

FX – INTERBANK RATE:

| 20-Jul | OPEN | HIGH | LOW | CLOSE | Last Day Close |
|--------|--------|--------|--------|--------|----------------|
| READY | 104.84 | 104.84 | 104.83 | 104.83 | 104.85 |

- ✓ **Forecast for tomorrow:**
As per today's activity, we expect the market to continue to trade within the range of **104.80/104.90**

FX MARKET:

- ✓ The exchange rate remained within a small trading band.
- ✓ Swaps saw mixed activity as premiums tended to see demand up to the 2-months tenors while the longer term 6-months tenor saw selling interest with the 6-months premium trading down to Rs2.21 before rebounding. With activity today focused on the T-Bill auction and expectations for a heavy participation which could see some undercutting in the yields, as expectations grow about another 25bps cut in the policy rate at this month's monetary policy meeting. With oil prices trading lower, CPI trending lower last month despite the Ramadan effect, FX reserves at an all-time high, the case for a rate cut is undeniably strong. This could see more selling pressure in the longer term swap premiums going into the MPC.

MONEY MARKET:

- ✓ Yesterday SBP conducted 3-Days OMO (Injection), where total amount offered was Rs192bn but only Rs38bn was accepted at 5.80%.
- ✓ PBS released the data of LSMI Output for the month of May, 2016. According to PBS, LSMI Output decreased by 3.47% as compared to the previous month 129.92bps to 125.42bps. For 11MFY15/16, LSMI Output increased by 3.45% as compared to the same period of last fiscal year 128.37bps to 132.80bps. The sector showed positive growth is as follows: Automobiles 18.26%, Fertilizers 14.67% and Non-Metallic Mineral Products 1.67% respectively and Sectors which recorded decline are as follows: Wood Products 62.79%, Engineering Products 14.27% respectively.
- ✓ Today SBP conducted its 2nd MTB Auction for FY16/17, where the target amount is Rs200bn while the maturity amount is Rs132.95bn. The total bid participation is recorded more than 3-times higher from the target amount Rs740.93bn. The total bid participation amount is divided in 3, 6 and 12-month tenor are Rs149.99bn, Rs376.24bn and Rs214.7bn respectively. We expect drop in cut-off yield.
- ✓ Today MM initiated at 5.75%-6.00% and traded whole day with in the range of 5.75%-6.10% and expected to close at same.

| USD/PKR Fc | | | |
|----------------------|------------------|--------------------|------------------------|
| PERIOD | SWAP | Change in Premiums | Swap Implied PKR Yield |
| 1-WEEK | 0.0963 | - | 5.2% |
| 2-WEEK | 0.1900 | 0.0050 | 4.9% |
| 1-MONTH | 0.4325 | 0.0275 | 5.3% |
| 2-MONTH | 0.8225 | 0.0075 | 5.2% |
| 3-MONTH | 1.1800 | 0.0150 | 5.2% |
| 4-MONTH | 1.5650 | (0.0050) | 4.6% |
| 5-MONTH | 1.8600 | (0.0200) | 4.6% |
| 6-MONTH | 2.2250 | (0.0100) | 5.2% |
| 12-MONTH | 4.6500 | - | 5.7% |
| Economic Indicators | | | |
| Forex Reserves | 24-Jun-16 | USD bn | 21.765 |
| CPI- MoM | 1-Jun-16 | | 0.60% |
| CPI- YoY | 1-Jun-16 | | 3.17% |
| M2 Growth | FY16 YTD | | 11.69% |
| SBP Target Rate | FY16 YTD | | 5.75% |
| SBP Discount Rate | FY16 YTD | | 6.25% |
| FDI | 11MFY16 | USD bn | 1.083 |
| Home Remittance | FY16 | USD bn | 19.914 |
| Current A/C Def. | 11MFY16 | USD bn | 2.486 |
| Trade -Deficit | 11MFY16 | USD bn | 18.603 |
| 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 | 7/18/2016 | Pts | 39,253.25 |
| Money Market | | 20-Jul-16 | |
| | KIBOR | PKRV | |
| 1-Month | 5.74% | 5.90% | |
| 3-Month | 5.86% | 5.93% | |
| 6-Month | 5.90% | 5.95% | |
| 12-Month | 5.95% | 5.98% | |
| PIB'S | | Auction Date | |
| Tenor | 14-July-16 | 20-July-16 | |
| | Cut Off Yields | Bid/Ask | |
| 2-Years | - | 5.98/90 | |
| 3-Years | 6.2058% | 6.02/5.97 | |
| 5-Years | 6.7029% | 6.50/45 | |
| 10-Years | 7.8003% | 7.50/40 | |
| T-Bills | | Auction Date | |
| Tenor | 11-July-16 | 20-July-16 | |
| | Cut Off Yields | Bid/Ask | |
| 3-Months | 5.8689% | 5.75/68 | |
| 6-Months | 5.9070% | 5.7670 | |
| 12-Months | 5.9123% | 5.80/70 | |
| Commodities | | 7/11/2016 | |
| Gold Recommendation | | | |
| Level | Long@ | Short@ | |
| Entry level | 1325 | 1395 | |
| Stop loss | 1305 | 1405 | |
| Take profit | 1355 | 1355 | |
| Crude Recommendation | | | |
| Level | Long@ | Short@ | |
| Entry level | 44 | 48.5 | |
| Stop loss | 42 | 51.5 | |
| Take profit | 48 | 46.5 | |