Uncertainty and Vulnerability Extended to Continue

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Observing the trade tensions and changes in leadership policies between the major economic powers due to trade war between USA and China concurrently Sanctions on Iran causing Oil to hit 2 year High has caused the global markets to act bearish gradually effecting Indian, Turkish and South Asian economies including Pakistan.

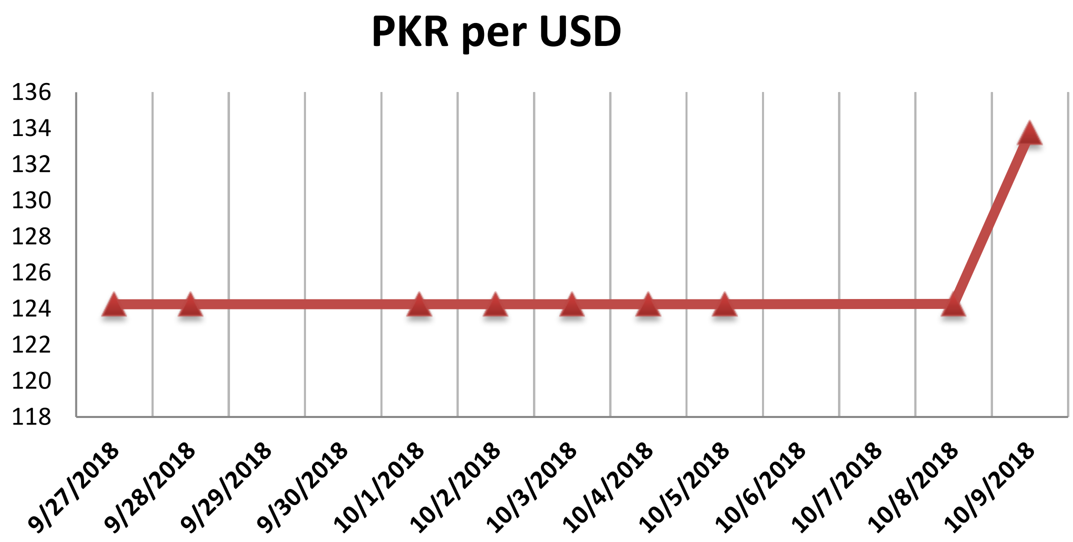
Pakistan's diminishing foreign exchange reserves which have caused an extreme shortage in the supply of USD keeps a pressure on forward swaps premium affecting the weekly swaps to be

traded in negative and monthly to be reduced to near the Par Value. Furthermore, falling export competitiveness and alarming increase in imports has caused the trade deficit further widen to USD 10.192 billion till June 30. Currently, the Monetary Policy Committee has increased the Policy rate by 100 basis points and PKR has been devalued around 9%. These measures would contribute to the inching inflation causing it to rise. Moreover, the resultant situation is worrisome as slow economic growth and increasing fiscal deficit is preventing the government to cater the needs of the growing population.

Moreover, Pakistan is opting for an IMF bailout package for which meetings expected to start form the first week of November and it would take two working weeks to end the deal, it seems the IMF deal may be finalized by end November.

USD PKR parity seems to remain under pressure and a further devaluation can't be overlooked. -

Simultaneously inflation seems to remain inch up as per IMF projections of 14% inflation and market could face an increase in interest rates in coming MPS'S.



	9/27/2018	9/28/2018	10/1/2018	10/2/2018	10/3/2018	10/4/2018	10/5/2018	10/8/2018	10/9/2018
Series1	124.2471	124.2492	124.252	124.2539	124.2543	124.2536	124.2536	124.2699	133.75