

**US DOLLAR OUTLOOK:**

The U.S. dollar started the week higher as market sentiment was hit by concerns that the European Central Bank may disappoint market expectations for action to stem the long running crisis in the euro zone.

The USD remains supported by healthy U.S. purchasing managers’ index and higher U.S consumer confidence data.

The U.S. dollar pushed higher against most of the other major currencies on Wednesday, after stronger-than-expected U.S. private sector employment data dampens expectations for another round of easing by the Federal Reserve.

The Institute for Supply Management said that its U.S. manufacturing purchasing managers’ index rose to 49.8 in July from 49.7 in the preceding month, but remained below the 50 level that separates contraction from expansion.

The U.S. Federal Reserve kept the interest rates unchanged and hinted no sign of further monetary easing which in turn sent the dollar higher during the week.

However stronger-than-expected jobs data from the U.S fueled an appetite for risk worldwide and Improving service-sector data out of the U.S. sent the greenback falling closing the week.

**PAKISTANI RUPEE OUTLOOK:**

The rupee-dollar rates showed mixed reaction during the week. A positive impact was seen after the arrival of 1.11 billion dollars under the Collation Support Funds. Increase in remittance is also expected during Ramadan and will cause the PKR to appreciate furthermore.

However, high current account deficit and slow economic growth pose a negative scenario for the rupee in the long term. On top of that, scheduled debt repayment to the International Monetary Fund (IMF) at the end of this month will also impose pressure on the rupee.

**INTER-BANK MARKET:** The rupee drifted lower against dollar, shedding five paisa for buying at 94.0

**OPEN MARKET RATES:** The rupee, however, inched up by five paisa versus dollar for buying and selling at 94.50 and 94.70.

Pakistan’s foreign exchange reserves dropped to \$14.574 billion in the week ending July 27, from \$14.772 billion in the previous week, according to SBP.

Pakistan’s reserves have been reduced by debt repayments in recent months, including for an \$8 billion loan from the International Monetary Fund (IMF). The next repayment to the IMF is due this month.

**USD/JPY Weekly Overview:**

Dollar/yen reached new lows but then changed course, as Draghi spread high hopes for a solution in Europe made the safe haven yen less attractive.

According to Industrial Production and Household Spending data Japan is back in deflation. This might encourage the BOJ to act. Last week the governor of the Bank of Japan, Masaaki Shirakaw was more optimistic concerning futures trades benefits in a speech he gave in Tokyo. He noted that futures trades can enhance public welfare and advance futures markets but emphasized the need for a centralized clearing of trades.

Preliminary Industrial Production was a big disappointment, falling by 0.1%. The markets had predicted a 0.6% gain. While manufacturing PMI fell for the second straight month, dropping to 47.9 points. Household Spending dropped to 1.6%, well below the market forecast of a 3.0% gain.

The Unemployment Rate inched down to 4.3%, its lowest level in over three years. Japan’s monetary base continued to expand in June jumping 5.95 from 2.4% gain in the previous month. The rise was well above predictions. BOJ Governor Masaaki Shirakawa supports the expansion in Japan’s monetary base claiming it stimulates Japan’s economic growth. The monetary stimulus is expected to help fight deflation and reach the 1% inflation target set by the BOJ.

**TECHNICAL STUDY USING LUTFI MAGNET THEORY (USD/JPY)**

TIME	S3	S2	S1	MAGNET POINT	R1	R2	R3
<b>Weekly</b>	77.04	77.47	77.90	<b>78.33</b>	78.76	79.19	79.62

USD/JPY	OPEN	HIGH	LOW	CLOSE	CHANGE
<b>WEEKLY</b>	78.44	78.76	77.9	78.55	0.14%

USD/JPY managed to close between magnet point (78.33) and Resistance R1 (78.76) after bouncing off the Support S1 (77.90). We are expecting a retest of R1 (78.66) and R2 (79.19) on weekly basis and our bias is Bullish for the pair.

**EUR/USD Weekly Overview:**

Euro/dollar fell even further as the crisis deteriorated but recovered from the lows as bold statements were made by Draghi and other figures.

The euro was lower due to market doubts about the ability of the ECB to tackle the debt crisis, despite tough talk by ECB head Mario Draghi.

Euro-zone CPI Flash Estimate posted a 2.4% gain, matching the market estimate. The Euro-zone Unemployment Rate set another record, hitting 11.2%. Spanish Flash GDP continued on a

downward trend with Euro-zone Retail PMI fell to 46.4 points. Euro-zone Final Manufacturing PMI posted a reading of 44.0 points, a notch below the forecast of 44.1 points.

As expected, the ECB maintained its key interest rate at 0.75%. No change was made to the deposit rate. Euro-zone PPI declined by 0.5%, lower than the market estimate of a 0.3% drop. Lifting the single currency, government data indicated retail sales in the euro zone rose 0.1% in June, beating expectations for a 0.1% decline and following a 0.8% rise the previous month.

On Friday the euro shot up against the dollar on news the U.S. economy added far more jobs than expected in July. Stronger-than-expected service data also fueled the risk-on trading session, which sent the dollar sinking.

### TECHNICAL STUDY USING LUTFI MAGNET THEORY (EUR/USD)

TIME	S3	S2	S1	MAGNET POINT	R1	R2	R3
<b>Weekly</b>	1.186	1.199	1.213	<b>1.226</b>	1.240	1.253	1.267

EUR/USD	OPEN	HIGH	LOW	CLOSE	CHANGE
<b>WEEKLY</b>	1.2301	1.2402	1.2133	1.2376	0.61%

The Euro closed higher at 1.2376 above magnet point (1.226) we are expecting a retest of resistance R1 (1.240) before falling down again towards support S1 (1.213 and S2 (1.199) as the fundamentals are quite week and our bias is Bearish for the pair.

### GBP/USD Weekly Overview:

The pair trended in line with EUR/USD for much of the week, but failed to benefit from the short-squeeze to the same extent that its counter-part did. As a result, the pair settled the week with a net loss of around 100pips. During the week BoE keep its benchmark borrowing rate unchanged at 0.50% while refraining from expanding the Asset Purchase Facility (APF).

Moody's cut its economic growth forecasts for the U.K. and warned it was becoming harder for the government to stick to its austerity timetable, though it restated its belief in its commitment to debt reduction.

According to data Net Lending to Individuals dropped to its lowest level since February 2011, posting a reading of just 0.3 billion pounds. Money Supply was also down sharply, declining by 1.6%. The markets had forecast a gain of 0.3%. Mortgage Approvals slumped to a three year low, at 44000 only.

The Manufacturing PMI was a major disappointment, dropping to a three-year low. The index fell to 45.4 points, well below the estimate of 48.6 points. The pound fell following the weak data, although it has recovered somewhat end of the week.

The pair found some support as markets cheered the Construction PMI data, which posted a reading of 50.9 points. The market estimate stood at 48.2 points. The pound was up

following the strong PMI data and closed the week higher almost retracing Tuesday losses.

### TECHNICAL STUDY USING LUTFI MAGNET THEORY (GBP/USD)

TIME	S3	S2	S1	MAGNET POINT	R1	R2	R3
<b>Weekly</b>	1.522	1.535	1.548	<b>1.561</b>	1.574	1.588	1.601

GBP/USD	OPEN	HIGH	LOW	CLOSE	CHANGE
<b>WEEKLY</b>	1.5737	1.5749	1.5488	1.5636	-0.65%

The pound closed the week lower at 1.5636 although above magnet point however pair is more likely to consolidate towards resistance R1 (1.5740) before falling down to major support S1 (1.548) and S2(1.535). The fundamentals are quite week and we are Bearish on GBP.

### Gold Weekly overview:

Gold prices started the week higher, extending Friday's gains as investors were cautious about the outcomes of FED and ECB monetary decisions.

However prices turned lower during the week, slipping to a one week low after stronger-than-forecast U.S. private sector employment data sent the dollar higher while Federal Reserve said it would remain on standby to stimulate the economy with monetary easing tools.

Gold futures also turned sharply lower on Thursday, falling below USD1600 an ounce after the European Central Bank disappointed market expectations for monetary policy action to contain the debt crisis in the euro zone.

Yellow metal managed to trade higher on Friday as bullish U.S. Nonfarm payroll numbers lifted sentiment for the Gold despite the global debt projection, as well as a sharply lower greenback lifting risk appetite.

In the local market gold slipped by Rs 85 to close at Rs 48,857 per 10 grams in the local market on Thursday as its international price dropped to \$ 1,604 an ounce.

According to Karachi Saraf Association official, tola (11.664 grams) price also decreased by Rs 100 to Rs 57,000.

### TECHNICAL STUDY USING LUTFI MAGNET THEORY (GOLD)

TIME	S3	S2	S1	MAGNET POINT	R1	R2	R3
Weekly	1537.80	1560.35	1582.90	<b>1605.45</b>	1628.00	1650.55	1673.10

GOLD	OPEN	HIGH	LOW	CLOSE	CHANGE
<b>WEEKLY</b>	1623.6	1628	1582.9	1602.4	-1.32%

Gold finished the week below magnet point (1.605) and we are expecting a downward movement towards Support S1 (1582.9)

and S2 (1560.35). Our outlook for the Gold is Bearish due to global economy crisis in EU zone.

**CRUDE OIL Weekly overview:**

Crude oil futures started the week lower on sentiment the U.S. economy is growing at a sluggish pace and in need of less fuels and energy to grow also broadly stronger U.S. dollar kept the prices under pressure. Investors remained cautious ahead of central banks decisions during the week.

Crude oil futures soared to a session high on Wednesday, after U.S official data indicated crude oil inventories fell significantly more-than-expected last week. However prices fell after the Federal Reserve said it had no plans to stimulate the economy though it admitted that growth appears to be cooling.

Oil futures fell sharply on Thursday, after European Central Bank President Mario Draghi disappointed investors hoping for decisive monetary policy action to contain the debt crisis in the euro zone.

Crude oil futures soared in U.S. trading on Friday on news the U.S. economy added far more jobs in July than expected; fueling sentiment the economy will need more fuels and energy to grow.

**TECHNICAL STUDY USING LUTFI MAGNET THEORY (US OIL)**

TIME	S3	S2	S1	MAGNET POINT	R1	R2	R3
WEEKLY	82.14	84.52	86.9	<b>89.28</b>	91.66	94.04	96.42

US OIL	OPEN	HIGH	LOW	CLOSE	CHANGE
WEEKLY	90.01	91.66	86.9	91.23	1.34%

Crude oil managed to finish higher above our magnet point (89.28) and we are expecting the price to move upward towards Resistance R1 (91.66) and R2 (94.04). The overall global economy is sending the fuel prices higher hence leaving our bias bullish for the next week.

**FUEL PRICES OVERVIEW IN PAKISTAN**

After a brief interval from rising oil prices, during the week, petrol price has been increased by Rs7.67, taking it to Rs93.57/liter, while the price of High Speed Diesel has been increased by Rs4.58 taking it to Rs101.79/liter. The price of Kerosene oil has been increased by Rs4.64, making its new price Rs92.83/liter.

The price of CNG in Region one, consisting of Potohar, Balochistan and Khyber-Pakhtunkhwa, has been raised by Rs7, making the new price Rs84.65/kg. The CNG price in Punjab and Sindh, making up Region two, has been increased by Rs4.2, taking it to Rs78.12/kg. On July 16, the government had increased the price of petrol by Rs1.41 per liter, High Octane Blending Component (HOBC) by Rs5.64 per liter and kerosene oil

Rs1.94 per liter. In June, the government had reduced oil prices twice in a month following a global decline in oil prices.

The Oil and Gas Regulatory Authority (Ogra) on Monday moved a summary regarding a revision in oil prices for the next two weeks in this regard, effective from August 1 to 16.

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