

FX – INTERBANK RATE:

08-Jan	OPEN	HIGH	LOW	CLOSE	Last Day Close
READY	104.93	104.95	104.93	104.93	104.93

- ✓ **Forecast for tomorrow:**
As per today's activity, we expect the market to continue to trade within the range of **104.92/105.02**

FX MARKET:

- ✓ The exchange rate remained unchanged on the day.
- ✓ Swaps started the day with premiums lower across the board as the money market remained liquid. With the FX reserves falling by \$263mn, the market offers dominated the trading desk as the reserves dipping below \$21bn was taken negative by the market as future inflows from privatizations or Eurobond offering in this quarter to remain slim. Yesterday's devaluation of the Chinese Yuan by 0.5% with the reference rate at 6.56, this means that the Chinese currency has depreciated by 6.5% since august of last year, while the PKR has depreciated by only 3% during the same period. These factors led to market players offering across the board, as they expect some form of dollar crunch to reemerge. The 1month traded down 45paisa's, 2month down to 85paisa's while the 3months traded as low as Rs1.23. The market did regain some lost ground towards the last hour of trading as short covering allowed the bidders to take the premiums slightly higher again.
- ✓ SBP released the figure for total FX Reserves for the week ended 1st January, 2016. According to SBP, total FX Reserves declined by \$263.8mn from last week \$21.07bn to \$20.81bn. The breakup of total FX Reserves are as follows: SBP held FX Reserves decreased by \$288.2mn from \$16.17bn to \$15.88bn while FX Reserves held in other banks rose by \$24.4mn from \$4.90bn to \$4.92bn.

MONEY MARKET:

- ✓ Today PBS released the data of weekly inflation for the week ended 7th January, 2016. According to PBS, SPI fell by 0.34% from last week 218.86bps to 218.12bps.
- ✓ Today SBP conducted 7Day OMO (Injection), where total amount offered was Rs1.044trn from which the amount accepted was Rs1.041trn at 6.03%.
- ✓ Today MM initiated at 6.00%-6.25% and traded whole day in the range of 6.00%-6.25% and closed at 5.75%-6.00%.

COMMODITY MARKET:

- ✓ **GOLD:** Gold traded higher as investors piled into the safe-haven asset after the PBOC surprisingly adjusted its fix on the Yuan. Yellow metal is currently trading at \$1,098.03 per ounce.
- ✓ **CRUDE:** Crude oil declined when a massive sell-off in China hours earlier exacerbated fears of weakening demand among the world's 2nd largest consumer of oil. Black gold is currently trading at \$33.33 per barrel.

PERIOD	SWAP	Change in	Swap Implied
1-WEEK	0.1175	(0.0025)	6.2%
2-WEEK	0.2350	0.0150	6.0%
1-MONTH	0.4700	(0.0200)	5.5%
2-MONTH	0.8700	(0.0250)	5.6%
3-MONTH	1.2400	(0.0300)	5.3%
4-MONTH	1.6050	(0.0450)	4.9%
5-MONTH	1.9150	(0.0600)	4.7%
6-MONTH	2.2950	(0.0300)	5.1%
12-MONTH	4.5000	-	5.4%

Economic Indicators			
Revised Economic	01-Jan-16	USD bn	28.81
CPI-MoM	08-Dec-15	-	-0.62%
CPI-YoY	08-Dec-15	-	3.28%
G2 Growth	FT16 YTD	-	2.22%
SBP Discount Rate	FT16 YTD	-	6.00%
FDI	SMFY16	USD mn	548.2
Home Remittance	SMFY16	USD bn	0.858
Current A/C Def.	SMFY16	USD bn	1.085
Trade Deficit	SMFY16	USD bn	7.488
Domestic Debt	As at 31-12-2015	US \$ bn	13,884
External Debt	As at 30-09-2015	USD bn	55,629
RSE-100 Index	08/01/16	Pts	32,511.57

Economic Data released over the last 24 hours					
Date	Events	Actual	Forecast	Previous	
07/01/16	EUR German Factory Orders n.s.a. (YoY) (NOV)		1.10%	-1.40%	
07/01/16	EUR German Retail Sales (YoY) (NOV)		3.70%	2.10%	
07/01/16	EUR Markt Germany Construction PMI (DEC)			52.5	
07/01/16	EUR Markt Germany Retail PMI (DEC)			49.6	
07/01/16	EUR Euro-Zone Unemployment Rate (NOV)		10.70%	10.70%	
07/01/16	EUR Euro-Zone Retail Sales (YoY) (NOV)		2.00%	2.50%	
07/01/16	CAD Bank of Canada's Poloz speaks in Ottawa				
07/01/16	USD Initial Jobless Claims (JAN 2)			287k	
07/01/16	USD Continuing Claims (DEC 26)			2198k	
07/01/16	CAD Ivey Purchasing Managers Index s.a. (DEC)			63.6	

Money Market 08-Jan-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	17-Dec-15	08-Jan-16	
	Cut Off Yields	Bid/Ask	
2Years	-	6.55/48	
3Years	7.0251%	6.74/70	
5Years	7.9997%	7.75/71	
10Years	9.1011%	8.95/90	

T-Bills Auction Date			
Tenor	07-Jan-16	08-Jan-16	
	Cut Off Yields	Bid/Ask	
3Months	6.3038%	6.26/22	
6Months	6.3092%	6.28/23	
12Months	6.3098%	6.29/25	

Commodities 08/01/16			
Crude Oil Recommendation			
Level	Long	Short	
Entry level	-	-	
Stop loss	-	-	
Take profit	-	-	
Gold Recommendation			
Level	Long	Short	
Entry level	-	-	
Stop loss	-	-	
Take profit	-	-	