

MARKET OUTLOOK

Last week, **ME** war extended oil prices gains **\$92.82** after fresh air strikes. It marked **6M** since the outbreak of **ME** war but it hasn't triggered the largest supply disruption in oil market's history, yet barely dented global growth and inflation. Strategic reserves and shale get the credit. It has just disrupted **GCC** oil exports, liquefied natural gas and other vital commodities thru *Strait of Hormuz*. See Chart. **IEA** International Energy Agency calls it as one of the largest supply disruptions but real story is; adjusted for inflation, benchmark petroleum prices remain well below past peaks seen during other global crises. See Chart. Unlike earlier energy disruptions, which whacked growth and triggered inflation, today's trouble in **ME** has hardly slowed things down except that **IMF** has trimmed its global growth outlook only modestly predicting **3%**.

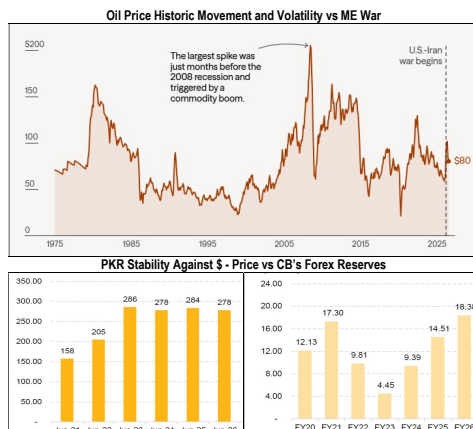
FOREIGN EXCHANGE

PKR remained stable under **IMF** program for last **3Y** averaging **279.75** levels. See Chart. In the past, *dollarisation* was a major concern causing volatility, but it has almost diminished due to better regulatory **CB** controls and geopolitics. Robust remittances & rising **IT** services exports helped **CB** to maintain stable forex reserves **E-\$20.5b-FY26/27**. **PKR** may retain an average level of **<280** by the end of **FY26/27**. **CB** forex intervention, mostly buying lowest **\$154m-May26** recorded at **\$7.3b** in **11M-FY2026**. See Chart. In the interbank, \$ closed at **277.41** & in kerb **ECs** quoted mid-rate of **281.45**. Forward premiums traded at **1M@1.57(1.59)**, **3M@4.31(4.39)** & **6M@8.30(8.34)**. **CB's** forex reserves closed at **\$22.527^b** (**\$22.587^b**) **\$60m** & may soon cross **>\$25b** after receiving **\$3b** Eurobond proceeds.

MONEY MARKET

In selecting b/w bonds **PIBs/T-bills/Sukuks** & **MM**-mutual funds, choice depends on investor's goals, time horizon, risk tolerance, need for predictable income & available assets. Investment in bonds **PIBs/T-bills/Sukuks** offer likely income & principal value par repayment at maturity. **MM**-mutual funds offer professional management, broader diversification, easier reinvestment, but their prices as Net Asset Value **NAV** fluctuate & fees may shrink returns. However, investors in Pakistan may benefit from using both; direct bonds investments in **PIBs/T-Bills/Sukuks** via Invest-Pak portal and **MM**-mutual funds via **AMCs** - undergoing rapid growth, with a mix to diversify assets allocation to earn higher returns than banks' savings. However, both investors shall bear in mind the underlying fundamental interest rate risk, credit risk, costs, taxes and other cash flow objectives.

After **Aug26** **CPI** of **11.1%** up from **9.2%** MoM and in a regular **LCY** debt auctions of **T-bills** Target **800b**, Maturity **1.36tr** & Raised **655b** and **Sukuks** Target **175b** & Raised **103b** - via **PSX**, **CB** repaid **>600b** of domestic debt. **YTM**s remained almost flat and investors preferred to stay on sideline. Last week, **Pakistan** raised record **\$3^b** single largest intl' capital market deal thru dual-tranche Eurobond sale that drew **>\$6^b** in orders and picked up **\$1.75^b-5.5^Y@7.50%** & **\$1.25^b-10^Y@7.90%** offering opening price premium of **\$1.50-\$2.50**. Due to **ME** war uncertainty, **PSX** monthly returns fell **<0.5%**. See Chart and secondary market govt securities tradings had lacklustre sessions.





MINISTRY OF FINANCE

GOVERNMENT OF PAKISTAN



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PAKISTAN LAUNCHES

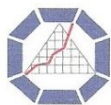
US\$ BENCHMARK EUROBOND



LONG 5-YEAR & 10-YEAR DUAL-TRANCHE OFFERING

Global investor engagement commenced | Subject to market conditions

Pakistan - Treasury Bills - DV / Floater Bond Auction - September 02, 2026								
Tenor	Target	Maturity	Bids	Raised	Cutoff <small>28-Aug-26</small>	Cutoff <small>28-Sep-26</small>	Change bps	
1M	100.00	138.40	1,160.00	122.00	11.4698%	11.3875%	08↓	
3M	200.00	987.50	447.00	377.00	11.6450%	11.5992%	05↓	
6M	200.00	71.40	407.00	114.00	11.7980%	11.8990%	10↑	
12M	300.00	166.60	632.00	42.00	11.9900%	11.9900%	0	
Total	800.00	1,363.90	2,646.00	655.00	Amount in Billions PKR			
Pakistan - Ijarah Sukuk FRR & VRR Auction - September 02, 2026								
Tenor	Target	Participation	Raised	Cutoff <small>28-Aug-26</small>	Cutoff <small>28-Sep-26</small>	Change bps		
3M Discounted Value	25.00	57.20	20.90	11.4788%	11.5401%	06.00↑		
6M Discounted Value	25.00	5.60	5.50	11.6801%	11.7400%	05.99↑		
1Y Discounted Value	25.00	101.10	29.50	11.9400%	11.9890%	04.90↑		
GIS 10Y VRR - Price	100.00	496.10	47.80	Spread +0.24	Spread +0.2609	0.0209↑		
Total	175.00	660.00	103.70	Amount in Billions PKR				



CMKA WEEKLY TREASURY MARKET OUTLOOK – 07 September 2026

Currency Market Associates - Pakistan Treasury Market Weekly Update										
Date →	Three (3) Weeks Rate			Year End December Closing Rate in PKR/USD						
	07-Sep-26	31-Aug-26	24-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	277.41	277.50	277.56	280.12	278.55	281.86	226.43	176.51	159.83	154.85
USD - Forward - 1M	278.99	279.09	279.18	281.12	279.49	284.24	226.81	177.48	160.88	156.20
USD - Forward - 3M	281.72	281.89	281.87	282.87	280.68	287.97	227.33	179.80	162.77	158.04
USD - Forward - 6M	285.71	285.84	285.83	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)	11.5992%	11.6450%	11.6450%	10.4878%	11.9900%	21.2500%	16.9900%	10.5900%	7.1500%	13.4900%
T-Bills 6M - (Auction Cut-off)	11.8990%	11.7980%	11.7980%	10.4799%	11.9900%	21.3500%	16.8900%	11.4500%	7.2000%	13.2900%
T-Bills 12M - (Auction Cut-off)	11.9900%	11.9900%	11.9900%	10.4880%	12.2900%	21.3500%	16.8000%	11.5100%	7.2900%	13.1300%
PIB 03Y (MKT - YTM s)	11.9400%	11.8500%	11.9000%	10.5000%	12.3000%	17.1000%	15.6500%	11.4000%	8.2800%	11.6100%
PIB 05Y (MKT - YTM s)	11.9500%	11.8600%	11.9400%	10.8000%	12.3500%	16.1000%	14.6000%	11.4000%	9.0800%	10.9400%
PIB 10Y (MKT - YTM s)	12.2000%	12.1500%	12.2000%	11.4700%	12.1500%	14.9000%	13.7000%	11.6000%	9.9000%	11.0000%
PIB 10Y FRB (MKT Spread)	45bps	52bps	52bps	63bps	135bps	150 bps	70bps	68bps	65bps	34bps
Pakistan - Interbank Money Market Rates - KIBOR & REPO										
KIBOR - 1 Month	11.9100%	11.9100%	11.9100%	10.8400%	13.3500%	22.1000%	16.4000%	10.3900%	7.4500%	13.6800%
KIBOR - 3 Months	11.7200%	11.7200%	11.7100%	10.6300%	12.1400%	21.4600%	17.0000%	10.5400%	7.2900%	13.5500%
KIBOR - 6 Months	11.8600%	11.8100%	11.8000%	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%	11.7000%	11.6500%	11.0000%	12.0000%	22.1000%	16.9500%	11.2500%	7.2000%	13.4500%
International Debt Market Indicators - Pakistan Eurobond/Sukuk - Outstanding \$8.25b - Market Prices (YTM Offer)										
Eurobond \$1.500b - 6.875%-12/27	5.8100%	5.7200%	5.8400%	6.1800%	10.5800%	18.1800%	30.9900%	6.4900%	5.8900%	6.0500%
Sukuk \$1.000b - 7.950%-01/29	6.6200%	6.5800%	6.7000%	6.8200%	10.0800%	15.2100%	22.0200%	3.1200%	0.0000%	0.0000%
Eurobond \$0.750b - 6.975%-04/29	6.7900%	6.9000%	7.0500%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Eurobond \$1.400b - 7.375%-04/31	7.2700%	7.2100%	7.3100%	7.2400%	10.8700%	16.5700%	26.1900%	7.3200%	0.0000%	0.0000%
WAPDA Green - \$0.500b - 7.50%-06/31	7.5900%	7.5900%	7.8800%	8.4200%	12.2500%	19.1000%	23.3300%	0.0000%	0.0000%	0.0000%
Eurobond \$1.750b - 7.500%-03/32	6.8600%	New Issue 03Sep26 - Opening Price 101.60 - 102.85 - Offer YTM 6.86%								
Eurobond \$0.300b - 7.875%-03/36	7.8200%	7.7200%	7.7800%	8.0100%	11.2000%	16.5700%	26.1900%	7.3200%	0.0000%	0.0000%
Eurobond \$1.250b - 7.900%-09/36	7.4900%	New Issue 03Sep26 - Opening Price 101.25 - 102.50 - Offer YTM 7.49%								
Eurobond \$0.800b - 8.875%-04/51	8.7600%	8.7100%	8.5600%	8.9400%	11.3800%	24.0900%	24.0900%	8.8000%	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	334bps	342bps	441bps	1493bps	3306bps	9763bps	376bps	465bps	350bps
Forex Reserves - SBP	\$22.527b	\$22.587b	\$22.506b	\$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	\$2.157b	\$2.14b	\$2.19b	\$2.64b	\$2.00b	\$1.40b	\$1.30b	\$2.10b	\$2.73b	\$3.74b
SCRA A/C - LCY Debt - SBP	\$561m	\$527m	\$524m	\$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%	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-Injection - SBP	13.885 tr	14.602 tr	14.916 tr	13.122 tr	11.18 tr	10,119b	5,177b	1,674b	1,000b	975b
PSX - 100-Index	175,328	177,696	177,166	174,054	117,008	64,661	39,669	44,886	43,416	40,735
Wheat (USD/MT)	\$270.93	\$276.66	\$266.35	\$222.16	\$246.00	\$245	\$329	\$274	\$212	\$224
Cotton - US Cotton #2 (CT25) - USD	\$86.92	\$91.97	\$88.60	\$64.34	\$68.76	\$81.22	\$84.53	\$113.00	\$76.17	\$69.05
Sugar London - USD - LSC1	\$526.60	\$514.40	\$552.20	\$426.00	\$509.00	\$594.00	\$554.00	\$497.00	\$408.00	\$358.00
Soybean - USD/Bu	\$1,302	\$1,211	\$1,211	\$1,042	\$981	\$1,298	\$1,524	\$1,288	\$1,341	\$942
Coal - USD/T	\$147.00	\$139.75	\$130.50	\$106.65	\$123.50	\$131.55	\$404.15	\$169.60	\$87.40	\$67.50
Oil (WTI-OPEC)	\$92.82	\$85.75	\$82.13	\$57.89	\$71.94	\$72.92	\$79.93	\$76.38	\$48.20	\$61.20
Gold (Spot - USD/t.oz)	\$4,398	\$4,433	\$4,638	\$4,321	\$2,635	\$2,075	\$1,840	\$1,804	\$1,891	\$1,518
Silver (Spot - USD/t.oz)	\$65.74	\$66.49	\$68.84	\$74.62	\$30.50	\$23.75	\$24.10	\$21.93	\$24.42	\$17.18
Copper - USD/Lbs	\$6.56	\$6.57	\$6.55	\$4.09	\$4.09	\$3.69	\$3.90	\$4.28	\$3.47	\$2.74
Bitcoin - BTC	\$79,787	\$78,010	\$76,938	\$88,412	\$101,138	\$42,265	\$17,561	\$47,169	\$28,841	\$7,294
US\$ Index - DXY	99.15	99.60	98.85	98.30	108.49	101.33	110.05	89.21	93.27	96.54
PKR/US\$ - KERB - ex. Gov	281.45	281.40	281.50	282.10	282.00	284.00	236.50	180.00	161.00	155.10

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