

FX – INTERBANK RATE:

3-AUG	OPEN	HIGH	LOW	CLOSE	Last Day Close
READY	104.81	104.81	104.66	104.66	104.84

✓ **Forecast for tomorrow:**

As per today's activity, we expect the market to continue to trade within the range of **104.60/104.75**

FX MARKET:

- ✓ The USDPKR slipped lower today and dropped by almost 20paise's in the morning trade in its biggest day move for the last 3-months.
- ✓ Swaps saw premiums rise across the board as the inverse effect of the exchange rate drop was seen in demand for longer term tenors. The rebound in the overnight money market rates from the lows seen earlier in the week coupled with the T-bill auction today also lent a hand in pushing the premiums higher. With CPI coming in higher than expected, the market sentiment has changed from stable interest rates to one of a gradual uptick in the policy rate.

MONEY MARKET:

- ✓ Yesterday, SBP cut the profit rates of Pakistan National Saving Scheme, which includes the certificates of Defense Saving certificate (DCS) by 37bps from 7.70% to 7.33%, Special Saving Certificate (SSC) by 20bps from 6.00% to 5.80%, Regular Income Certificate (RIC) by 24bps from 6.55% to 6.31%, Behood Saving Certificate (BSC) by 48bps from 9.60% to 9.12%, Short Term Saving Certificate (STSC) by 16bps from 5.72% to 5.56% and Pension Benefit A/c by 48bps from 9.60% to 9.12% respectively. These all new rates will be applied from 1st August, 2016.
- ✓ Today SBP conducted its 3rd MTB Auction for FY16/17, where the target amount is Rs350bn while the maturity amount is Rs343.82bn. The total bid participation is recorded more than 2-times higher from the target amount Rs711.97bn. The total bid participation amount is divided in 3, 6 and 12-month tenor are Rs223.24bn, Rs316.32bn and Rs172.40bn respectively. We expect rise in cut-off yields.

MTB Auction Result

As per our Expectation based on Bid Participation

Maturity Period	Cut-off Yield	Weighted Avg Yield	Realized Value (Rs, bn)	Face Value (Rs, bn)
3-Months	5.8571%	5.8466%	82.617	83.728
6-Months	5.8833%	5.8705%	81.492	83.878
12-Months	5.9035%	5.8945%	88.689	93.903
Total			252.798	261.509

- ✓ Today MM initiated at 5.25%-5.50% and traded whole day with in the range of 5.50%-6.00% and closed at same.

COMMODITY MARKET:

- ✓ **GOLD:** Gold traded higher as the dollar slumped to its lowest level since late-June due to weakness in global equities and inflation remained relatively weak, potentially delaying the timing of the Federal Reserve's latest interest rate hike. Yellow metal is currently trading at \$1,364.13 per ounce.
- ✓ **CRUDE:** Crude oil declined as investors awaited further signs of potential volatility on global energy markets. However, the API disclosed that US crude stockpiles fell by 1.3mn barrels to 518.7mn barrels in the last week. Black gold is currently trading at \$39.80 per barrel.

PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-WEEK	0.1025	0.0050	5.6%
2-WEEK	0.2025	0.0100	5.2%
1-MONTH	0.4625	0.0450	5.7%
2-MONTH	0.8150	-	5.2%
3-MONTH	1.1750	0.0100	5.2%
4-MONTH	1.5600	0.0350	4.6%
5-MONTH	1.8900	-	4.6%
6-MONTH	2.2650	0.0150	5.4%
12-MONTH	4.5500	-	5.8%

Economic Indicators

Forex Reserves	22-Jul-16	USD bn	22.996
CPI- MoM	1-Jul-16		0.40%
CPI- YoY	1-Jul-16		4.12%
M2 Growth	FY17 YTD		-1.11%
SBP Target Rate	FY16 YTD		5.75%
SBP Discount Rate	FY16 YTD		6.25%
FDI	FY16	USD bn	1.281
Home Remittance	FY16	USD bn	19.914
Current A/C Def.	FY16	USD bn	2.525
Trade -Deficit	FY16	USD bn	20.874
Govt. Domestic Debt	As at 31-12-2015	Rs trn	13.188
External Dbt	As at 30-09-2015	USD bn	55.609
KSE-100 Index	8/3/2016	Pts	39,615.76

Money Market		3-Aug-16	
	KIBOR		PKRV
1-Month	5.70%		5.81%
3-Month	5.73%		5.79%
6-Month	5.74%		5.78%
12-Month	5.76%		5.79%

PIB'S		Auction Date	
Tenor	14-July-16	03-Aug-16	
	Cut Off Yields	Bid/Ask	
2-Years	-	5.95/80	
3-Years	6.2058%	6.15/10	
5-Years	6.7029%	6.65/62	
10-Years	7.8003%	7.65/58	

T-Bills		Auction Date	
Tenor	21-July-16	03-Aug-16	
	Cut Off Yields	Bid/Ask	
3-Months	5.81%	5.81/75	
6-Months	5.84%	5.86/84	
12-Months	5.86%	5.88/85	

Commodities 28-July-2016

Crude Oil Recommendation		
Technical Level	Long@	Short@
Entry level	41.00	-
Stop loss	39.00	-
Take profit	46.00	-

Gold Recommendation		
Technical Level	Long@	Short@
Entry level	1,325	1,395
Stop loss	1,305	1,405
Take profit	1,355	1,355