

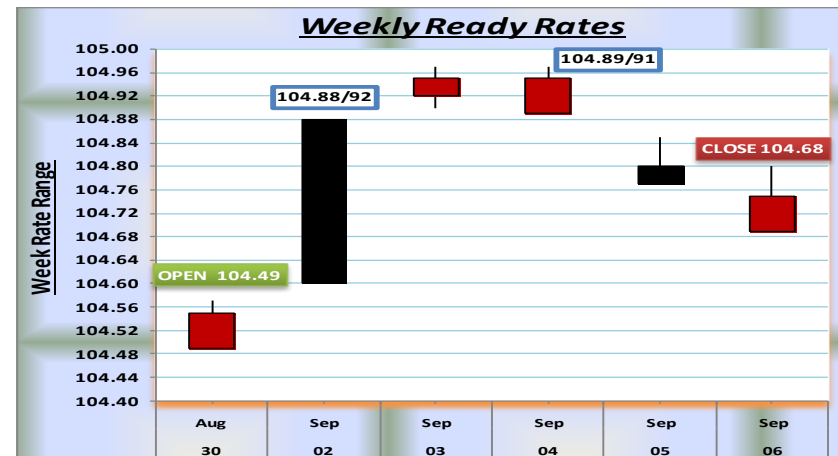
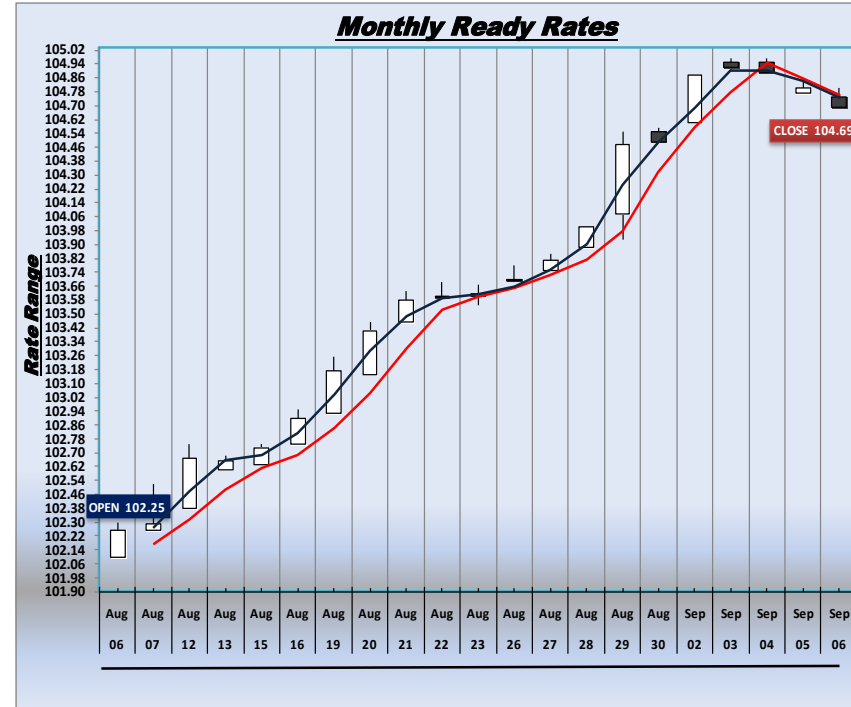
Market Recap:

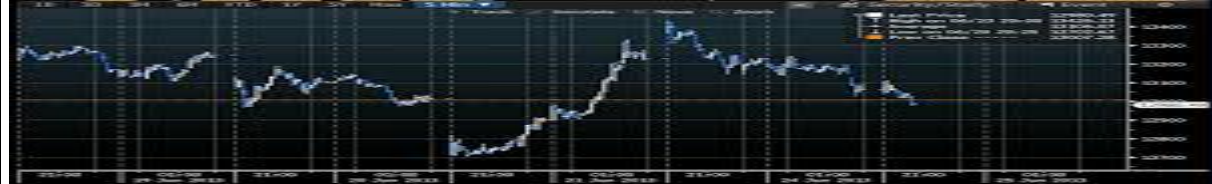
Currency Analysis:

Last week, finally rupee could manage to come out of the interminable weak spells; although at the start of the week we had seen another high of the greenback at a level of 104.97 but at the end of the week rupee started to strengthen its footing against the US dollar. As a global prospective a huge currency fall was seen in most of the World economies, backed by strong US manufacturing and progress data that make the US dollar stronger after which we had witnessed a steep fall in the gold prices which diverted the investors towards buying dollars instead of gold put further pressure on the currencies against USD worldwide. Coming to Pakistan, where PKR found some strength against relentless US dollar after the approval of IMF for Extended Fund Facility (EFF) for Pakistan in an amount of \$ 6.64 bn that provide some stability in the FX market in Pakistan and discard consistent pressure as we have continuously witnessed for the last one-month or so, over deteriorating balance of payments position in the wake of growing outflow of foreign exchange reserves due to loan repayments to the IMF, Oil Payment and low foreign direct investment. On the interbank market rupee posted fresh gains against dollar and managed to recover and remain resilient and closed at the level of 104.68. Now the ball in the Government court, whether to implement harsh measures that anyway to fix the economy or follow the footprints of the previous PPP Government.

Technical Snapshot:

Technically the greenback ended the week lower at a level of **(104.68)**. The weekly candlestick depicts a tweezer bottom formation suggesting that the low this week 6 Sep,2013(104.68) and the low last week 30 Aug, 2013(104.49) were very much close. This indicates a strong support between those levels and a strong bounce confirms the same.





Swap Market Analysis:

Last week it has been a bumpy ride in FX market in Pakistan. Markets ended the week on an uneven note as rupee after hitting all-time low at a level of **104.97** came back sharply and ended the week at a comparatively higher against US dollar at a level of **104.68**. The change in the market momentum was largely due to the grant of \$6.64 billion that had been approved by the IMF. Initially swap market witnessed a chop down in all tenor featuring cocktail of factors working against the country worsening economic condition. But later-on the event of EFF approval of \$ 6.64bn by IMF Executive Board enables an initial disbursement by the IMF of an amount equivalent to SDR 360 million (about **US\$544.5 million**), make the market change completely and which effect swap premiums were regain in later part of the week, it is expected that the improved foreign exchange reserves would strengthen the rupee against the dollar, bringing stability in the market and ensures reduced vulnerabilities on external front going forward.

Technical Snapshot:

Last week, technically swap market initially witnessed a sharp drift in all tenor but later-on persisted rise which was regained amid a slight recovery could be seen in the rupee on the back of approval of IMF for Extended Fund Facility (EFF) for Pakistan. 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 central bank (SBP) monetary stance which determined the Government approach tackling the subpar growth and 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
30-Aug-13	MONEY	8.25%	8.45%	8.60%	8.75%	8.88%	8.90%	8.95%	9.00%	9.05%
	SIMY	7.2%	6.1%	5.1%	5.6%	5.9%	6.0%	6.2%	6.4%	6.8%
2-Sep-13	MONEY	8.25%	8.45%	8.60%	8.75%	8.88%	8.90%	8.95%	9.00%	9.05%
	SIMY	4.1%	4.1%	4.2%	5.2%	5.6%	5.8%	6.0%	6.2%	6.6%
3-Sep-13	MONEY	8.25%	8.45%	8.60%	8.75%	8.88%	8.90%	8.95%	9.00%	9.05%
	SIMY	5.3%	5.1%	4.8%	5.5%	5.7%	5.8%	6.1%	6.3%	6.6%
4-Sep-13	MONEY	8.58%	8.55%	8.63%	8.75%	8.88%	8.90%	9.00%	9.00%	9.05%
	SIMY	6.2%	5.7%	5.1%	5.8%	5.8%	5.9%	6.1%	6.4%	6.6%
5-Sep-13	MONEY	8.25%	8.45%	8.60%	8.75%	8.88%	8.90%	8.95%	9.00%	9.05%
	SIMY	5.0%	4.9%	4.6%	5.6%	5.7%	5.9%	6.0%	6.3%	6.6%
6-Sep-13	MONEY	8.05%	8.34%	8.55%	8.68%	8.76%	8.88%	9.00%	9.00%	9.05%
	SIMY	4.4%	4.2%	4.8%	5.6%	5.8%	5.9%	6.1%	6.2%	6.7%

*Swap Implied Yield=SIMY

