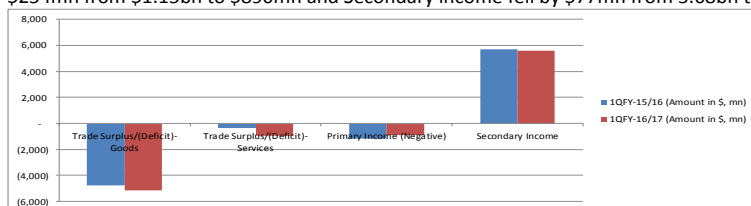


**FX – INTERBANK RATE:**

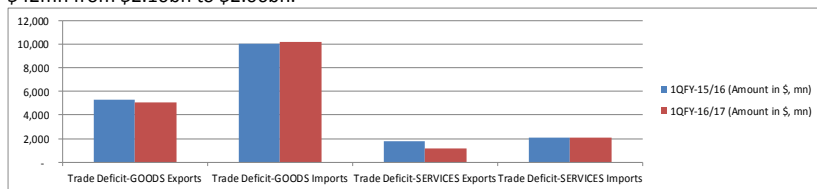
21-Oct	OPEN	HIGH	LOW	CLOSE	Last Day Close
READY	104.83	104.83	104.80	104.81	104.74

**FX MARKET:**

- ✓ The exchange rate moved higher as dollar demand remained strong despite the record FX reserve number released.
- ✓ Swaps moved lower again today after yesterday's break of the 6-months premium of Rs2.00 was seen. As dollar demand remains unabated the premiums appear to be heading south, in a sure but sure manner. With the current account balance moving deeper into the red for the 3-months of this financial year, the lack of sustainable sizeable dollar inflows in the near term along with political noise is likely to see dollar demand remain strong.
- ✓ SBP released the figure of total FX-Reserves for the week ended 14<sup>th</sup> October, 2016. According to SBP, Total FX-Reserves are surged-up by \$969.3mn or 4.13% as compared to the last week \$23.49bn to \$24.46bn. The break-up of total FX-Reserves are as under: SBP held FX-Reserves increased by \$1.051bn from \$18.41bn to \$19.46bn while the FX-Reserves held in other banks fell by \$82.2mn from \$5.08bn to \$4.99bn. The increase in SBP's reserves is mainly attributed to proceeds of \$1bn against Pakistan Sukuk Bonds.
- ✓ SBP released the data of Current A/c (CA) deficit for the month of September, 2016. According to SBP, CA Deficit plunged by \$451mn as compared to the last month \$612mn to \$161mn while for 1QFY-16/17, CA Deficit jumped-up by \$789mn as compared to the same period of previous fiscal year \$579mn to \$1.36bn. The CA Deficit figure made-up by following items: Trade deficit (Goods & Services) increased by \$966mn from \$5.11bn to \$6.07bn, Primary income (negative) declined by \$254mn from \$1.15bn to \$896mn and Secondary income fell by \$77mn from 5.68bn to \$5.60bn.



- ✓ Along with CA Deficit SBP also released the data of Balance of Trade-Goods & Services Trade deficit for the month of September, 2016. According to SBP, Trade deficit (Goods & Services) declined by \$553mn as compared to the previous month \$2.36bn to \$1.81bn while for 1QFY-16/17, Trade deficit (Goods & Services) Jumped-up by \$966mn compared to the same period of last fiscal year \$5.11bn to \$6.07bn. Balance of Trade drives from Exports less Imports for Goods & Services. Goods-Exports declined by \$271mn from \$5.31bn to \$5.04bn and Imports rose by \$130mn from \$10.06bn to \$10.19bn while Services-Exports plunged by \$607mn from \$1.74bn to \$1.13bn and Imports fell by \$42mn from \$2.10bn to \$2.06bn.



**MONEY MARKET:**

- ✓ On Wednesday, SBP held its 4<sup>th</sup> PIB Auction for FY-16/17, where the target amount is Rs100bn and the maturity amount is Rs33.35bn. The total bid participation was recorded below from the target amount Rs73.72bn. But the Government rejected all the bids of 3, 5 and 10-year period.
- ✓ Yesterday, SBP conducted 1-Day OMO (Injection), where total amount offered was Rs57bn out of which the accepted amount was Rs40bn at 5.80%.
- ✓ Today PBS released the data of weekly inflation for the week ended 20<sup>th</sup> October, 2016. According to PBS, SPI rose by 0.20% as compared to the last week 219.90bps to 220.35bps.
- ✓ Today, SBP conducted 7-Days OMO (Injection), where total amount offered was Rs957bn out of which the accepted amount was Rs930bn at 5.80%.
- ✓ Today MM initiated at 5.80%-6.00% and traded whole day with in the range of 5.80%-6.00% and expected to close at same.

**COMMODITY MARKET:**

- ✓ **GOLD:** Gold traded higher after the ECB indicated that it would wait until December to discuss tapering its asset purchase program or the possible horizon at which stimulus might end, aiding dollar strength. Yellow metal is currently trading at \$1,266.00 per ounce.
- ✓ **CRUDE:** Crude oil advanced as traders took profits following a rally in the previous session. Black gold is currently trading at \$50.94 per barrel.

PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-WEEK	0.0850	0.0025	4.7%
2-WEEK	0.1650	-	4.3%
1-MONTH	0.3400	(0.0200)	4.4%
2-MONTH	0.6800	(0.0100)	4.5%
3-MONTH	1.0100	-	4.7%
4-MONTH	1.3200	(0.0300)	4.1%
5-MONTH	1.6200	(0.0400)	4.0%
6-MONTH	1.9600	(0.0250)	5.0%
12-MONTH	4.1500	-	5.5%

Economic Indicators			
Forex Reserves	14-Oct-16	USD bn	24.461
CPI- MoM	1-Sep-16		0.30%
CPI- YoY	1-Sep-16		3.88%
M2 Growth	FY17 YTD		0.12%
SBP Target Rate	FY17 YTD		5.75%
SBP Discount Rate	FY17 YTD		6.25%
FDI	1QFY17	USD mn	249.3
Home Remittance	1QFY17	USD bn	4.698
Current A/C Def.	1QFY17	USD bn	1.368
Trade -Deficit	1QFY17	USD bn	6.078
Govt. Domestic Debt	As at 31-08-2016	Rs trn	14.554
External Dbt	As at 30-06-2016	USD bn	72.978
KSE-100 Index	10/10/2016	Pts	41,403.97

Money Market			21/10/2016
	<b>KIBOR</b>		<b>PKRV</b>
1-Month	5.71%		5.83%
3-Month	5.78%		5.88%
6-Month	5.80%		5.91%
12-Month	5.86%		5.92%

PIB'S Auction Date		
<b>Tenor</b>	<b>22-Sep-16</b>	<b>21-Oct-16</b>
	<b>Cut Off Yields</b>	<b>Bid/Ask</b>
2-Years	-	6.01/5.99
3-Years	6.1970%	6.21/20
5-Years	6.7010%	6.74/72
10-Years	7.7995%	7.84/80

T-Bills Auction Date		
<b>Tenor</b>	<b>13-Oct-16</b>	<b>21-Oct-16</b>
	<b>Cut Off Yields</b>	<b>Bid/Ask</b>
3-Months	5.8571%	5.88/85
6-Months	5.9046%	5.92/88
12-Months	5.9148%	5.93/91

Commodities 15-September-16		
<b>Crude Oil Recommendation</b>		
Technical Level	Long@	Short@
Entry level	-	-
Stop loss	-	-
Take profit	-	-

Gold Recommendation		
Technical Level	Long@	Short@
Entry level	-	-
Stop loss	-	-
Take profit	-	-