

Market Snapshot

Key Economic Indicators

Inflation CPI (YoY)	9.1%
GDP Growth	3.3%
Forex reserves	\$ 14.351bn

Source: SBP

PSX INDEX

KSE 100 Index	33774.42
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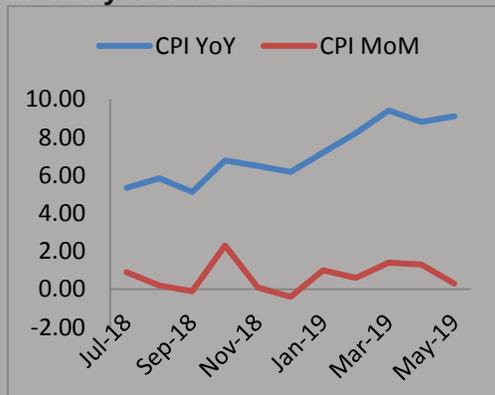
Source: PSX

Interest Rates

Discount rate	12.75%
KIBOR (1 Month)	12.85%
KIBOR (3 Month)	12.96%
KIBOR (6 Month)	13.10%
KIBOR (9 Month)	13.46%
KIBOR (1 Year)	13.61%

Source: SBP

Monthly CPI Chart



Source: ICON Research

IN FOCUS TODAY

Final version of budget to be shared with IMF by July 1

The government is expecting final passage from the National Assembly of the Finance Bill 2019-20 on Friday (today), after which the next step will be the International Monetary Fund (IMF) board meeting, which is currently scheduled for July 3. The final, approved version of the budget and finance bill are expected to be transmitted to the Fund by Monday, a senior government official familiar with the process told Dawn. Officials said the Memorandum of Economic and Financial Policies (MEFP) had already been transmitted to the IMF in line with the staff level agreement reached on May 12. Pakistan will remain committed throughout the 39-month program period to what the State Bank calls a “market determined exchange rate”. Also, the State Bank of Pakistan will maintain the current gap between its policy rate and the rate of inflation all along. At no time, and in any circumstances the difference between policy rate and inflation would not be allowed to fall below 1.5pc. The government agreed under the program to increase energy prices, generate more taxes, introduce a market determined exchange rate, allow central bank’s full operational independence and focus on inflation instead of growth. Also, the provinces would have to create more cash surpluses to support federal governments’ fiscal stability.

Source: Dawn News

Growth to be impacted in short run: Fitch

Pakistan’s economic growth will be negatively impacted in the short run due to tighter monetary and fiscal policies as a result of the IMF’s bailout package, says Fitch Solutions. Given the tighter monetary and fiscal policies amid an already subdued economic growth outlook, Fitch Solutions have revised its forecast for Pakistan’s real GDP growth to come in at 3.2% in fiscal year 2018-19 (slightly lower than the government’s expectation of 3.3%) and 2.7% in fiscal year 2019-20 (from previous estimate of 4.4% and 4% in fiscal year 2019-20) and 5.4% in fiscal year 2017-18.

Source: Business Recorder

Govt to collect additional taxes worth Rs.516bn: Azhar

Minister of State for Revenue Hammad Azhar on Thursday explained that of the total Rs.1.5 trillion increase in tax target for the next fiscal year, the government has introduced additional taxes worth Rs516bn. The remaining amount will be collected through withdrawal of subsidies, rationalization of exemptions and revival of taxes that were not collected due to different reasons in the past, he said while speaking in the National Assembly. The government has set an ambitious revenue collection target of Rs5.5 trillion for the upcoming fiscal year.

Sources: Dawn News

TREASURY MARKET UPDATES

Friday, Jun 28, 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	19.5-20.5	19-20
2 Week	40-44	37-39
1 Month	100-104	100-102
2 Month	204-208	202-205
3 Month	304-308	301-305
4 Month	402-406	400-404
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 conducted OMO (Mop-up) for 1 day, in which it mopped up PKR 105bn out of 111bn at the rate of 12.20%. 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 inclining trend today in the inter-bank market as the ready rate with the opening price of 163.50/164.50 and maximum exchanging was seen inside the scope of 164, and closed around 164.00/10. Simultaneously, ready lowest trade was on 163.90 and highest was on 164.15. Simultaneously, TOM witnessed high decline, which started with the price of 164.10/164.20. TOM lowest trading rate was on 162.50 and highest was on 164.20 and closed around 162.50/80. 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 observed Buy/Sell pressure due to strong buying pressure on ready dollar whereas 4M, 5M and 6M market experienced Sell/Buy pressure, which made them to close at level somehow the same than the prior day.

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