

FX – INTERBANK RATE:

| 2-Feb | OPEN | HIGH | LOW | CLOSE | Last Day Close |
|-------|--------|--------|--------|--------|----------------|
| READY | 104.81 | 104.82 | 104.79 | 104.80 | 104.80 |

HIGHLIGHTS OF FED STATEMENT FOR THE MONTH OF FEBRUARY, 2017:

- Information received since the FOMC met in December indicates that the labor market has continued to strengthen and that economic activity has continued to expand at a moderate pace. Job gains remained solid and the unemployment rate stayed near its recent low. Household spending has continued to rise moderately while business fixed investment has remained soft. Inflation increased in recent quarters but is still below the Committee's 2% longer-run objective. Market-based measures of inflation compensation remain low.
- Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee expects that, with gradual adjustments in the stance of monetary policy, economic activity will expand at a moderate pace.
- In view of realized and expected labor market conditions and inflation, the Committee decided to maintain the target range for the federal funds rate 0.50% to 0.75%.

MONEY MARKET:

- Yesterday SBP held its 16th MTB Auction for FY-16/17, where the target amount is Rs550bn and the maturity amount is above from the target amount Rs566bn. While the total bid participation amount is recorded more than from the target and maturity amount Rs742.84bn and the Govt also accepted amount more than from the target and maturity amount Rs603.79bn. The Govt accepted amount in 3, 6 and 12-month tenor Rs287.25bn, Rs243.25bn and Rs73.29bn respectively. The T-Bill cut-off yield for 3, 6 and 12-months tenors rose by 5, 4 and 2bps respectively as compared to our expectation that the cut-off yield for 3 and 12-months remained same while cut-off yields for 6-month rise by 2bps.
- Today MM initiated at 6.00%-6.10% and traded whole day within the range of 6.00%-6.10% and expected to close at same.

COMMODITIES MARKET:

- GOLD:** Gold traded higher with investors noting upbeat language from the Fed in the latest policy review signaling rate hikes remain on track. Yellow metal is currently trading at \$1,223.50 per ounce.
- CRUDE OIL:** Crude oil declined after U.S. showed a higher than expected 6.5mn barrels build at the end of last week. Black gold is currently trading at \$54.21 per barrel.

WORLD ECONOMIC DATA RELEASED DURING THE LAST 24-HOURS

| Date | Events | Actual | Forecast | Previous |
|----------|------------------------------------|------------|----------|------------|
| 1/2/2017 | EUR Spanish Manufacturing PMI | 55.6 | 55.1 | 55.3 |
| 1/2/2017 | GBP Manufacturing PMI | 55.9 | 55.9 | 56.1 |
| 1/2/2017 | USD ADP Non-Farm Employment Change | 246K | 165K | 151K |
| 1/2/2017 | USD ISM Manufacturing PMI | 56 | 55 | 54.7 |
| 1/2/2017 | USD Crude Oil Inventories | 6.5M | 2.6M | 2.8M |
| 2/2/2017 | USD FOMC Statement | | | |
| 2/2/2017 | USD Federal Funds Rate | <0.75% | <0.75% | <0.75% |
| 2/2/2017 | JPY Monetary Base y/y | 22.60% | 24.20% | 23.10% |
| 2/2/2017 | CNY Bank Holiday | | | |
| 2/2/2017 | AUD Building Approvals m/m | -1.20% | -1.70% | 7.50% |
| 2/2/2017 | AUD Trade Balance | 3.51B | 2.00B | 2.04B |
| 2/2/2017 | JPY 10-y Bond Auction | 0.09 3.6 | | 0.06 3.6 |
| 2/2/2017 | JPY Consumer Confidence | 43.2 | 43.7 | 43.1 |

Source: www.dailyfx.com

| PERIOD | SWAP | Change in Premiums | Swap Implied PKR Yield |
|----------|--------|--------------------|------------------------|
| 1-WEEK | 0.0543 | (0.0011) | 3.4% |
| 2-WEEK | 0.1100 | 0.0050 | 3.5% |
| 1-MONTH | 0.2002 | (0.0070) | 3.0% |
| 2-MONTH | 0.3912 | (0.0128) | 3.1% |
| 3-MONTH | 0.5341 | (0.0118) | 3.1% |
| 4-MONTH | 0.6773 | (0.0102) | 3.1% |
| 5-MONTH | 0.8434 | (0.0105) | 3.2% |
| 6-MONTH | 0.9954 | (0.0108) | 3.3% |
| 12-MONTH | 2.3892 | (0.0075) | 4.0% |

| ECONOMIC INDICATOR | | | |
|---------------------|------------------|---------|---------------|
| Forex Reserves | 20-Jan-17 | USD bn | 23.246 |
| CPI- MoM | 1-Jan-17 | | 0.20% |
| CPI- YoY | 1-Jan-17 | | 3.66% |
| M2 Growth | FY17 YTD | | 5.45% |
| SBP Target Rate | FY17 YTD | | 5.75% |
| SBP Discount Rate | FY17 YTD | | 6.25% |
| FDI | 1HFY17 | USD bn | 1.08 |
| Home Remittance | 1HFY17 | USD bn | 9.458 |
| Current A/C Def. | 1HFY17 | USD bn | 3.585 |
| Trade -Deficit | 1HFY17 | USD bn | 12.528 |
| Kerb USD/PKR | 2-Feb-17 | Bid/Ask | 107.90/108.20 |
| 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 | 2-Feb-17 | Pts | 915.34 |
| PSX-100 Index | 2/2/2017 | Pts | 49,607.72 |

| DATA | 3-MONTH | 6-MONTH | 12-MONTH |
|--------------|----------|----------|----------|
| LIBOR 31-Jan | 1.03456% | 1.34739% | 1.71344% |

| Money Market | | | 2-Feb-17 |
|--------------|-------|-------|----------|
| Tenor | KIBOR | PKRV | |
| 1-Month | 5.76% | 5.88% | |
| 3-Month | 5.84% | 5.87% | |
| 6-Month | 5.87% | 5.89% | |
| 12-Month | 5.90% | 5.90% | |

| PIB'S Auction Date | | |
|--------------------|-----------------------------|---------------------|
| Tenor | 26-Jan-17 Cut Off Yields | 2-Feb-17 Bid/Ask |
| 2-Years | - | 6.25/20 |
| 3-Years | 6.4074% | 6.40/38 |
| 5-Years | 6.8998% | 7.15/05 |
| 10-Years | 7.9414% | 8.22/15 |

| T-Bills Auction Date | | |
|----------------------|----------------------------|---------------------|
| Tenor | 2-Feb-17 Cut Off Yields | 2-Feb-17 Bid/Ask |
| 3-Months | 5.9463% | 5.92/86 |
| 6-Months | 5.9896% | 5.94/92 |
| 12-Months | 5.9935% | 5.98/94 |

| PMEX FUTURE CONTRACTS | | | | | 30/1/2017 |
|-----------------------|---------|-----|-----|-----|-------------|
| COMMODITIES | P (L/S) | E-L | T-P | S-L | YTD P & L % |
| CRUDE-OIL | | | | | |
| SILVER | | | | | |
| BRENT-OIL | | | | | |
| GOLD USD | | | | | 6.06% |
| GOLD-EUR/USD | | | | | 1.92% |
| GOLD-GBP/USD | | | | | |
| GOLD-USD/JPY | | | | | 4.44% |
| GOLD-USD/CAD | | | | | 2.44% |
| GOLD-USD/CHF | | | | | |
| GOLD-AUD/USD | | | | | |

P= POSITION L= LONG S= SHORT P= PROFIT L= LOSS
TP= TAKE PROFIT SL= STOP LOSS YTD= YEAR TO DATE