



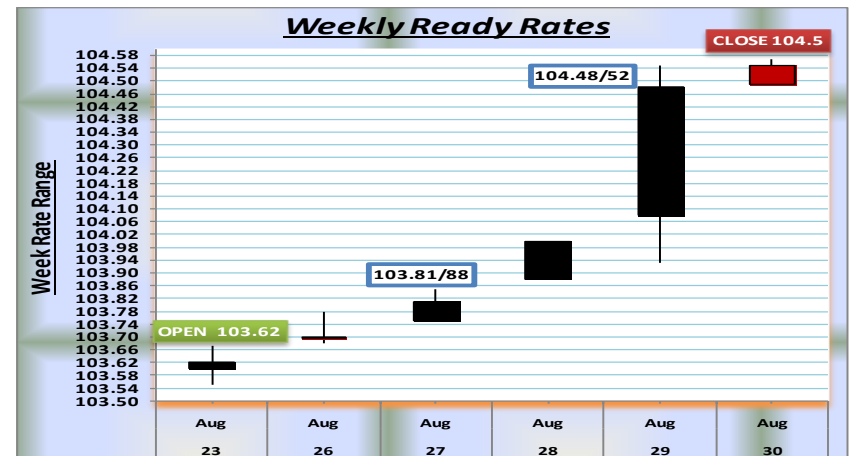
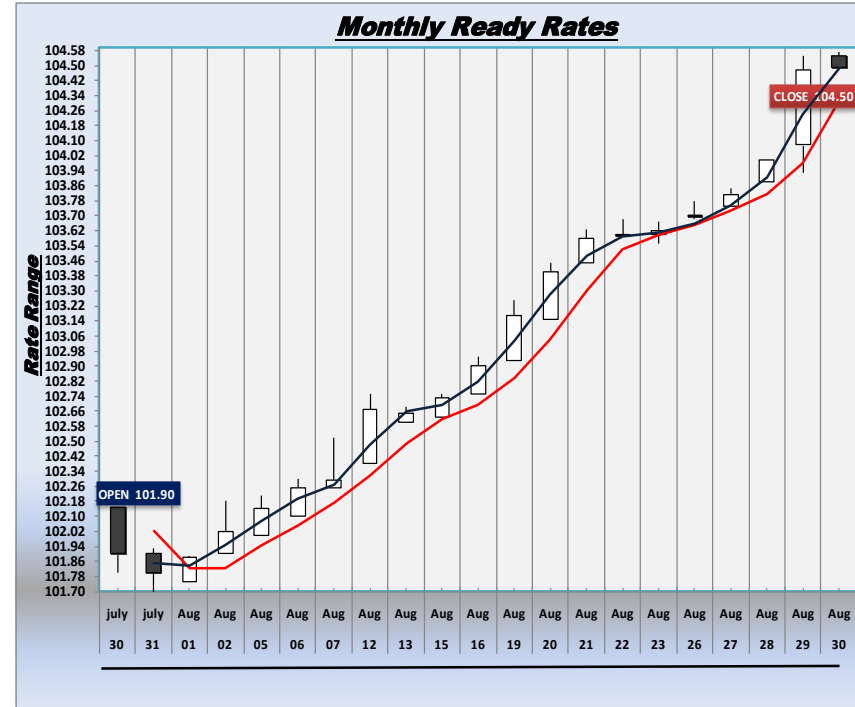
**Market Recap:**

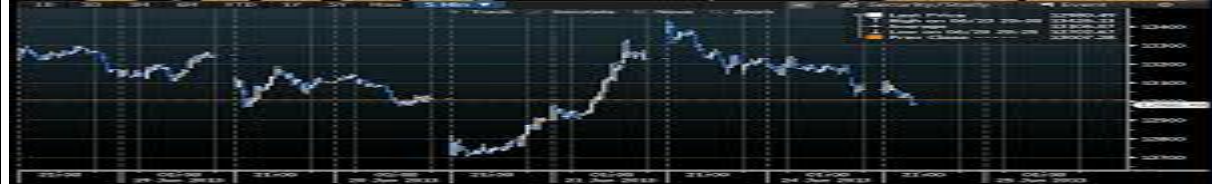
**Currency Analysis:**

Further weakened had been seen in PKR against USD compare to last week, owing to the decline in Forex reserve from \$10.390 billion to \$10.399 billion. The outflow of foreign capital may further weigh down on the rupee. The country's money supply growth has experienced a sharp expansion of 15.93% during August, 28 2012 to August 28, 2013, heightening the risk of high inflation. CPI during August was at 8.55% YOY increase from 8.3% last month (July 2013) which ignite the net rise of 3% on MoM basis. 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 falling value of the rupee as the dollar made another record-high level **104.57** and ended at 104.49/54 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 **(104.49)**. 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:**

As the rupee continues to slide against the US dollar and other currencies like the Pakistani rupee, Philippine peso, Indonesian rupiah, and Malaysian ringgit among others, have been on a downward path as well, although their decline is not as severe. The Indian rupee remains the fastest falling currency in Asia. The Pakistani rupee is no different; Markets ended the week on a flattish note as rupee plunged to its all-time low of **104.57** in interbank market against the US dollar last week ended 30 Aug 2013. Initially swap market witnessed a chop down in all tenor featuring cocktail of factors working against the country worsening economic condition. 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 7.5bn 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. After the positive reply from IMF for the loan and other donor institutions it is expected that the improved foreign exchange reserves would strengthen the rupee against the dollar, bringing some stability in the currency market in Pakistan.

**Technical Snapshot:**

Last week, swap market initially witnessed a sharp drift in all tenor but later-on 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.

