

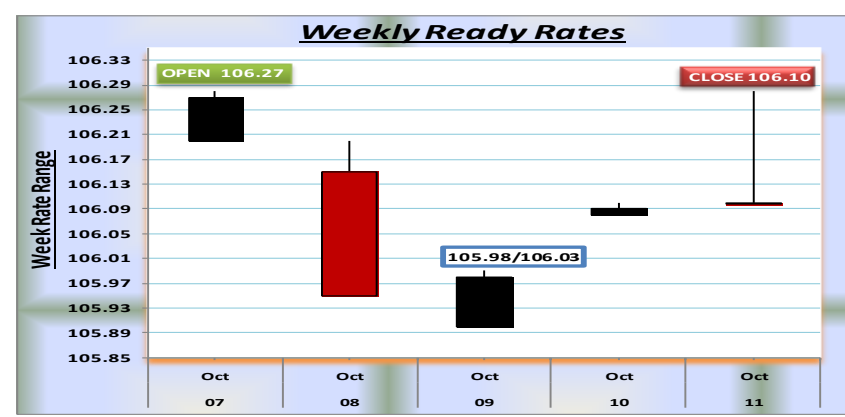
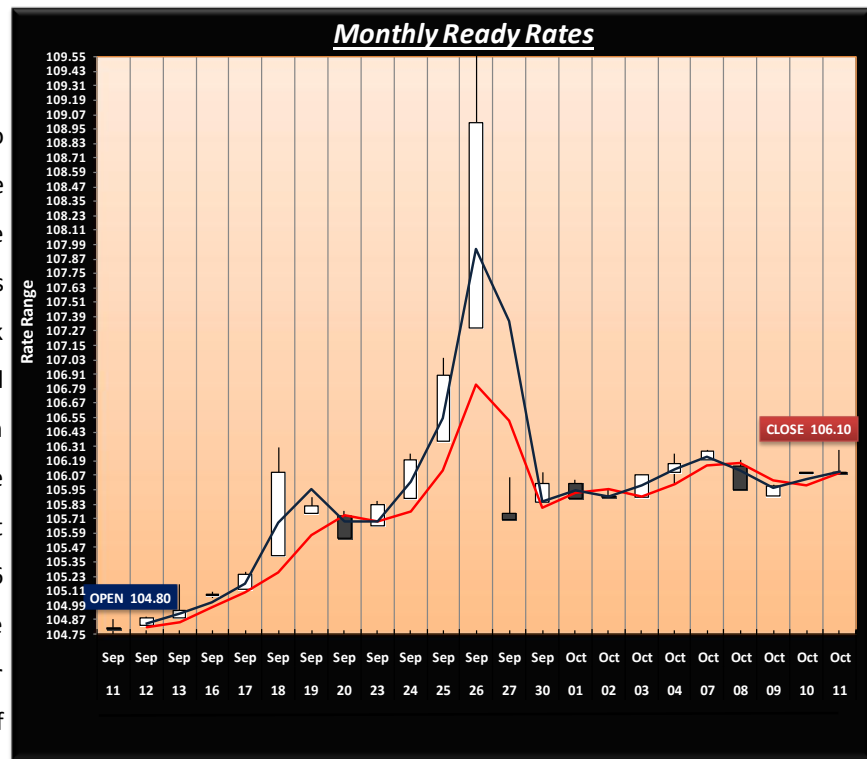


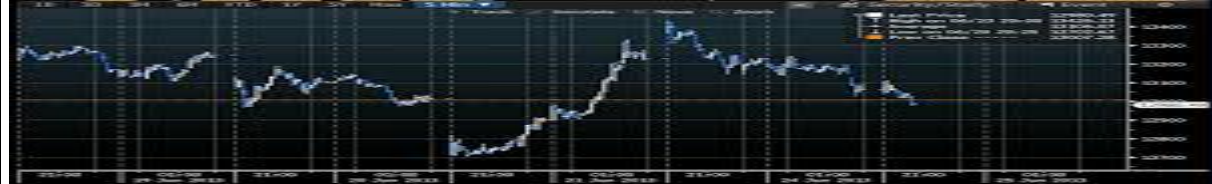
**Market Recap:**  
**Currency Analysis:**

Last week the PKR did not show sharp fluctuation against the USD on the currency market due to long-week off owing to Eid-ul-Azhar holidays. 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 **106.10**. Pakistan badly needs fresh foreign money for boosting foreign exchange reserves and to ease down pressure on Pak rupee. Although some effort made by Finance Minister in recent visit to Washington to attend the annual meeting of IMF and World Bank, had taken up the issue of CSF payments with US State and Treasury Departments which resultant Pakistan received US \$322 million under the Coalition Support Fund (CSF). The CSF funds will help in the efforts of the government to boost its sagging foreign exchange reserves. Also US had quietly decided to release more than \$1.6 billion in military and economic aid to Pakistan that was suspended when relations between the two countries disintegrated over the covert raid that killed Osama bin Laden and deadly US air strikes against Pakistani soldiers. By seeing this current situation Pakistan should adopt policy of stabilizing the exchange rate, in order to protect the country against the increase in debt. If Pakistan could manage to earn current account surplus over a number of years, the supply of foreign exchange would automatically increase in the free and interbank markets

**Technical Snapshot:**

Technically the greenback ended the last week lower at a level of **(106.10)**. The weekly candlestick shows a mixed belt hold formation. The tweezer top formation suggesting that low of last week **(105.90)** and **(106.10)** indicates a strong support at these levels and a strong rise confirms the same.





### Swap Market Analysis:

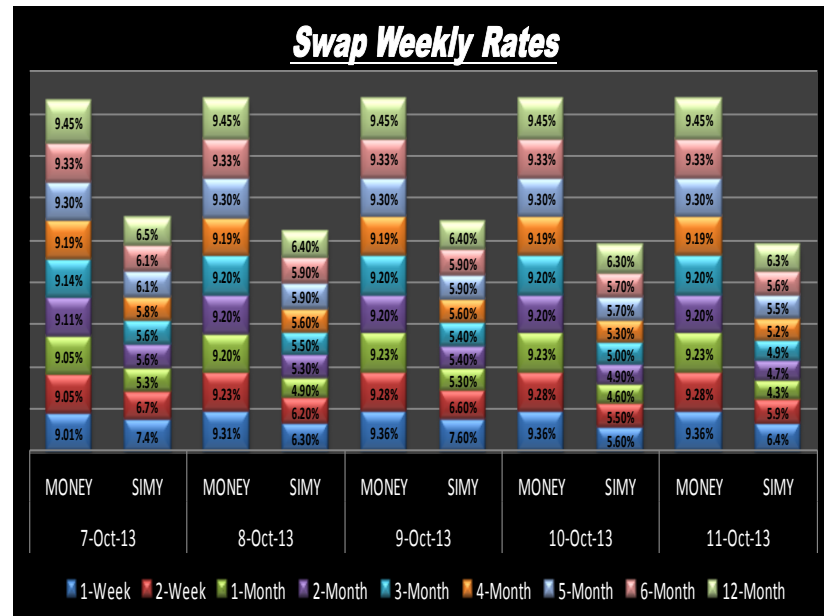
Last week rupee backed by sliding drift witnessed in greenback in the interbank market last week sending the greenback tumbling and ended the week slightly higher at **106.10**, rupee gained its strength vaguely against dollar. Initially swap market witnessed a chop down in all tenor, but later-on swap premium rises to its full strength in all tenor, 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. The flexible exchange rate that prevails in Pakistan increases uncertainty for traders both internally and externally and also has a hash effect on a volume of foreign debt which might eventually lead to the depression and unwanted inflation. Given the heavy amount of external debt payable, the current continuous currency depreciation will put heavy burden on the country's economy. Therefore, Pakistan should adopt policy of stabilizing the exchange rate, in order to protect the country against the increase in debt.

### Technical Snapshot:

Last week, technically swap market witnessed a bumpy ride in all tenor amid a slight initial recovery could be seen in the rupee on the back of consistent forex reserves position in the country but we can see pressure continue due to unsustainable fiscal and balance of payments positions.

Date		1-Week	2-Week	1-Month	2-Month	3-Month	4-Month	5-Month	6-Month	12-Month
7-Oct-13	MONEY	9.01%	9.05%	9.05%	9.11%	9.14%	9.19%	9.30%	9.33%	9.45%
	SIMY	7.4%	6.7%	5.3%	5.6%	5.6%	5.8%	6.1%	6.1%	6.5%
8-Oct-13	MONEY	9.31%	9.23%	9.20%	9.20%	9.20%	9.19%	9.30%	9.33%	9.45%
	SIMY	6.30%	6.20%	4.90%	5.30%	5.50%	5.60%	5.90%	5.90%	6.40%
9-Oct-13	MONEY	9.36%	9.28%	9.23%	9.20%	9.20%	9.19%	9.30%	9.33%	9.45%
	SIMY	7.60%	6.60%	5.30%	5.40%	5.40%	5.60%	5.90%	5.90%	6.40%
10-Oct-13	MONEY	9.36%	9.28%	9.23%	9.20%	9.20%	9.19%	9.30%	9.33%	9.45%
	SIMY	5.60%	5.50%	4.60%	4.90%	5.00%	5.30%	5.70%	5.70%	6.30%
11-Oct-13	MONEY	9.36%	9.28%	9.23%	9.20%	9.20%	9.19%	9.30%	9.33%	9.45%
	SIMY	6.4%	5.9%	4.3%	4.7%	4.9%	5.2%	5.5%	5.6%	6.3%

\*Swap Implied Yield=SIMY



**Analyst Certification:**

The following analyst economist(s), who is(are) primarily responsible for this report, certifies(y) that the opinion(s) on the subject security(ies) or issuer(s) and/or any other views or forecasts expressed herein accurately reflect their personal view(s) and that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this research report: Aniq Ahmed

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