

FX – INTERBANK RATE:

27-MAR	OPEN	HIGH	LOW	CLOSE	Last Day Close
READY	104.85	104.85	104.85	104.85	104.85

HIGHLIGHT OF MONETARY POLICY STATEMENT FOR 25th MARCH, 2017:

- ✓ The inflation expectations in the current fiscal year continue to remain well anchored. This has been largely due to the near-absence of any major supply side pressures. However, rising real incomes in a low interest rate environment since FY14 are indicating signs of pick up in domestic demand, which is broadly reflected in the core inflation measures. Going forward, improving consumer confidence, as depicted by IBA-SBP Consumer Confidence Survey of March 2017, indicates further increase in consumer demand. Hence, barring any major cost shocks, domestic demand will define the underlying trend of headline inflation in FY18.
- ✓ The real economic activity continues to gather pace at the back of better agricultural output, increase in key Large-scale Manufacturing sectors, and a healthy uptick in the credit to private sector. This expansion is helped by a range of factors including low cost of inputs, upbeat economic sentiments, improved energy supplies, and CPEC related investments. As a result, GDP growth is expected to further improve in FY17.
- ✓ However, accounting for positive impact of the recent policy measures to augment exports and check non-essential imports, the current account deficit may be contained in the coming months. Also, continuation of the financial inflows, CPEC related imports, and any major fluctuation in the global oil price will determine the overall position of the external sector in FY18.
- ✓ Keeping these factors in perspective, the Monetary Policy Committee of SBP has decided to keep the policy rate unchanged at 5.75 percent.

FX MARKET:

On Friday, SBP issued a notification in which SBP allowed non-resident investors to conduct shares margin trading in order to increase trading volumes and inflows in the equity market. SBP said in notification that it has been decided to allow movement of funds from SCRA towards margin requirement for ready/cash market transactions in the PSE.

- ✓ On Friday, SBP revealed the figure of total FX-Reserves for the week ended 10th March, 2017. According to SBP, Total FX-Reserves were declined by \$223.8mn as compared to the previous week \$22.27bn to \$22.05bn. The break-up of total FX-Reserves are as follows: SBP held FX-Reserves decreased by \$277.8mn from \$17.23bn to \$16.96bn while FX-Reserves held in other banks rose by \$54mn from \$5.03bn to \$5.08bn.

MONEY MARKET:

- ✓ On Wednesday, SBP held its 9th PIB Auction for FY-16/17, where the target amount is Rs50bn while the maturity amount is Rs49bn. The total bid participation was recorded higher from the target amount Rs68.71bn. But the Govt. borrowed amount Rs27.63bn. The Govt. borrowed amount in 3, 5 and 10-years are Rs25.49bn, Rs1.00bn and Rs1.14bn respectively. While all the bids of 20-year period are rejected. The cut-off yields for remained same as compared to our expectation rose by 2 and 10bps respectively, But As per our expectation the Cut-off yields of 10-years remained unchanged and 20-year period bids were rejected.
- ✓ On Friday, PBS released the data of weekly inflation for the week ended 24th March, 2017. According to PBS, SPI rose by 1.19% as compared to the previous week 223.36bps to 226.02bps.
- ✓ On Friday, SBP conducted 7-Day OMO (Injection), where bid amount total was Rs1.05trn from which the accepted amount was Rs1.04bn at 5.82%.
- ✓ Today MM initiated at 5.80%-5.90% and traded whole day within the range of 5.80%-5.90% and expected to close at same.

COMMODITIES MARKET:

- ✓ **GOLD:** Gold traded higher after the failure of the US President to pass healthcare reform increased risk aversion among investors. Yellow metal is currently trading at \$1,258.55 per ounce.
- ✓ **CRUDE OIL:** Crude oil advanced after Saudi Arabia stated that it had cut its oil exports to the US dramatically. Black gold is currently trading at \$47.59 per barrel.

PERIOD	SWAP	Change in Premium	Swap Implied PKR Yield
1-WEEK	0.0758	0.0010	4.71%
2-WEEK	0.1400	0.0100	4.44%
1-MONTH	0.2511	0.0062	3.63%
2-MONTH	0.4876	0.0431	3.90%
3-MONTH	0.6679	0.0131	3.74%
4-MONTH	0.8703	0.0299	3.77%
5-MONTH	1.0673	0.0349	3.76%
6-MONTH	1.2442	0.0477	3.82%
12-MONTH	2.6388	0.0210	4.32%

ECONOMIC INDICATOR			
Forex Reserves	17-Mar-17	USD bn	22.05
CPI- MoM	2-Feb-17		0.30%
CPI- YoY	2-Feb-17		4.22%
MZ Growth	FY17 YTD		3.15%
SBP Target Rate	FY17 YTD		5.75%
SBP Discount Rate	FY17 YTD		6.25%
FDI	8MFY17	USD bn	1.284
Home Remittance	8MFY17	USD bn	12.363
Current A/C Def.	8MFY17	USD bn	5.473
Trade -Deficit	8MFY17	USD bn	17.389
Kerb USD/PKR	27-Mar-17	Bid/Ask	106.50/80
Govt. Domestic Debt	As at 30-11-2016	Rs trn	14.645
External Debt	As at 30-09-2016	USD bn	74.638
MSCI-EM Index	27-Mar-17	Pts	966.5
PSX-100 Index	3/27/2017	Pts	48,711.95

DATA	3-MONTH	6-MONTH	12-MONTH
LIBOR 23-Mar	1.1528%	1.4274%	1.8037%

Money Market			27-Mar-17	
Tenor	LIBOR	PKRV		
1-Month	5.77%	5.91%		
3-Month	5.83%	5.94%		
6-Month	5.87%	5.97%		
12-Month	5.91%	5.99%		

PIB'S Auction Date		
Tenor	24-Mar-17	27-Mar-17
	Cut Off Yields	Bid/Ask
2-Years	-	6.22/20
3-Years	6.4062%	6.41/38
5-Years	6.8993%	7.02/6.98
10-Years	7.9402%	8.25/20

T-Bills Auction Date		
Tenor	16-Mar-17	27-Mar-17
	Cut Off Yields	Bid/Ask
3-Months	5.9463%	5.95/94
6-Months	5.9896%	5.98/98
12-Months	5.9935%	5.99/97

FIMEX FUTURE CONTRACTS					15/3/2017
COMMODITIES	P (L/S)	E-L	T-P	S-L	YTD P & L %
CRUDE-OIL					
SILVER					
BENT-OIL					
GOLD USD					7.82%
GOLD-EUR/USD					1.52%
GOLD-GBP/USD					1.42%
GOLD-USD/JPY					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			