

FX – INTERBANK RATE:

| 03-Feb | OPEN | HIGH | LOW | CLOSE | Last Day Close |
|--------|--------|--------|--------|--------|----------------|
| READY | 104.92 | 104.92 | 104.78 | 104.79 | 104.93 |

✓ **Forecast for tomorrow:**

As per today's activity, we expect the market to continue to trade within the range of **104.75/104.90**

FX MARKET:

- ✓ The exchange rate slipped lower today as dollar selling in favor of the rupee gained traction. With swap premiums at elevated levels, market players decided to exit their long dollar positions rather than pay excessive premiums to rollover their positions.
- ✓ Swaps remained broadly unchanged on the day as the market took a breather from the surge in premiums over the last few days. With swap yields already near the Policy rate, market players have taken a back seat to reevaluate their positions. The lower oil prices seen overnight, coupled with equity markets in negative territory have resulted in the fed funds futures now putting a probability of the next Fed rate for April 2017. This means that swap traders will no longer be pricing in increases in their dollar calculations, and with the domestic policy rate also expected to remain unchanged, the convergence in interest rate differentials which was expected will not materialize and this has resulted in the premiums moving higher.

MONEY MARKET:

- ✓ Today SBP held its 16th MTB auction for FY-15/16, where the target amount is Rs350bn while the maturity amount is Rs368.22bn. The total bid participation amount is recorded more from the target amount Rs591.20bn. The total bid participation amount in 3, 6 and 12Months are Rs232.40bn, Rs100.39bn and Rs258.41bn respectively. We expect slightly up in cut-off yields.
- ✓ Today MM initiated at 6.25%-6.40% and traded whole day in the range of 6.25%-6.35% and expected to close at same.

COMMODITY MARKET:

- ✓ **GOLD:** Gold traded higher as investors continued to digest dovish comments for Federal Reserve policymaker. Yellow metal is currently trading at \$1,129.33 per ounce.
- ✓ **CRUDE:** Crude oil declined amid deepening supply glut fears. Black gold is currently trading at \$30.43 per barrel.

| PERIOD | SWAP | Change in | Swap Implied |
|----------|--------|-----------|--------------|
| 1-WEEK | 0.1225 | (0.0025) | 6.4% |
| 2-WEEK | 0.2375 | 0.0025 | 6.1% |
| 1-MONTH | 0.4800 | (0.0050) | 5.6% |
| 2-MONTH | 0.9500 | - | 6.0% |
| 3-MONTH | 1.3300 | (0.0050) | 5.6% |
| 4-MONTH | 1.7000 | (0.0250) | 5.2% |
| 5-MONTH | 2.0850 | (0.0200) | 5.1% |
| 6-MONTH | 2.4600 | (0.0050) | 5.5% |
| 12-MONTH | 4.7500 | - | 5.6% |

| Economic Indicators | | | |
|---------------------|------------------|--------|-----------|
| Forex Reserves | 22-Jan-16 | USD bn | 28582 |
| CPI-MMM | 03-Jan-16 | | 0.20% |
| CPI-YoY | 03-Jan-16 | | 3.32% |
| M2 Growth | FY16 YTD | | 2.78% |
| SBP Target Rate | FY16 YTD | | 6.00% |
| FDI | GMFY16 | USD mn | 624.1 |
| Home Investment | GMFY16 | USD bn | 9.735 |
| Current A/C Def. | GMFY16 | USD bn | 1.267 |
| Trade Deficit | GMFY16 | USD bn | 10890.1 |
| Govt. Domestic Debt | As at 31-12-2015 | Bstrn | 13100 |
| External Debt | As at 31-12-2015 | USD bn | 55689 |
| ISF-100 Index | 02/02/16 | Pts | 31,988.61 |

| Money Market | | 03-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 | 03-Feb-16 |
| | Cut Off Yields | Bid/Ask |
| 2Years | - | 6.30/25 |
| 3Years | 6.5002% | 6.42/38 |
| 5Years | 7.5484% | 7.25/20 |
| 10Years | 8.8509% | 8.82/77 |

| T-Bills Auction Date | | |
|----------------------|----------------|-----------|
| Tenor | 21-Jan-16 | 03-Feb-16 |
| | Cut Off Yields | Bid/Ask |
| 3Months | 6.16% | 6.23/18 |
| 6Months | 6.18% | 6.24/20 |
| 12Months | 6.23% | 6.24/20 |

| Commodities 03/02/16 | | |
|--------------------------|-------|--------|
| Crude Oil Recommendation | | |
| Level | Long@ | Short@ |
| Entry level | - | 33.50 |
| Stop loss | - | 34.50 |
| Take profit | - | 31.50 |

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