

FX – INTERBANK RATE:

29-Jul	OPEN	HIGH	LOW	CLOSE	Last Day Close
READY	104.85	104.85	104.83	104.83	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:

- ✓ The exchange rate showed no major movement.
- ✓ Swaps moved higher across the board as month end demand kicked in.
- ✓ The monetary policy meeting tomorrow should see more emphasis on revitalizing the country's exports and as well emphasis on FDI and privatization inflows given that the IMF program is set to expire in September. With FX reserves at an all-time high, CPI below 4% and the major drop in oil prices since the last monetary policy, the monetary policy will have the backing of fundamentals in cutting interest rates by 25bps.
- ✓ SBP released the figure of FX Reserves for the week ended 22nd July, 2016. According to SBP, Total FX Reserves was declined by \$94.8mn as compared to the previous week \$23.09bn to \$22.99bn. The break-up of total FX Reserves area as follows: SBP held FX Reserves decreased by \$40.5mn from \$18.07bn to \$18.03bn while FX Reserves held in other banks fell by \$54.3mn from \$5.01bn to \$4.95bn. During the week, SBP made payments of \$83mn on a/c of external debt servicing.

MONEY MARKET:

- ✓ SBP released the numbers of M2 Growth for the week ended 15th July, 2016. According to SBP, M2 posted a negative growth by 1.11% on YoY basis.
- ✓ Today PBS released the data of weekly inflation for the week ended 28th July, 2016. According to PBS, SPI slightly fell by 0.09% as compared to the last week 219.96bps to 219.77bps.
- ✓ Today SBP conducted 7-Days OMO (Injection), where total amount offered has been accepted was Rs859.7bn at 5.78%.
- ✓ Today MM initiated at 5.75%-6.00% and traded whole day with in the range of 5.75%-5.90% and expected to close at same.

COMMODITY MARKET:

- ✓ **GOLD:** Gold traded lower as market players digested signals that the Federal Reserve could avoid a near-term interest rate hike and looked ahead to the closely-watched meeting from the Bank of Japan. Yellow metal is currently trading at \$1,334.87 per ounce.
- ✓ **CRUDE:** Crude oil declined officially entering bear market territory, as further signals of global oversupply dragged oil prices to levels not seen since a failed Doha summit in mid-April. Black gold is currently trading at \$40.73 per barrel.

PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-WEEK	0.0990	0.0015	5.4%
2-WEEK	0.1900	0.0025	4.9%
1-MONTH	0.4450	0.0275	5.5%
2-MONTH	0.8200	0.0300	5.2%
3-MONTH	1.1900	0.0450	5.2%
4-MONTH	1.5450	0.0350	4.6%
5-MONTH	1.9000	0.0350	4.6%
6-MONTH	2.2650	0.0400	5.3%
12-MONTH	4.6000	-	5.8%

Economic Indicators			
Forex Reserves	22-Jul-16	USD bn	22.996
CPI- MoM	1-Jun-16		0.60%
CPI- YoY	1-Jun-16		3.17%
M2 Growth	FY17 YTD		-1.11%
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 29-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	29-July-16	
	Cut Off Yields	Bid/Ask	
2-Years	-	5.95/85	
3-Years	6.2058%	6.07/03	
5-Years	6.7029%	6.52/48	
10-Years	7.8003%	7.55/50	

T-Bills Auction Date			
Tenor	21-July-16	29-July-16	
	Cut Off Yields	Bid/Ask	
3-Months	5.81%	5.80/75	
6-Months	5.84%	5.81/77	
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