

FX - INTERBANK:**READY MARKET:**

	16-May	OPEN	HIGH	LOW	CLOSE	LDC
READY		98.70/80	98.75	98.50	98.53/56	98.65

Last day Close=LDC

Forecast for tomorrow:

- ✓ As per today's activity, we expect the market to continue to trade within the range of **98.40/60.**

SWAP MARKET:

Premiums rose higher today on the back of tight MM and impending SBP monetary policy. The MM OMO injection rate of **10.03%** above the discount rate also stoked uncertainty of the monetary policy outcome. The rise of **USD840mn** in the FX reserves to **USD12.88bn** also gave rise to the view that the SBP forward net short position could be reduced since reserves were accumulating at a healthy pace. Premiums next week will be determined by the outcome of the monetary policy decision, where we expect no change in the key rate and also the rise in FX reserves should force the USDPKR lower as import bookings dry up and exporters lock in the USDPKR rate and high forward premiums.

MONEY MARKET:

The 7day OMO conducted today failed to ease off the money market after SBP injected **Rs. 128bn** out of the total bid amount out of **Rs. 198bn**, which was accepted at **10.03%**. Today O/N money market initiated at top level of **10.05%-10.10%** and traded with a high level of **10.10%-10.15%** and closed at **10.00%-10.10%**.

COMMODITIES MARKET:

GOLD: the Precious Yellow Metal moved back to the down side after failing again to stabilize above **\$1309.00** which took the pair to trade below **\$1300.00**. But confirming the failure requires stability below **\$1285.00** and confirms that also by breaking **\$1277.00**.

CRUDE: the price of Crude Oil moved to the down side yesterday and is trading below **\$102.00**. We suggest buying above **\$101.50** taking profit at **\$102.30** with stop loss below **\$100.70**.

Currency	Ask	MoM % Change
PKR-USD	98.52	1.28%
PKR-EUR	135.125	0.52%
PKR-JPY	0.9702	2.16%
PKR-GBP	165.63	1.50%

Parity

TENOR	SWAP	MONEY	Swap Implied PKR Yield
1-WEEK	0.1527	10.01%	8.2%
2-WEEK	0.2700	10.01%	7.3%
1-MONTH	0.5213	10.05%	6.4%
2-MONTH	0.9188	10.00%	5.8%
3-MONTH	1.3876	10.10%	5.7%
4-MONTH	1.7530	10.16%	5.6%
5-MONTH	2.1962	10.19%	5.7%
6-MONTH	2.6520	10.19%	5.6%
12-MONTH	6.0016	10.06%	6.6%

Economic Indicators

		USD bn	
Forex Reserves	2-May-14	12.044	
CPI- MoM	1-April-14	1.70%	
CPI- YoY	1-April-14	9.18%	
M2 Growth	FY14 YTD	6.12%	
SBP Policy Rate	FY14 YTD	10.00%	
Home Remittance	July- Apr-14	12.894	USD bn
Current A/C Def.	July-Mar-14	2.17	USD bn
Trade -Deficit	July-Mar-14	13.93	USD bn

Money Markets

	Ask	Bid
KIBOR 16 May 2014		
1 Month	10.33%	9.83%
3 Month	10.13%	9.88%
6 Month	10.14%	9.89%
12 Month	10.44%	9.94s%
Auction 14 May 2014 Bid/Ask		
T-bill Yield	Cut-off	16 May 2014
3M T-bill	9.9564%	9.90/9.85
6M T-bill	9.9791%	9.90/9.88
12M T-bill	9.9900%	10.00/9.97
Auctions 24 April 2014 16 May 2014		
PIB Yield	24 April 2014	16 May 2014
3Year	12.0930%	11.77/73
5Year	12.5521 %	12.35/30
10Year	12.9016%	12.70/60