

MARKET OUTLOOK

Sugar and Rice are rallying in global commodity market price runSee Chart. In total global rice market, growing at >11% **CAGR** Compound Annual Growth Rate, has a Basmati rice value of 15% b/w \$20b-\$24b. Its leading supplier are Pakistan and India. However, after Federal Court of Australia having dismissed *Basmati word mark* case appeal of India, new prospects may emerge for Pakistani basmati rice having a current exports of \$2.29b^{FY-2025/2026} for 4.29m^{MT} to West Asian and Gulf markets^{65%}. **Govt and Rice Exporters Association of Pakistan^{REAP} have set an export target of \$5b^{FY26/27}** with potential opening of US markets. Basmati rice exports to US offer major price benefit due to higher 50% tariff on Indian Basmati vs Pakistan 19% only. And rice exports to China, a new potential large buyer is also rising to \$123m in FY26/27 up ↑>200% from \$41m YoY.

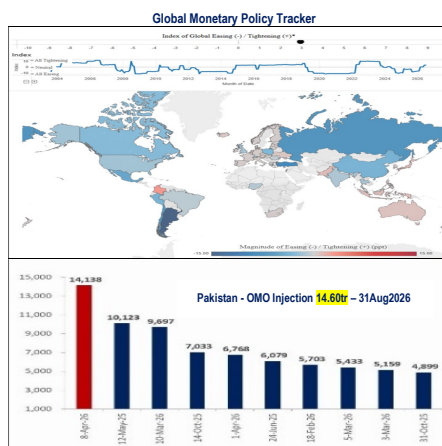
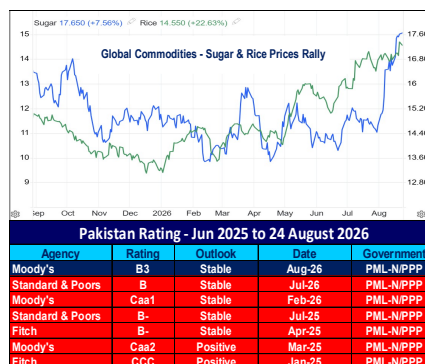
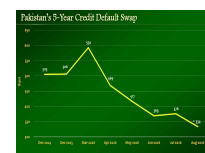
FOREIGN EXCHANGE

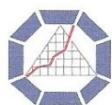
In the interbank, \$ closed at 277.50 & in kerb, ECs quoted mid-rate of 281.40. Forward premiums traded at 1M@1.59^(1.62), 3M@4.39^(4.31) & 6M@8.34^(8.27). CB's forex reserves closed at \$22.587^b (\$22.506b)↑\$81m.

MONEY MARKET

Following the Asian Financial Crisis of 1997, Japan fell into an economic recession. BOJ used Quantitative Easing^{QE} to tackle deflation and boost economy. QE later gained popularity during financial crisis²⁰⁰⁸ & COVID-19²⁰¹⁹ pandemic when global CBs widely used QE to stabilize market and foster recovery. Quantitative Easing^{QE} & Open Market Operation^{OMO} both are aimed to manage liquidity and support economic stability but they differ in purpose, scale and operation. QE involve funds injections via large-scale buying of long-term assets whereas OMO target short-range liquidity against short-term securities. However, both injections may not spur economic growth but has the ability to increase liquidity and encourage lending/investment, thereby supporting lower interest rate, boost stock market, anchor inflation & CCI decline. QE/OMO's effectiveness as a broader impact on economy mainly growth isn't apparent. Both are a form of digital money supply with a possible time lag impact of 12M to 18M. It helps to avoid cash^{M2} placements directly in the hands of individuals/businesses and is also useful towards managing Monetary Policy See Chart - Global Monetary Policy Tracker.

However, OMO carried out by the CB in Pakistan has touched 14.60tr 4.89tr in Oct25. At this point it indicates that financial markets may require sizeable inflows of FDI's, other liquidity followed by lowering of CA deficit and decline in domestic debt. Consequently to improve liquidity & rating, Pakistan has formally requested US for \$10b 5Y Bilateral Exchange Stabilisation Support Facility, as a backstop mechanism aims to lift forex reserves, maintain PKR stability and reduce reliance on multilateral lenders. In line with S&P rating upgrade to B from B-, Moody's has also raised Pakistan's ratings to B3from Caa1 pushing 5Y CDSmid price to fall to 334bps - See Chart.





CMKA WEEKLY TREASURY MARKET OUTLOOK – 31st August 2026

Currency Market Associates - Pakistan Treasury Market Weekly Update										
Date →	Three (3) Weeks Rate			Year End December Closing Rate in PKR/USD						
	31-Aug-26	24-Aug-26	17-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	277.50	277.56	277.65	280.12	278.55	281.86	226.43	176.51	159.83	154.85
USD - Forward - 1M	279.09	279.18	279.28	281.12	279.49	284.24	226.81	177.48	160.88	156.20
USD - Forward - 3M	281.89	281.87	281.96	282.87	280.68	287.97	227.33	179.80	162.77	158.04
USD - Forward - 6M	285.84	285.83	286.03	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%	11.6450%	11.5149%	10.4878%	11.9900%	21.2500%	16.9900%	10.5900%	7.1500%	13.4900%
T-Bills 6M - (Auction Cut-off)	11.7980%	11.7980%	11.7000%	10.4799%	11.9900%	21.3500%	16.8900%	11.4500%	7.2000%	13.2900%
T-Bills 12M - (Auction Cut-off)	11.9900%	11.9900%	11.9490%	10.4880%	12.2900%	21.3500%	16.8000%	11.5100%	7.2900%	13.1300%
PIB 03Y (MKT - YTM s)	11.8500%	11.9000%	11.7200%	10.5000%	12.3000%	17.1000%	13.6500%	11.4000%	8.2800%	11.6100%
PIB 05Y (MKT - YTM s)	11.8600%	11.9400%	11.7600%	10.8000%	12.3500%	16.1000%	14.6000%	11.4000%	9.0800%	10.9400%
PIB 10Y (MKT - YTM s)	12.1500%	12.2000%	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%	11.9100%	11.8700%	10.8400%	13.3500%	22.1000%	16.4000%	10.3900%	7.4500%	13.6800%
KIBOR - 3 Months	11.7200%	11.7100%	11.6600%	10.6300%	12.1400%	21.4600%	17.0000%	10.5400%	7.2900%	13.5500%
KIBOR - 6 Months	11.8100%	11.8000%	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	11.7000%	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	6.9000%	7.0500%	6.9900%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Eurobond \$1.500b - 6.875%-12/27	5.7200%	5.8400%	5.7500%	6.1800%	10.5800%	18.1800%	30.9900%	6.4900%	5.8900%	6.0500%
Eurobond \$1.400b - 7.375%-04/31	7.2100%	7.3100%	7.2700%	7.2400%	10.8700%	16.5700%	26.1900%	7.3200%	0.0000%	0.0000%
Eurobond \$0.300b - 7.875%-03/36	7.7200%	7.7800%	7.7200%	8.0100%	11.2000%	16.5700%	26.1900%	7.3200%	0.0000%	0.0000%
Eurobond \$0.800b - 8.875%-04/31	8.7100%	8.5600%	8.8200%	8.9400%	11.3800%	24.0900%	24.0900%	8.8000%	0.0000%	0.0000%
Sukuk \$1.000b - 7.950%-01/29	6.5800%	6.7000%	6.6500%	6.8200%	10.0800%	15.2100%	22.0200%	3.1200%	0.0000%	0.0000%
WAPDA Green - \$0.500b - 7.50%-06/31	7.5900%	7.8800%	7.8200%	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)	334bps	342bps	372bps	441bps	1493bps	3306bps	9763bps	376bps	465bps	350bps
Forex Reserves - SBP	\$22.587b	\$22.506b	\$22.498b	\$21.022b	\$16.37b	\$12.85b	\$11.70b	\$24.27b	\$20.31b	\$18.08b
FCY Debt (Jun26) - SBP	\$138.85b	\$138.85b	\$138.85b	\$133.7b	\$130.0b	\$130.0b	\$130.0b	\$125.0b	\$113.8b	\$106.3b
LCY Debt (Jun26) - SBP	59.57 tr	59.57 tr	59.57 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	\$2.19b	\$2.22b	\$2.64b	\$2.00b	\$1.40b	\$1.30b	\$2.10b	\$2.73b	\$3.74b
SCRA A/C - LCY Debt - SBP	\$527m	\$524m	\$513m	\$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 Cir. (Jun26) - SBP	11,941b	11,941b	11,941b	10,967b	9,144b	8,548tr	7,795tr	7,20tr	6,30tr	5,44 tr
OMO-QE Injection - SBP	14,602 tr	14,916 tr	15,015 tr	13,122 tr	11,18 tr	10,119b	5,177b	1,674b	1,000b	975b
PSX - 100-Index	177,696	177,166	108,104	174,054	117,008	64,661	39,669	44,886	43,416	40,735
Wheat (USD-MT)	\$276.66	\$266.35	\$264.69	\$222.16	\$246.00	\$245	\$329	\$274	\$212	\$224
Cotton - US Cotton #2 (CTZS) - USD	\$91.97	\$88.60	\$84.56	\$64.34	\$68.76	\$81.22	\$84.53	\$113.00	\$76.17	\$69.05
Sugar London - USD - LSGCT	\$514.40	\$552.20	\$511.20	\$426.00	\$509.00	\$594.00	\$554.00	\$497.00	\$408.00	\$358.00
Soybean - USD/Bu	\$1,211	\$1,211	\$1,156	\$1,042	\$981	\$1,298	\$1,524	\$1,288	\$1,341	\$942
Coal - USD/T	\$139.75	\$130.50	\$129.25	\$106.65	\$123.50	\$131.55	\$404.15	\$169.60	\$87.40	\$67.50
Oil (WTI-OPEC)	\$85.75	\$82.13	\$82.13	\$57.89	\$71.94	\$72.92	\$79.93	\$76.38	\$48.20	\$61.20
Gold (Spot - USD/t.oz)	\$4,433	\$4,638	\$4,392	\$4,321	\$2,635	\$2,075	\$1,840	\$1,804	\$1,891	\$1,518
Silver (Spot - USD/t.oz)	\$66.49	\$68.84	\$65.62	\$74.62	\$30.50	\$23.75	\$24.10	\$21.93	\$24.42	\$17.18
Copper - USD/Lbs	\$6.57	\$6.55	\$6.71	\$4.09	\$4.09	\$3.69	\$3.90	\$4.28	\$3.47	\$2.74
Bitcoin - BTC	\$78,010	\$76,938	\$63,492	\$88,412	\$101,138	\$42,265	\$17,561	\$47,169	\$28,841	\$7,294
US\$ Index - DXY	99.60	98.85	99.50	98.30	108.49	101.33	110.05	89.21	93.27	96.54
PKR/US\$ - KERB - Ex. Cos	281.40	281.50	281.50	282.10	282.00	284.00	236.50	180.00	161.00	155.10

The above materials are based on facts and opinions known to be reliable at the time of publication and is created without the help of A.I. Currency Market Associates Ltd. 'CMKA' is not responsible for its accuracy. This market outlook is strictly for information and not intended for any trade and business transaction.

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