

MARKET OUTLOOK

WB projected inflation in Pakistan to rise to **8.2%** in **FY27** from 7.1% - FY26. **IMF** forecast a sharp drop in economic output in the Middle East, North Africa and Pakistan in **Y2026** due to **ME** war & energy production disruptions may worsen outlook. **IMF** further indicate that region's output may contract by **1.3%** due to war's impact on energy production, shipping, tourism, trade and market confidence. And if **ME** war stops, economic growth may rebound to **6.6%** in **Y2027**^{MENA & Pakistan}, but output economies may stay below pre-war projections. And in line with market expectations, **MPC** of **SBP** raised key *policy rate* by **50bps** to **12%** amid deteriorating geopolitical developments, clouded inflation outlook & underlying risks to external a/c & **GDP** growth. **CB** has also revised prudential regulations for banks and **DFIs**, capping aggregate equity investment limits in shares, mutual funds, **REITs** & private equity funds of any single Co. at lower of **5%** of Tier-I Capital, or **10%** of **Cos** paid-up shares. For start-ups including fintech, limit has been set at **5%** of Tier-I capital or **500m**.

On the other hand, a major cyber security breach at Binance - world's largest crypto exchange has caused chaos in the crypto industry, which has faced a string of damaging cyberattacks over the years. Binance *security incident* may cause **>\$6.5b** in losses - **biggest crypto theft** by hackers to date, marking a fresh blow to efforts to push digital assets into mainstream. Binance plays a crucial role in crypto industry and is world's largest marketplace for digital coins, a platform that customers use to swap traditional **CCY** for Bitcoin, Ether and other types of crypto.

FOREIGN EXCHANGE

During **FY2025-26**, **\$2.3^b** profits/dividends were paid to **FIs**, beyond **\$1.64^b** net **FDI** inflows with a shortfall of **\$665m** or 41% consuming interbank **FCY** liquidity. The trend demands greater efforts to attract new **FDIs**. And **Sept26** imports rose to **\$6.2^b**, highest level in **51M**, mainly due to higher prices of petroleum and food products. In the interbank, **\$** closed at **276.75** and in kerb **ECs** quoted mid-rate of **281.00**. Forward premiums traded at **1^M@0.81^(0.20)**, **3^M@2.81^(2.06)** and **6^M@5.92^(5.70)**. **CB's** forex reserves closed at **\$26.754^b** (**\$23.833b**)_↓\$79m.

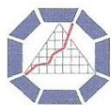
MONEY MARKET

In a regular fortnightly govt securities *jumbo* auction, post **CB** *policy rate* hike by **50bps**, market digested a big shift and yield curve repriced with record bidding in T-bills for **>4.86tr** against a maturity of **1.194tr** representing **4.6x** oversubscription. T-bills Target 1.65tr, Maturity 1.194tr, Bids 4.678tr & Raised 1.84tr cutoffs for **1M**, **3M**, **6M** & **12M** were increased by **60.52bps**, **42.62bps**, **25.11bps** & **39.01bps** respectively and Sukuks Target 350b, Bids 963b & Raised 475b - via **PSX** cutoffs for **3M**, **6M**, **12M** & **10Y** increased by **39.99bps**, **14.85bps**, **39.56bps** & **0.018** spread respectively. Net **CB** issuance of **LCY** debt via govt securities remained at approximately **>1.1tr** adding to domestic debt. Market looks unsettled with current **CB's** rate hike of **50bps** mainly due to oil trading at **>\$105**. Investors prefer to maintain short-duration liquidity positions amid prioritizing flexibility over uncertainty of **ME** war and likely inflationary impact if the oil prices continue to stay elevated **>\$110** by yearend-**2026**.

How AI Will Navigate Global Financial Services

For global money & asset managers, AI is considered as a fiduciary market participant and technology operator. It offers a generational opportunity for investors and capital markets. AI may support innovation and capital formation while preserving resilience, protecting investors, managing cross-border risk & maintaining human accountability. From principles for reliable AI regulation, strong governance, consumer protections & safety must underpin AI. Adaptable, technology-agnostic and principles-based rule can support responsible adoption. AI's fiduciary lens informs how to assess impact on growth, capital allocation, jobs and geopolitics, while recognizing that broader choices remain for policymakers and communities. AI may advance technology platform; its impact on capital allocation, market efficiency & resilience; and regulation in financial services. AI regulation should be adaptable as technology evolves, should focus on activities and risks rather than the tools used to perform them, and should center on outcomes such as investor protection and market stability. Regulation may advance the underlying principles of establishing clear accountability, calibrating oversight to risk, building connectivity across regulatory regimes. Financial services already has mature regulatory & governance frameworks that address many of the risks that AI may raise, and many of these can provide a foundation for managing AI related risks without creating an entirely parallel regulatory regime. But generative AI can introduce new vulnerabilities and increase speed & scale of existing risks, potentially requiring firms and regulators to reassess & adapt existing frameworks while preserving sound controls, professional judgment and human accountability - *BlackRock*

Pakistan - Treasury Bills - DV / Floater Bond Auction - October 29, 2026							
Tenor	Target	Maturity	Bids	Raised	Cutoff ^{40C126}	Cutoff ^{290C126}	Change bps
1M	250.00	234.14	1,666.60	536.00	11.5003%	12.1055%	60.52 ↑
3M	500.00	153.81	1,950.30	855.00	11.9999%	12.4261%	42.62 ↑
6M	450.00	172.35	315.80	218.70	12.3989%	12.6500%	25.11 ↑
12M	450.00	634.68	746.00	231.20	12.4999%	12.8900%	39.01 ↑
Total	1,650.00	1,194.98	4,678.70	1,840.90	Amount in Billions PKR		
Pakistan - Ijarah Sukuk FRR & VRR Auction - October 29, 2026							
Tenor	Target	Participation	Raised	Cutoff ^{40C126}	Cutoff ^{290C126}	Spread	Change bps
3M Discounted Value	50.00	215.00	188.00	11.9499%	12.3498%		39.99 ↑
6M Discounted Value	50.00	10.40	4.50	12.2502%	12.3987%		14.85 ↑
1Y Discounted Value	50.00	102.30	70.10	12.4999%	12.8955%		39.56 ↑
GIS 10Y VRR - Price	200.00	636.00	212.80	Spread +0.2745	Spread +0.2925		0.018 ↑
Total	350.00	963.70	475.40	Amount in Billions PKR			
FRR: Fixed Rental Rate and VRR: Variable Rental Rate - Cutoff @ YTM							



CMKA WEEKLY TREASURY MARKET OUTLOOK – 30TH October 2026

Currency Market Associates - Pakistan Treasury Market Weekly Update										
Date →	Three (3) Weeks Closing Rate			Year End December Closing Rate in PKR/USD						
	30-Oct-26	23-Oct-26	16-Oct-26	Y-2025	Y-2024	Y-2023	Y-2022	Y-2021	Y-2020	Y-2019
Interbank PKR/US Dollar - Forex Rates in PKR										
US\$ - Ready/Spot	276.75	276.82	276.91	280.12	278.55	281.86	226.43	176.51	159.83	154.85
US\$ - FWD - 1M - 0.81 - + 3.51%	277.56	277.02	277.80	281.12	279.49	284.24	226.81	177.48	160.88	156.20
US\$ - FWD - 3M - 2.81 - + 4.06%	279.56	278.88	280.09	282.87	280.68	287.97	227.33	179.80	162.77	158.04
US\$ - FWD - 6M - 5.92 - + 4.28%	282.67	282.52	283.60	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)	12.4261%	11.9999%	11.9999%	10.4878%	11.9900%	21.2500%	16.9900%	10.5900%	7.1500%	13.4900%
T-Bills 6M - (Auction Cut-off)	12.6500%	12.3989%	12.3989%	10.4799%	11.9900%	21.3500%	16.8900%	11.4500%	7.2000%	13.2900%
T-Bills 12M - (Auction Cut-off)	12.8900%	12.4999%	12.4999%	10.4880%	12.2900%	21.3500%	16.8000%	11.5100%	7.2900%	13.1300%
PIB 03Y (MKT - YTM)	12.6800%	12.7000%	12.6900%	10.5000%	12.3000%	17.1000%	15.6500%	11.4000%	8.2800%	11.6100%
PIB 05Y (MKT - YTM)	12.8100%	12.8000%	12.7600%	10.8000%	12.3500%	16.1000%	14.6000%	11.4000%	9.0800%	10.9400%
PIB 10Y (MKT - YTM)	12.8500%	12.8500%	12.8000%	11.4700%	12.1500%	14.9000%	13.7000%	11.6000%	9.9000%	11.0000%
PIB 10Y FRB (MKT Spread)	50bps	50bps	45bps	63bps	135bps	150 bps	70bps	68bps	65bps	34bps
Pakistan - Interbank Money Market Rates - KIBOR & REPO										
KIBOR - 01 Month	12.4400%	11.9300%	11.9400%	10.8400%	13.3500%	22.1000%	16.4000%	10.3900%	7.4500%	13.6800%
KIBOR - 3 Months	12.4600%	12.0000%	12.0100%	10.6300%	12.1400%	21.4600%	17.0000%	10.5400%	7.2900%	13.5500%
KIBOR - 6 Months	12.6600%	12.4100%	12.4300%	10.6500%	12.1600%	21.7100%	17.0400%	11.4600%	7.3500%	13.4900%
Repo - 01 Month	12.0500%	11.6000%	11.5500%	11.0000%	13.0000%	22.1000%	16.2500%	10.3000%	7.2000%	13.4500%
Repo - 3 Months	12.1500%	11.9000%	11.7500%	11.0000%	12.2500%	22.1000%	16.8000%	10.5000%	7.2000%	13.4500%
Repo - 6 Months	12.3000%	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	6.9900%	7.0400%	6.7900%	6.1800%	10.5800%	18.1800%	30.9900%	6.4900%	5.8900%	6.0500%
Sukuk \$1.000b - 7.950% - 01/29	7.7400%	7.9300%	7.6000%	6.8200%	10.0800%	15.2100%	22.0200%	3.1200%	0.0000%	0.0000%
Eurobond \$0.750b - 6.975% - 04/29	7.8150%	8.0340%	7.8300%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Eurobond \$1.400b - 7.375% - 04/31	8.3600%	8.4300%	8.1600%	7.2400%	10.8700%	16.5700%	26.1900%	7.3200%	0.0000%	0.0000%
WAPDA Green - \$0.500b - 7.50% - 06/31	8.9200%	9.0500%	8.5500%	8.4200%	12.2500%	19.1000%	23.3300%	0.0000%	0.0000%	0.0000%
Eurobond \$1.750b - 7.500% - 03/32	8.3400%	8.7000%	8.3200%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Eurobond \$0.300b - 7.875% - 03/36	9.0200%	8.7000%	8.7500%	8.0100%	11.2000%	16.5700%	26.1900%	7.3200%	0.0000%	0.0000%
Eurobond \$1.250b - 7.900% - 09/36	9.1400%	8.9600%	8.9800%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Eurobond \$0.800b - 8.875% - 04/51	9.6700%	9.5200%	9.5500%	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)	410bps	440bps	396bps	441bps	1493bps	3306bps	9763bps	376bps	465bps	350bps
Forex Reserves - SBP	\$26.754b	\$26.833b	\$26.863b	\$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	\$9.57 tr	\$9.57 tr	\$9.57 tr	\$3.42 tr	\$4.72 tr	\$3.10 tr	\$3.10 tr	\$28.23 tr	\$28.23 tr	\$21.50 tr
SCRA A/C - PSX Equity - SBP	\$1.879b	\$1.935b	\$1.946b	\$2.64b	\$2.00b	\$1.40b	\$1.30b	\$2.10b	\$2.73b	\$3.74b
SCRA A/C - LCY Debt - SBP	\$625m	\$615m	\$618m	\$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	13.485tr	13.279tr	13.482tr	13.122 tr	11.18 tr	10,119b	5,177b	1,674b	1,000b	975b
PSX - 100-Index	166,409	163,924	166,419	174,054	117,008	64,661	39,669	44,886	43,416	40,735
Wheat - (USD-MT)	\$253.85	\$262.31	\$275.83	\$222.16	\$246.00	\$245	\$329	\$274	\$212	\$224
Cotton - US Cotton #2 (CTZS) - USD	\$78.73	\$80.85	\$80.22	\$64.34	\$68.76	\$81.22	\$84.53	\$113.00	\$76.17	\$69.05
Sugar London - USD/LSUC1	\$527.60	\$533.90	\$561.10	\$426.00	\$509.00	\$594.00	\$554.00	\$497.00	\$408.00	\$358.00
Soybean - USD/Bu	\$1,222	\$1,256	\$1,260	\$1,042	\$981	\$1,298	\$1,524	\$1,288	\$1,341	\$942
Coal - USD/T	\$150.35	\$151.15	\$149.60	\$106.65	\$123.50	\$131.55	\$404.15	\$169.60	\$87.40	\$67.50
Oil (WTI-OPEC)	\$103.46	\$100.94	\$98.22	\$57.89	\$71.94	\$72.92	\$79.93	\$76.38	\$48.20	\$61.20
Gold (Spot - USD/t.oz)	\$3,990	\$4,023	\$4,177	\$4,321	\$2,635	\$2,075	\$1,840	\$1,804	\$1,891	\$1,518
Silver (Spot - USD/t.oz)	\$50.96	\$54.08	\$57.69	\$74.62	\$30.50	\$23.75	\$24.10	\$21.93	\$24.42	\$17.18
Copper - USD/Lbs	\$6.53	\$6.42	\$6.56	\$4.09	\$4.09	\$3.69	\$3.90	\$4.28	\$3.47	\$2.74
Bitcoin - BTC	\$77,547	\$81,761	\$82,129	\$88,412	\$101,138	\$42,265	\$17,561	\$47,169	\$28,841	\$7,294
US\$ Index - DXY	101.81	101.67	101.67	98.30	108.49	101.33	110.05	89.21	93.27	96.54
PKR/US\$ - KERB - Ex. Cos	281.00	281.00	281.00	282.10	282.00	284.00	236.50	180.00	161.00	155.10

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