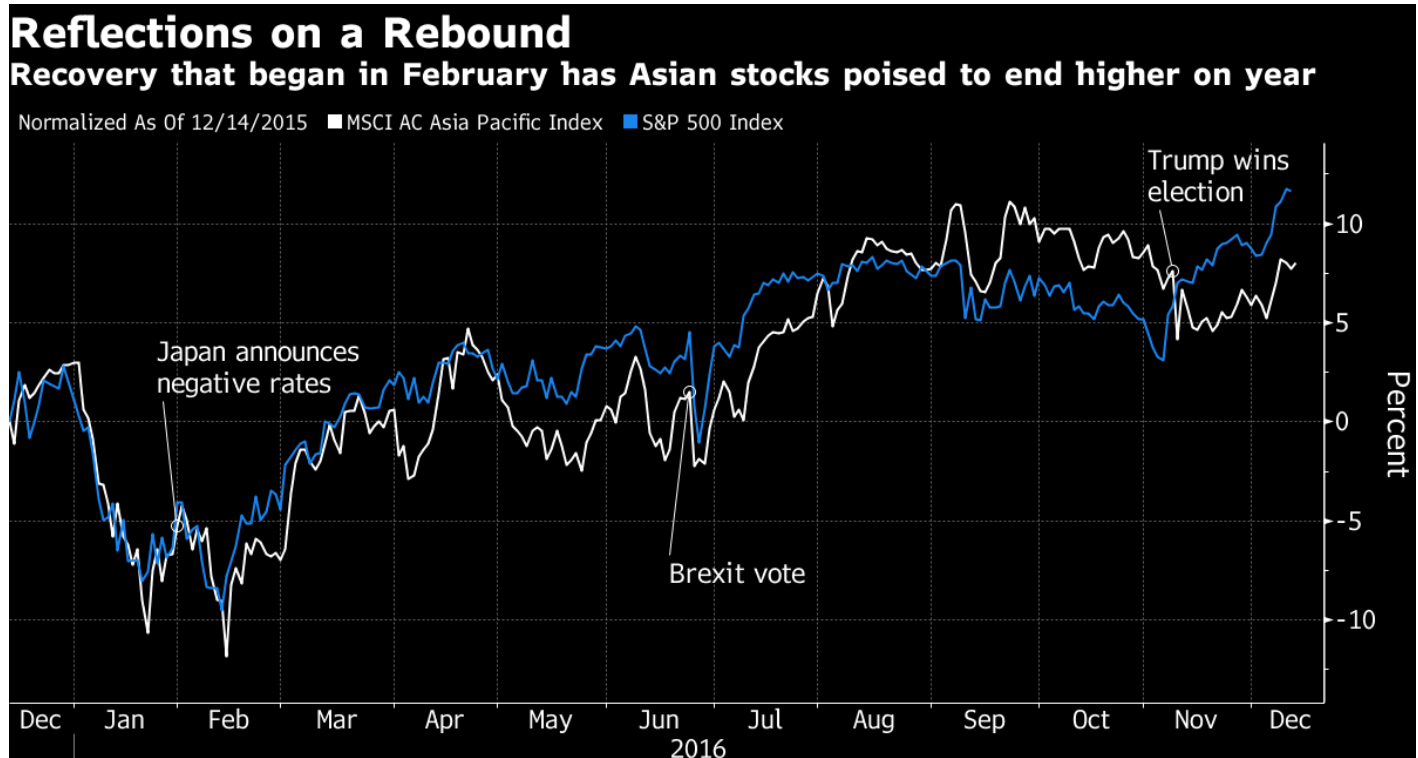


## Peeking at CY 2016 With Optimism Ahead in 2017

2016 was a year of mixed happenings that provided pain and opportunity alike, so as this year draws to a close, analysts are much hopeful for 2017. Globally speaking, from Brexit to Donald Trump to the S&P 500 Index's worst-ever first month and Italiexit to US FED rate hike; while on local front, Panama leaks & Bahamas papers mystery to heavy foreign selling amidst improving macroeconomic and financial situation, the past year was anything but quiet for investors.



### Strategists Predict Growth in Asian Markets for 2017- International fund managers bullish on emerging markets in 2017, ratings agencies less positive

Political chaos, subzero interest rates and smartphone explosions may have rocked Asian equities in the last 12 months, but most markets in Asia are still in the black. Strategists predict growth in regional equity markets next year even with the same macroeconomic uncertainty stirring in the background.

Asian equities may see a short-term spike alongside U.S. stocks due to public spending after President-elect Donald Trump enters office. However, strategists expect higher inflation and accelerated tightening after this, which coupled with a stronger dollar and potential U.S. trade protectionism heightens risk in Asia. Within the region, China's growth has stabilized since mid-2016 on infrastructure investments and is likely to continue even as the Yuan depreciates.

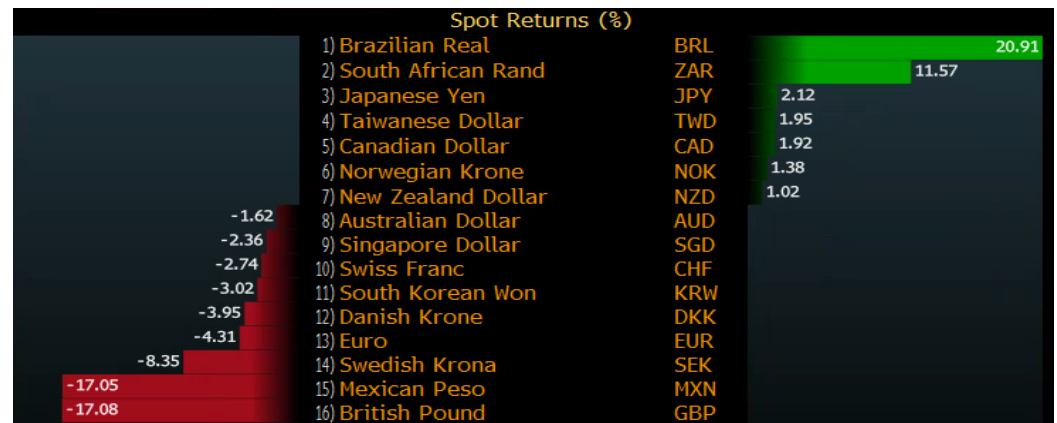
BlackRock, the world's largest asset manager is expecting to reap solid gains from all emerging market asset classes, especially bonds, the firm's chief fixed income strategist. Other global fund managers also see a rebound on the horizon. and some analysts, including ratings agencies, are confusing structural versus cyclical problems when evaluating the sector.

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However, Credit ratings agencies S&P Global, Moody's Investors Service and Fitch Ratings have recently lowered positive credit outlooks and written even more negative outlooks for emerging markets. S&P Global ratings agency, noted worries about geopolitical risk and energy companies not being able to adjust to a longer-term trend of lower prices for oil and gas. Moody's even highlighted the risk of capital flight and potential weakness in the banking sector. About a third of (emerging market) corporates have negative outlooks. So they expect additional downward pressure across emerging markets.

### Currencies

- It was a particularly bad year for any currency called the "pound." The Egyptian version was the worst performer in 2016 as the nation took the dramatic step of allowing it to trade freely in an attempt to stabilize an economy struggling with a dollar shortage and concerns over social unrest. Britain's pound tumbled after Brexit and never recovered.
- On the other side of the spectrum, digital currency bitcoin was the best performer this year, rising more than 100% as capital controls in places like China and isolationist rumblings in the U.K. and U.S. have fueled interest in alternate currencies.
- When it comes to currencies issued by governments and central banks, the Russian ruble has been the best performer of the year as the oil market rebounded.
- While the U.K. currency's slide didn't match those in some emerging markets, it did tally the worst performance among major currencies.



## Peeking at CY 2016 With Optimism Ahead in 2017

### World Equity Indices

- Despite recent unrest, Brazil's Ibovespa stock index remains the best performer for 2016. This is largely due to hopes that President Michel Temer, who took office after Dilma Rousseff was impeached, will end the worst recession in a century and bring about political stability.
- Nigeria's equity market fared worst in the year. The nation's economy is set to contract in 2016 for the first time in more than 20 years as capital controls deter foreigners from investing and militants are blowing up pipelines.
- PSX 100 index was amongst top 15 best bourses yielding CYTD 44% return owing to just name a few:
  - PSX Disintegration Process.
  - MSCI EM Re-entry.
  - Strong Corporate Results & Valuations (autos, cement, steel, pharma, oil/gas marketing, E&P best performers.
  - Macro-economic growth hinging on multibillion dollar CPEC projects.



- In terms of the MSCI EM upgrade, Pakistan is well placed as the cheapest destination after Russia (due to severe devaluation of the Ruble).

Index Basket		MSCI EM		Edit Basket		As of Date		11/28/2016	
1) Valuations		2) Performance		3) Estimates		4) Custom			
Name	Valuation	Score	P/E	P/B	Dvd Yld	P/S	EV/EBITDA		
MICEX INDEX		1.72	8.47	0.99	4.17%	1.50	4.04		
KARACHI 100 INDEX		0.84	11.62	1.90	4.95%	1.19	8.65		
KOSPI 200 INDEX		0.65	12.36	0.92	1.63%	0.60	6.34		
TAIWAN TAIEX INDEX		0.36	16.84	1.61	3.93%	0.94	10.17		
FTSE Bursa Malaysia KLCI		0.10	16.91	1.66	3.14%	2.61	10.40		
FTSE S Africa		-0.15	17.06	2.18	3.04%	1.41	12.04		
CSI 300 INDEX		-0.26	15.77	1.86	2.03%	1.50	15.18		
SHANGHAI SE COMPOSITE		-0.43	18.57	1.79	1.74%	1.47	16.02		
BRAZIL IBOVESPA INDEX		-0.58	228.44	1.58	2.95%	1.14	17.07		
MEXICO IPC INDEX		-0.75	21.82	2.51	1.82%	1.48	9.69		
JAKARTA COMPOSITE INDEX		-0.76	23.43	2.31	1.74%	1.92	11.68		
S&P BSE SENSEX INDEX		-0.76	19.65	2.61	1.62%	2.23	12.14		

## Peeking at CY 2016 With Optimism Ahead in 2017

### Commodities

- While 2015 was rather rough for commodity bulls, this year it's hard to find red on the screen. Natural gas was the standout, up more than 60% over the past 12 months, and forecasts for a cold start to January are sending it out with a bang. Crop farmers had it hardest, as wheat and corn took tumbles of 13% and 1.6%, respectively.
- Oil bounced back, though the ride was rough. West Texas Intermediate slid below \$30 before rising above \$50 -- good for a gain of more than 50% this year.

Energy	2Day	Price	Net Chg	%Chg	Time	%YTD	%YTDCur
<b>NYMEX WTI Crude</b>		53.73	+0.71	+1.34%	11:23	+45.06%	+45.06%
<b>ICE Brent Crude</b>		55.80	+0.64	+1.16%	11:13	+49.68%	+49.68%
<b>NYMEX Gasoline</b>		165.44	+2.82	+1.73%	11:23	+30.57%	+30.57%
<b>NYMEX Heat Oil</b>		170.41	+4.13	+2.48%	11:23	+54.82%	+54.82%
<b>ICE Gasoil</b>		502.75	+14.75	+3.02%	11:13	+53.03%	+53.03%
<b>NYMEX Nat Gas</b>		3.742	+0.080	+2.18%	11:23	+60.12%	+60.12%
<b>Metals</b>							
<b>Spot Gold</b>		1137.05	+3.75	+0.33%	11:23	+7.16%	+7.16%
<b>Spot Silver</b>		15.83	+0.09	+0.59%	11:23	+14.33%	+14.33%
<b>Spot Platinum</b>		906.30	+14.56	+1.63%	11:23	+1.65%	+1.65%
<b>Spot Palladium</b>		677.08	+17.67	+2.68%	11:23	+20.27%	+20.27%
<b>LME 3mth Aluminium</b>		1719.00	y -3.00	-0.17%	12/23	+14.07%	+14.07%
<b>LME 3mth Copper</b>		5469.00	y -49.00	-0.89%	12/23	+16.24%	+16.24%
<b>Agriculture</b>							
<b>CBOT Corn</b>		352.75	+7.00	+2.02%	11:24	-1.67%	-1.67%
<b>CBOT Wheat</b>		408.00	+14.50	+3.68%	11:24	-13.19%	-13.19%
<b>CBOT Soybeans</b>		1014.50	+17.00	+1.70%	11:24	+15.44%	+15.44%
<b>ICE Coffee</b>		134.75	-1.40	-1.03%	11:24	+6.35%	+6.35%
<b>ICE Sugar</b>		18.67	+0.52	+2.87%	11:24	+22.51%	+22.51%
<b>ICE Cotton</b>		69.57	-0.30	-0.43%	11:24	+9.94%	+9.94%

### Bonds

- Venezuelan bonds have been among the top investments, somewhat surprisingly given the social unrest in the financially struggling nation. Its bonds rallied on rumors the government may be looking to strike a deal to push back looming debt maturities, which would give the cash-strapped nation fiscal breathing room. More debt comes due in 2017, and some payments have already been missed. The worst performing bond came from Mozambique as the nation struggles with a debt crisis and surging inflation.

**Pakistan 10Y bond**



**Government Bonds in 2016**

Year-to-date performance

