

FX – INTERBANK RATE:

28-Jan	OPEN	HIGH	LOW	CLOSE	Last Day Close
READY	104.95	104.95	104.94	104.94	104.94

✓ **Forecast for tomorrow:**

As per today's activity, we expect the market to continue to trade within the range of **104.88/104.98**

FOMC MEETING:

- ✓ Yesterday's FOMC minutes suggests that labor market conditions improved further even as economic growth slowed late last year. Household spending and business fixed investment have been increasing at moderate rates in recent months, and the housing sector has improved further; however, net exports have been soft and inventory investment slowed. Inflation has continued to run below the Committee's 2% longer-run objective, partly reflecting declines in energy prices and in prices of non-energy imports. Market-based measures of inflation compensation declined further;
- ✓ The Committee currently expects that, with gradual adjustments in the stance of monetary policy, economic activity will expand at a moderate pace and labor market indicators will continue to strengthen. Inflation is expected to remain low in the near term, in part because of the further declines in energy prices, but to rise to 2% over the medium term as the transitory effects of declines in energy and import prices dissipate and the labor market strengthens further.
- ✓ The stance of monetary policy remains accommodative, thereby supporting further improvement in labor market conditions and a return to 2% inflation.
- ✓ The Committee will assess realized and expected economic conditions relative to its objectives of maximum employment and 2% inflation, measures of labor market conditions, indicators of inflation pressures and inflation expectations and readings on financial and international developments.
- ✓ However, the actual path of the federal funds rate will depend on the economic outlook as informed by incoming data.
- ✓ Today THE NEWS reported that during the 10th review Between IMF and Pakistan. IMF has asked Pakistan to further bolster its foreign currency reserves through various means, including spot purchases by the country's central bank during the remaining period of the current fiscal year. –

MONEY MARKET:

- ✓ Yesterday SBP conducted its 7th PIB auction for FY16, where totals bid participation was recorded Rs334.84bn thrice more from the target amount Rs100bn while the maturity amount was Rs182.68bn but Govt. borrowed Rs121.44bn. The breakup is as follows: 3year Rs71.11bn, 5year Rs60.33bn and 10year Rs163.29mn respectively. As per our expectation, cut-off yield dropped. The cut-off Yields for 3, 5 and 10year dropped by 53bps, 45bps and 25bps from 7.03% to 6.50%, 8.00% to 7.55% and 9.10% to 8.85% respectively.
- ✓ Today MM initiated at 6.25%-6.40% and traded whole day in the range of 6.20%-6.40% and expected to close at same.
- ✓ Today SBP conducted 1Day OMO (Injection), where total amount offered was Rs102bn from which amount accepted was Rs100bn at 6.00%.

COMMODITY MARKET:

- ✓ **GOLD:** Gold traded higher ahead of the 1st monetary policy statement by the Federal Reserve in 2016. Yellow metal is currently trading at \$1,118.10 per ounce.
- ✓ **CRUDE:** Crude oil advanced as a considerable inventory stockpile did not surge as high as some investors expected. Black gold is currently trading at \$32.50 per barrel.

USD/PKR For			
PERIOD	SWAP	Change in Premiums	Swap Implied PKR
1-WEEK	0.1225	0.0025	6.4%
2-WEEK	0.2300	(0.0025)	5.9%
1-MONTH	0.4900	(0.0250)	5.7%
2-MONTH	0.8850	(0.0250)	5.7%
3-MONTH	1.2600	(0.0100)	5.3%
4-MONTH	1.6350	0.0150	5.0%
5-MONTH	1.9650	(0.0050)	4.8%
6-MONTH	2.3150	(0.0150)	5.2%
12-MONTH	4.6000	-	5.5%

Economic Indicators			
Forex Reserves	15-Jan-16	USD bn	20,689
CPI- MoM	01-Dec-15		-0.60%
CPI- YoY	01-Dec-15		3.20%
M2 Growth	FY16 YTD		2.98%
SBP Target Rate	FY16 YTD		6.00%
FDI	EMF FY16	USD mn	628.1
Home Remittance	EMF FY16	USD bn	9.735
Current A/C Def.	EMF FY16	USD bn	1,267
Trade Deficit	EMF FY16	USD bn	30,091
Domestic Debt	As at 31-10-2015	Rs tm	13,004
External Dbt	As at 30-09-2015	USD bn	56,609
RSE-300 Index	27/01/16	Pts	31,086.37

Money Market			28-Jan-16
	KIBOR		PKRV
1Month	6.53%		6.49%
3Month	6.56%		6.50%
6Month	6.62%		6.52%
12Month	6.91%		6.57%

PIB'S Auction Date			
Tenor	28-Jan-16	28-Jan-16	
	Cut Off Yields	Bid/Ask	
2Years	-	6.35/30	
3Years	6.5002%	6.45/40	
5Years	7.5484%	7.50/45	
10Years	8.8509%	8.92/88	

T-Bills Auction Date			
Tenor	21-Jan-16	28-Jan-16	
	Cut Off Yields	Bid/Ask	
3Months	6.16%	6.25/20	
6Months	6.18%	6.22/17	
12Months	6.23%	6.22/15	

Commodities 21/01/16			
Crude Oil Recommendation			
Level	Long@	Short@	
Entry level	27.00	-	
Stop loss	26.00	-	
Take profit	28.00	-	

Gold Recommendation			
Level	Long@	Short@	
Entry level	1090	1118	
Stop loss	1070	1138	
Take profit	1110	1090	

