

**FX – INTERBANK RATE:**

22-Sep	OPEN	HIGH	LOW	CLOSE	Last Day Close
READY	104.82	104.85	104.80	104.80	104.76

✓ **Forecast for tomorrow:**

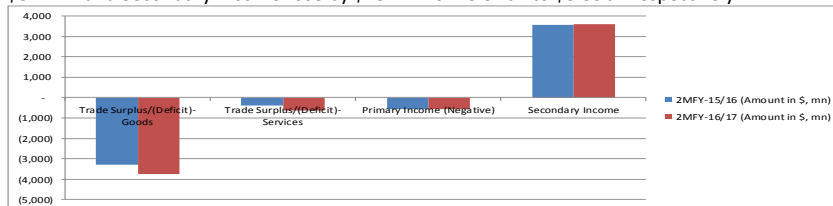
As per today's activity, we expect the market to continue to trade within the range of **104.75/104.90**

**FEDERAL RESERVE MINUTES OF SEPTEMBER MEETING:**

- Information received since the last FOMC Meeting in July indicates that the labor market has continued to strengthen and growth of economic activity has picked up from the modest pace seen in the 1<sup>st</sup> half of this year. Although the unemployment rate is little changed in recent months, job gains have been solid, on average. Household spending has been growing strongly but business fixed investment has remained soft. Inflation has continued to run below the Committee's 2% longer-run objective.
- The Committee expects that, with gradual adjustments in the stance of monetary policy, economic activity will expand at a moderate pace and labor market conditions will strengthen somewhat further. Inflation is expected to remain low in the near term, but to rise to 2% over the medium term as the transitory effects of past declines in energy and import prices dissipate and the labor market strengthens further.
- The Committee judges that the case for an increase in the federal funds rate has strengthened but decided, for the time being, to wait for further evidence of continued progress toward its objectives.
- So, the Committee decided to maintain the target range for the federal funds rate at 0.25% to 0.50%.
- According to the Fed statement the case for an increase in the FF rate has strengthened but decided, for the time being, to wait for further evidence of continued progress toward its objectives. Said so 3 officials dissented in favor of a Sept hike, the most since Dec '16; they also see 2 increases next year, a downgrade from 3. The pace of increases slows a lot in the dot plot: the median target for year end-2017 is 1.125% vs 1.625% in June, and median target for year end-2018 is 1.875% vs 2.375% in June.

**FX MARKET:**

- SBP released the data of CA (Deficit) for the month of August, 2016. According to SBP, CA (Deficit) rose by \$126mn as compared to the previous month \$595mn to \$721mn. While for 2MFY-16/17, CA (Deficit) swelled by \$630mn as compared to the same period of last fiscal year \$686mn to \$1.31bn. The CA (Deficit) figure made-up by following items: Trade deficit-Goods & Services increased by \$674mn from \$3.69bn to \$4.36bn, Primary income (negative) fell by \$21mn from \$568mn to \$547mn and Secondary Income rose by \$25mn from 3.57bn to \$3.59bn respectively.



- Along with CA (Deficit) data SBP also released the data of Trade Deficit-Goods & Services for the month of August, 2016. According to SBP, Trade Deficit-Goods & Services increased by \$573mn from the last month \$1.89bn to \$2.47bn while for 2MFY-16/17, it is surged by \$674mn as compared to the same period of previous fiscal year \$3.69bn to \$4.36bn. Trade deficit figure made-up by Goods and Services are as follows: Trade deficit-Goods rose by \$439mn from \$3.30bn to \$3.74bn while trade deficit-Services increased by \$235mn from \$384mn to \$619mn respectively.



**MONEY MARKET:**

- Yesterday SBP held its 3<sup>rd</sup> PIB Auction for FY-16/17, where the target amount is Rs100bn and the maturity amount is Rs49.13bn. The total bid participation is recorded more than 2-times higher from the target amount Rs279.02bn. But the Government borrowed Rs219.15bn. The Government borrowed amount is divided in 3, 5 and 10-years are Rs122.57bn, Rs84.14bn and Rs12.43bn respectively. As per our expectation the cut-off yields remained un-changed.
- Today MM initiated at 5.75%-6.00% and traded whole day with in the range of 5.75%-6.00% and expected to close at same.

PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-WEEK	0.0850	(0.0075)	4.7%
2-WEEK	0.1500	(0.0100)	3.9%
1-MONTH	0.3550	(0.0100)	4.5%
2-MONTH	0.7100	(0.0200)	4.6%
3-MONTH	1.0500	(0.0150)	4.8%
4-MONTH	1.4000	(0.0300)	4.3%
5-MONTH	1.7250	(0.0150)	4.3%
6-MONTH	2.0550	0.0100	5.1%
12-MONTH	4.2500	0.0500	5.6%

Economic Indicators			
Forex Reserves	9-Sep-16	USD bn	22.853
CPI- MoM	1-Aug-16		0.30%
CPI- YoY	1-Aug-16		3.56%
M2 Growth	FY17 YTD		-2.40%
SBP Target Rate	FY17 YTD		5.75%
SBP Discount Rate	FY17 YTD		6.25%
FDI	2MFY17	USD mn	112.6
Home Remittance	2MFY17	USD bn	3.089
Current A/C Def.	1MFY17	USD mn	591
Trade -Deficit	1MFY17	USD bn	1.588
Govt. Domestic Debt	As at 31-12-2015	Rs trn	13.188
External Dbt	As at 30-09-2015	USD bn	55.609
KSE-100 Index	8/3/2016	Pts	39,615.76

Money Market 22-Sep-16		
	KIBOR	PKRV
1-Month	5.70%	5.81%
3-Month	5.73%	5.79%
6-Month	5.74%	5.78%
12-Month	5.76%	5.79%

PIB'S Auction Date		
Tenor	22-Sep-16 Cut Off Yields	22-Sep-16 Bid/Ask
2-Years	-	6.00/5.93
3-Years	6.1970%	6.18/16
5-Years	6.7010%	6.67/65
10-Years	7.7995%	7.79/75

T-Bills Auction Date		
Tenor	15-Sep-16 Cut Off Yields	22-Sep-16 Bid/Ask
3-Months	5.8571%	5.86/84
6-Months	5.9046%	5.92/88
12-Months	5.9148%	5.92/89

**Commodities 15-September-16**

Crude Oil Recommendation		
Technical Level	Long@	Short@
Entry level	-	-
Stop loss	-	-
Take profit	-	-

Gold Recommendation		
Technical Level	Long@	Short@
Entry level	-	-
Stop loss	-	-
Take profit	-	-