

FX – INTERBANK RATE:

| 3-Jun | OPEN | HIGH | LOW | CLOSE | Last Day Close |
|-------|--------|--------|--------|--------|----------------|
| READY | 104.72 | 104.73 | 104.62 | 104.63 | 104.70 |

- ✓ **Forecast for tomorrow:**
As per today's activity, we expect the market to continue to trade within the range of **104.55/104.75**

FX MARKET:

- ✓ The exchange rate again slipped lower as the pre Ramadan inflows appear to overwhelming the dollar demand.
- ✓ Swaps moved higher across the board as a number of factors including the drop on the exchange rate, a tight money market and the fact that the premiums has swayed too fast yesterday on the downside. The premiums regained much of what they lost yesterday as unexpected demand up to the 1-month tenor appears to have swayed the market. With the inflationary effects from today's Budget already being anticipated by the market, this also played a small part on the reversal of the premiums.
- ✓ SBP released the figure of total FX Reserves for the week ended 27th May, 2016. According to SBP, Total FX Reserves was decreased by \$10mn as compared to previous week \$21.61bn to \$21.60bn. The break-up of total FX Reserves are as follows: SBP held FX Reserves fell by \$3.32mn from \$16.81bn to \$16.80bn while FX Reserves held in other banks was also declined by \$6.8mn from \$4.80bn to \$4.79bn.

MONEY MARKET:

- ✓ Today PBS released the data of weekly inflation for the week ended 2nd June, 2016. According to PBS, SPI rose by 0.48% as compared to previous week 214.35bps to 215.37bps.
- ✓ Today SBP conducted 7-Days OMO (Injection), where total amount offered was Rs1.401trn out of which the amount accepted was Rs1.392trn at 5.79%.
- ✓ 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.
- ✓ Today in bond secondary market, when issue is traded in 3, 5 and 10-years at 6.45/40, 6.94/90 and 8.01/7.95 respectively.

| USD/PKR Fx | | | |
|------------|--------|--------------------|------------------------|
| PERIOD | SWAP | Change in Premiums | Swap Implied PKR Yield |
| 1-WEEK | 0.1025 | 0.0150 | 5.5% |
| 2-WEEK | 0.1925 | 0.0200 | 5.0% |
| 1-MONTH | 0.4250 | 0.0300 | 5.2% |
| 2-MONTH | 0.7650 | 0.0500 | 4.9% |
| 3-MONTH | 1.1750 | 0.0800 | 5.1% |
| 4-MONTH | 1.5000 | 0.0700 | 4.5% |
| 5-MONTH | 1.9200 | 0.1000 | 4.7% |
| 6-MONTH | 2.2350 | 0.0950 | 5.2% |
| 12-MONTH | 4.6000 | - | 5.7% |

| Economic Indicators | | | |
|---------------------|------------------|--------|-----------|
| Forex Reserves | 26-May-16 | USD bn | 21.601 |
| 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 | | 3-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 | 03-June-16 |
| | Cut Off Yields | 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 | 03-June-16 |
| | Cut Off Yields | 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 |