

FX - INTERBANK:**READY MARKET:**

22-May	OPEN	HIGH	LOW	CLOSE	LDC
READY	98.80/85	98.88	98.82	98.84/86	98.88

Last day Close=LDC

Forecast for tomorrow:

As per today's activity, we expect the market to continue to trade within the range of **98.75/98.90**.

SWAP MARKET:

The market was unchanged today in the longer tenors as the market players took a breather. Activity was mostly seen up to the two weeks tenor driven mostly by the high MM rates. The receipt of USD964 million from the 3G/4G license sale, has not had any visible impact on the USDPKR parity or the swap premiums. The 3G/4G inflow, along with the almost USD1billion room available in the SBP forward swap book, gives room for PKR strengthen in the days ahead. The increase in FX reserves will certainly push exporters to book forward and hence we expect the premiums to drift lower from current levels.

MONEY MARKET:

Today O/N money market initiated at top level of **10.10%-10.50%** and traded with a high level of **10.40%-10.50%** and closed at high level of **10.20%-10.50%**. The SBP conducted an auction of PIBs yesterday with the majority of bids received in the 3 year tenor (75%) while participation in the 5 and 10 year tenors was recorded at 18% and 7%, respectively. No Bids were received for the 20 years tenor. Bids accepted were worth Pkr241.12bn out of the total bids of Pkr242.52bn received for 3, 5 and 10 years combined. Total realized amount was Pkr245.40bn. The auction target was Pkr100bn while the maturing amount was Pkr3.57bn. Cut-off yields for the 3 year tenor stood at 12.09%, while yields for 5 and 10 tenors were recorded at 12.55% and 12.90% respectively.

COMMODITIES MARKET:

GOLD: Gold prices traded lower against the USD during the last 24 hours as rally in the world equity markets weighed on the demand prospect of the metal as an alternate investment.

CRUDE: Crude Oil prices advanced against the USD during the last 24 hours after the U.S. EIA said in its weekly report that U.S. oil inventories fell by 7.2 million barrels in the week ending May 16.

Crude Oil Recommendation

Technical Level's	LONG@	SHORT@
ENTRY LEVEL	103.10	104.70
STOP LOSS	102.10	105.50
TAKE PROFIT	104.10	104.00

Gold Recommendation

Technical Level's	LONG@	SHORT@
ENTRY LEVEL	1,285.00	1,300.00
STOP LOSS	1,280.00	1,308.00
TAKE PROFIT	1,290.00	1,292.00

Parity			
TENOR	SWAP	MONEY	Swap Implied PKR Yield
1-WEEK	0.1489	10.10%	8.0%
2-WEEK	0.2650	10.11%	7.2%
1-MONTH	0.4993	10.11%	5.9%
2-MONTH	0.9454	10.13%	5.9%
3-MONTH	1.3993	10.13%	5.8%
4-MONTH	1.8284	10.14%	5.8%
5-MONTH	2.2077	10.15%	5.7%
6-MONTH	2.6617	10.15%	5.8%
12-MONTH	6.0389	10.16%	6.6%

Economic Indicators			
Forex Reserves	9-May-14	USD bn	12.884
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	USD bn	12.894
Current A/C Def.	July-Apr-14	USD bn	2.3
Trade -Deficit	July-Apr-14	USD bn	16.108

Money Markets	Ask	Bid
KIBOR 21 May 2014		
1 Month	10.44%	9.94%
3 Month	10.18%	9.93%
6 Month	10.17%	9.92%
12 Month	10.44%	9.94%
Auction 14 May 2014 Bid/Ask		
T-bill Yield	Cut-off	22 May 2014
3M T-bill	9.9564%	10.15/10.00
6M T-bill	9.9791%	10.20/10.05
12M T-bill	9.9900%	10.10/10.10
Auctions 21 May 2014 22 May 2014		
PIB Yield		
3Year	12.0953%	12.07/05
5Year	12.5531%	12.55/50
10Year	12.9016%	12.84/88