400b - 7.375%-04/31	7.8600%	7.6650%	8.1700%	7.2400%	10.8700%	16.5700%	26.1900%	7.3200%	0.0000%	0.0000%
Eurobond $0.300b - 7.875%-03/36	8.3600%	8.2400%	8.4700%	8.0100%	11.2000%	16.5700%	26.1900%	7.3200%	0.0000%	0.0000%
Eurobond $0.800b - 8.875%-04/51	9.1600%	9.0990%	9.4200%	8.9400%	11.3800%	24.0900%	24.0900%	8.8000%	0.0000%	0.0000%
Sukuk $1.000b - 7.950%-01/29	7.5200%	7.3200%	7.2000%	6.8200%	10.0800%	15.2100%	22.0200%	3.1200%	0.0000%	0.0000%
WAPDA Green -$0.500b-7.50%-06/31	8.7900%	8.3200%	8.7800%	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)	431bps	426bps	456bps	441bps	1493bps	3306bps	9763bps	376bps	465bps	350bps
Forex Reserves - SBP	$22.636b	$22.646b	$22.588b	$21.022b	$16.37b	$12.85b	$11.70b	$24.27b	$20.31b	$18.08b
FCY Debt (Mar26) - SBP	$137.5b	$137.5b	$137.5b	$133.7b	$130.0b	$130.0b	$130.0b	$125.0b	$113.8b	$106.3b
LCY Debt (Mar26) - SBP	57.56 tr	57.56 tr	57.56 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	$2.21b	$2.14b	$2.14b	$2.64b	$2.00b	$1.40b	$1.30b	$2.10b	$2.73b	$3.74b
SCRA A/C - LCY Debt - SBP	$467m	$489m	$312m	$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)	11.70%	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	14.704 tr	15.017 tr	15.309 tr	13.122 tr	11.18 tr	10,119b	5,177b	1,674b	1,000b	975b
PSX - 100-Index	170,478	173,962	167,844	174,054	117,008	64,661	39,669	44,886	43,416	40,735
Wheat - (USd-MT)	$233.33	$243.61	$248.45	$222.16	$246.00	$245	$329	$274	$212	$224
Cotton - US Cotton #2 (CTZ5) - USd	$77.13	$77.03	$78.52	$64.34	$68.76	$81.22	$84.53	$113.00	$76.17	$69.05
Sugar London - USd - LSUc1	$446.90	$425.70	$445.10	$426.00	$509.00	$594.00	$554.00	$497.00	$408.00	$358.00
Soybean - USd/Bu	$1,200	$1,200	$1,194	$1,042	$981	$1,298	$1,524	$1,288	$1,341	$942
Coal - USd/T	$137.50	$137.50	$132.05	$106.65	$123.50	$131.55	$404.15	$169.60	$87.40	$67.50
Oil (WTI-OPEC)	$94.60	$89.88	$90.89	$57.89	$71.94	$72.92	$79.93	$76.38	$48.20	$61.20
Gold (Spot - USD/t.oz)	$4,291	$4,516	$4,556	$4,321	$2,635	$2,075	$1,840	$1,804	$1,891	$1,518
Silver (Spot - USD/t.oz)	$66.43	$75.71	$77.60	$74.62	$30.50	$23.75	$24.10	$21.93	$24.42	$17.18
Copper - USD/Lbs	$6.24	$6.36	$6.34	$4.09	$4.09	$3.69	$3.90	$4.28	$3.47	$2.74
Bitcoin - BTC	$62,459	$73,233	$77,325	$88,412	$101,138	$42,265	$17,561	$47,169	$28,841	$7,294
US$ Index - DXY	100.06	99.01	98.98	98.30	108.49	101.33	110.05	89.21	93.27	96.54
PKR/US$ - KERB - Ecs	278.85	279.17	279.20	282.10	282.00	284.00	236.50	180.00	161.00	155.10

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