

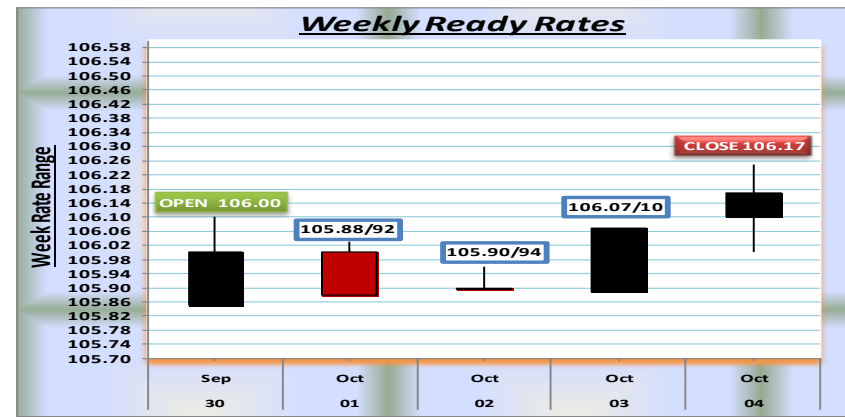
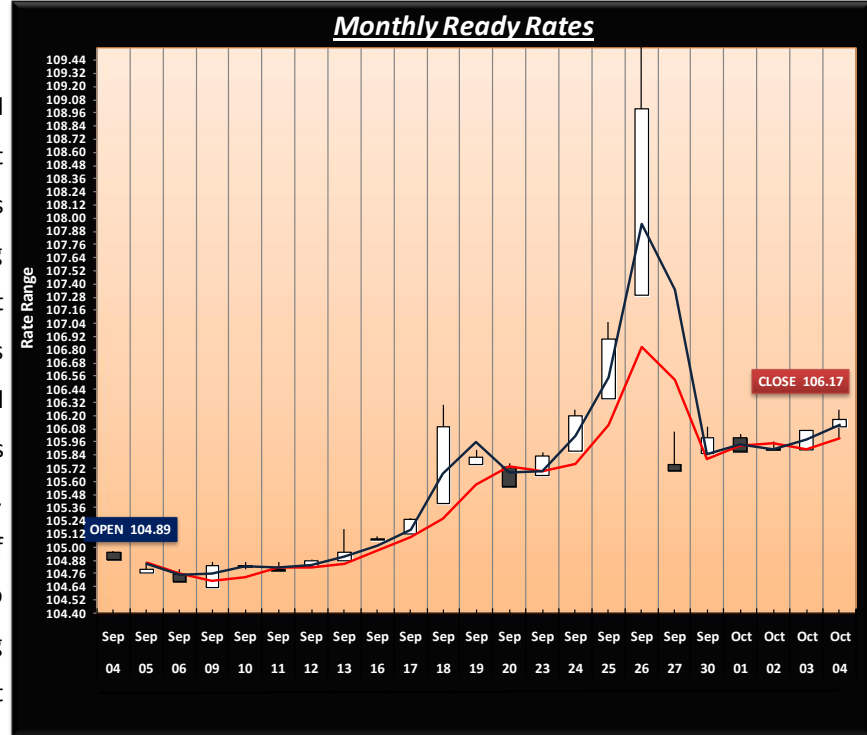


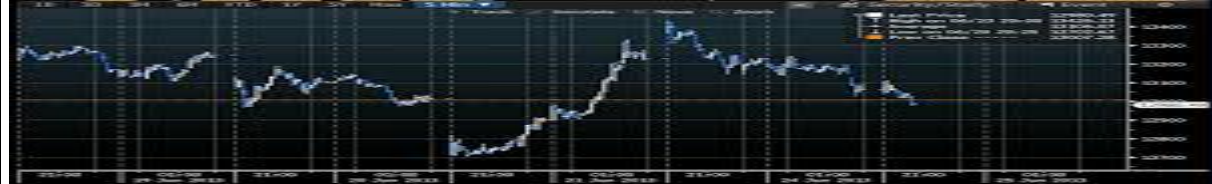
Market Recap:
Currency Analysis:

Rupee value finally showed some stabilize appearance in the market to some extent. Dollar shed strength against the rupee in the interbank market at the end of last week Friday, where it ended **106.17** against the PKR in the inter-bank market. At the end of last week stable trend was seen on the currency market as supply of dollars was sufficient enough despite the rising demand to clear the oil payments. On the interbank market the rupee posted fresh gains against dollar and managed to recover and remain resilient. The country's money supply growth has experienced a sharp expansion of 15.93% during Sep 30, 2012 to Sep 30, 2013, and rise in oil prices heightening the risk of inflation and a severe liquidity crunch in the coming months. This means inflation is likely to push into double digits and the country's fiscal deficit will increase. The current economic situation of Pakistan requires a proper direction for a healthy balance of payments situation. With the limited availability of indigenous energy the country is forced to import petroleum products in order to keep the power turbines running therefore exerting further burden on the trade deficit, which in turn has been increasing the current account deficit. Looking at this point of time the rupee seems to be fighting a prolonged battle. Given the high trade deficit, drying up of capital flow, the rupee is getting weaker by the day.

Technical Snapshot:

Technically the greenback ended the week higher at a level of **(106.17)**. The weekly candlestick shows a constant belt hold formation, suggesting that the bear dominated the week right from the beginning and at the end of the week bull had an upper hand. The tweezer top formation suggesting that low of last week **(105.88)** and **(106.17)** indicates a strong support at these levels and a strong rise confirms the same.





Swap Market Analysis:

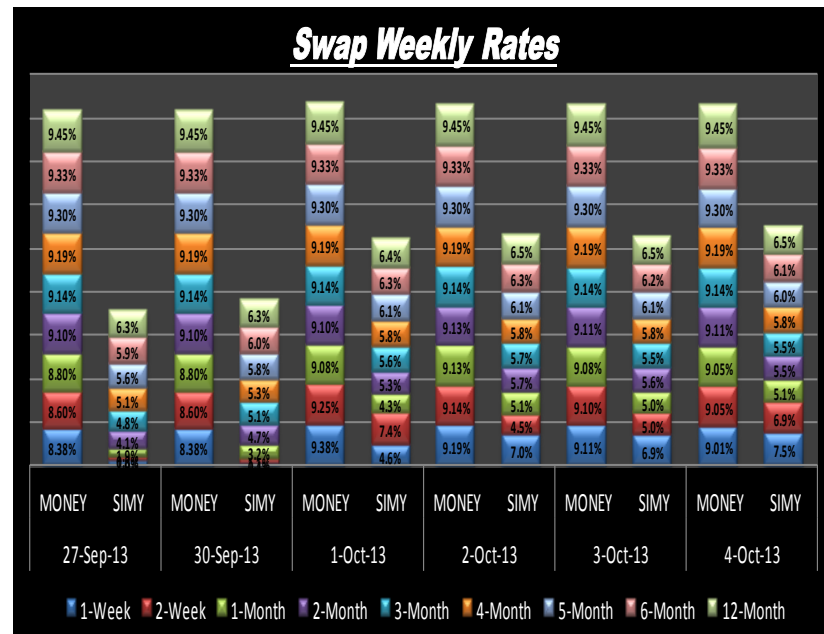
Last week rupee backed by sliding drift witnessed in greenback in the interbank market last week sending the greenback tumbling and ended the week slightly higher at **106.17**, rupee gained its strength vaguely against dollar. Initially swap market witnessed a chop down in all tenor, but later-on swap premium rises to its full strength in all tenor, the difference between the open and inter-bank market, which may prove short-lived because demand of dollar persisted, which were regain in later part of the week amid fresh USD demand in the market due to fall in forex reserves and rise in crude oil prices world-wide which raise the fuel bill and inflation and put further pressures on the rupee (PKR). There are several major factors which are influencing PKR/USD parity that is increasing USD demand from local importers due to fear of further depreciation in PKR against USD, inflow from exporters also on the lower side as they abstain from floating their dollars in the market awaiting further depreciation of PKR to improve their profits. Depreciation of the rupee at its current pace won't push up exports, rather will certainly inflate import bill and inflation that, over the years, became closely linked to the exchange rate because of Pakistan's ever higher reliance on imports, particularly of energy inputs. But with rupee becoming more and more valueless, the prices of imports are feared to further increase in inflation.

Technical Snapshot:

Last week, swap market witnessed a persisted rise in all tenor except a gentle chop down in the beginning of the week all tenor which was regained later amid fresh USD demand in the market. In coming weeks, we might see the battered rupee (PKR) is expected to remain under-pressure against the USD as a high inflationary pressure, heavy oil and 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
27-Sep-13	MONEY	8.38%	8.60%	8.80%	9.10%	9.14%	9.19%	9.30%	9.33%	9.45%
	SIMY	1.0%	0.8%	1.9%	4.1%	4.8%	5.1%	5.6%	5.9%	6.3%
30-Sep-13	MONEY	8.38%	8.60%	8.80%	9.10%	9.14%	9.19%	9.30%	9.33%	9.45%
	SIMY	0.4%	1.1%	3.2%	4.7%	5.1%	5.3%	5.8%	6.0%	6.3%
1-Oct-13	MONEY	9.38%	9.25%	9.08%	9.10%	9.14%	9.19%	9.30%	9.33%	9.45%
	SIMY	4.6%	7.4%	4.3%	5.3%	5.6%	5.8%	6.1%	6.3%	6.4%
2-Oct-13	MONEY	9.19%	9.14%	9.13%	9.13%	9.14%	9.19%	9.30%	9.33%	9.45%
	SIMY	7.0%	4.5%	5.1%	5.7%	5.7%	5.8%	6.1%	6.3%	6.5%
3-Oct-13	MONEY	9.11%	9.10%	9.08%	9.11%	9.14%	9.19%	9.30%	9.33%	9.45%
	SIMY	6.9%	5.0%	5.0%	5.6%	5.5%	5.8%	6.1%	6.2%	6.5%
4-Oct-13	MONEY	9.01%	9.05%	9.05%	9.11%	9.14%	9.19%	9.30%	9.33%	9.45%
	SIMY	7.5%	6.9%	5.1%	5.5%	5.5%	5.8%	6.0%	6.1%	6.5%

*Swap Implied Yield=SIMY



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