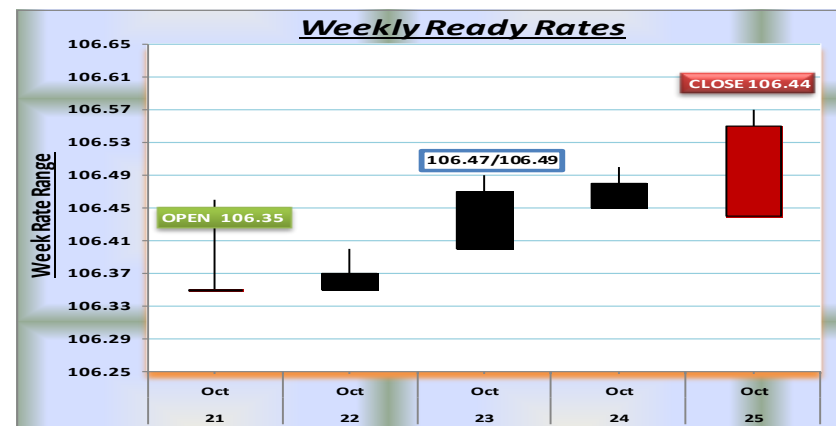
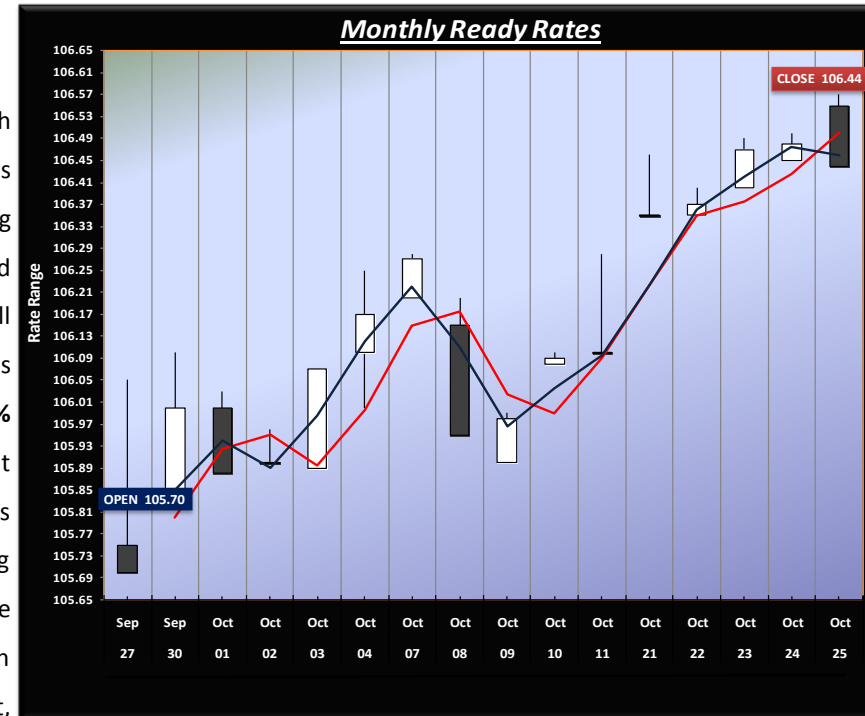


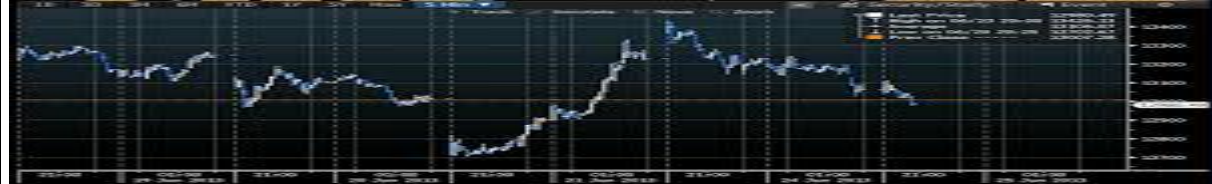
Market Recap:
Currency Analysis:

Last week strong demand for dollars forced the rupee to travel into downbeat horizon which gone towards the weak spells during the week ended **(106.44)** 25 Oct, 2013. The country's money supply growth has experienced a sharp expansion of 15.93% (or 0.32%) during Oct 11, 2012 to Oct 11, 2013, heightening the risk of inflation. Govt borrowing touches record high, this means inflation is likely to push into higher digits and the country's fiscal deficit will increase, increase in electricity tariffs and with the reflection of the Eid factor on food prices driven the Oct'13 CPI (Consumer Price Index) will likely clock in the range of **7.9 - 8.4% vs 7.4%** reported in the previous month. Weak foreign financial inflows, increasing government expenditures, fall in the revenue collection are the major factors responsible for the rupee was under immense pressure on account of higher demand for dollar. At the end of the week rising trend was continue on last Friday as the rising demand to clear the oil payments. 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 **(106.44)**. The weekly candlestick shows a mixed belt hold formation, suggesting that the bull dominated the week. The weekly candlestick depicts a tweezer top formation suggesting that high of last week **(106.57)** and doji candle **(106.44)** indicates a strong support at these levels and a strong rise confirms the same.





Swap Market Analysis:

As the rupee continues to slide against the US dollar, It has been a lofty ride for PKR against USD last week; it has become clear that it's difficult for local currency to remain resistant to the cocktail of factors working against the country worsening economic condition. Markets ended the week on a flattish note as the US dollar on worries of dwindling forex reserve of US 9.20 billion dollar (11, Oct 2013). Going forward, inflation numbers are likely to elevate in the next month. CPI may rise to 7.9-8.4% due to increase in fuel prices, revision of housing index and surge in perishable food prices on the back of Eid-ul-Azha. Worsening economic condition in the country deteriorating law and order situation, energy crisis and terrorism are the main causes of sinking rupee which witnessed devaluation of local currency. The foreign investors would also concerns about relations between Pakistan and the United States over drone-strikes. The foreign investors would also face another shock when their income and profit in rupees would further shrink due to devaluation At the end of the week rising trend was continue on last Friday. If such a rising trend 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, technically swap market witnessed a high ride in all tenor amid swap market witnessed a continuous gain in all tenors amid fresh USD demand in the market due to fall in forex reserves and crude oil payment which raise the fuel bill and inflation and put further pressures on the rupee (PKR). 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
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%	6.1%	4.3%	4.7%	4.9%	5.2%	5.5%	5.6%	6.3%
21-Oct-13	MONEY	9.36%	9.28%	9.23%	9.20%	9.20%	9.19%	9.30%	9.33%	9.45%
	SIMY	6.9%	5.9%	4.5%	4.5%	4.7%	5.0%	5.3%	5.4%	6.1%
22-Oct-13	MONEY	9.36%	9.28%	9.23%	9.25%	9.26%	9.27%	9.45%	9.55%	9.70%
	SIMY	7.9%	7.0%	5.2%	5.0%	5.0%	5.1%	5.3%	5.5%	6.1%
23-Oct-13	MONEY	9.33%	9.28%	9.23%	9.25%	9.29%	9.31%	9.45%	9.55%	9.70%
	SIMY	8.1%	6.4%	5.1%	4.9%	4.8%	5.0%	5.3%	5.5%	6.1%
24-Oct-13	MONEY	9.33%	9.28%	9.23%	9.25%	9.29%	9.31%	9.45%	9.55%	9.70%
	SIMY	6.5%	5.3%	4.6%	4.7%	4.7%	5.0%	5.3%	5.5%	6.0%
25-Oct-13	MONEY	8.81%	8.95%	9.00%	9.25%	9.29%	9.31%	9.45%	9.55%	9.70%
	SIMY	7.2%	6.0%	4.8%	4.9%	4.9%	5.0%	5.3%	5.5%	6.1%

*Swap Implied Yield=SIMY

