

Market Snapshot

Key Economic Indicators

Inflation CPI (YoY)	9.41%
GDP Growth	5.7%
Forex reserves	\$ 15.742bn

Source: SBP

PSX INDEX

KSE 100 Index	36547.63
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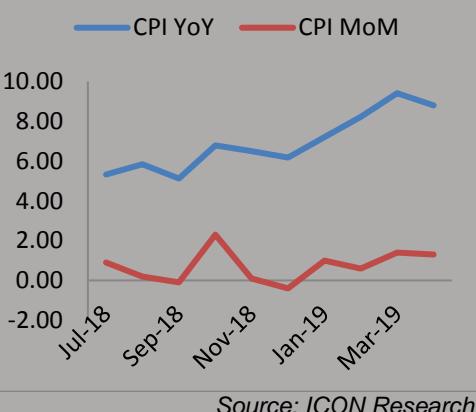
Source: PSX

Interest Rates

Discount rate	11.25%
KIBOR (1 Month)	11.08%
KIBOR (3 Month)	11.09%
KIBOR (6 Month)	11.24%
KIBOR (9 Month)	11.58%
KIBOR (1 Year)	11.65%

Source: SBP

Monthly CPI Chart



Source: ICON Research

IN FOCUS TODAY

IMF seeks 25pc increase in power tariff?

IMF has reportedly positioned the federal government in a very difficult position by demanding an increase of 25% in power tariff with effect from July 1, 2019 on the basis of zero losses, well-informed sources in the federal government told Business Recorder. The sources said Power Division senior officials had updated the IMF team about prior actions already taken, and future targets for a possible financial package of up to \$6.5bn. IMF and GoP are likely to sign the agreement on May 10, 2019. The issue of circular is a major topic presently under discussion. Power Division has assured the IMF that it would bring down the circular debt to Rs.250bn by December 2019 for which sukuk of additional Rs.200bn would be issued. DISCOs have already shared the details of their properties with the Power Division which will be pledged against the loan.

Source: Business Recorder

\$1bn ADB loan likely for budgetary support

THE Asian Development Bank (ADB) on Thursday agreed to give \$1bn budgetary support to Pakistan soon after a green signal from the International Monetary Fund (IMF) as the government had promised to have a majority transformation of its high debts having serious socio-economic and financial repercussions. Speaking at a news conference at the 52nd Annual Meetings of Board of Governors, ADB President Takehiko Nakao said his bank had received a request from Pakistan for a budget support of about \$1bn in addition to its IMF program and normal large operations of the ADB for years. He said the Manila-based lending institution was ready to support Pakistan on the basis of IMF program because Pakistan had a good opportunity to ensure democratic stability which was important for economic growth.

Source: Dawn News

Provincial finance ministers called to meet IMF team in Islamabad

The Ministry of Finance has asked all the provincial governments to send their finance ministers to Islamabad for a face to face meeting with the IMF team on Saturday. An agenda for the talks has not been declared, but the authorities in Sindh say the talks come after reports emerged in the press that the government is considering an integrated sales tax regime across the country. The sales tax has been bifurcated between goods and services since the NFC award of 2009, with the services part largely devolved to the provinces. Authorities at the centre have long felt that the bifurcation has resulted in a large revenue loss for the federal government. Press secretary to chief minister Sindh Rashid Channa confirmed to Dawn that CM Murad Ali Shah, who also holds the portfolio of provincial finance minister, as well as the secretary finance and Chairman Sindh Revenue Board, will be travelling to Islamabad for the meeting "to discuss their reservations and share their opinions directly with the fund team." Finance Minister of Punjab Hashim Jawan Bakht took a less categorical view of the forthcoming meeting with the fund. "The meeting is to discuss the various revenue bases of the provincial government and what we will be doing to optimize revenue collection in the next year" he tells Dawn over the phone.

Sources: Dawn News

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TREASURY MARKET UPDATES

Money Market:

Overnight interbank market rates initiated at the level of 10.40-10.70 and closed at the level of 10.65-10.70. Money Market liquidity remained calm throughout the day. SBP conducted OMO (MOP UP) for 3 days in which SBP accepted PKR 72.6bn at the cut off of 10.70%. Longer term PIB yields witnessed trivial fluctuations throughout the day; however minor activity was witnessed in recently issued 3 years PIBs.

Friday, May 03, 2019

Money Market Rates (%)

Tenor	Bid	Offer
1 month	10.70	10.80
3 month	10.80	10.90
6 month	10.95	11.05

Latest Cut-off Yields (T-Bills)

3 Months	10.9799%
6 Months	Bids rejected
12 Months	No bid received

Latest Cut-off Yields (PIBs)

3 Years	12.2000%
5 Years	Bids Rejected
10 Years	Bids Rejected

FX Swap Points

Tenor	Opening Levels	Closing Levels
1 Week	22-22.5	22-22.5
2 Week	43.5-44	43.5-44.25
1 Month	91-93	95.5-96.5
2 Month	170-172	172-173
3 Month	235-240	240-241
4 Month	300-305	304-308
5 Month	370-372	377-378
6 Month	445-450	455-460

Fixed Income:

The closing prices were:

Tenor	Bid	Offer
1 Year	11.20%	11.10%
2 Year	11.85%	11.75%
3 Year	12.05%	11.95%
5 Year	12.40%	12.30%
10 Year	12.95%	12.85%

Forex Market:

The Forex market witnessed high volatility today in the inter-bank market, the ready rate with the opening price of 141.35/39 but the market faced slight decline as the maximum exchanging was seen inside the scope of 141.37 and 141.38 but market again faced decline and closed around 141.28/30. Simultaneously, ready lowest trade was on 141.28 and highest was on 141.38. On other hand, the TOM witnessed high decline which started with bid of 141.32 and offer of 140.34 but the market faced decline as it falls to 141.25 and closed around 141.25/28. The market observed fluctuation in shorter tenors as initially the Sell/Buy trend prevails which maintained 1W, 2W & 1-M at their high levels but then sudden Buy/Sell pressure turned tenors to close at levels somehow same as the prior day. Moreover, longer tenors including 2M, 3M, 5M and 6-M witnessed Sell/Buy pressure which made market to close somehow at higher levels as to the prior day rates.