FX – INTERBANK RATE:

1.408	OPEN	HIGH	LOW	CLOSE	Last Day Close
READY	104.86	104.86	104.85	104.85	104.83

✓ 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:

- ✓ Pakistan economy posted notable improvements in FY16 as average annual CPI inflation declined to a 47-year low of 2.9% and real GDP growth touched an 8-year high of 4.7%. Foreign exchange reserves held by SBP recorded steady increases and while covering 4-months of imports stood at \$18.1bn by end-June 2016. Government's efforts at reducing budget deficit remained on track as its revenue collection exceeded expectations. Private sector credit posted a considerable surge with accelerating loans for fixed investment and working capital.
- ✓ Both external and domestic factors have contributed towards improvement of the economy. On the external front, despite a decline in exports growth, foreign exchange market remained broadly stable due to lower oil prices, healthy workers' remittances, and adequate official capital inflows. While on the domestic side, an increase in FBR revenues has helped in increasing development spending, while at the same time maintaining fiscal deficit close to the target level.
- ✓ Going forward in FY17, factors affecting the outlook for external sector are broadly similar to that of FY16. Even with a slight increase in CA deficit, on a/c of expected higher non-oil imports, positive growth in workers' remittances are likely to keep it at manageable levels. At the same time, substantial bilateral and multilateral project loans related flows in the financial a/c will help maintain an overall surplus in the balance of payments. Further addition to this surplus is likely to come from increased foreign portfolio investments on the back of reclassification of Pakistani stock market in the Emerging Markets Index by MSCI.
- ✓ Pakistan's economic growth is set to increase further in FY17. The impetus is likely to come from the continuation of same positive factors as of FY16, which include: (i) rising investment under PSDP and CPEC; (ii) improved energy availability to industry; (iii) lagged impact of prudent monetary policy; (iv) healthy private sector credit uptake; and (v) improving law and order situation. Increased economic activity may impact inflation. Accordingly, SBP forecasts average CPI inflation in the range of 4.5%-5.5% for FY17.
- So after detailed deliberations Monetary Policy Committee has decided to maintain the policy rate at 5.75%.
 - MONEY MARKET:
- ✓ Today PBS released the data of CPI for the month of July, 2016. According to PBS, CPI increased by 4.10% on YoY basis and 0.93% as compared to the previous month 3.18%. On MoM basis, CPI fell by 0.2% from last month 0.6% to 0.4%. CPI figure measured from following items: Core NFNE increased by 4.5% and Core Trimmed increased by 3.6% on YoY basis. The average inflation for 1MFY16/17 is 4.10%.
- ✓ Today MM initiated at 5.65%-5.75% and traded whole day with in the range of 5.50%-5.80% and expected to close at same.

C&M Management Pvt. Ltd

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	USD/PKR Fo		-	-
	PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
	1-WEEK	0.0975	(0.0015)	5.3%
	2-WEEK	0.1925	0.0025	5.0%
	1-MONTH	0.4050	(0.0400)	5.0%
,	2-MONTH	0.8100	(0.0100)	5.1%
	3-MONTH	1.1650	(0.0250)	5.1%
	4-MONTH	1.5300	(0.0150)	4.5%
I	5-MONTH	1.9200	0.0200	4.7%
-	6-MONTH	2.2500	(0.0150)	5.3%
1	12-MONTH	4.6000	(0.0130)	5.8%
è				5.870
5	Economic Indicato			
	Forex Reserve	es 22-Jul-1	.6 USD bn	22.996
•	CPI- MoM	1-Jun-1	6	0.60%
5	CPI- YoY	1-Jun-1	6	3.17%
	M2 Growth	FY17 YT	D	-1.11%
f	SBP Target Ra	te FY16 YT	D	5.75%
۱	SBP Discount R	ate FY16 YT	D	6.25%
1	FDI	FY16	USD bn	1.281
ć	Home Remittar		USD bn	19.914
3				
5	Current A/C De		USD bn	2.525
	Trade -Defici	t FY16	USD bn	20.874
ŗ	Govt. Domestic I	Debt As at 31-12	-2015 Rs trn	13.188
	External Dbt	As at 30-09	-2015 USD bn	55.609
f	KSE-100 Inde	x 7/26/20	16 Pts	39,147.33
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