

**FX – INTERBANK RATE:**

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

✓ **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 in the same tight trading band-

Swaps saw downward pressure as the demand seen in the shorter tenors yesterday saw no follow through. With the market bracing itself for a 25bps cut at the monetary policy meeting, given the slowdown in the global economy and the downward trend in oil prices, the swap premiums saw renewed selling pressure as traders positioned themselves to take advantage of interest rate differential changes that would occur.

✓ SBP released the data of Current Account (CA) Deficit for the month of June, 2016. According to SBP, CA (Deficit) plunged by \$731mn as compared to the previous month \$792 to \$61mn. For FY-15/16, CA (Deficit) dropped by \$184mn as compared to the last fiscal year \$2.70bn to \$2.52bn. The CA (Deficit) figure made-up by following items: Trade Deficit (Goods & Services) increased by \$72mn from \$20.15bn to \$20.87bn, Primary Income (negative) increased by \$178mn from \$4.59bn to \$4.77bn and Secondary income rose by \$1.082bn from \$22.04bn to \$23.12bn.

✓ Along with CA (Deficit) SBP also released the data of Trade deficit (Goods & Services) for the month of June, 2016. According to SBP, Trade deficit surged by \$14mn as compared to the last month \$2.16bn to \$2.30bn. For FY-15/16, Trade deficit figure increased by \$72mn as compared the last fiscal year \$20.15bn to \$20.87bn. Trade deficit figure made-up with Goods & Services. Trade deficit-Goods increased by \$1.269bn from \$17.19bn to \$18.46bn while Trade deficit-Services fell by \$549mn from 2.96bn to \$2.41bn.

✓ SBP released the figure of total FX Reserves for the week ended 15<sup>th</sup> July, 2016. According to SBP, Total FX Reserves rose by \$28.5mn as compared to the previous week \$23.06bn to \$23.09bn. The break-up of total FX Reserves are as follows: SBP held FX Reserves fell by \$27mn from \$18.10bn to \$18.07bn while FX Reserves held in other banks increased by \$55.5mn from \$4.95bn to \$5.01bn. During the week, SBP made payments of \$63mn on a/c of external debt servicing.

**MONEY MARKET:**

✓ Yesterday SBP conducted 8-Days OMO (Injection), where total amount offered was Rs307.8bn from which the amount accepted was Rs297.8bn at 5.78%.

✓ Today PBS released the data of weekly inflation for the week ended 21<sup>st</sup> July, 2016. According to PBS, SPI surged by 0.25% as compared to the previous week 219.41bps to 219.96bps.

✓ Today SBP conducted 7-Day OMO (Injection), where total amount offered was Rs686bn out of which the amount accepted was Rs640bn at 5.79%.

✓ Today MM initiated at 5.75%-6.00% and traded whole day with in the range of 5.70%-6.00% and expected to close at same.

**COMMODITY MARKET:**

✓ **GOLD:** Gold traded higher after the ECB vowed to maintain rates unchanged at record low level. Yellow metal is currently trading at \$1,325.55 per ounce.

✓ **CRUDE:** Crude oil declined amid rising supply glut concerns. Black gold is currently trading at \$44.81 per barrel.

USD/PKR Fc			
PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-WEEK	0.1000	(0.0027)	5.4%
2-WEEK	0.1975	(0.0025)	5.1%
1-MONTH	0.4250	(0.0075)	5.3%
2-MONTH	0.8250	-	5.2%
3-MONTH	1.1850	0.0100	5.2%
4-MONTH	1.5400	(0.0100)	4.6%
5-MONTH	1.8650	(0.0050)	4.6%
6-MONTH	2.2300	(0.0150)	5.2%
12-MONTH	4.6500	-	5.7%

Economic Indicators			
Forex Reserves	15-Jul-16	USD bn	23.091
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	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	7/19/2016	Pts	39,253.25

Money Market			22-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	22-July-16		
	Cut Off	Yeilds	Bid/Ask	
2-Years	-	-	5.95/85	
3-Years	6.2058%	-	6.05/02	
5-Years	6.7029%	-	6.49/46	
10-Years	7.8003%	-	7.50/47	

T-Bills			Auction Date	
Tenor	21-July-16	22-July-16		
	Cut Off	Yeilds	Bid/Ask	
3-Months	5.81%	-	5.80/75	
6-Months	5.84%	-	5.8078	
12-Months	5.86%	-	5.80/78	

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