

FX – INTERBANK RATE:

26-May	OPEN	HIGH	LOW	CLOSE	Last Day Close
READY	104.80	104.82	104.80	104.81	104.80

✓ **Forecast for tomorrow:**

As per today's activity, we expect the market to continue to trade within the range of **104.75/104.90**

FX MARKET:

- ✓ The exchange remained unchanged.
- ✓ Swaps moved lower as dollar demand picked up especially in the shorter tenors. Most of the trading was seen in 5-day swaps while the 2 and 3-months also did witness modest activity. The 3-months after trading at a high of Rs1.14 trade down to Rs1.11, while the 2-months saw activity at the RS0.73 level. With month end approaching as well as the start of Ramadan, the dollar demand is picking up as seasonal imports pick up. The likely hood of more dollar demand picking up as oil prices traded above \$50 could also be behind the pickup in demand for the greenback.

MONEY MARKET:

- ✓ Yesterday SBP held its 23rd MTB auction where target amount is Rs100bn while the maturity amount is Rs60.69bn. The total bid participation amount is recorded almost 6-times higher from the target amount Rs575.76bn. While Government accepted more than 2-1/2-times from the target amount Rs276.63bn. The Government accepted in 3, 6 and 12-months are Rs59.13bn, Rs139.75bn and Rs77.75bn respectively. As per our expectation the cut-off yield slashed in 3, 6 and 12-months by 27bps, 26bps and 25bps from 6.26% to 5.99%, 6.27% to 6.01% and 6.28% to 6.03% respectively.
- ✓ Today SBP conducted 8-Days OMO (Injection), where total amount offered was Rs231bn from which the accepted amount was Rs209bn at 5.79%.
- ✓ Today MM initiated at 5.75%-6.00% and traded whole day in the range of 5.80%-6.00% and expected to close at the same.

COMMODITY MARKET:

- ✓ **GOLD:** Gold traded lower driven by expectations that the US Federal Reserve would raise its benchmark interest rates soon. Yellow metal is currently trading at \$1,228.60 per ounce.
- ✓ **CRUDE:** Crude oil advanced after the EIA report indicated that US crude oil inventories declined more-than-expected. Black gold is currently trading at \$49.87 per barrel.

USD/PKR Fc

PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-WEEK	0.0900	0.0025	4.9%
2-WEEK	0.1750	-	4.5%
1-MONTH	0.4000	(0.0100)	4.9%
2-MONTH	0.7350	(0.0350)	4.6%
3-MONTH	1.1150	(0.0400)	4.8%
4-MONTH	1.4950	(0.0650)	4.4%
5-MONTH	1.8850	(0.0350)	4.6%
6-MONTH	2.2750	(0.0350)	5.2%
12-MONTH	4.6000	-	5.6%

Economic Indicators

Forex Reserves	13-May-16	USD bn	21.319
CPI- MoM	1-Apr-16		1.60%
CPI- YoY	1-Apr-16		4.17%
M2 Growth	FY16 YTD		6.93%
SBP Target Rate	FY16 YTD		5.75%
SBP Discount Rate	FY16 YTD		6.25%
FDI	10MFY16	USD bn	1.016
Home Remittance	10MFY16	USD bn	16.034
Current A/C Def.	10MFY16	USD bn	1.510
Trade -Deficit	10MFY16	USD bn	16.214
Govt. Domestic Debt	As at 31-12-2015	Rs tm	13.188
External Dbt	As at 30-09-2015	USD bn	55.609
KSE-100 Index	5/2/2016	Pts	34,567.52

Money Market**26-May-16**

	KIBOR	PKRV
1-Month	5.74%	5.95%
3-Month	5.90%	5.99%
6-Month	5.93%	6.01%
12-Month	5.97%	6.03%

PIB'S Auction Date

Tenor	19-May-16 Cut Off Yields	26-May-16 Bid/Ask
2-Years	-	6.25/20
3-Years	6.5492%	6.40/35
5-Years	6.9997%	6.90/85
10-Years	8.1804%	8.15/10

T-Bills Auction Date

Tenor	26-May-16 Cut Off Yields	26-May-16 Bid/Ask
3-Months	5.9910%	5.96/90
6-Months	6.0109%	5.97/93
12-Months	6.0273%	6.02/5.95

Commodities**5/26/2016****Gold Recommendation**

Level	Long@	Short@
Entry level	1210	1275
Stop loss	1190	1300
Take profit	1255	1245

Crude Recommendation

Level	Long@	Short@
Entry level	46.5	49.5
Stop loss	45	51.5
Take profit	48.5	46.5