

FX – INTERBANK RATE:

02-Feb	OPEN	HIGH	LOW	CLOSE	Last Day Close
READY	104.95	104.95	104.93	104.93	104.92

✓ **Forecast for tomorrow:**

As per today's activity, we expect the market to continue to trade within the range of **104.88/104.98**

FX MARKET:

The exchange rate remained unchanged on the day.

Swaps moved higher again today as the rally post monetary policy has continued with the bidders gaining the upper hand following the higher reading on the CPI which was released yesterday. The swap premiums have resumed their upward trajectory as the monetary policy meeting minutes showed that the committee was concerned about the huge amount of domestic debt issued. With Rs1.3tn of PIB's maturing this year, the concern of the central bank would be rollover of this debt given the already low yields prevailing in the markets. Hence market players view that interest rates would remain stagnant for the next few months. With the foreign exchange reserves declining by more than \$300mn in a month, and no major privatization carried out this fiscal year, the central bank would also refrain from cutting interest rates, as this could lead to dollarization.

✓ Yesterday, Pakistan and IMF met for 10th review under EFF in Dubai. After the successful meeting IMF would give approval to release \$500mn to Pakistan.

MONEY MARKET:

✓ Yesterday PBS released the numbers of CPI for the month ended January, 2016. According to PBS, CPI is recorded 3.30% on YoY basis inched higher from previous month 3.20% and lower from last year 3.90%. On MoM basis, CPI is recorded 0.2% as compared to previous month -0.6%. CPI figure is measured from following items: Core NFNE increased by 4.30% on YoY basis while Core Trimmed increased by 3.0% on YoY basis respectively. The average inflation for 7MFY16 is 2.24%.

✓ Today MM initiated at 6.20%-6.40% and traded whole day in the range of 6.20%-6.40% and expected to close at same.

PERIOD	SWAP	Change in	Swap Implied
1-WEEK	0.1250	0.0050	6.6%
2-WEEK	0.2350	(0.0175)	6.0%
1-MONTH	0.4850	0.0050	5.6%
2-MONTH	0.9500	0.0250	6.0%
3-MONTH	1.3350	0.0250	5.6%
4-MONTH	1.7250	0.0550	5.2%
5-MONTH	2.1050	0.0500	5.1%
6-MONTH	2.4650	0.0550	5.5%
12-MONTH	4.7500	0.1500	5.6%

Economic Indicators			
Forex Reserves	22-Jan-16	USD bn	20,502
CPI- MoM	01-Jan-16		0.2%
CPI- YoY	01-Jan-16		3.3%
GDP Growth	FY15 FYD		2.7%
SBPTarget Rate	FY15 FYD		6.0%
FDI	6MFY16	USD mn	6241
Home Remittance	6MFY16	USD bn	9,736
Current A/C Def.	6MFY16	USD bn	1,267
Trade Deficit	6MFY16	USD bn	10,088
Domestic Debt	As at 30-10-2015	Rstn	13,004
External Debt	As at 30-09-2015	USD bn	56,609
KSE-300 Index	02/02/16	Pts	31,960.61

Money Market		02-Feb-16	
	KIBOR	PKRV	
1Month	6.53%	6.49%	
3Month	6.56%	6.50%	
6Month	6.62%	6.52%	
12Month	6.91%	6.57%	

PIB'S Auction Date		
Tenor	28-Jan-16	02-Feb-16
	Cut Off Yields	Bid/Ask
2Years	-	6.40/35
3Years	6.5002%	6.46/40
5Years	7.5484%	7.45/40
10Years	8.8509%	8.98/92

T-Bills Auction Date		
Tenor	21-Jan-16	02-Feb-16
	Cut Off Yields	Bid/Ask
3Months	6.16%	6.25/20
6Months	6.18%	6.24/20
12Months	6.23%	6.23/18

Commodities 01/02/16		
Crude Oil Recommendation		
Level	Long@	Short@
Entry level	-	35.70
Stop loss	-	36.70
Take profit	-	33.70

Gold Recommendation		
Level	Long@	Short@
Entry level	1100	1118
Stop loss	1090	1138
Take profit	1120	1090