

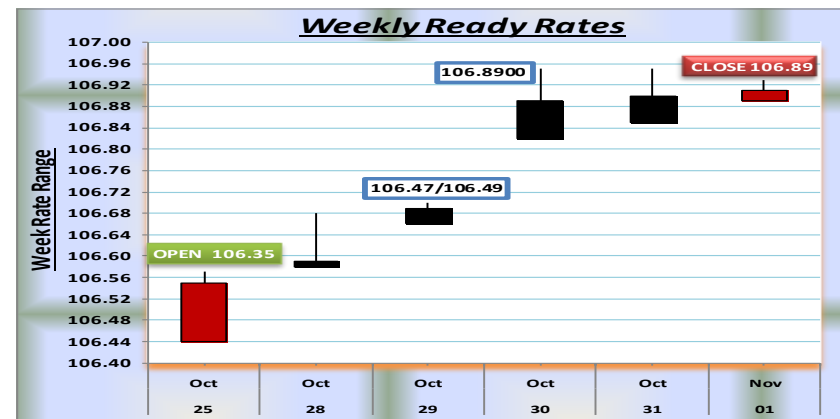
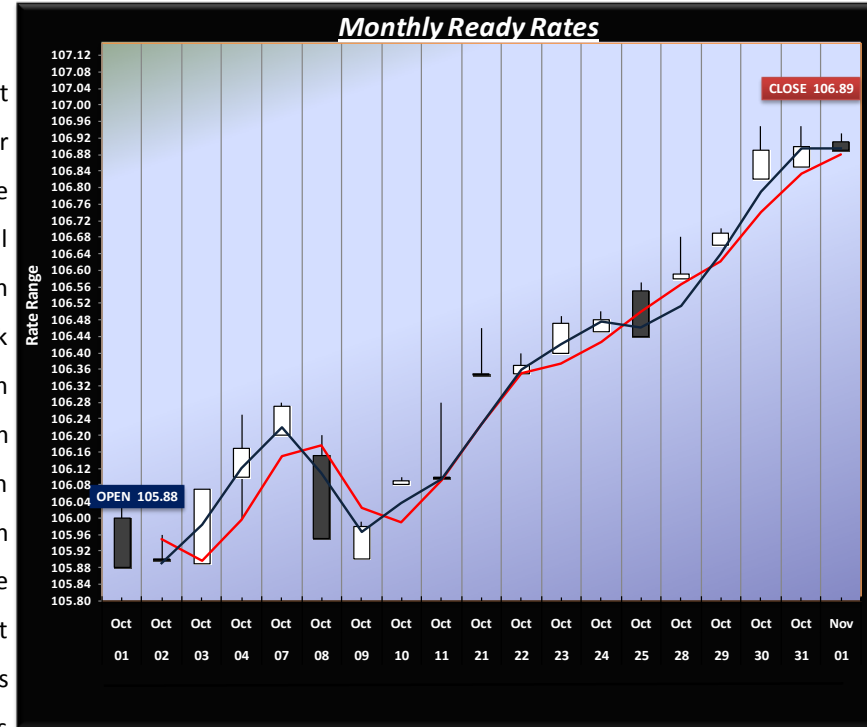
Market Recap:

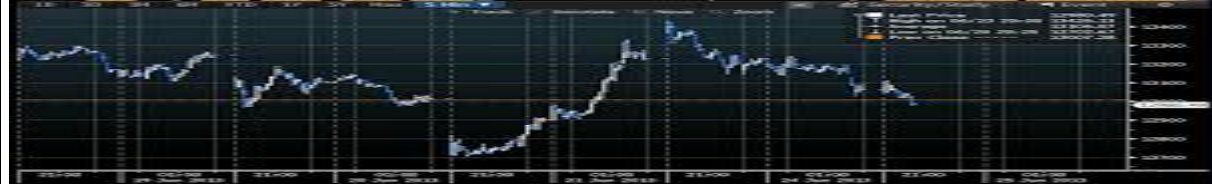
Currency Analysis:

Dollar remained steady versus the rupee for the week ended 01 Nov, 2013 where it closed at **106.89**. The greenback soared on as the week commenced on the 28th of October. A similar trend followed for the next two days in which the dollar appreciated by almost 30 paisa's. In the last two trading sessions, trading activity remained stagnant as the dollar stabilized. The revival of rupee value against the dollar as witnessed at the end of the last week owing to an improvement in the country's foreign exchange reserves that rose to \$9.497 billion in the week ending 25th of October as compared to \$9.230 billion in the previous week. This was mostly on account of an increase in workers remittances that rose by 9% to \$3.9 billion in July-Sept in comparison to \$3.6 billion in the same period last year. Another important factor due to which the market remained stable during the week was the inflation figures that were released on Friday. Investors were not willing to participate in the trading activity as they awaited the inflation results so that they could adjust their positions accordingly. CPI inflation clocked in at **9.08%** (YOY) as compared to **7.40%** (YOY) in the last month. This sharp rise in inflation was mostly fuelled by a recent hike in electricity tariff, in addition to a hike in petroleum prices. This increment will cause the rupee to further devalue and might deteriorate the BOP position as well. Also, in the upcoming monetary policy, a rise in the interest rate is expected in order to control the galloping inflation. Investors oppose this stance as they believe that it would retard growth and might hit the economy badly.

Technical Snapshot:

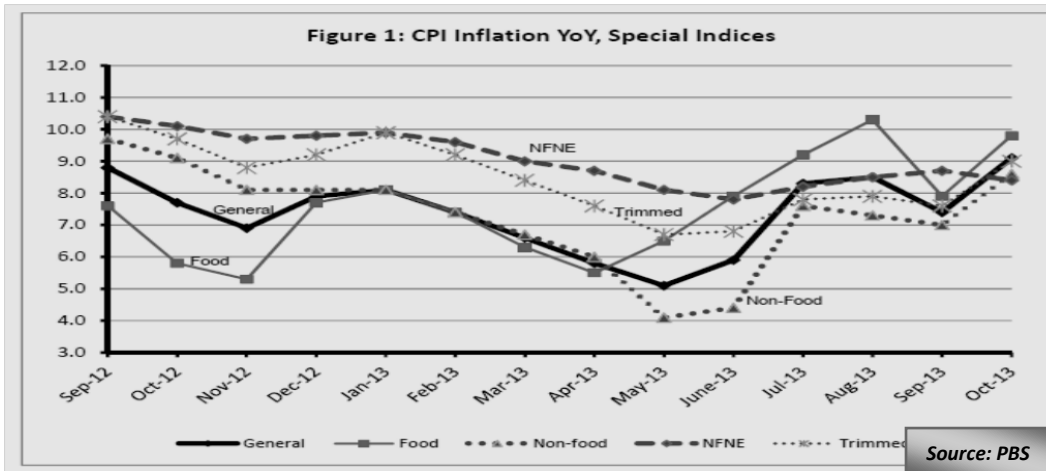
Technically the greenback ended the week stable at a level of **(106.89)**. The weekly candlestick shows a constant belt hold formation. The tweezer top formation suggesting that high of last week **(106.89)** indicates a strong support at this level and a strong rise confirms the same toward breaching 107 in the upcoming days.





Swap Market Analysis:

As the rupee continues to slide against the US dollar where there are several major factors which are influencing PKR/USD parity that is increasing USD demand. On last Friday CPI data for the month of Oct'13 hit 14 month high with 9.1% YoY reading up from 7.4% in Sep'13. According to PBS CPI reading has jumped 200bps MoM (or 2.00%) in Oct-13, resulting in YOY inflation of 9.08%. This inflation has come from, a rise in the electricity tariff, quarterly adjustment of the housing index (HRI) and, hikes in petroleum product prices that would be have a greater impact of Pkr depreciation in the smaller heads. Now there will be big news coming-up next week regarding MPS. There are strong signs that the SBP will push the interest rates up – which could stall the economic activity but provide breathing space for the declining banking spreads.

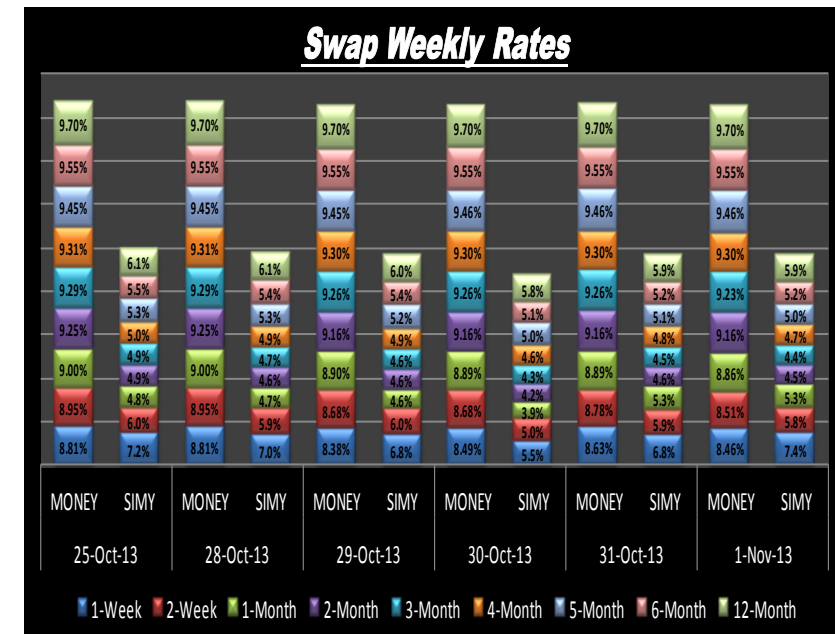


Technical Snapshot:

Last week, technically swap market witnessed a bumpy ride in all tenor amid a 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.

Date		1-Week	2-Week	1-Month	2-Month	3-Month	4-Month	5-Month	6-Month	12-Month
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%
28-Oct-13	MONEY	8.81%	8.95%	9.00%	9.25%	9.29%	9.31%	9.45%	9.55%	9.70%
	SIMY	7.0%	5.9%	4.7%	4.6%	4.7%	4.9%	5.3%	5.4%	6.1%
29-Oct-13	MONEY	8.38%	8.68%	8.90%	9.16%	9.26%	9.30%	9.45%	9.55%	9.70%
	SIMY	6.8%	6.0%	4.6%	4.6%	4.6%	4.9%	5.2%	5.4%	6.0%
30-Oct-13	MONEY	8.49%	8.68%	8.89%	9.16%	9.26%	9.30%	9.46%	9.55%	9.70%
	SIMY	5.5%	5.0%	3.9%	4.2%	4.3%	4.6%	5.0%	5.1%	5.8%
31-Oct-13	MONEY	8.63%	8.78%	8.89%	9.16%	9.26%	9.30%	9.46%	9.55%	9.70%
	SIMY	6.8%	5.9%	5.3%	4.6%	4.5%	4.8%	5.1%	5.2%	5.9%
1-Nov-13	MONEY	8.46%	8.51%	8.86%	9.16%	9.23%	9.30%	9.46%	9.55%	9.70%
	SIMY	7.4%	5.8%	5.3%	4.5%	4.4%	4.7%	5.0%	5.2%	5.9%

*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

Disclaimer

The report has been prepared by *Research Department of C&M Management (Pvt) Ltd* and is for information purpose only. The information and opinions contained herein have been compiled or arrived at based upon information obtained from sources, believed to be reliable and in good faith. Such information has not been independently verified and no guaranty, representation or warranty, expressed or implied is made as to its accuracy, comp lateness or correctness. All such information and opinions are subject to change without notice.

ANIQ AHMED

Financial Analyst

8st Floor, Saima Trade Centre I.I Chundrigar Road | Karachi | Pakistan

Tel: +92 21 32625171 Cell: +92333-2357606

SYED BILAL-UL-HAQ

Research Analyst

8st Floor, Saima Trade Centre I.I Chundrigar Road | Karachi | Pakistan

Tel: +92 21 32625170 Cell: +92343-3521211