

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	35631.06
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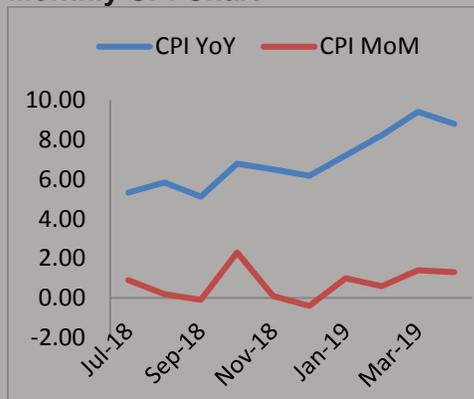
Source: PSX

Interest Rates

Discount rate	11.25%
KIBOR (1 Month)	11.10%
KIBOR (3 Month)	11.11%
KIBOR (6 Month)	11.26%
KIBOR (9 Month)	11.60%
KIBOR (1 Year)	11.68%

Source: SBP

Monthly CPI Chart



Source: ICON Research

IN FOCUS TODAY

Budgetary borrowing jumps 26pc in July-April

The government borrowed 26 per cent more for budgetary support during the first 10 months of this fiscal year, as compared to same period of 2017-18. According to the State Bank of Pakistan's latest data, the government borrowed Rs1,073 billion during July-April (up to Apr26) as against Rs850bn in corresponding period last year, representing an increase of Rs223bn or 26.2pc. The total amount borrowed for budgetary support in 2017-18 amounted to Rs1,110bn, which is just slightly above the latest 10-month figures. The government is expected to face a shortfall of Rs350bn revenue by the end of this fiscal year. Such a massive gap compelled it to change the head of the Federal Board of Revenue (FBR), in the hopes of improving the collection. However, it did not borrow from scheduled banks and kept retiring debts throughout the year. The government's debt retirement to banks surged over 400pc to Rs2.108tr, from 416bn.

Source: Dawn News

Pakistan to get \$6.5 billion share from Chinese imports under CPFTA-II

Advisor to the Prime Minister on Commerce Abdul Razak Dawood on Tuesday said under the recently signed China Pakistan Free Trade Agreement-II (CPFTA) Pakistan would get \$6.5 billion annual share of total Chinese imports of \$64 billion. The advisor said Pakistan had to face trade deficit with China after the latter signed FTA with ASIAN countries in 2010-11. However, now the duty-free export of 313 tariff lines provided a huge opportunity to Pakistan to decrease trade deficit with China, he added. Razak said China wanted to relocate its industry in other countries and the government desired to get maximum Chinese industrial units shifted to Pakistan. He said Pakistan could export key products like textiles, leather, engineering goods, electronics, plastics, seafood, apparel, foot ware and jewelry under the 313 tariff lines.

Source: Mettis Global

Islamic Development Bank to support Pakistan in economic growth, social uplift

Islamic Development Bank (IDB) President Dr. Bander MH Hajjar has said that the IDB Group's relationship with Pakistan spanned over 40 years during which it supported sustainable and inclusive development in the country and it would continue to support Pakistan in economic growth and social uplift. He was interacting with the business community at a dinner hosted by the Islamabad Chamber of Commerce and Industry (ICCI) on Monday evening. Hajjar revealed that the IDB wanted to support Pakistan in the areas of science, technology, innovation, value chains, economic empowerment and public-private partnership in order to contribute to implementation of a road map launched recently by the government of Pakistan. Speaking on the occasion, ICCI President Ahmed Hassan Mughal pointed out that the IDB Group had provided total financing of \$12.43 billion for various development projects in Pakistan, which showed its crucial role in the country's economy.

Sources: Express Tribune

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TREASURY MARKET UPDATES

Wednesday, May 08, 2019

Money Market Rates (%)

Tenor	Bid	Offer
1 month	10.70	10.80
3 month	10.80	10.90
6 month	11.00	11.10

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	22-22.25	21.5-22
2 Week	43-44	43.5-44
1 Month	91-93	104.5-105
2 Month	168-170	174-178
3 Month	238-240	252-255
4 Month	298-303	313-317
5 Month	370-373	385-390
6 Month	445-450	464-468

Money Market:

Overnight interbank market rates initiated at the level of 10.50-10.70 but increased up to the level of 10.90-11.00 and closed at the same level. Money Market liquidity remained calm throughout the day. Longer term PIBs yields sharp increase of almost 40Bps after the announcement to replace the SBP Governor; substantial trading was witnessed in recently issued 3 and 5 years PIBs.

Fixed Income:

The closing prices were:

Tenor	Bid	Offer
1 Year	11.30%	11.20%
2 Year	12.00%	11.90%
3 Year	12.25%	12.15%
5 Year	12.55%	12.45%
10 Year	13.10%	13.00%

Forex Market:

The Forex market witnessed high volatility today in the inter-bank market, the ready rate with the opening price of 141.20/30 but the market faced slight incline as the maximum exchanging was seen inside the scope of 141.32 and 141.33 but market again faced decline and closed around 141.25/30. Simultaneously, ready lowest trade was on 141.22 and highest was on 141.33. On other hand, the TOM witnessed high fluctuation which started with bid of 141.20 and offer of 141.25 but the market faced incline as it moves to 141.28/30 and closed around 141.30/35. The market observed fluctuation in shorter tenors as initially the Buy/Sell trend prevails which maintained 1W, 2W & 1-M at their low levels but slight Sell/Buy pressure was also seen but the impact was not enough as the market to close at levels somehow lower as the prior day. Moreover, longer tenors including 2M, 3M, 5M and 6-M witnessed Sell/Buy pressure with strong bids which made market to close somehow at higher level as to the prior day rates.

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