

Market Snapshot

IN FOCUS TODAY

Key Economic Indicators

Inflation CPI (YoY)	9.41%
GDP Growth	5.7%
Forex reserves	\$ 15.972bn

Source: SBP

PSX INDEX

KSE 100 Index	33900.38
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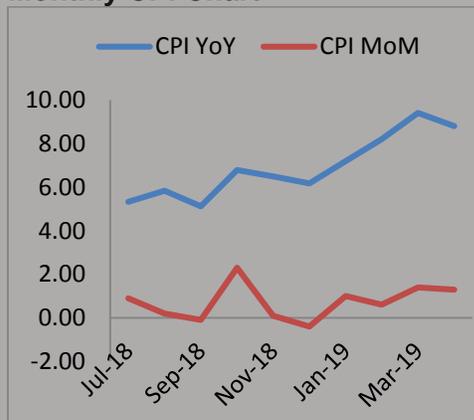
Source: PSX

Interest Rates

Discount rate	11.25%
KIBOR (1 Month)	11.12%
KIBOR (3 Month)	11.39%
KIBOR (6 Month)	11.53%
KIBOR (9 Month)	11.89%
KIBOR (1 Year)	12.06%

Source: SBP

Monthly CPI Chart



Source: ICON Research

20pc hike in power tariff agreed with IMF

The government and the IMF are said to have agreed on an increase of Rs.2.60 per unit (20%) of electricity instead of 25% across-the-board except domestic consumers using upto 300 units per month, raising the tariff to Rs.15.58 per unit from existing rates of Rs.12.98 per unit, well-informed sources told business recorder. However, increase in tariff will be staggered in two phases. In the first phase, tariff will increase by Rs.1.30 per unit from July 1, 2019 whereas in the second phase increase of Rs.1.30 per unit will be effective from September 1, 2019. The current level of subsidies to domestic consumers will continue as per existing practice. The IMF had sought an increase of 25% in power tariff from next fiscal year. The tariff rise is one the major conditionalities of the IMF's much negotiated bailout package of \$6bn, yet to be approved by the IMF Board of Directors.

Source: Business Recorder

PM takes ruling alliance into confidence on IMF package

Prime Minister Imran Khan on Monday took parliamentarians of the ruling Pakistan Tehreek-i-Insaf (PTI) and its allies into confidence on the \$6 billion bailout package finalized with the International Monetary Fund (IMF) and overall economic policies of the government. On the other hand, the opposition demanded that the government apprise parliament of the agreement made with the IMF. During a meeting chaired by the prime minister, the PTI parliamentarians and its allies were briefed by Adviser to the Prime Minister on Finance Dr. Hafeez Shaikh on the IMF deal. Later talking to the state-run *Pakistan Television*, Special Assistant to the PM on Information Dr. Firdous Ashiq Awan said the prime minister wanted to apprise the parliamentarians of the ruling party on the current economic situation before the coming federal budget. Ms Awan claimed that the government had put the economy on the right track and the sufferings of the people were temporary.

Source: Dawn News

GST concession may be withdrawn

The government may be compelled to withdraw concessionary sales tax to five leading export-oriented sectors, first extended in 2016-17 and continuing to this day, as well as fiscal incentives to industry extended in the Second Amendment Finance Bill 2019. Sources confirmed to Business Recorder that concessions, exemptions and tax reduction are in excess of Rs.680bn for the current fiscal - including Rs.100bn concessions/exemptions announced in the April 2018-19 budget document and Rs.40bn in the Second Supplementary Finance Act 2019. FBR sources further revealed that a proposal is under consideration to increase the standard rate of sales tax from 17 to 18 percent - projected to generate an additional Rs.30-40bn in 2019-20.

Sources: Business Recorder

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TREASURY MARKET UPDATES

Tuesday, May 14, 2019

Money Market Rates (%)

Tenor	Bid	Offer
1 month	10.70	10.80
3 month	11.45	11.55
6 month	11.55	11.65

Latest Cut-off Yields (T-Bills)

3 Months	11.2491%
6 Months	No bid received
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	22.5-22.75	22-22.25
2 Week	44-44.5	46.5-47
1 Month	94-96	91-93
2 Month	174-175	176-178
3 Month	258-260	260-262
4 Month	322-326	324-328
5 Month	402-404	410-415
6 Month	485-489	485-490

Money Market:

Overnight interbank market rates initiated at the level of 10.00-10.25 and after some minor fluctuations closed at the aforementioned level. Money Market liquidity remained slightly on the longer side as the market goes through the second week of CRR averaging today. SBP conducted an OMO (MOPUP) for 4 days which wiped out PKR 28bn at the rate of 10.70% against the participation of same amount. Longer term PIB yields witnessed a sudden jump by approximately 10 Bps and remained volatile throughout 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	11.70%	11.60%
2 Year	12.45%	12.35%
3 Year	12.65%	12.55%
5 Year	12.85%	12.75%
10 Year	13.30%	13.20%

Forex Market:

The Forex market witnessed stable movement today in the inter-bank market, the ready rate with the opening price of 141.36/40 and the maximum exchanging was seen inside the scope of 141.40 and closed around 141.39/40. Simultaneously, ready lowest trade was on 141.40 and highest was on 141.41. On other hand, the TOM also witnessed stable movement which started with bid of 141.43 and offer of 141.45 and closed around 141.42/4350. The market initially observed Buy/Sell pressure in shorter tenors including 1W, 2W & 1-M which lead market to fall at lower levels but then again market gained bidding strength which made market to close at level somehow same as the prior day. Similarly, longer tenors including 3-M, 6-M initially faced Buy/Sell pressure which drag them at lower level but 2-M, 4-M, and 5-M witnessed Sell/Buy pressure which made the market to close at higher levels as the prior day.

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Tel: +92 (21) 35880150-53

Fax: +92 (21) 35880156

Email: research@icon.com.pk

Website: www.iconsecurities.com.pk