

FX – INTERBANK RATE:

30 DEC	OPEN	HIGH	LOW	CLOSE	Last Day Close
READY	104.80	104.80	104.57	104.60	104.86

FX MARKET:

- ✓ The USDPKR moved lower today as the combination of FX-Reserves rising by \$154mn, along with tight rupee money market liquidity and resultant spike in FX swap premiums and the extended weekend gave players a reason to short the dollar in favor of the rupee.
- ✓ Swaps saw the premiums move up sharply as the rise in FX-Reserves following four weekly declines in the key economic indicator gave boost to sentiment and gave players a reason to cover their positions and bid up the premiums as the decline in the exchange rate saw dealers scrambling to swap their dollars for rupees. Along with the year end effect, the tight money market conditions and lack of liquidity in the interbank market lead players to take the premiums higher. The volatility and spike in the swap premiums was exemplified in the overnight swap premium which saw the low traded at par while the high was 8paisas. The 1-month traded at low of Rs0.22, while the high was Rs0.34. The 3-months low was Rs0.75 while the high was Rs0.87. The 6-months also traded at a low of Rs1.57 while the high was Rs1.64.
- ✓ SBP released the figure of total FX-Reserves for the week ended 22nd December, 2016. According to SBP, Total FX-Reserves surged-up by \$154mn as compared to the previous week \$23.13bn to \$23.28bn. The break-up of total FX-Reserves are as follows: SBP held FX-Reserves increased by \$109mn from \$18.19bn to \$18.29bn while FX-Reserves held in other banks also rose by \$45mn from \$4.94bn to \$4.98bn. During the week, increase in FX-Reserves due to official inflows.

Comparison of ECONOMIC DATA at Start and End			
ECONOMIC DATA	01 JAN, 16	31 DEC, 16	DIFFERENCE
Exchange Rate	104.87	104.60	(0.27)
FX-Reserves (\$, bn)	20.81	23.29	2.47
Swap Premiums			
3-Month	1.28	0.86	(0.41)
6-Month	2.38	1.68	(0.70)
12-Month	4.50	3.65	(0.85)

MONEY MARKET:

- ✓ On 3rd January, 2017, PBS is set to release the figure of CPI for December, 2016. We expect that CPI increase at 3.40% on YoY basis but fell from last month 3.81%. According to our expectation the average inflation for 6MFY-16/17 3.83%.
- ✓ Today PBS released the data of weekly inflation for the week ended 29th December, 2016. According to PBS, SPI fell by 0.16% as compared to the previous week 218.45bps to 218.11bps.
- ✓ Today SBP conducted 7-Day OMO (Injection), where total amount offered was Rs865.05bn out of which the amount accepted was Rs800bn at 5.84%.
- ✓ Today MM initiated at 5.70%-5.80% and traded whole day with in the range of 5.70%-5.80% and expected to close at same.

COMMODITY MARKET:

- ✓ **GOLD:** Gold traded higher after drop in the U.S. dollar index on this day prompted good short covering in the futures market and some bargain hunting in the cash market. Yellow metal is currently trading at \$ per ounce.
- ✓ **CRUDE:** Crude oil declined after an unexpected increase in U.S. crude inventories, which rose 614k barrels in the week to Dec. 23. Black gold is currently trading at \$ per barrel.

WORLD ECONOMIC DATA RELEASED DURING THE LAST 24-HOURS				
Date	Events	Actual	Forecast	Previous
29-12-16	GBP Nationwide House Prices n.s.a. (YoY)	4.50%	3.80%	4.40%
29-12-16	USD Advance Goods Trade Balance (NOV)	-\$65.3b	-\$61.6b	-\$61.9b
29-12-16	USD Wholesale Inventories (NOV P)	0.90%	0.20%	-0.10%
29-12-16	USD Initial Jobless Claims (DEC 24)	265k	265k	275k
29-12-16	USD Continuing Claims (DEC 17)	2102k	2027k	2039k
29-12-16	USD EIA Working Natural Gas Implied	-237	-225	-209

Source: www.dailyfx.com

USD/PKR Fx			
PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-WEEK	0.1083	0.1135	6.1%
2-WEEK	0.1950	0.1450	5.0%
1-MONTH	0.3308	0.1417	4.5%
2-MONTH	0.5917	0.1568	4.1%
3-MONTH	0.8648	0.1893	4.3%
4-MONTH	1.1125	0.1884	3.5%
5-MONTH	1.3884	0.1658	3.5%
6-MONTH	1.6755	0.2101	4.5%
12-MONTH	3.6470	0.2086	5.2%

ECONOMIC INDICATOR			
Forex Reserves	15-Dec-16	USD bn	23.132
CPI - MoM	1-Nov-16		0.20%
CPI - YoY	1-Nov-16		3.81%
M2 Growth	FY17 YTD		2.68%
SBP Target Rate	FY17 YTD		5.75%
SBP Discount Rate	FY17 YTD		6.25%
FDI	5MFY17	USD mn	459.8
Home Remittance	5MFY17	USD bn	7.874
Current A/C Def.	4MFY17	USD bn	1.762
Trade -Deficit	4MFY17	USD bn	7.796
Kerb USD/PKR	29-Dec-16	Bid/Ask	108.20/50
Govt. Domestic Debt	As at 31-08-2016	Rs trn	14.554
External Debt	As at 30-06-2016	USD bn	72.978
MSCI-EM Index	29-Dec-16	Pts	854.86
PSX-100 Index	29/12/2016	Pts	47,603.88

DATA	3-MONTH	6-MONTH	12-MONTH
LIBOR 28-Dec	0.99817%	1.31767%	1.69011%

Money Market		
Tenor	KIBOR	PKRV
1-Month	5.73%	5.90%
3-Month	5.87%	5.97%
6-Month	5.90%	6.01%
12-Month	5.95%	6.06%

PIB'S Auction Date		
Tenor	22-Sep-16	30-Dec-16
	Cut Off Yields	Bid/Ask
2-Years	-	6.20/16
3-Years	6.1970%	6.43/38
5-Years	6.7010%	7.25/22
10-Years	7.7995%	8.48/42

T-Bills Auction Date		
Tenor	22-Dec-16	30-Dec-16
	Cut Off Yields	Bid/Ask
3-Months	5.9910%	5.99/97
6-Months	6.0109%	6.05/6.00
12-Months	5.9485%	6.07/03

PMEX FUTURE CONTRACTS					29-Dec-16
COMMODITIES	P (L/S)	E-L	T-P	S-L	STATUS (ACTIVE/TBE)
CRUDE-OIL					
SILVER					
BRENT-OIL					
GOLD USD	L	1140.00	1180.00	1120.00	ACTIVE
GOLD-EUR/USD	L				
GOLD-GBP/USD					
GOLD-USD/JPY					
GOLD-USD/CAD	S	1.3530	1.3200	1.3630	TBE
GOLD-USD/CHF	S	1.0275	1.0050	1.0375	ACTIVE
GOLD-AUD/USD	L	0.7210	0.7350	0.7150	ACTIVE

P= POSITION L= LONG S= SHORT TBE= TO BE ENTERED
EL= ENTRY LEVEL TP= TAKE PROFIT SL= STOP LOSS