

Market Snapshot

Key Economic Indicators

Inflation CPI (YoY)	9.1%
GDP Growth	3.3%
Forex reserves	\$ 14.639bn

Source: SBP

PSX INDEX

KSE 100 Index	34088.56
---------------	----------

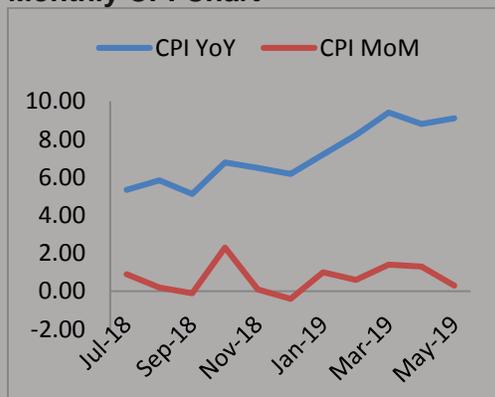
Source: PSX

Interest Rates

Discount rate	12.75%
KIBOR (1 Month)	12.85%
KIBOR (3 Month)	12.96%
KIBOR (6 Month)	13.02%
KIBOR (9 Month)	13.46%
KIBOR (1 Year)	13.61%

Source: SBP

Monthly CPI Chart



Source: ICON Research

IN FOCUS TODAY

ECC approves up to 191pc hike in gas prices

The Economic Coordination Committee (ECC) of the Cabinet on Wednesday approved in principle up to 191 per cent increase in gas price and allowed signing of an agreement with Saudi Arabia for formal start of \$270 million monthly oil imports on deferred payments. Informed sources said ECC decided that the rise in gas price should protect a maximum of 40pc domestic consumers in the lowest slab. The rise in gas rates would generate about Rs510 billion next fiscal year for the two gas companies and meet their requirements of Rs487bn and create about Rs23bn surplus to take care of previous circular debt. According to the summary, the tariff for consumers using less than 50 cubic meters will remain unchanged at Rs121 per million British thermal unit (mmBtu) and its monthly bill will also remain so at Rs285. The price for second slab (up to 100 cubic meters) will surge by almost 190pc to Rs369 per unit, from Rs127 per unit at present. The bill of this slab is estimated to go up by Rs361 or 63pc to Rs933 per month from Rs572.

Source: Dawn News

Govt borrowing to rise 84% to record Rs43.5tr in FY20

The Pakistan Tehreek-e-Insaf (PTI) government will borrow a record Rs43.5 trillion in the next fiscal year mainly for repayment and interest cost of maturing public debt, which is higher by 84% or nearly Rs20 trillion than the outgoing fiscal year. The Ministry of Finance on Tuesday sought approval of the National Assembly for the highest-ever borrowing of Rs43.5 trillion in a single year to repay domestic and foreign debt and pay interest on these loans.

Source: Express Tribune

ECC agrees to allow import of Petroleum products by PSO under Saudi Fund for Development

Adviser to Prime Minister on Finance, Revenue and Economic Affairs, Dr. Abdul Hafeez Shaikh, chaired a meeting of the Economic Coordination Committee (ECC) of the Cabinet, to review the demands of various Ministries/Divisions, here on Wednesday. The Power Division briefed the Committee about the cash and non-cash settlement for power sector. The ECC decided that Industrial Support Package (ISP) and AJK power sector subsidy would be adjusted against the outstanding loan of government of Pakistan from power sector entity. The ECC decided to give a deadline of three months to Power Division to resolve the issue of recovery from around thirty thousand eight tube-wells of Baluchistan. The Committee directed Law Division to accelerate the recovery campaign against the defaulters and submit a report to ECC on monthly basis. The Committee acceded to the proposal of Petroleum Division to allow import of Petroleum products by PSO under Saudi Fund for Development. It also reviewed various slabs of gas tariff. The ECC approved Supplementary and Technical Supplementary Grants of various Ministries/Divisions.

Sources: Mettis Global

TREASURY MARKET UPDATES

Thursday, Jun 27, 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	12.7491%
6 Months	Bids rejected
12 Months	Bids rejected

Latest Cut-off Yields (PIBs)

3 Years	13.6999%
5 Years	13.8000%
10 Years	13.7000%

FX Swap Points

Tenor	Opening Levels	Closing Levels
1 Week	27.5-28	19.5-20.5
2 Week	54-55.5	40-44
1 Month	105-108	100-104
2 Month	211-213	204-208
3 Month	311-312	304-308
4 Month	400-404	402-406
5 Month	498-502	498-502
6 Month	598-602	598-602

Money Market:

Overnight interbank market rates initiated at the level of 12.30 - 12.60 and closed at the level of 10.90-11.10. SBP conduction auction of PIB, in fixed PIB SBP accepted PKR2.25bn in 3-year, 27.05bn in 5-year and 82.12bn in 10-year at the cut off 13.6999%, 13.80% and 13.70% respectively. In floating PIB SBP accepted PKR 15bn at the spread of 75bps. Fixed income PIB yields remain stagnant throughout the day. Closing rates for When-Issue PIB's were 13.73-13.70, 13.80-13.75 and 13.70-13.60 for 3, 5 and 10 years When-Issue PIBs.

Fixed Income:

The closing prices were:

Tenor	Bid	Offer
1 Year	13.15%	13.05%
2 Year	13.55%	13.45%
3 Year	13.75%	13.65%
5 Year	13.80%	13.70%
10 Year	13.70%	13.60%

Forex Market:

The Forex market witnessed sudden devaluation today in the inter-bank market as the ready rate with the opening price of 157.50/158 and maximum exchanging was seen inside the scope of 162, and closed around 162.50/163. Simultaneously, ready lowest trade was on 158.00 and highest was on 163. Simultaneously, TOM also witnessed high fluctuation, which started with the price of 163/163.50. TOM lowest trading rate was on 163.25 and highest was on 164 and closed around 163.35/90. The market in shorter tenors including 1W, 2W, 3W and 1M observed high Buy/Sell pressure with weak bids, which made the market to close at lower level than the prior day. Moreover, longer tenors including 2M, 3M, 4M, and 6M also observed Buy/Sell pressure due to strong buying pressure on ready dollar whereas 5M and 6M market experienced Sell/Buy pressure, which made them to close at level somehow the same than the prior day.

Disclaimer: This report is for information purposes only and we are not soliciting any action based on it. All facts and material has been generated or obtained from sources believed to be reliable. We do not guarantee the accuracy and completeness of any information or other data provided. Icon Management (Pvt.) Ltd. will not be responsible for the consequences of reliance upon any opinion or statement herein or for any omission.

Tel: +92 (21) 35880150-53

Fax: +92 (21) 35880156

Email: research@icon.com.pk

Website: www.iconsecurities.com.pk