

FX – INTERBANK RATE:

17-AUG	OPEN	HIGH	LOW	CLOSE	Last Day Close
READY	105.40	105.41	105.40	105.40	105.40

HIGHLIGHTS OF FOMC MEETING MINUTES FOR 16TH AUGUST, 2017:

- ✓ The information reviewed for the July 25–26 meeting showed that labor market conditions continued to strengthen in June and that real GDP likely expanded at a faster pace in the 2nd quarter than in the 1st quarter. The 12-month change in over-all consumer prices, as measured by the price index for PCE, slowed again in May; both total consumer price inflation and core inflation, which excludes consumer food and energy prices, were running below 2%.
- ✓ Total non-farm payroll employment expanded solidly in June, and the average monthly pace of private-sector job gains over the 1st half of the year was essentially the same as last year. The un-employment rate edged up to 4.4% in June.
- ✓ In their discussion of monetary policy for the period ahead, members judged that information received since the Committee met in June indicated that the labor market had continued to strengthen and that economic activity had been rising moderately so far this year. Job gains had been solid, on average, since the beginning of the year, and the un-employment rate had declined.
- ✓ On a 12-month basis, overall inflation and the measure excluding food and energy prices had declined and were running below 2%.
- ✓ After assessing current conditions and the outlook for economic activity, the labor market and inflation, members decided to maintain the target range for the federal funds rate at 1.00% to 1.25%.

MONEY MARKET:

- ✓ Yesterday SBP held its 4th MTB Auction for FY-17/18, where target amount total is Rs600.0bn, while the maturity amount is Rs534.42bn. The total Bid participation amount is recorded higher from the target and maturity amount is Rs649.39bn.
- ✓ But the Govt. accepted the amount Rs613.39bn higher from the target amount. The Govt accepted amount in 3 and 6-months tenor Rs506.31bn and 107.08bn while 12-month tenor bids were rejected. As per our expectation the MTB Cut-off yields for 3 and 6-month tenor remained same while the bids were rejected for 12-month tenor.
- ✓ Today MM initiated at 5.90%-6.20 and traded whole day within the range of 5.90%-6.20% and expected to close at same level.
- ✓ Today in bond secondary market, when-issue traded only in 3-years as 6.42/40, respectively.

COMMODITIES MARKET:

- ✓ **GOLD:** Gold traded higher on the back of weaker U.S. housing data. Housing starts dropped 4.8% to a seasonally adjusted annual rate of 1.16mn units. Yellow metal is currently trading at \$1287.70 per ounce.
- ✓ **CRUDE OIL:** Crude oil declined as data showing crude production rose to its highest in over 2-years offset a decline in supplies of U.S. crude for a 7th straight week. Black gold is currently trading at \$46.81 per barrel.

PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-WEEK	0.0925	0.0038	5.77%
2-WEEK	0.1750	0.0075	5.54%
1-MONTH	0.3700	0.0154	5.36%
2-MONTH	0.6350	0.0248	4.99%
3-MONTH	0.8550	0.0204	4.60%
4-MONTH	1.1350	0.0211	4.64%
5-MONTH	1.3800	0.0459	4.53%
6-MONTH	1.6800	0.0626	4.67%
12-MONTH	3.3500	0.1232	4.91%

ECONOMIC INDICATOR			
Forex Reserves	4-Aug-17	USD bn	20.003
CPI- MoM	1-Jul-17		2.90%
CPI- YoY	1-Jul-17		-0.40%
M2 Growth	FY-17/18 YTD		-1.19%
SBP Target Rate	FY-17/18 YTD		5.75%
SBP Discount Rate	FY-17/18 YTD		6.25%
FDI	FY-16/17	USD bn	2.41
Home Remittance	1MFY-17/18	USD bn	1.54
Current A/C Def.	FY-16/17	USD bn	12.098
Trade -Deficit	FY-16/17	USD bn	30.458
Kerb USD/PKR	17-Aug-17	Bid/Ask	106.75/107.10
Govt. Domestic Debt	As at 30-11-2016	Rs trn	14.645
External Debt	As at 30-09-2016	USD bn	74.638
MSCI-EM Index	17-Aug-17	Pts	1066.34
PSX-100 Index	17/8/2017	Pts	43,244.46

DATA	3-MONTH	6-MONTH	12-MONTH
LIBOR 15-Aug	1.31417%	1.45333%	1.72789%

Money Market			17-Aug-17
Tenor	KIBOR	PKRV	
1-Month	5.76%	5.89%	
3-Month	5.89%	5.98%	
6-Month	5.90%	6.00%	
12-Month	5.96%	6.03%	

PIB'S Auction Date		
Tenor	23-Feb-17	17-Aug-17
	Cut Off Yields	Bid/Ask
2-Years	-	6.22/19
3-Years	6.4074%	6.42/40
5-Years	6.8998%	7.04/6.98
10-Years	7.9414%	8.15/05

T-Bills Auction Date		
Tenor	17-Aug-17	17-Aug-17
	Cut Off Yields	Bid/Ask
3-Months	5.9910%	5.98/98
6-Months	6.0103%	6.00/5.99
12-Months	6.0386%	6.04/6.00