

FX – INTERBANK RATE:

4-AUG	OPEN	HIGH	LOW	CLOSE	Last Day Close
READY	104.50	104.62	104.30	104.56	104.66

✓ **Forecast for tomorrow:**

As per today's activity, we expect the market to continue to trade within the range of **104.20/104.50**

FX MARKET:

- ✓ The slide in the exchange rate resumed today as the USDPKR traded down to 104.30 before rebounding back. Unexpected inflows and lack of major payments this week are the reasons cited for the strength in the rupee.
- ✓ Swaps were expected to short higher following the drop in the exchange rate but managed to make only slight gains, with the 6-months tenor seeing the most gains. With the IMF agreement ending in September and all indications are that another IMF agreement is not on the cards, uncertainty on future FX flows could mean that demand for hedging of receivables could pick up on any drop in the exchange rate.

MONEY MARKET:

- ✓ Yesterday SBP conducted its 3rd MTB Auction for FY16/17, where the target amount was Rs350bn while the maturity amount was Rs343.82bn. The total bid participation is recorded more than 2-times higher from the target amount Rs711.97bn. But Government accepted amount Rs362.22bn just above from the target amount. Government accepted amount is divided in 3, 6 and 12-month tenor are Rs82.61bn, Rs175.81bn and Rs103.79bn respectively. As per our expectation the cut-off yields rise in 3, 6 and 12-month tenor by 5, 7 and 6bps from 5.81% to 5.86%, 5.84% to 5.91% and 5.86% to 5.92% respectively.
- ✓ Today MM initiated at 5.90%-6.10% and traded whole day with in the range of 5.90%-6.15% and expected to close at same.

COMMODITY MARKET:

- ✓ **GOLD:** Gold traded lower on a firmer dollar following stronger-than-expected U.S. employment data. Yellow metal is currently trading at \$1,360.60 per ounce.
- ✓ **CRUDE:** Crude oil advanced the EIA indicated that the US crude oil inventories rose by 1.4mn barrels to 522.7mn barrels during the week ended 29 July. Black gold is currently trading at \$40.47 per barrel.

PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-WEEK	0.1013	(0.0012)	5.5%
2-WEEK	0.2013	(0.0013)	5.2%
1-MONTH	0.4550	(0.0075)	5.6%
2-MONTH	0.8125	(0.0025)	5.2%
3-MONTH	1.1850	0.0100	5.3%
4-MONTH	1.5650	0.0050	4.7%
5-MONTH	1.9100	0.0200	4.7%
6-MONTH	2.3050	0.0400	5.5%
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		4-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	04-Aug-16	
	Cut Off Yields		Bid/Ask
2-Years	-		5.95/90
3-Years	6.2058%		6.15/10
5-Years	6.7029%		6.65/60
10-Years	7.8003%		7.65/60

T-Bills		Auction Date	
Tenor	04-Aug-16	04-Aug-16	
	Cut Off Yields		Bid/Ask
3-Months	5.8571%		5.87/83
6-Months	5.9046%		5.88/86
12-Months	5.9148%		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