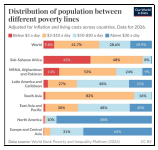
CMKA
Treasury Consultants

CMKA Weekly Treasury Market Outlook 16th October 2026

Market Outlook

Considering the present uncertain state of global economy, *Royal Swedish Academy of Sciences* awarded Economic & Sciences *Nobel Prize* to two **US** professors from Stanford & Columbia Universities for their research work on **how to fix global economic imbalances** that may help to guide policies aimed at reducing volatility. The noble laureates were conferred for their insights that may help policymakers to better equip to deal with shocks embedded with supply side & price-setting behavior of **Cos** in economy. Their work may help financial markets to get better prepared to deal with economic shocks & reduce volatility, such as energy crises or rapid disparities on households consumers from fiscal and monetary policy measures of govts & **CBs.** As **ME** war uncertainties grow **US** stocks tumble on **14Oct** over inflation **>3.7%** and **A.I.** investments growth concerns**. S&P-500** fell **1.1%,** steepest drop in **>2M.** And the importance of ***diesel*** was revealed when **US** by-passed all sactions to buy *diesel* from Russia amid **>4Y** old **NATO** backed war with Ukraine. Its a classical example of securing *domestic politics and economic interest* by forfeiting geopolitics.



On the other hand, Pakistan's most worrisome figure **quoted by WB** is the rise in multi-dimensional *poverty level* to **>35%** **PBS data 2025** **17%urban, 18%rural.** Pakistan does not merely need **IMF** economic stabilisation program but it require a growth and development strategy capable of lifting millions out of poverty **income <$3-a-day - See Chart..** This may ultimately be judged by prosperity of its people especially middle class; who are faced with, once adjusted for inflation, household purchasing power decline of **>10%**. Rising prices **inflation outpacing wage growth** is offsetting income for most households with oil touching **>$95.**

Foreign Exchange

On **MoM** basis, inflows of remittance slightly fell to **$3.587b** in **Sept26** **Aug26-$3.657b↓1.9%.** However, **YoY** growth **Sept26** was **12.7%.** In the interbank, **$** closed at **276.91** **below 277** and in kerb **ECs** quoted mid-rate of **281.00** Forward premiums traded at **1M@0.89**(0.94), **3M@3.18**(3.41) and **6M@6.69**(6.93). **CB's** forex reserves closed at **$26.863b** **($23.797b)↑$66m.**

Money Market

In order to raise **>$1b** of global **$-**Sukuk, Pakistan is aiming to push its sovereign credit rating upgrade from **Bstable** to **B+ or BB category** for better pricing levels **for new issues** as **ME** war has significantly affected **EMs** sukuks & eurobonds, raising **YTMs** in the range of b/w **50-100bps.** Economic growth outlook in some core Islamic finance countries has reduced sukuk issuance. **EMs** sovereign yields broadly moved higher with **US** rates and corporate spreads tightened across regions, signaling resilient demand. Meanwhile, **EMs**' Islamic finance bonds industry growth may slowdown in **2026** before recovering in **2027,** assuming an end of **ME** war & a gradual normalization of trade, oil and gas supply is restored. And in a regular fortnightly govt securities auction of T-bills **Target 550b, Maturity 559b, Bids 2.52tr & Raised 684b** & Sukuks **Target 350b, Bids 795b & Raised 294b - via PSX,** **YTMs** remained almost flat as market's future outlook continue to indicate investors' stance of *stay on the side line*.

Bond Sell-off May Mean Fewer Rate Hikes From Global CBs

According to ***Bloomberg research,*** bond markets are starting to do some of the lifting for CBs around the world by pushing up borrowing costs themselves, potentially reducing the number of benchmark interest-rate hikes needed to get inflation under control. Yields have surged to multi-year highs after weeks of selling, tightening financial conditions even without further action from policymakers. Traders have responded by paring rate-hike expectations, with the amount priced into swaps across eight major economies falling by almost 200bps since mid-Sept26. There are few signs the bond selloff is abating as concerns over fiscal spending from US to Japan and France push investors to demand more compensation, while a slew of AI-related debt issuance soaks-up capital. The higher borrowing costs are spilling into mortgages and junk credit, delivering some of the economic restraint CBs would otherwise seek through higher policy rates. Traders are now pricing in a combined 539bps of rate hikes across the eight economies, down from 717bps in Sept26, when expectations were the highest since 2022. Average yield on global government bonds has climbed above 4% to the highest since 2000, raising the question of where the tipping point lies. Higher yields may do some of CBs' work for them, but if they appear too focused on bolstering growth, investors may doubt their commitment to fighting inflation and demand an even bigger premium to hold longer-dated debt. CBs would ultimately have to balance the growth mandate with near-term inflation risk. For investors, that may make bonds look attractive again, high-quality fixed income is a buy because they remain one of the best hedges against inflation and a slowdown in growth and the sharp rise in yields over the past month has materially improved the risk-reward trade-off. Oil remains above $100 a barrel as traders weigh escalating attacks on tankers in the Strait of Hormuz has absorbed repeated bouts of uncertainty and tighter financial conditions better than expected, reinforcing expectations that the equilibrium policy rate is higher than previously thought.

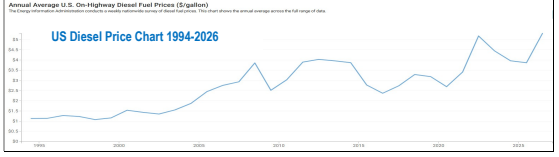
Pakistan - Treasury Bills - DV / Floater Bond Auction - October 14, 2026

Tenor	Target	Maturity	Bids	Raised	Cutoff 30Sep26	Cutoff 14Oct26	Change bps
1M	50.00	-	972.00	114.00	11.6794%	11.5003%	17.90↓
3M	200.00	333.80	389.00	310.00	11.9944%	11.9999%	00.50↑
6M	150.00	14.30	792.00	241.00	12.4500%	12.3989%	05.10↓
12M	150.00	210.80	367.00	19.50	12.4945%	12.4999%	00.50↑
Total	550.00	558.90	2,520.00	684.50	Amount in Billions PKR		

Pakistan - Ijarah Sukuk FRR & VRR Auction - October 14, 2026

Tenor	Target	Participation	Raised	Cutoff 30Sep26	Cutoff 14Oct26	Change bps
3M Discounted Value	50.00	148.20	55.90	11.9545%	11.9499%	0.0046↓
6M Discounted Value	50.00	56.80	2.30	12.2500%	12.2502%	0.0002↑
1Y Discounted Value	50.00	65.40	18.40	12.4945%	12.4999%	0.0054↑
GIS 10Y VRR - Price	200.00	525.40	217.90	Spread +0.2350	Spread +0.2745	0.0395↑
Total	350.00	795.80	294.50	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

CMKA WEEKLY TREASURY MARKET OUTLOOK – 16th October 2026

Currency Market Associates - Pakistan Treasury Market Weekly Update										
Date →	Three (3) Weeks Closing Rate			Year End December Closing Rate in PKR/USD						
	16-Oct-26	09-Oct-26	02-Oct-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	276.91	277.00	277.07	280.12	278.55	281.86	226.43	176.51	159.83	154.85
USD - Forward - 1M	277.80	277.95	277.93	281.12	279.49	284.24	226.81	177.48	160.88	156.20
USD - Forward - 3M	280.09	280.42	280.43	282.87	280.68	287.97	227.33	179.80	162.77	158.04
USD - Forward - 6M	283.60	283.93	284.16	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)	11.9999%	11.9944%	11.9944%	10.4878%	11.9900%	21.2500%	16.9900%	10.5900%	7.1500%	13.4900%
T-Bills 6M - (Auction Cut-off)	12.3989%	12.4500%	12.4500%	10.4799%	11.9900%	21.3500%	16.8900%	11.4500%	7.2000%	13.2900%
T-Bills 12M - (Auction Cut-off)	12.4999%	12.4945%	12.4945%	10.4880%	12.2900%	21.3500%	16.8000%	11.5100%	7.2900%	13.1300%
PIB 03Y (MKT - YTMs)	12.6900%	12.7300%	12.7800%	10.5000%	12.3000%	17.1000%	15.6500%	11.4000%	8.2800%	11.6100%
PIB 05Y (MKT - YTMs)	12.7600%	12.7800%	12.8000%	10.8000%	12.3500%	16.1000%	14.6000%	11.4000%	9.0800%	10.9400%
PIB 10Y (MKT - YTMs)	12.8000%	12.8000%	12.8000%	11.4700%	12.1500%	14.9000%	13.7000%	11.6000%	9.9000%	11.0000%
PIB 10Y FRB (MKT Spread)	50bps	45bps	45bps	63bps	135bps	150 bps	70bps	68bps	65bps	34bps
Pakistan - Interbank Money Market Rates - KIBOR & REPO										
KIBOR - 01 Month	11.9400%	11.9600%	12.0000%	10.8400%	13.3500%	22.1000%	16.4000%	10.3900%	7.4500%	13.6800%
KIBOR - 3 Months	12.0100%	11.9900%	11.9500%	10.6300%	12.1400%	21.4600%	17.0000%	10.5400%	7.2900%	13.5500%
KIBOR - 6 Months	12.4300%	12.4100%	12.3500%	10.6500%	12.1600%	21.7100%	17.0400%	11.4600%	7.3500%	13.4900%
Repo - 01 Month	11.5500%	11.6000%	11.6000%	11.0000%	13.0000%	22.1000%	16.2500%	10.3000%	7.2000%	13.4500%
Repo - 3 Months	11.7500%	11.7500%	11.7500%	11.0000%	12.2500%	22.1000%	16.8000%	10.5000%	7.2000%	13.4500%
Repo - 6 Months	12.0000%	12.0000%	12.0000%	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	6.7900%	6.4000%	6.1200%	6.1800%	10.5800%	18.1800%	30.9900%	6.4900%	5.8900%	6.0500%
Sukuk $1.000b - 7.950%-01/29	7.6000%	7.5200%	7.7200%	6.8200%	10.0800%	15.2100%	22.0200%	3.1200%	0.0000%	0.0000%
Eurobond $0.750b - 6.975%-04/29	7.8300%	7.7000%	7.6800%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Eurobond $1.400b - 7.375%-04/31	8.1600%	8.0800%	7.8500%	7.2400%	10.8700%	16.5700%	26.1900%	7.3200%	0.0000%	0.0000%
WAPDA Green -$0.500b-7.50%-06/31	8.5500%	8.4900%	8.4200%	8.4200%	12.2500%	19.1000%	23.3300%	0.0000%	0.0000%	0.0000%
Eurobond $1.750b - 7.500%-03/32	8.3200%	8.1100%	8.0200%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Eurobond $0.300b - 7.875%-03/36	8.7500%	8.5800%	8.3600%	8.0100%	11.2000%	16.5700%	26.1900%	7.3200%	0.0000%	0.0000%
Eurobond $1.250b - 7.900%-09/36	8.9800%	8.8000%	8.6200%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Eurobond $0.800b - 8.875%-04/51	9.5500%	9.4800%	9.2100%	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)	362bps	362bps	345bps	441bps	1493bps	3306bps	9763bps	376bps	465bps	350bps
Forex Reserves - SBP	$26.863b	$26.797b	$26.770b	$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	$1.946b	$1.966b	$1.995b	$2.64b	$2.00b	$1.40b	$1.30b	$2.10b	$2.73b	$3.74b
SCRA A/C - LCY Debt - SBP	$618m	$571m	$585m	$322m	$858m	$3.60m	$5.20m	$656m	$75m	$1.45b
Policy Rate - SBP	11.50%	11.50%	11.50%	10.50%	13.00%	22.00%	16.00%	9.75%	7.00%	13.25%
Fed Rate (US$)	4.00%	4.00%	4.00%	3.75%	4.25%	5.50%	4.00%	0.25%	0.25%	1.75%
CPI (Monthly)	10.30%	10.30%	10.30%	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	13.482tr	13.456tr	13.137 tr	13.122 tr	11.18 tr	10,119b	5,177b	1,674b	1,000b	975b
PSX - 100-Index	166,419	167,089	168,155	174,054	117,008	64,661	39,669	44,886	43,416	40,735
Wheat - (USd-MT)	$275.83	$274.19	$269.95	$222.16	$246.00	$245	$329	$274	$212	$224
Cotton - US Cotton #2 (CTZ5) - USd	$80.22	$80.07	$77.19	$64.34	$68.76	$81.22	$84.53	$113.00	$76.17	$69.05
Sugar London - USd - LSUc1	$561.10	$541.10	$507.30	$426.00	$509.00	$594.00	$554.00	$497.00	$408.00	$358.00
Soybean - USd/Bu	$1,260	$1,298	$1,277	$1,042	$981	$1,298	$1,524	$1,288	$1,341	$942
Coal - USd/T	$149.60	$148.85	$149.30	$106.65	$123.50	$131.55	$404.15	$169.60	$87.40	$67.50
Oil (WTI-OPEC)	$98.22	$90.63	$89.87	$57.89	$71.94	$72.92	$79.93	$76.38	$48.20	$61.20
Gold (Spot - USD/t.oz)	$4,177	$4,189	$4,133	$4,321	$2,635	$2,075	$1,840	$1,804	$1,891	$1,518
Silver (Spot - USD/t.oz)	$57.69	$60.96	$60.91	$74.62	$30.50	$23.75	$24.10	$21.93	$24.42	$17.18
Copper - USD/Lbs	$6.56	$6.68	$6.48	$4.09	$4.09	$3.69	$3.90	$4.28	$3.47	$2.74
Bitcoin -BTC	$82,129	$83,900	$85,372	$88,412	$101,138	$42,265	$17,561	$47,169	$28,841	$7,294
US$ Index - DXY	101.67	102.24	102.30	98.30	108.49	101.33	110.05	89.21	93.27	96.54
PKR/US$ - KERB - Ex.Cos	281.00	281.50	281.50	282.10	282.00	284.00	236.50	180.00	161.00	155.10

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