

**FX – INTERBANK RATE:**

25-Oct	OPEN	HIGH	LOW	CLOSE	Last Day Close
READY	104.85	104.85	104.84	104.84	104.84

**FX MARKET:**

- ✓ The exchange rate showed no marked change during the day.
- ✓ Swaps started the day with a bid tone as demand picked-up by players looking to enter the market at the lower premium levels and yields. However as the demand faded, the sellers reemerged to drag the premiums slightly lower again.

**PAKISTAN AND EMERGING MARKETS IN THE WORLD ECONOMY:**

- ✓ Yesterday IMF managing director Christine Lagarde in her 1<sup>st</sup> visit to Pakistan gave her assessment of the Pakistani economy. A few of the positive sentiments she echoed were as follows:
- ✓ IMF Managing Director discussed how belief in the global system, discipline in economic reforms, and devotion to help one another can help Pakistan achieve sustainable prosperity.
- ✓ Pakistan was recently upgraded from a frontier economy to an emerging market in the MSCI index. This is an important signal given a changing global landscape, especially for emerging and developing economies.

**Emerging Markets in the Global Economy:**

- ✓ China is the world's 2<sup>nd</sup> largest economy is re-balancing its economy. China is the 3<sup>rd</sup> trading partner of Pakistan, So, as China moves up the value added chain, it will reduce its production of some labor-intensive goods. This is an opportunity for countries such as Pakistan, but Pakistan will need to retool its economy and train its people to realize this advantage.
- ✓ Pakistan also stands to gain from the *transition. The decline in oil and other commodity prices.*

**Pakistan: building a strong foundation to join the emerging markets:**

- ✓ Today, the economy is on a much stronger footing thanks to the authorities' homegrown program of reforms that the IMF supported,. Public finances have improved considerably, external reserve buffers have been rebuilt, and growth has been gradually strengthening.
- ✓ Pakistan has also made important strides in growth-supporting policies. A clear example is the power sector. Costly and inefficient subsidies were reduced. There have been equally important achievements on the budget revenue side.

**Pakistan: next generation reforms:**

- ✓ **1<sup>st</sup> Reinforce Pakistan's economic resilience:** Despite the significant fiscal consolidation achieved under the program, public debt remains high, at about Rs19trn or 65% of GDP. This debt needs to be serviced. To place debt on a downward trajectory, action is needed on both revenue and expenditures.
- ✓ On the revenue side, despite the marked improvements over the IMF-supported program, Pakistan today still only collects little more than half of what is estimated as a feasible amount.
- ✓ **2<sup>nd</sup> Raise growth:** This can be done by promoting private investment, strengthening exports, and raising productivity.

**Conclusion: Pakistan and the IMF: the partnership continues:**

- ✓ Pakistan has made significant economic progress. There is still much to do, but I am confident that Pakistan will succeed.
- ✓ This is a moment of opportunity for Pakistan. The *spark* to continue transforming Pakistan's economy into a dynamic, vibrant, and integrated emerging market that is able to create sustainable jobs and prosperity for all exists among Pakistan's people and policymakers. We look forward to working with all of you to make it happen.

USD/PKR Fc			
PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-WEEK	0.0775	0.0075	4.3%
2-WEEK	0.1575	0.0125	4.1%
1-MONTH	0.3475	0.0025	4.4%
2-MONTH	0.7050	-	4.6%
3-MONTH	0.9750	(0.0050)	4.6%
4-MONTH	1.3200	-	4.1%
5-MONTH	1.6150	(0.0050)	4.0%
6-MONTH	1.9500	0.0050	5.0%
12-MONTH	4.1500	0.0500	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		25/10/2016	
	KIBOR		PKRV
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	
	Tenor	22-Sep-16	25-Oct-16
		Cut Off Yields	Bid/Ask
2-Years	-	-	6.05/6.00
3-Years	6.1970%		6.29/24
5-Years	6.7010%		6.83/80
10-Years	7.7995%		7.93/90
T-Bills		Auction Date	
	Tenor	13-Oct-16	25-Oct-16
		Cut Off Yields	Bid/Ask
3-Months	5.8571%		5.88/85
6-Months	5.9046%		5.92/90
12-Months	5.9148%		5.93/91
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	-		-