

FX – INTERBANK RATE:

22-May	OPEN	HIGH	LOW	CLOSE	Last Day Close
READY	104.85	104.87	104.85	104.86	104.86

HIGHLIGHT OF MONETARY POLICY MEETING AT 20th MAY, 2017:

- Real GDP growth in FY17 is provisionally estimated at 5.3% representing a 10-year high. Specifically, the revival of domestic demand has been instrumental in the current upturn. Furthermore, consumer spending has also expanded with a stable inflationary environment and banks renewed interest in consumer financing.
- With further improvement in economic activity along with pass through of the recovering global oil prices to domestic motor fuel cost, headline CPI inflation has also edged up in recent months. However, it is likely to remain within the target.
- The upbeat economic sentiments and low interest rates have encouraged the private sector to undertake capacity expansions.
- The expansion in economic activity has led to a concomitant surge in import payments during 10M-FY17. On the other hand, exports have posted only a marginal recovery; whereas, workers' remittances also slowed down this year mainly owing to the changing labor market dynamics in the GCC region. All these factors led to a sharp widening of the CA deficit during 10M-FY17.
- Going forward, official inflows are expected to provide support to FX-Reserves. A sustained increase in other private inflows—FDI and export earnings in particular—is required to fully finance the surge in imports. Furthermore, the current growth momentum led by CPEC related investments is likely to boost FDI inflows.
- Keeping these factors in view, the MPC of SBP has decided to keep the policy rate unchanged at 5.75%.

FX MARKET:

- Swaps moved higher at the start of the trading session as the usual Monday payment pressure appeared less than expected. The 1-month traded at 15paisas, 3-months traded at 57paisas and the 6-months traded at a high of Rs1.10. However premiums from then on suddenly took a dramatic dive lower as an unexpected payment made the market player holding the LC to fund his nostro by taking out the market bids in the 1-week tenor. This then led to a domino effect where the overnight traded at a discount of 7paisas, and 1-week as traded at a discount of 10paisas and the 1-month last traded at 10.5paisas.
- ICI Pakistan Ltd. has announced to purchase of a certain assets and registrations of Wyeth Pakistan Limited for Rs1.9bn.
- On Friday, SBP released the figure of total FX-Reserves for the week ended 1st May, 2017. According to SBP, Total FX-Reserves declined by \$111.9mn as compared to the previous week \$20.79bn to \$20.67bn. The break-up of total FX-Reserves are as follows: SBP held FX-Reserves decreased by \$16.6mn from \$15.91bn to \$15.89bn while FX-Reserves held in other banks also fell by \$95.3mn from \$4.87bn to \$4.78bn.
- PTA has now officially notified jazz that it has won the spectrum and that the operator should start preparing to submit the spectrum fee within the next 30-days. Jazz will pay 50% of \$324mn (\$295mn spectrum fee + \$29.5mn tax) within the next 30-days while remaining 50% of the payment will be made by January 2018.

MONEY MARKET:

- On Friday, PBS released the data of LSMI for the month ended March, 2017. According to the PBS, LSMI Output advanced by 9.11% as compared to the previous month 158.32bps to 172.75bps. For 9MFY-16/17, LSMI Output surged-up by 5.06% as compared to the same period of last fiscal year 133.80bps to 140.58bps. The sectors which posted positive growth was as follows: Iron & steel products 16.58%, Fertilizer 15.24%, Automobiles 11.31% & Food, Beverages & Tobacco 9.65% and the sector which declined were as follows: Wood Products 95.04% & Leather Products 17.97% respectively.
- On Friday PBS released the data of weekly inflation for the week ended 18th May, 2017. According to PBS, SPI rose by 0.06% as compared to the previous week 220.61bps to 220.47bps.
- On Friday SBP conducted 7-Day OMO (Injection), where bid amount total accepted was Rs1.33trn at 5.81%.
- Today MM initiated at 5.80%-5.90% and traded whole day within the range of 5.75%-5.90% and expected to close at same.

COMMODITIES MARKET:

- GOLD:** Gold traded higher as political uncertainty surrounding the Trump administration pressured the dollar lower, boosting demand for the precious metal. Yellow metal is currently trading at \$1,256.15 per ounce.
- CRUDE OIL:** Crude oil advanced with prices scoring a weekly gain of more than 5% amid optimism that key producers will extend output cuts beyond an agreed-on June deadline when they meet later this month. Black gold is currently trading at \$51.17 per barrel.

PERIOD	SWAP	Change in Premium	Swap Implied Yield
1-WEEK	(0.0050)	(0.0325)	0.20
2-WEEK	0.0050	(0.0175)	1.84
1-MONTH	0.1150	(0.0375)	2.22
2-MONTH	0.3050	(0.0325)	2.88
3-MONTH	0.5000	(0.0425)	3.11
4-MONTH	0.7000	(0.0375)	3.28
5-MONTH	0.8500	(0.0575)	3.26
6-MONTH	1.0400	(0.0125)	3.40
12-MONTH	2.2150	(0.0875)	3.82

ECONOMIC INDICATOR			
Forex Reserves	12-May-17	USD bn	20.68
CPI- MoM	1-Apr-17		0.80%
CPI- YoY	1-Apr-17		4.78%
M2 Growth	FY17 YTD		7.30%
SBP Target Rate	FY17 YTD		5.75%
SBP Discount Rate	FY17 YTD		6.25%
FDI	10MFY17	USD bn	1.733
Home Remittance	10MFY17	USD bn	15.596
Current A/C Def.	10MFY17	USD bn	7.246
Trade -Deficit	10MFY17	USD bn	22.250
Kerb USD/PKR	22/5/2017	Bid/Ask	105.85/106.25
Govt. Domestic Debt	As at 30-03-2017	Rs trn	15.045
External Debt	As at 30-12-2016	USD bn	74.126
MSCI-EM Index	22/5/2017	Pts	1,004.35
PSX-100 Index	22/5/2017	Pts	51,392.95

DATA	3-MONTH	6-MONTH	12-MONTH
LIBOR 18-May	1.17172%	1.39906%	1.70456%

Money Market 22-May-17		
Tenor	KIBOR	PKRV
1-Month	5.76%	5.93%
3-Month	5.86%	5.98%
6-Month	5.90%	6.02%
12-Month	5.95%	6.03%

PIB'S Auction Date		
Tenor	18-May-17 Cut Off Yields	22-May-17 Bid/Ask
2-Years	-	6.22/19
3-Years	6.4060%	6.40/39
5-Years	6.8974%	6.94/90
10-Years	7.9358%	8.00/7.95

T-Bills Auction Date		
Tenor	27-Apr-17 Cut Off Yields	22-May-17 Bid/Ask
3-Months	5.9910%	5.99/98
6-Months	6.0109%	6.00/5.99
12-Months	6.0273%	6.01/5.99

FIMEX FUTURE CONTRACTS					18/5/2017
COMMODITIES	P (L/S)	E-L	T-P	S-L	YTD P & L %
CRUDE-OIL					13.42%
SILVER					2.42%
BENT-OIL					
GOLD USD					1.52%
GOLD-EUR/USD					1.52%
GOLD-GOP/USD					
GOLD-USD/JPY	5	112.48	118.58	114.88	6.42%
GOLD-USD/CAD					2.42%
GOLD-USD/CHF					
GOLD-AUD/USD					
P- POSITION L- LONG S- SHORT P- PROFIT L- LOSS					
TP- TIME PROFIT SL- STOP LOSS YTD- YEAR TO DATE					