

FX – INTERBANK RATE:

| 6-Oct | OPEN | HIGH | LOW | CLOSE | Last Day Close |
|-------|--------|--------|--------|--------|----------------|
| READY | 104.56 | 104.68 | 104.56 | 104.68 | 104.53 |

FX MARKET:

- ✓ The exchange rate moved higher today as payment pressure saw a scramble for the greenback, despite the news that Pakistan had successfully launched a \$1bn 5-year Sukuk bond.
- ✓ Swaps initially moved lower as the exchange rate moved higher by more than 10 paise's on increased dollar demand, however once the payment was done and dusted with the premium rallied slightly before the market saw some selling pressure.
- ✓ Late Yesterday, SBP released the figure of total FX-Reserves for the week ended 30th September, 2016. According to SBP, Total FX-Reserves are increased by \$194.4mn as compared to the previous week \$23.41bn to \$23.61bn. The break-up of total FX-Reserves are as follows: SBP held FX-Reserves surged-up by \$96mn from \$18.39bn to \$18.49bn while the FX-Reserves held in other banks rose by \$98.4mn from \$5.02bn to \$5.12bn. The increase in SBP's reserves is due to proceeds of \$102mn received from IMF as the last tranche under EFF.
- ✓ Yesterday, Moody's maintains stable outlook for Pakistani banks reflecting strengthening economy and high liquidity buffers. Moody's expects Pakistan's GDP growth to expand by 4.9% in the fiscal year ending in June 2017, which would be the fastest pace since 2008.
- ✓ Yesterday, Pakistan has successfully issued 5-Years \$1.0bn Sukuk bonds in the international market at 5.5%. Pakistan has received an overwhelming response from the international buyers due to the economic turnaround of the country. The break-up of investors is as follows: 38% from the EU, 27% from North America, 27% from Middle East, 6% from Asia and 2% from other regions.
- ✓ According to Bloomberg article dated 6th October, 2016, 2-minutes of chaos in Asian trading sparked a plunge in the pound to a 31-year low, with traders saying the slump was exacerbated by computer-initiated sell orders. The 6.1% decline, the biggest since voters chose to leave the EU, drove sterling as low as \$1.184. With the currency already in free-fall amid concern about a so-called hard Brexit, Friday's slide took it the weakest level since March, 1985.
- ✓ Traders speculated that the initial decline may have been sparked by human error, or a so-called "fat finger," with algorithms adding to selling pressure at a time of day where liquidity is low. Others pointed to a Financial Times article citing French President as saying the U.K. must suffer the consequences of leaving the EU.

MONEY MARKET:

- ✓ Today PBS released the data of weekly inflation for the week ended 6th September, 2016. According to PBS, SPI increased by 0.35% as compared to the previous week 218.82bps to 219.59bps.
- ✓ Today SBP conducted 7-Day OMO (Injection), where total amount offered was Rs1.123trn out of which the amount accepted was Rs1.120trn at 5.80%.
- ✓ Today MM initiated at 5.75%-5.90% and traded whole day with in the range of 5.75%-5.90% and expected to close at same.
- ✓ Today in bond secondary market, when issue is traded at following levels: 3-year at 6.21/19, 5-year at 6.71/70 and 10-year at 7.82/80 respectively.

| USD/PKR Fc | | | |
|-----------------------------|------------------|--------------------|------------------------|
| PERIOD | SWAP | Change in Premiums | Swap Implied PKR Yield |
| 1-WEEK | 0.0925 | (0.0050) | 5.1% |
| 2-WEEK | 0.1850 | - | 4.8% |
| 1-MONTH | 0.3850 | (0.0250) | 4.9% |
| 2-MONTH | 0.7500 | (0.0150) | 4.9% |
| 3-MONTH | 1.0900 | 0.0100 | 5.0% |
| 4-MONTH | 1.4150 | (0.0150) | 4.4% |
| 5-MONTH | 1.7400 | (0.0050) | 4.3% |
| 6-MONTH | 2.0900 | 0.0100 | 5.2% |
| 12-MONTH | 4.2500 | - | 5.6% |
| Economic Indicators | | | |
| Forex Reserves | 30/9/2016 | USD bn | 23.612 |
| CPI- MoM | 1-Sep-16 | | 0.30% |
| CPI- YoY | 1-Sep-16 | | 3.88% |
| M2 Growth | FY17 YTD | | -0.75% |
| 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. | 2MFY17 | USD bn | 1.316 |
| Trade -Deficit | 2MFY17 | USD bn | 4.367 |
| 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 | 10/3/2016 | Pts | 40,986.31 |
| Money Market | | 7-Oct-16 | |
| | KIBOR | | PKRV |
| 1-Month | 5.75% | | 5.88% |
| 3-Month | 5.79% | | 5.89% |
| 6-Month | 5.81% | | 5.91% |
| 12-Month | 5.86% | | 5.92% |
| PIB'S | | Auction Date | |
| Tenor | 22-Sep-16 | | 07-Oct-16 |
| | Cut Off Yields | | Bid/Ask |
| 2-Years | - | | 6.05/6.00 |
| 3-Years | 6.1970% | | 6.20/17 |
| 5-Years | 6.7010% | | 6.71/68 |
| 10-Years | 7.7995% | | 7.82/80 |
| T-Bills | | Auction Date | |
| Tenor | 29-Sep-16 | | 07-Oct-16 |
| | Cut Off Yields | | Bid/Ask |
| 3-Months | 5.8571% | | 5.88/85 |
| 6-Months | 5.9046% | | 5.90/88 |
| 12-Months | 5.9148% | | 5.92/90 |
| 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 | - | | - |