

FX – INTERBANK RATE:

2-Jun	OPEN	HIGH	LOW	CLOSE	Last Day Close
READY	104.72	104.72	104.68	104.70	104.79

- ✓ **Forecast for tomorrow:**
As per today's activity, we expect the market to continue to trade within the range of **104.60/104.80**

FX MARKET:

- ✓ The USDPKR slipped lower again today as pre Ramadan inflows brought the exchange rate lower.
- ✓ Swaps continued their downward trajectory as selling pressure in the forward intensifying. Adding to the already persistent selling pressure in the forward was the liquid money markets which saw the overnight rate trade down to 4.75% and in most likely hood would see the money market floor being hit today. The 1-month and 6-month swaps were heavily traded today as the longer tenors saw selling pressure, which spilled over into the shorter tenors. With the lower CPI number and expectations of interest rate being at these low levels for longer, the swaps are more likely to see further downside.
- ✓ The Government of Pakistan will issue \$750mn Eurobond in next fiscal year FY-16/17 to pay back their long term debt.
- ✓ The Government of Pakistan will expect to receive \$300mn from the Asian Infrastructure Investment Bank (AIIB).

MONEY MARKET:

- ✓ Today MM initiated at 5.75%-6.00% and traded whole day with in the range of 4.25%-5.50% and expected to close at same.
- ✓ Today in bond secondary market, when issue is traded in 3, 5 and 10-years at 6.46/40, 6.90/88 and 8.00/7.93 respectively.

COMMODITY MARKET:

GOLD: Gold traded lower after the US manufacturing activity index surprisingly advanced in May. Yellow metal is currently trading at \$1,215.90 per ounce.

CRUDE: Crude oil declined after the API reported that US oil inventories unexpectedly rose by 2.4mn barrels last week. Black gold is currently trading at \$49.04 per barrel.

USD/PKR Fc			
PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-WEEK	0.0875	0.0025	4.8%
2-WEEK	0.1725	(0.0025)	4.5%
1-MONTH	0.3950	(0.0275)	4.9%
2-MONTH	0.7150	(0.0200)	4.6%
3-MONTH	1.0950	(0.0275)	4.8%
4-MONTH	1.4300	(0.0800)	4.3%
5-MONTH	1.8200	(0.0450)	4.5%
6-MONTH	2.1400	(0.1050)	5.0%
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			2-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	02-June-16
	Cut Off	Yeilds Bid/Ask
2-Years	-	6.24/20
3-Years	6.5492%	6.37/32
5-Years	6.9997%	6.90/86
10-Years	8.1804%	7.95/85

T-Bills Auction Date		
Tenor	26-May-16	02-June-16
	Cut Off	Yeilds Bid/Ask
3-Months	5.9910%	5.92/90
6-Months	6.0109%	5.96/93
12-Months	6.0273%	5.98/95

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