CMKA
Treasury Consultants

CMKA Weekly Treasury Market Outlook 24th August 2026

Market Outlook

Following **Türkiye** model of medical tourism, which generates **>$4**[b] and attracts **>1.5**[m] intl' patients[p.a,] **Pakitan** is planning on a three-phase plan to tap into **$144b** global medical tourism industry in alliance with the private sector. The project concept include *five-star-style* medical facilities & may create a source of **FCY** earning from overseas patients, whilst generating demand for health care and tourism. And Pakistan may get sovereign rating upgrades from current **B** [of S&P] level to match historic maximum rating of **S&P** as **B+**[in Nov04] & Moody's **B1**[in Nov06.] However, it may envisage a rating target of **BB** levels [in 2Y,] as it deserves recognition for restoring financial stability, playing a major role on **ME** war negotiations and entering into **Mecca-JDA** for the uplift of joint-defence productions expecting fresh home remittances' inflows.

On the other hand, longer the conflict in **ME** continues, greater the likelihood that nations around the globe may pay higher food prices [sugar up >15%.] Most of the vulnerable countries may face *hunger* as leading global analysts are voicing concern. **ME** is a dominant source of fertilizer that produces *nitrogen*, a natural gas reconfigured as plant nutrients. Although, most of the factories in **GCC** [that make nitrogen fertilizers] are continuing to produce them but delivering to farmers of agriculture based countries is suddenly becoming difficult, given the partial [and/or full] shutdown of the *Strait of Hormuz*.

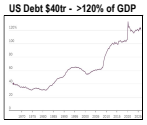
Foreign Exchange

Due to sharp decline in domestic furnace-oil use [by power sector,] Pakistan's oil refining industry [four refineries] have crossed **$1.04b** export mark for the first time in **FY26** against total exports of **$30.14b**[$32b-FY25.] This is an added source of much-needed **FCY** to cover trade deficit of **>$39b**. In the interbank, **$** closed at **277.56** and in kerb, **ECs** quoted mid-rate of **281.50**. Forward premiums traded at **1M@1.62**(1.63), **3M@4.31**(4.31) & **6M@8.27**(8.38). **CB's** forex reserves closed at **$22.506**[b] ($22.498b)↑$8m. Consequently, **PKR** Real Effective Exchange Rate [REER,] against weighted average of several **FCYs** was recorded at **107.92** in **Jul2026** [highest since May2018 - 10Y average 102.44] up↑ from **106.33** in **Jun2026.** A higher **REER** indicates overvalue compared to trading partner baskets currencies [exports less competitive and imports relatively cheaper] but does not denote equilibrium value.

Money Market

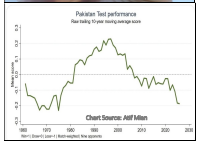
The war in the **ME** is pushing yield on **30Y US** treasuries hit the highest[5.31%] in almost **20Y,** perhaps amid rising concern of *inflation* & **US** debt hitting **>$40tr** [See Chart.] Long-term yield spiked reflecting shifting expectations that may eventually push short-term interest rates higher. The upward drive is also being fueled by a rush of borrowing to fund **A.I.** boom. However, **Fed** surprised investors [on 19Aug] when it doubled amount of longer-dated treasury bonds *buy-back* from **$2b** to **$4b** [to reduce market supply.] The fallout from **ME** war & rise in inflation expectations may continue to drive up bonds yields.

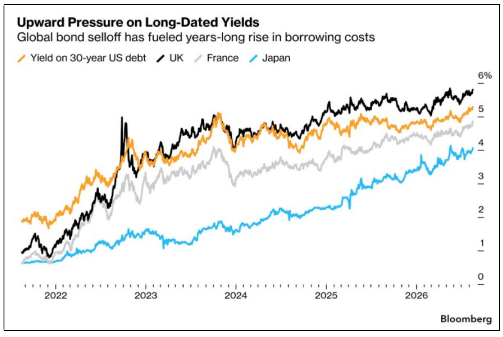
US Debt $40tr - >120% of GDP



In a regular **LCY** debt auctions of T-bills[Target 500b, Maturity 626b & Raised 518b] & Sukuks[Target 125b & raised 293b - via PSX,] market remains cognizant on future **PKR** interest rate direction linked with **ME** war status [oil prices hitting >$86 levels.] In secondary market trading, govt securities supply outstripped demand and **YTM**[s] edged higher by **10-15**[bps] in **1Y-5Y** tenors in line with auctions' cutoff.

Rare Cricketing Moments
Two English Bowlers Slice Match Day Memento (Ball) Into Two For 5ers At Leeds Test Against Pakistan





Pakistan - Treasury Bills - DV / Floater Bond Auction - August 20, 2026							
Tenor	Target	Maturity	Bids	Raised	Cutoff 05Aug26	Cutoff 20Aug26	Change bps
1M	50.00	44.60	987.00	52.29	11.3504%	11.4698%	12↑
3M	150.00	239.60	487.00	349.53	11.5149%	11.6450%	13↑
6M	150.00	44.00	211.00	46.27	11.7000%	11.7980%	10↑
12M	150.00	298.40	505.00	69.79	11.9490%	11.9900%	04↑
Total	500.00	626.60	2,190.00	517.88	Amount in Billions PKR		

Pakistan - Ijarah Sukuk FRR & VRR Auction - August 20, 2026						
Tenor	Target	Participation	Raised	Cutoff 22Jul26	Cutoff 20Aug26	Change bps
3M Discounted Value	25.00	108.00	105.00	11.4994%	11.4788%	02↓
6M Discounted Value	25.00	24.61	23.24	11.6902%	11.6801%	01↓
1Y Discounted Value	25.00	98.00	98.97	11.8400%	11.9400%	10↑
GIS 10Y VRR - Price	50.00	325.00	66.64	Spread +18.99	Spread +0.24	18.75↓
Total	125.00	555.61	293.85	Amount in Billions PKR		

FRR: Fixed Rental Rate and VRR: Variable Rental Rate - Cutoff @ YTM

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Contributors: Asif Hussain and Khalid Jamil

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CMKA WEEKLY TREASURY MARKET OUTLOOK – 24TH August 2026

Currency Market Associates - Pakistan Treasury Market Weekly Update										
Date →	Three (3) Weeks Rate			Year End December Closing Rate in PKR/USD						
	24-Aug-26	17-Aug-26	10-Aug-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	277.56	277.65	277.71	280.12	278.55	281.86	226.43	176.51	159.83	154.85
USD - Forward - 1M	279.18	279.28	279.38	281.12	279.49	284.24	226.81	177.48	160.88	156.20
USD - Forward - 3M	281.87	281.96	282.20	282.87	280.68	287.97	227.33	179.80	162.77	158.04
USD - Forward - 6M	285.83	286.03	286.05	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)	11.6450%	11.5149%	11.5149%	10.4878%	11.9900%	21.2500%	16.9900%	10.5900%	7.1500%	13.4900%
T-Bills 6M - (Auction Cut-off)	11.7980%	11.7000%	11.7000%	10.4799%	11.9900%	21.3500%	16.8900%	11.4500%	7.2000%	13.2900%
T-Bills 12M - (Auction Cut-off)	11.9900%	11.9490%	11.9490%	10.4880%	12.2900%	21.3500%	16.8000%	11.5100%	7.2900%	13.1300%
PIB 03Y (MKT - YTMs)	11.9000%	11.7200%	11.6500%	10.5000%	12.3000%	17.1000%	15.6500%	11.4000%	8.2800%	11.6100%
PIB 05Y (MKT - YTMs)	11.9400%	11.7600%	11.7000%	10.8000%	12.3500%	16.1000%	14.6000%	11.4000%	9.0800%	10.9400%
PIB 10Y (MKT - YTMs)	12.2000%	12.1000%	12.1000%	11.4700%	12.1500%	14.9000%	13.7000%	11.6000%	9.9000%	11.0000%
PIB 10Y FRB (MKT Spread)	52bps	52bps	52bps	63bps	135bps	150 bps	70bps	68bps	65bps	34bps
Pakistan - Interbank Money Market Rates - KIBOR & REPO										
KIBOR - 1 Month	11.9100%	11.8700%	11.8900%	10.8400%	13.3500%	22.1000%	16.4000%	10.3900%	7.4500%	13.6800%
KIBOR - 3 Months	11.7100%	11.6600%	11.6900%	10.6300%	12.1400%	21.4600%	17.0000%	10.5400%	7.2900%	13.5500%
KIBOR - 6 Months	11.8000%	11.7600%	11.7600%	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	11.6500%	11.6500%	11.6500%	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	7.0500%	6.9900%	7.3390%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Eurobond $1.500b - 6.875%-12/27	5.8400%	5.7500%	6.2420%	6.1800%	10.5800%	18.1800%	30.9900%	6.4900%	5.8900%	6.0500%
Eurobond $1.400b - 7.375%-04/31	7.3100%	7.2700%	7.7930%	7.2400%	10.8700%	16.5700%	26.1900%	7.3200%	0.0000%	0.0000%
Eurobond $0.300b - 7.875%-03/36	7.7800%	7.7200%	8.0740%	8.0100%	11.2000%	16.5700%	26.1900%	7.3200%	0.0000%	0.0000%
Eurobond $0.800b - 8.875%-04/51	8.5600%	8.8200%	8.9850%	8.9400%	11.3800%	24.0900%	24.0900%	8.8000%	0.0000%	0.0000%
Sukuk $1.000b - 7.950%-01/29	6.7000%	6.6500%	7.1130%	6.8200%	10.0800%	15.2100%	22.0200%	3.1200%	0.0000%	0.0000%
WAPDA Green -$0.500b-7.50%-06/31	7.8800%	7.8200%	8.0900%	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)	332bps	372bps	375bps	441bps	1493bps	3306bps	9763bps	376bps	465bps	350bps
Forex Reserves - SBP	$22.506b	$22.498b	$22.474b	$21.022b	$16.37b	$12.85b	$11.70b	$24.27b	$20.31b	$18.08b
FCY Debt (Jun26) - SBP	$138.85b	$138.85b	$137.5b	$133.7b	$130.0b	$130.0b	$130.0b	$125.0b	$113.8b	$106.3b
LCY Debt (Jun26) - SBP	59.57 tr	59.57 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	$2.19b	$2.22b	$2.16b	$2.64b	$2.00b	$1.40b	$1.30b	$2.10b	$2.73b	$3.74b
SCRA A/C - LCY Debt - SBP	$524m	$513m	$493m	$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)	9.20%	9.20%	9.20%	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 Clr. (Jun26) - SBP	11,941b	11,941b	11,606b	10,967b	9,144b	8.548tr	7.795tr	7.20tr	6.30tr	5.44 tr
OMO-QE Injection - SBP	14.916 tr	15.015 tr	15.015 tr	13.122 tr	11.18 tr	10,119b	5,177b	1,674b	1,000b	975b
PSX - 100-Index	177,166	108,104	181,430	174,054	117,008	64,661	39,669	44,886	43,416	40,735
Wheat - (USd-MT)	$266.35	$264.69	$257.56	$222.16	$246.00	$245	$329	$274	$212	$224
Cotton - US Cotton #2 (CTZ5) - USd	$88.60	$84.56	$84.36	$64.34	$68.76	$81.22	$84.53	$113.00	$76.17	$69.05
Sugar London - USd - LSUc1	$552.20	$511.20	$503.40	$426.00	$509.00	$594.00	$554.00	$497.00	$408.00	$358.00
Soybean - USd/Bu	$1,211	$1,156	$1,156	$1,042	$981	$1,298	$1,524	$1,288	$1,341	$942
Coal - USd/T	$130.50	$129.25	$127.85	$106.65	$123.50	$131.55	$404.15	$169.60	$87.40	$67.50
Oil (WTI-OPEC)	$82.13	$82.13	$78.50	$57.89	$71.94	$72.92	$79.93	$76.38	$48.20	$61.20
Gold (Spot - USD/t.oz)	$4,638	$4,392	$4,345	$4,321	$2,635	$2,075	$1,840	$1,804	$1,891	$1,518
Silver (Spot - USD/t.oz)	$68.84	$65.62	$64.18	$74.62	$30.50	$23.75	$24.10	$21.93	$24.42	$17.18
Copper - USD/Lbs	$6.55	$6.71	$6.63	$4.09	$4.09	$3.69	$3.90	$4.28	$3.47	$2.74
Bitcoin -BTC	$76,938	$63,492	$65,021	$88,412	$101,138	$42,265	$17,561	$47,169	$28,841	$7,294
US$ Index - DXY	98.85	99.50	99.70	98.30	108.49	101.33	110.05	89.21	93.27	96.54
PKR/US$ - KERB - Ex.Cos	281.50	281.50	281.60	282.10	282.00	284.00	236.50	180.00	161.00	155.10

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