

Market Snapshot

Key Economic Indicators

Inflation CPI (YoY)	9.1%
GDP Growth	3.3%
Forex reserves	\$ 14.889bn

Source: SBP

PSX INDEX

KSE 100 Index	34659.85
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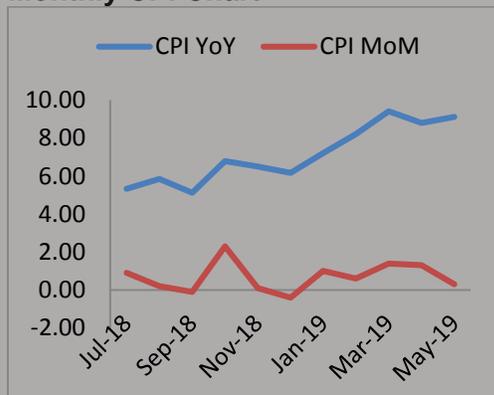
Source: PSX

Interest Rates

Discount rate	12.75%
KIBOR (1 Month)	12.81%
KIBOR (3 Month)	12.91%
KIBOR (6 Month)	13.03%
KIBOR (9 Month)	13.38%
KIBOR (1 Year)	13.51%

Source: SBP

Monthly CPI Chart



Source: ICON Research

IN FOCUS TODAY

Provinces to get Rs3.2 trillion under NFC award

Provinces will get Rs3.25 trillion under the National Finance Commission (NFC) award in the next financial year – an increase of Rs790 billion over their share of Rs2.45tr in the outgoing fiscal year. Punjab will get Rs1.61tr under the NFC award as against its share of Rs1.20tr during the current financial year, reflecting an increase of Rs410bn. Sindh will have a share of Rs814.91bn as compared to the Rs616.26bn it received during the current financial year. Khyber Pakhtunkhwa and Balochistan will receive Rs533.26bn and Rs294.98bn as against their share of Rs404.03bn and Rs237.61bn, respectively, during the current fiscal year. Divisible poll taxes of Rs3.15tr would form the major component of transfers to the provinces under the NFC award, including Rs1.20tr general sales tax, excluding GST on services, Rs1.57tr income tax, Rs568bn customs duties and export development surcharge, Rs199bn federal excise, excluding excise duty, on natural gas and Rs2.23bn capital value tax.

Source: Dawn News

FEDERAL BUDGET 2019-20: Massive revenue plan aims for Rs568bn fresh tax measures

In its first budget the PTI government has decided to withdraw discriminatory concessions and exemptions worth Rs300 billion besides revising tax rates on individuals and sectors to enhance the country's tax-to-GDP ratio and promote investment. The breakdown of new tax measures reveals that the government expects additional funds worth Rs258bn from income taxes, Rs250bn from sales tax and federal excise duties and Rs60bn from custom duties. On the other hand, the government has announced relief measures worth Rs27.290bn including Rs23.590bn in customs, Rs3.2bn in sales tax and federal excise duty and only Rs500 million in income tax --- the lowest relief in any budget during the decade. Despite strong criticism from the zero-rated export-oriented sectors including textile, leather, carpets, sports and surgical goods, the government has imposed a standard sales tax rate of 17pc on all items. The government has enhanced customs duty to 4pc from 2pc on goods subject to 16pc tariff slabs and from 2pc to 7pc on goods subjected to 20pc and higher tariff slabs including specific rate slabs. No increase was proposed on 3pc and 11pc tariff slabs. This measure alone is expected to yield additional revenues to the tune of Rs38bn for the government.

Source: Dawn News

Rs3tr foreign loans planned to finance budget

The incumbent government plans to increase foreign borrowing for budgetary support by threefold in the next fiscal year compared to the proposals in the budget 2018-19. The budget document released on Tuesday announced that the government is likely to obtain foreign loans worth Rs3.003 trillion compared to Rs1.087tr during the final budget presented by the PML-N government in 2018. Moreover, borrowing for programs under the Public Sector Development Program (PSDP) are expected at Rs211.17 billion, outside PSDP are expected at Rs13.25bn, program-specific loans are expected to reach Rs276.957bn during the next fiscal year whereas the 'other loans' subsector is expected to record massive jump of 256 per cent to Rs2.502tr from bilateral and multilateral sources.

Sources: Dawn News

TREASURY MARKET UPDATES

Wednesday, Jun 12, 2019

Money Market Rates (%)

Tenor	Bid	Offer
1 month	12.40	12.50
3 month	12.65	12.75
6 month	12.75	12.85

Latest Cut-off Yields (T-Bills)

3 Months	12.7493%
6 Months	No bids received
12 Months	13.1500%

Latest Cut-off Yields (PIBs)

3 Years	13.6999%
5 Years	13.8000%
10 Years	13.6000%

FX Swap Points

Tenor	Opening Levels	Closing Levels
1 Week	26.5-27.5	28-29
2 Week	51-52	51-52
1 Month	96-99	103-105
2 Month	182-186	192-196
3 Month	280-284	292-296
4 Month	349-352	365-368
5 Month	445-449	462-466
6 Month	538-545	561-564

Money Market:

Overnight interbank market rates initiated at the level of 12.25 - 12.50 and remained range bound throughout the day. Market liquidity remained seemingly calm as the market nears the end of the second week of CRR averaging. Fixed income PIB yields witnessed volatility throughout the day after and increased by 5-10Bps at the end of the day, Furthermore minor activity was witnessed in recently issued 3 and 5 years PIBs.

Fixed Income:

The closing prices were:

Tenor	Bid	Offer
1 Year	13.10%	13.00%
2 Year	13.40%	13.30%
3 Year	13.75%	13.60%
5 Year	13.75%	13.65%
10 Year	13.75%	13.65 %

Forex Market:

The Forex market witnessed a sudden hike today in the inter-bank market as the ready rate with the opening price of 150.50/75 but jump to 151.80/152 but the maximum exchanging was seen inside the scope of 151 and closed around 151.40/50. Simultaneously, ready lowest trade was on 150.60 and highest was on 151.80. Simultaneously, TOM also witnessed high fluctuation, which started with the price of 151.44/60 and closed around 151.75/85. The market in shorter tenors initially faced Buy/Sell with weak bids but then market observed Sell/Buy pressure including 1W, 2W, 1M which made the market to close at level above the prior day. Similarly, longer tenors including 3-M, 4-M, 5-M and 6-M also faced Sell/Buy pressure, which made the market to close at level higher than the prior day.

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