

FX – INTERBANK RATE:

1-Jun	OPEN	HIGH	LOW	CLOSE	Last Day Close
READY	104.84	104.84	104.79	104.79	104.85

- ✓ **Forecast for tomorrow:**
As per today's activity, we expect the market to continue to trade within the range of **104.75/104.90**

FX MARKET:

- ✓ The exchange rate dipped lower today as dollar selling was seen during the last few hours of trading.
- ✓ Swaps moved up slightly despite the CPI figure coming in 1% lower than the previous month. Although the premiums did see some selling pressure post the release of the CPI the market illiquid nature saw very few trades take place and hence the premiums remained unchanged. We can expect the downside risks to increase as the lower CPI number increases the possibility of another interest rate cut next month.

MONEY MARKET:

- ✓ SBP released the numbers of M2 Growth for the week ended 20th May, 2016. According to SBP, M2 recorded a positive growth by 6.70% on YoY basis.
- ✓ Today PBS released the data of CPI for the month ended May, 2016. According to PBS, CPI un-expectedly clocked at 3.17% on YoY basis slashed by 100bps as compared to the previous month 4.17%. For MoM basis, CPI fell by 140bps from 1.60% to 0.20%. CPI figure measured by following items: CPI NFNE increased by 4.60% on YoY basis and CPI Core Trimmed increased by 3.60% on YoY basis. The average inflation for 11MFY15/16 is recorded at 2.81%.
- ✓ Today MM initiated at 5.80%-6.00% and traded whole day with in the range of 5.75%-6.00% and closed at 5.75%-6.00%.
- ✓ Today in bond secondary market, when issue is traded in 3, 5 and 10-years at 6.40/35, 6.93/88 and 8.05/8.00 respectively.

COMMODITY MARKET:

GOLD: Gold traded higher amid relatively flat dollar, as mixed U.S. economic data. Yellow metal is currently trading at \$1,216.91 per ounce.

CRUDE: Crude oil declined as investors reacted to across-the-board production and inventory declines worldwide, as well as bearish comments from the UAE oil minister. Black gold is currently trading at \$48.50 per barrel.

USD/PKR Fc			
PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-WEEK	0.0850	0.0025	4.6%
2-WEEK	0.1750	0.0050	4.5%
1-MONTH	0.4225	0.0500	5.2%
2-MONTH	0.7350	0.0125	4.7%
3-MONTH	1.1225	0.0025	4.9%
4-MONTH	1.5100	0.0350	4.5%
5-MONTH	1.8650	(0.0100)	4.6%
6-MONTH	2.2450	0.0050	5.2%
12-MONTH	4.6000	-	5.7%

Economic Indicators			
Forex Reserves	20-May-16	USD bn	21.611
CPI- MoM	1-May-16		0.20%
CPI- YoY	1-May-16		3.17%
M2 Growth	FY16 YTD		6.93%
SBP Target Rate	FY16 YTD		5.75%
SBP Discount Rate	FY16 YTD		6.25%
FDI	10MFY16	USD bn	1.016
Home Remittance	10MFY16	USD bn	16.034
Current A/C Def.	10MFY16	USD bn	1.510
Trade -Deficit	10MFY16	USD bn	16.214
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	5/2/2016	Pts	34,567.52

Money Market		1-Jun-16	
	KIBOR	PKRV	
1-Month	5.74%	5.90%	
3-Month	5.86%	5.93%	
6-Month	5.90%	5.95%	
12-Month	5.95%	5.98%	

PIB'S Auction Date		
Tenor	19-May-16	01-June-16
	Cut Off	Yeilds
		Bid/Ask
2-Years	-	6.25/15
3-Years	6.5492%	6.38/30
5-Years	6.9997%	6.88/85
10-Years	8.1804%	8.00/7.97

T-Bills Auction Date		
Tenor	26-May-16	01-June-16
	Cut Off	Yeilds
		Bid/Ask
3-Months	5.9910%	5.91/88
6-Months	6.0109%	5.95/92
12-Months	6.0273%	5.99/96

Commodities 5/26/2016		
Gold Recommendation		
Level	Long@	Short@
Entry level	1210	1275
Stop loss	1190	1300
Take profit	1255	1245

Crude Recommendation		
Level	Long@	Short@
Entry level	46.5	49.5
Stop loss	45	51.5
Take profit	48.5	46.5