

**FX – INTERBANK RATE:**

28-Jul	OPEN	HIGH	LOW	CLOSE	Last Day Close
READY	104.85	104.86	104.84	104.85	104.85

✓ **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:**

- ✓ Last time when FOMC met in June, Information received indicates that the labor market strengthened and that economic activity has been expanding at a moderate rate. Job gains were strong in June. Household spending has been growing strongly but Inflation has continued to run below the Committee's 2% longer-run objective.
- ✓ Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. 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 strengthen. Inflation is expected to remain low in the near term, in part because of earlier declines in energy prices, but to rise to 2% over the medium term as the transitory effects of past declines in energy and import prices dissipate and the labor market strengthens further. Near-term risks to the economic outlook have diminished. The Committee continues to closely monitor inflation indicators and global economic and financial developments.
- ✓ Against this backdrop, the Committee decided to maintain the target range for the federal funds rate at 0.25% to 0.50%. The stance of monetary policy remains accommodative, thereby supporting further improvement in labor market conditions and a return to 2% inflation.
- ✓ In determining the timing and size of future adjustments to the target range for the federal funds rate, the Committee will assess realized and expected economic conditions relative to its objectives of maximum employment and 2% inflation.
- ✓ The Committee expects that economic conditions will evolve in a manner that will warrant only gradual increases in the federal funds rate; the federal funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run. However, the actual path of the federal funds rate will depend on the economic outlook as informed by incoming data.

**MONEY MARKET:**

- ✓ Today SBP conducted 8-Days OMO (Injection), where total amount offered was Rs63.5bn out of which the amount accepted was Rs53.5bn 5.78%.
- ✓ Today MM initiated at 5.75%-6.00% and traded whole day with in the range of 5.75%-6.15% and closed at 5.75%-6.00%.

**COMMODITY MARKET:**

- ✓ **GOLD:** Gold traded higher after the US Fed hinted that the benchmark interest rates would be raised in September this year. However, the central bank kept its key interest rate unchanged in its latest monetary policy meeting. Yellow metal is currently trading at \$1,342.23 per ounce.
- ✓ **CRUDE:** Crude oil declined after the EIA revealed that US crude oil inventory data indicated a surprise build of 1.7mn barrels to 521.3mn barrels in the week ending 22<sup>nd</sup> July. Black gold is currently trading at \$41.90 per barrel.

USD/PKR Fc			
PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-WEEK	0.0975	-	5.3%
2-WEEK	0.1875	(0.0038)	4.8%
1-MONTH	0.4175	(0.0150)	5.2%
2-MONTH	0.7900	(0.0050)	5.0%
3-MONTH	1.1450	-	5.1%
4-MONTH	1.5100	(0.0050)	4.5%
5-MONTH	1.8650	0.0050	4.6%
6-MONTH	2.2250	0.0400	5.3%
12-MONTH	4.6000	-	5.8%

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	FY17 YTD		-0.98%
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	7/26/2016	Pts	39,147.33

Money Market			28-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	28-July-16
	Cut Off Yields	Bid/Ask
2-Years	-	5.95/88
3-Years	6.2058%	6.07/02
5-Years	6.7029%	6.50/48
10-Years	7.8003%	7.52/46

T-Bills Auction Date		
Tenor	21-July-16	28-July-16
	Cut Off Yields	Bid/Ask
3-Months	5.81%	5.80/75
6-Months	5.84%	5.80/77
12-Months	5.86%	5.81/77

Commodities			28-July-2016	
Crude Oil Recommendation				
Technical Level	Long@	Short@		
Entry level	41.00			-
Stop loss	39.00			-
Take profit	46.00			-

Gold Recommendation		
Technical Level	Long@	Short@
Entry level	1,325	1,395
Stop loss	1,305	1,405
Take profit	1,355	1,355