

FX – INTERBANK RATE:

5-Jan	OPEN	HIGH	LOW	CLOSE	Last Day Close
READY	104.84	104.84	104.80	104.80	104.85

SUMMARY OF FOMC MINUTES FOR DECEMBER, 13-14 MEETING:

- ✓ The information reviewed for the December 13–14 meeting indicated that real GDP was expanding at a moderate pace over the 2nd half of the year and that labor market conditions had continued to strengthen in recent months. CPI increased further above its pace early in the year but was still running below the Committee’s longer-run objective of 2%, restrained in part by earlier declines in energy prices and in prices of non-energy imports.
- ✓ Total nonfarm payroll employment increased at a solid pace in October and the unemployment rate declined, reaching 4.6% in November.
- ✓ In their consideration of economic conditions and monetary policy, participants agreed that sufficient evidence had accumulated of continued progress toward the Committee’s objectives of maximum employment and 2% inflation to warrant an increase of 25bps in the target range for the federal funds rate at this meeting.
- ✓ Participants judged that, even after the increase in the target range, the stance of policy would remain accommodative, consistent with some further strengthening in labor market conditions and a return of inflation to 2% over the medium term.

MONEY MARKET:

- ✓ Yesterday SBP held its 14th MTB Auction for FY-16/17, where the target amount is Rs200bn and maturity amount is Rs159bn. While the total bid participation amount is recorded 3-times higher from the target and maturity amount Rs653.58bn. But the Govt accepted more than target and maturity amount Rs261.20bn. The Govt accepted amount in 3, 6 and 12-month tenor Rs11.2bn, Rs223bn and Rs25bn respectively. As per our expectation the cut-off yields of 6-month down by 2bps and 12-month rose by 4bps and 3-month cut-off yield fell by 4bps while we expect 3-month cut-off yield remained un-changed.
- ✓ Today MM initiated at 5.85%-6.00% and traded whole day with in the range of 5.85%-6.00% and expected to close at same.

COMMODITIES MARKET:

GOLD: Gold traded higher as the U.S. dollar retreated from 14-year high. Yellow metal is currently trading at \$1,171.30 per ounce.

CRUDE OIL: Crude oil advanced as API said crude oil inventories last week dropped 7.4mn barrels, compared to a 1.7mn barrels decline seen. Black gold is currently trading at \$53.44 per barrel.

WORLD ECONOMIC DATA RELEASED DURING THE LAST 24-HOURS

Date	Events	Actual	Forecast	Previous
4/1/2017	GBP Markit/CIPS UK Construction PMI (DEC)	54.2	52.6	52.8
4/1/2017	GBP Net Consumer Credit (NOV)	1.9b	1.6b	1.6b
4/1/2017	GBP Net Lending Sec. on Dwellings (NOV)	3.2b	3.3b	3.2b
4/1/2017	GBP Mortgage Approvals (NOV)	67.5k	68.7k	67.5k
4/1/2017	EUR Euro-Zone Consumer Price Index Estimate (YoY) (DEC)	1.10%	1.00%	0.60%
4/1/2017	EUR Euro-Zone Consumer Price Index - Core (YoY) (DEC A)	0.90%	0.80%	0.80%
4/1/2017	USD MBA Mortgage Applications (DEC 30)	0.10%		2.50%
5/1/2017	EUR ECB account of the monetary policy meeting			
5/1/2017	USD U.S. Fed Releases Minutes from Dec. 13-14 FOMC Meeting			
5/1/2017	AUD AiG Performance of Service Index (DEC)	57.7		51.1
5/1/2017	JPY Monetary Base End of period (DEC)	¥437.4t		¥419.8t
5/1/2017	JPY Monetary Base (YoY) (DEC)	23.10%		21.50%
5/1/2017	JPY Loans & Discounts Corp (YoY) (NOV)	2.63%		2.29%
5/1/2017	JPY Nikkei Japan PMI Services (DEC)	52.3		51.8
5/1/2017	JPY Nikkei Japan PMI Composite (DEC)	52.8		52
5/1/2017	CNY Caixin China PMI Composite (DEC)	53.5		52.9
5/1/2017	CNY Caixin China PMI Services (DEC)	53.4		53.1

Source: www.dailyfx.com

PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-WEEK	0.0776	0.0028	4.6%
2-WEEK	0.1600	0.0150	4.2%
1-MONTH	0.3104	0.0068	4.3%
2-MONTH	0.5516	0.0142	3.9%
3-MONTH	0.7687	0.0151	3.9%
4-MONTH	1.0237	0.0167	3.2%
5-MONTH	1.2566	0.0057	3.2%
6-MONTH	1.5522	0.0086	4.3%
12-MONTH	3.4652	(0.0743)	5.0%

ECONOMIC INDICATOR			
Forex Reserves	22-Dec-16	USD bn	23.286
CPI- MoM	1-Dec-16		-0.68%
CPI- YoY	1-Dec-16		3.70%
M2 Growth	FY17 YTD		2.78%
SBP Target Rate	FY17 YTD		5.75%
SBP Discount Rate	FY17 YTD		6.25%
FDI	5MFY17	USD mn	459.8
Home Remittance	5MFY17	USD bn	7.874
Current A/C Def.	4MFY17	USD bn	1.762
Trade -Deficit	4MFY17	USD bn	7.796
Kerb USD/PKR	5-Jan-17	Bid/Ask	108.20/50
Govt. Domestic Debt	As at 31-08-2016	Rs tm	14.554
External Debt	As at 30-06-2016	USD bn	72.978
MSCI-EM Index	5-Jan-17	Pts	879.1
PSX-100 Index	5/1/2017	Pts	48,848.84

DATA	3-MONTH	6-MONTH	12-MONTH
LIBOR 3-Jan	0.99872%	1.31767%	1.68900%

Money Market 5-Jan-17		
Tenor	KIBOR	PKRV
1-Month	5.75%	5.90%
3-Month	5.85%	5.97%
6-Month	5.88%	6.01%
12-Month	5.93%	6.05%

PIB'S Auction Date		
Tenor	22-Sep-16	5-Jan-17
	Cut Off Yields	Bid/Ask
2-Years	-	6.12/09
3-Years	6.1970%	6.42/38
5-Years	6.7010%	7.25/20
10-Years	7.7995%	8.40/30

T-Bills Auction Date		
Tenor	05-Jan-17	5-Jan-17
	Cut Off Yields	Bid/Ask
3-Months	5.9465%	5.99/96
6-Months	5.9895%	6.04/6.00
12-Months	5.9931%	6.05/6.00

PMEX FUTURE CONTRACTS 4-Jan-17					
COMMODITIES	P (L/S)	E-L	T-P	S-L	STATUS (ACTIVE/TBE)
CRUDE-OIL					
SILVER					
BRENT-OIL					
GOLD USD	L	1140.00	1180.00	1120.00	ACTIVE
GOLD-EUR/USD	L	1.0410	1.0610	1.0310	ACTIVE
GOLD-GBP/USD					
GOLD-USD/JPY	S	117.90	111.90	119.90	ACTIVE
GOLD-USD/CAD	S	1.3530	1.3200	1.3630	ACTIVE
GOLD-USD/CHF					
GOLD-AUD/USD					

P= POSITION L= LONG S= SHORT TBE= TO BE ENTERED
EL= ENTRY LEVEL TP= TAKE PROFIT SL= STOP LOSS