



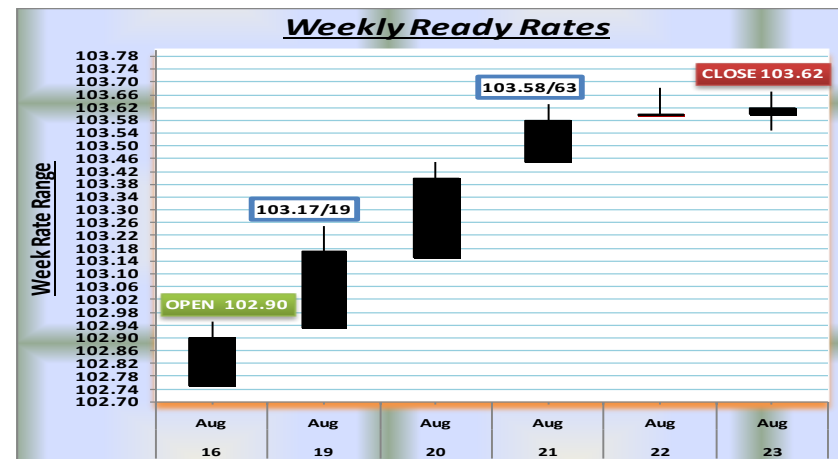
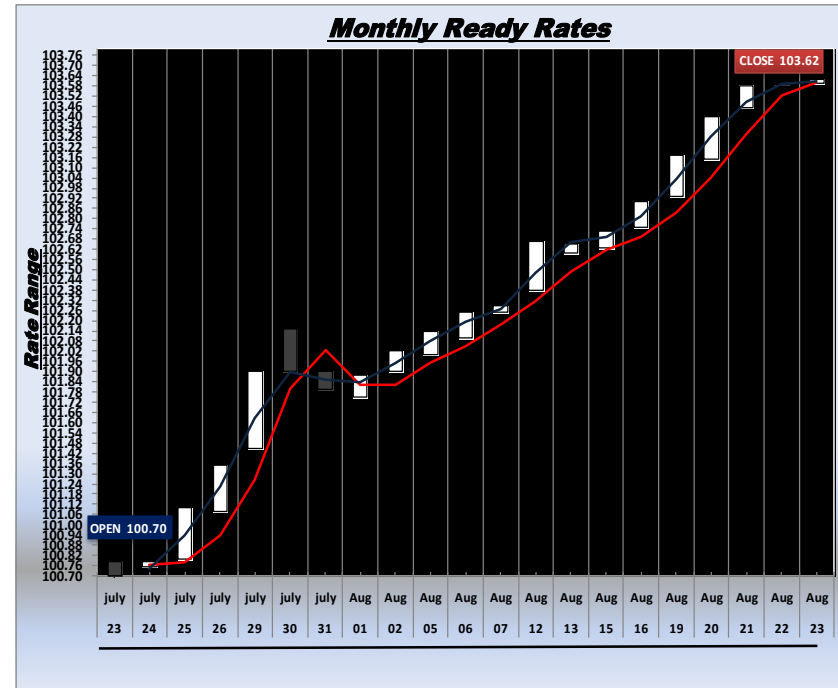
Market Recap:

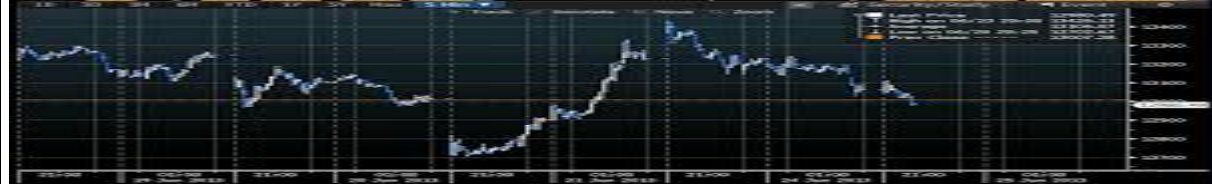
Currency Analysis:

The rupee could not come out of the weak spells; persisted devaluation of PKR against the US dollar was continued during last week-end on August 23, 2013. At the end of last week a tenacious bullish trend was witnessed in USD buying as market players were cautiously participated, whereas market continuously felt the pressure of uncertainty regarding the upcoming Monetary Policy stance. The State Bank of Pakistan on Saturday 24, Aug 2013 announced that the next Monetary Policy would be unveiled on Sept 13, 2013. The policy was due last week, but the silence on the issue was noted with a general perception that the SBP was waiting for finalization of agreement with the IMF for loans, the meeting with IMF officials is due in the first week of September for \$6.2 billion loan. The falling value of the rupee as the dollar made another record-high level **103.62/65** at the end of last week. Pak rupees indicates tougher days ahead for the government as the latter would face a difficult task to implement key benchmarks agreed with the IMF like bringing the central bank's borrowing to a desired limit, enforce general sales tax on goods and services in integrated mode, eliminate power sector subsidies and keep the budget deficit within the agreed limits.

Technical Snapshot:

The dollar ended another higher this week at a level of **(103.62)**. Technically, the outlook of the market is likely to remain strong. The candlestick pattern clearly depicts a bullish marubozu formation, suggesting that the buyer clearly had an upper hand throughout the week. On the weekly chart, it continues to form higher lows and higher highs, suggesting that the strength still persists in the prevailing uptrend.





Swap Market Analysis:

US dollar has appreciated against most international currencies, including all South Asian currencies in recent days. The Pakistani rupee is no different; Markets ended the week on a flattish note as rupee plunged to its all-time low of 103.62/65 in interbank market against the US dollar. Initially swap market witnessed a chop down in all tenor featuring cocktail of factors working against the country worsening economic condition. The central bank has also delayed the announcement of monetary policy decision till next month. There was a general perception about the delay in the monetary policy and that the SBP was waiting for finalization of agreement with the IMF for loans worth of 6.2bn US dollar and World Bank to Provide Reforms & Results-Based Support to Pakistan of 1.5bn US dollar. At the end of the week rising trend was continue on last Friday as the rising demand to clear the oil payments. If such a trend of record fall of Pakistan's rupee goes on nonstop than the nation may face dismal balance of payments position for the (FY) 2014-15.

Technical Snapshot:

Last week, swap market initially witnessed a sharp drift in all tenor but later-on persisted rise which was regained amid fresh USD demand in the market. In coming weeks, we might see the waning rupee (PKR) is expected to remain under-pressure against the USD as a high inflationary pressure and heavy debt repayment putting a further dent in the country reserves.

Date		1-Week	2-Week	1-Month	2-Month	3-Month	4-Month	5-Month	6-Month	12-Month
16-Aug-13	MONEY	8.20%	8.40%	8.60%	8.75%	8.80%	8.85%	8.90%	8.90%	9.05%
	SIMY	1.4%	1.7%	3.6%	5.3%	5.8%	6.3%	6.6%	6.8%	7.4%
19-Aug-13	MONEY	8.20%	8.35%	8.55%	8.75%	8.80%	8.85%	8.90%	8.95%	9.05%
	SIMY	-0.6%	1.7%	2.7%	4.6%	5.5%	6.0%	6.5%	6.5%	7.1%
20-Aug-13	MONEY	8.53%	8.56%	8.68%	8.75%	8.80%	8.85%	8.90%	8.95%	9.05%
	SIMY	0.4%	1.7%	2.9%	4.5%	5.4%	5.9%	6.3%	6.5%	7.2%
21-Aug-13	MONEY	8.53%	8.56%	8.68%	8.75%	8.80%	8.85%	8.90%	8.95%	9.05%
	SIMY	0.9%	2.5%	2.5%	4.7%	5.4%	5.7%	6.2%	6.5%	7.1%
22-Aug-13	MONEY	8.53%	8.56%	8.68%	8.75%	8.80%	8.85%	8.90%	8.95%	9.05%
	SIMY	0.4%	1.7%	2.4%	4.4%	5.3%	5.7%	6.1%	6.3%	7.1%
23-Aug-13	MONEY	8.50%	8.56%	8.70%	8.75%	8.88%	8.85%	8.90%	8.95%	9.05%
	SIMY	0.4%	1.8%	2.8%	4.6%	5.4%	5.9%	6.1%	6.4%	7.1%

*Swap Implied Yield=SIMY

