### **FX – INTERBANK RATE:**

20-141	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 2months 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 at5.80%.
- 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 2<sup>nd</sup> 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.

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# C&M Management Pvt. Ltd

USD/PKR Fo							
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 Indicat	ors						
Forex Reserves 24-Jun-16 USD bn 21.765							
CPI- MoM	1-Jui	n-16	0.60%				
CPI- YoY	1-Jui	n-16	3.17%				
M2 Growth	M2 Growth   FY16 YTD   11.69%						
SBP Target R	SBP Target Rate FY16 YTD 5.75%						
SBP Discount	SBP Discount Rate FY16 YTD 6.25%						
FDI	FDI 11MFY16 USD bn 1.083						
Home Remitta	ance FY	16 USD	bn 19.914				
Current A/C D	Def. 11M	FY16 USD	bn 2.486				
Trade -Defi	cit 11MI	FY16 USD	bn 18.603				
Govt. Domestic	Debt As at 31-	-12-2015 Rs t	rn 13.188				
External D	ot As at 30-	-09-2015 USD	bn 55.609				
KSE-100 Index 7/18/2016 Pts 39,253.25							
KSE-100 Ind	ex 7/18/	'2016 Pts	39,253.25				
KSE-100 Inde	arket	20	-Jul-16				
Money Ma	arket KIBC	20 DR	-Jul-16 PKRV				
	arket	20 DR 1%	-Jul-16				
Money Ma	arket KIBC 5.74	20 DR 1% 5%	-Jul-16 PKRV 5.90%				
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