

FX – INTERBANK RATE:

5-Aug	OPEN	HIGH	LOW	CLOSE	Last Day Close
READY	104.67	104.67	104.61	104.61	104.56

✓ **Forecast for tomorrow:**

As per today's activity, we expect the market to continue to trade within the range of **104.50/104.70**

FX MARKET:

- ✓ SBP released the figure of Total FX Reserves for the week ended 29th July, 2016. According to SBP, Total FX Reserves was declined by \$18.1mn as compared to the previous week \$22.99bn to \$22.97bn. The break-up of total FX Reserves are as follows: SBP held total FX Reserves surged by \$23.6mn from \$18.03bn to \$18.06bn while FX Reserves held in other banks fell by \$41.7mn from \$4.95bn to \$4.91bn.
- ✓ Yesterday after completion of 12th and final review under EFF, IMF released the mission statement stated following:
- ✓ Growth is expected to reach 5% in FY-16/17, supported by buoyant construction activity, strengthened private sector credit growth, and an investment upturn related to the CPEC. Nevertheless, a challenging global environment and declining exports are weighing on growth prospects. Average inflation is expected at around 5.2% in FY-16/17. Gross international reserves reached \$18.1bn at end-June, 2016, covering over 4-months of prospective imports.
- ✓ Program performance in the 4QFY-15/16 has been solid. Most end-June, 2016 quantitative performance criteria (PCs) were met, although the ceilings on the budget deficit and NDA of the SBP were exceeded by small margins. We welcome the authorities' commitment to take remedial actions in these areas. All indicative targets and structural benchmarks (SB) were met, except for the delayed notification of multi-year tariffs for 3-power distribution companies.
- ✓ In the course of the IMF-supported program, Pakistan's economy has made significant progress toward strengthening macroeconomic and financial stability and resilience, and laying foundations for higher, more sustainable, and inclusive growth. Growth gradually accelerated, international reserve buffers have been rebuilt, and the budget deficit narrowed significantly, helped by sizeable growth in tax revenue. Inflation declined, helped by lower oil prices and improved monetary and fiscal policies.
- ✓ To consolidate and reinforce the gains achieved in the last three years, the economic reform agenda needs to continue after the program ends. In this context, it will be important to further strengthen public finances and external buffers, broaden the tax net, improve public financial management, strengthen the monetary policy framework, address losses in PSEs, complete the energy sector reforms, and accelerate competitiveness-enhancing improvements of the business climate, including the trade regime.
- ✓ After productive and successful discussion, IMF has approved the payment of 12th and final tranche \$102mn under the 3-year EFF Program for \$6.4bn. Pakistan will receive this tranche or payment in September after the final approval of the Executive Board of the Fund.

MONEY MARKET:

- ✓ Today PBS released the data of weekly inflation for the week ended 4th August, 2016. According to PBS, SPI fell by 0.39% from last week 219.77bps to 218.91bps.
- ✓ Today MM initiated at 5.75%-600% but after SBP conducted 7-Day OMO (Injection) of Rs921bn at 5.79% MM traded the day at 5.50%-5.85% and expected to close at same.

PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-WEEK	0.0975	(0.0038)	5.3%
2-WEEK	0.1950	(0.0063)	5.0%
1-MONTH	0.4350	(0.0200)	5.4%
2-MONTH	0.7950	(0.0175)	5.1%
3-MONTH	1.1950	0.0100	5.3%
4-MONTH	1.5400	(0.0250)	4.6%
5-MONTH	1.8900	(0.0200)	4.6%
6-MONTH	2.2750	(0.0300)	5.4%
12-MONTH	4.5500	-	5.8%

Economic Indicators			
Forex Reserves	29-Jul-16	USD bn	22.978
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			5-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 Cut Off Yields	05-Aug-16 Bid/Ask
2-Years	-	5.95/92
3-Years	6.2058%	6.14/10
5-Years	6.7029%	6.65/62
10-Years	7.8003%	7.65/60

T-Bills Auction Date		
Tenor	04-Aug-16 Cut Off Yields	05-Aug-16 Bid/Ask
3-Months	5.8571%	5.84/80
6-Months	5.9046%	5.87/85
12-Months	5.9148%	5.88/86

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