Treasury Consultants

CMKA WEEKLY TREASURY MARKET OUTLOOK 20TH JULY 2026

MARKET OUTLOOK

The global economy is set to slowdown in 2026 after restart of **ME** war that may once again disrupt energy supply chains & trigger a fresh bout of inflationary concern. Attacks on tankers trying to transit *Strait of Hormuz* have raised doubts about durability of recent ceasefire. **IMF** project global output growth may fall to **<3%,** inflation rising to **4.7%** 4.1%-2025 due to elevated commodity prices in 2026. Market forecasts remain subject to uncertainty reflecting damaging toll from restart of ME war. **IMF** envisage so far until signing of Islamabad-MoU, global economy weathered shock better than feared. Oil-producing countries in **ME** have been hit the hardest and are expected to face contractions in **Y2026.** Countires that consume most energy from *Straight of Hormuz* transits may face the crunch. Growth in India may fall to **<6%** from 7.7% YoY. **INR** is on a free fall, making new lows, closed at **96.65.** Output in China may dip to **<4.5%** in **2026** from 5%-YoY. **Islamabad-MoU** may have exhausted for now, but it may get revived in some other form once oil prices now $85 start crossing **>$92-95** as both parties have keen interest for oil flowing from *Strait of Hurmuz*, to ensure global markets and **US** economic stability See Chart.

On the other hand, Pakistan has returned in FY25/26 to a decent level of stability mainly on external front after high level of instability in **2021-23.** Forex reserves has been rebuilt to cross **>$22b** with low **PKR/$** rate volatility. Its major concern perhaps is linked with **ME** war, a gruelling test of nerves b/w two adversaries, which may push oil prices to trigger high inflation. **ME** war uncertainty may drag out for months & its the right time for Pakistan to re-position trade, logistics, **IT** exports etc. Consequently, Large-Scale Manufacturing LSM sector posted a growth of **5.77%** YoY in **11M** of 2025/26 indicating a revival in industrial production. Inflow of home remittance >$41b may continue to play a crucial role for the economy.

FOREIGN EXCHANGE

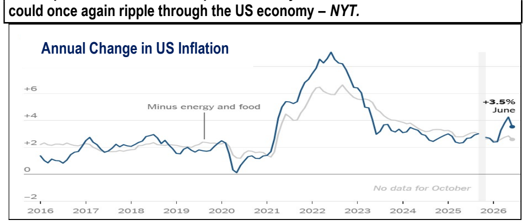
Pakistan's fishing industry is in a better shape than muti-billion-**$** textile manufacturers as seafood exports jumped to a record **$568m** in **FY25/26** up 38%-over 2Y from **$406m** in FY23/24 & **$489m** in FY24/25. Textile exports rose marginally by **0.26%** during **FY-2025/26,** reaching **$17.93b** $17.88b-YoY. In the interbank, **$** closed at **277.96** & in kerb **ECs** quoted a mid-rate of **279.10**. Forward premiums traded **1M@1.55** (1.70), **3M@4.11** (4.32) & **6M@7.89** (7.89). **CB's** forex reserves fell by **>$1.3b** after external debt repayments and closed at **$22.675b** ($23.988b)↓$1.313b.

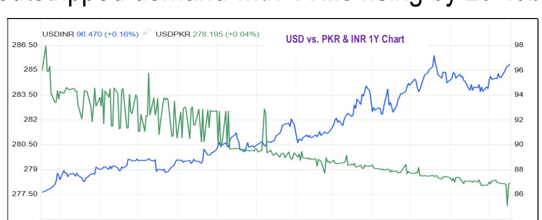
MONEY MARKET

The restart of **ME** war has added worries in the proceedings of capital markets. **PSX** had a volatile week, down **>6400** & sends an adverse signal of investors' mood on future instability. In intl' markets, eurobond/sukuk are pretty stable & **5Y CDS** is trading at **362bps** as forex reserves and **PKR** parity are steady. However, trading in **LCY** govt securities is faced with inflationary concern due to chances of rising oil prices & some relief of a cut in *policy rate* likely in **MPC** 27Jul seems to be fading. **MM** continue to trade in a narrow range and supply outstripped demand with **YTMs** rising by **20-40bps.**

US Inflation Slowed During Pause In ME War

US consumers got some relief in Jun26 after months of soaring prices. But the resurgence of the ME war means that progress could be short-lived. Overall consumer prices were up 3.5% in Jun26 YoY. That represented a cool-down from May, when annual inflation hit 4.2%, a 3Y high. The improving inflation picture was largely the result of tumbling oil prices. But the so-called core inflation measure, which strips out volatile food and energy categories to give a better sense of the underlying trend, also showed improvement. Retail gasoline prices, which topped $4.50 a gallon in May, had fallen back below $4 in recent weeks, & inflation had also eased in other energy-intensive categories, such as airfares. But oil prices have shot back up in recent days as the cease-fire has ended. That could once again ripple through the US economy – *NYT.*





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CMKA

CMKA WEEKLY TREASURY MARKET OUTLOOK – 20TH July 2026

Currency Market Associates - Pakistan Treasury Market Weekly Update

Date →	Three (3) Weeks Rate			Year End December Closing Rate in PKR/USD						
	20-Jul-26	13-Jul-26	06-Jul-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	277.96	278.05	278.12	280.12	278.55	281.86	226.43	176.51	159.83	154.85
USD - Forward - 1M	279.51	279.75	279.86	281.12	279.49	284.24	226.81	177.48	160.88	156.20
USD - Forward - 3M	282.07	282.37	282.83	282.87	280.68	287.97	227.33	179.80	162.77	158.04
USD - Forward - 6M	285.85	285.94	286.61	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)	11.3978%	11.3978%	11.7499%	10.4878%	11.9900%	21.2500%	16.9900%	10.5900%	7.1500%	13.4900%
T-Bills 6M - (Auction Cut-off)	11.4375%	11.4375%	11.7479%	10.4799%	11.9900%	21.3500%	16.8900%	11.4500%	7.2000%	13.2900%
T-Bills 12M - (Auction Cut-off)	11.4880%	11.4880%	11.8381%	10.4880%	12.2900%	21.3500%	16.8000%	11.5100%	7.2900%	13.1300%
PIB 03Y (MKT - YTMs)	11.5700%	11.3000%	11.2000%	10.5000%	12.3000%	17.1000%	15.6500%	11.4000%	8.2800%	11.6100%
PIB 05Y (MKT - YTMs)	11.6500%	11.4000%	11.3200%	10.8000%	12.3500%	16.1000%	14.6000%	11.4000%	9.0800%	10.9400%
PIB 10Y (MKT - YTMs)	12.0000%	11.9000%	11.8500%	11.4700%	12.1500%	14.9000%	13.7000%	11.6000%	9.9000%	11.0000%
PIB 10Y FRB (MKT Spread)	55bps	55bps	65bps	63bps	135bps	150 bps	70bps	68bps	65bps	34bps
Pakistan - Interbank Money Market Rates - KIBOR & REPO										
KIBOR - 1 Month	11.8600%	11.8400%	11.8900%	10.8400%	13.3500%	22.1000%	16.4000%	10.3900%	7.4500%	13.6800%
KIBOR - 3 Months	11.6100%	11.5900%	11.7100%	10.6300%	12.1400%	21.4600%	17.0000%	10.5400%	7.2900%	13.5500%
KIBOR - 6 Months	11.6200%	11.5800%	11.7300%	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%	11.5500%	11.6000%	11.0000%	12.2500%	22.1000%	16.8000%	10.5000%	7.2000%	13.4500%
Repo - 6 Months	11.6500%	11.6000%	11.6000%	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	6.8600%	6.8000%	6.6700%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Eurobond $1.500b - 6.875%-12/27	6.1100%	5.8200%	6.0500%	6.1800%	10.5800%	18.1800%	30.9900%	6.4900%	5.8900%	6.0500%
Eurobond $1.400b - 7.375%-04/31	7.3700%	7.0900%	7.0600%	7.2400%	10.8700%	16.5700%	26.1900%	7.3200%	0.0000%	0.0000%
Eurobond $0.300b - 7.875%-03/36	7.8400%	7.7100%	7.7300%	8.0100%	11.2000%	16.5700%	26.1900%	7.3200%	0.0000%	0.0000%
Eurobond $0.800b - 8.875%-04/51	8.8200%	8.7200%	8.6800%	8.9400%	11.3800%	24.0900%	24.0900%	8.8000%	0.0000%	0.0000%
Sukuk $1.000b - 7.950%-01/29	6.8000%	6.5400%	6.6100%	6.8200%	10.0800%	15.2100%	22.0200%	3.1200%	0.0000%	0.0000%
WAPDA Green -$0.500b-7.50%-06/31	8.0100%	7.8200%	7.8900%	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)	362bps	370bps	389bps	441bps	1493bps	3306bps	9763bps	376bps	465bps	350bps
Forex Reserves - SBP	$22.675b	$23.988b	$22.044b	$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 (Apr26) - SBP	58.08 tr	58.08 tr	58.08 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	$2.22b	$2.29b	$2.14b	$2.64b	$2.00b	$1.40b	$1.30b	$2.10b	$2.73b	$3.74b
SCRA A/C - LCY Debt - SBP	$455m	$487m	$526m	$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)	11.10%	11.10%	11.10%	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. (Apr26) - SBP	11,606b	11,606b	11,606b	10,967b	9,144b	8.548tr	7.795tr	7.20tr	6.30tr	5.44 tr
OMO-QE Injection - SBP	14.692 tr	14.750 tr	15.645 tr	13.122 tr	11.18 tr	10,119b	5,177b	1,674b	1,000b	975b
PSX - 100-Index	175,802	182,241	185,372	174,054	117,008	64,661	39,669	44,886	43,416	40,735
Wheat - (USd-MT)	$261.85	$244.00	$230.25	$222.16	$246.00	$245	$329	$274	$212	$224
Cotton - US Cotton #2 (CTZ5) - USd	$77.85	$80.95	$77.11	$64.34	$68.76	$81.22	$84.53	$113.00	$76.17	$69.05
Sugar London - USd - LSUc1	$443.50	$467.10	$483.10	$426.00	$509.00	$594.00	$554.00	$497.00	$408.00	$358.00
Soybean - USd/Bu	$1,189	$1,202	$1,131	$1,042	$981	$1,298	$1,524	$1,288	$1,341	$942
Coal - USd/T	$129.85	$128.80	$128.80	$106.65	$123.50	$131.55	$404.15	$169.60	$87.40	$67.50
Oil (WTI-OPEC)	$84.60	$74.93	$68.67	$57.89	$71.94	$72.92	$79.93	$76.38	$48.20	$61.20
Gold (Spot - USD/t.oz)	$4,010	$4,059	$4,158	$4,321	$2,635	$2,075	$1,840	$1,804	$1,891	$1,518
Silver (Spot - USD/t.oz)	$56.65	$58.18	$61.87	$74.62	$30.50	$23.75	$24.10	$21.93	$24.42	$17.18
Copper - USD/Lbs	$6.23	$6.17	$6.16	$4.09	$4.09	$3.69	$3.90	$4.28	$3.47	$2.74
Bitcoin -BTC	$64,102	$62,742	$62,960	$88,412	$101,138	$42,265	$17,561	$47,169	$28,841	$7,294
US$ Index - DXY	100.73	101.10	100.96	98.30	108.49	101.33	110.05	89.21	93.27	96.54
PKR/US$ - KERB - Ex.Cos	279.10	279.05	279.05	282.10	282.00	284.00	236.50	180.00	161.00	155.10

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