

## Market Snapshot

### Key Economic Indicators

|                     |             |
|---------------------|-------------|
| Inflation CPI (YoY) | 8.8%        |
| GDP Growth          | 5.7%        |
| Forex reserves      | \$ 15.972bn |

Source: SBP

### PSX INDEX

|               |          |
|---------------|----------|
| KSE 100 Index | 34291.65 |
|---------------|----------|

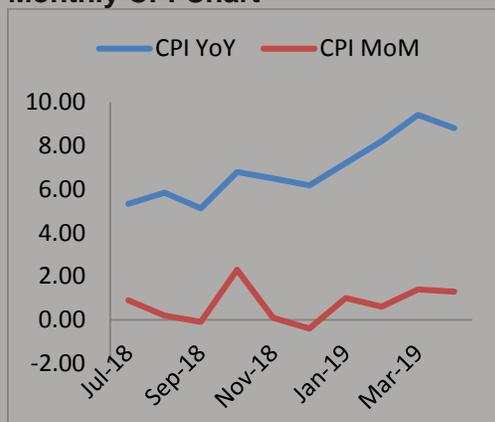
Source: PSX

### Interest Rates

|                 |        |
|-----------------|--------|
| Discount rate   | 11.25% |
| KIBOR (1 Month) | 11.17% |
| KIBOR (3 Month) | 11.67% |
| KIBOR (6 Month) | 11.82% |
| KIBOR (9 Month) | 12.15% |
| KIBOR (1 Year)  | 12.28% |

Source: SBP

### Monthly CPI Chart



Source: ICON Research

## IN FOCUS TODAY

### External debt, liabilities hit historic high of \$105bn

The country's external debt and liabilities continued upward momentum, reaching all-time high of \$105bn at the end of March 2019, mainly due to massive borrowing from multilateral and bilateral sources for balance of payment support. According to the SBP, the country's external debt and liabilities posted an increase of 11% during Jul-Mar of FY19. Pakistan's total external debt and liabilities surged to \$105.84bn as on March 31, 2019 compared to \$95.235bn on June 30, 2018, depicting an increase of \$10.605bn during the first nine months of this fiscal year. As percentage of GDP, total external debt and liabilities rose to 38.7% in March this fiscal year against 33.7% in June last year.

Source: Business Recorder

### Pakistan's Trade deficit improves by 12.8% during July-April FY19

Pakistan's trade deficit for 10 months (July-April) FY19 was USD 26.30 billion compared to a deficit of USD 30.17 billion from the corresponding period from FY18. According to data released by the Pakistan Bureau of Statistics (PBS), the trade deficit for the month of April 2019 was recorded at USD 2.659 billion compared to a deficit of USD2.176 billion from March 2019 showing that the deficit worsened by 22.2 percent. Compared to April 2018's deficit of USD 2.952 billion, the trade numbers improved by 9.93 percent. Exports increased by 5.81 percent to USD 2.094 billion compared to USD 1.979 billion in March 2019. However compared to April 2018 exports decreased by 1.55 percent. Imports in April 2019 increased by 14.39 percent, clocking in at USD 4.753 billion compared to USD 4.155 billion in March 2019. However compared to April 2018 imports decreased by 6.42 percent. Overall the 10 month exports stood at USD 19.169 billion compared to USD 19.191 from the corresponding period of last year, showing a decrease of 0.11 percent. Similarly Imports during the period decreased by 7.88 percent to USD 45.471 billion compared to USD 49.36 from the same period of FY18.

Source: Mettis Global

### PM forms body to control rupee devaluation

A day when the value of the US dollar against the rupee touched an all-time high, Prime Minister Imran Khan set up a committee to control devaluation of the local currency and capital flight from Pakistan. The committee has been tasked to ascertain whether the provision of carrying \$10,000 by anyone who travels abroad from Pakistan can be slashed down to \$3,000 as proposed by the ECAP. Talking to Dawn after the meeting, ECAP president Malik Bostan said he along with a delegation called on the prime minister and gave him proposals on how the government could control devaluation of the rupee. Mr. Bostan quoted the prime minister as saying that Pakistan had to face humiliation before the world when the value of its currency fell against the dollar. Mr. Bostan said he told the premier that there was no shortage of foreign exchange in Pakistan, but it required proper management. The delegation also suggested to the prime minister to reduce imports by banning import of those products which were produced in the country as well.

Sources: Dawn News

## TREASURY MARKET UPDATES

Thursday, May 16, 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  | 21.5-22        | 21.5-22        |
| 2 Week  | 42-44          | 44-44.5        |
| 1 Month | 91-92          | 94-97          |
| 2 Month | 175-177        | 174-176        |
| 3 Month | 258-260        | 258-262        |
| 4 Month | 331-334        | 330-335        |
| 5 Month | 410-415        | 411-415        |
| 6 Month | 490-492        | 490-493        |

### 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 calm as the market nears the end of the second week of CRR averaging today. Longer term PIB yields witnessed few minor fluctuations and the yields remained volatile throughout the day; furthermore minor activity was witnessed in recently issued 3 and 5 years PIBs. When-Issue period for the upcoming auction to be held on May 29, 2019; closing prices for When-Issue are 12.75-12.70, 12.95-12.85 and 13.40-13.30 for 3, 5 and 10 years

### Fixed Income:

The closing prices were:

| Tenor   | Bid    | Offer  |
|---------|--------|--------|
| 1 Year  | 11.90% | 11.80% |
| 2 Year  | 12.55% | 12.45% |
| 3 Year  | 12.70% | 12.60% |
| 5 Year  | 12.95% | 12.85% |
| 10 Year | 13.40% | 13.30% |

### Forex Market:

The Forex market witnessed stable movement today in the inter-bank market, the ready rate with the opening price of 141.39/40 and the maximum exchanging was seen inside the scope of 141.40 and closed around 141.3990/40. Simultaneously, ready lowest trade was on 141.3990 and highest was on 141.40. On other hand, the TOM also witnessed stable movement which started with bid of 141.42 and offer of 141.43 and closed around 141.4350/45. The market initially observed Buy/Sell pressure in shorter tenors including 1W, but in 2W & 1-M market gained bidding strength which made market to close at level somehow above as the prior day. Similarly, longer tenors including 3-M, 6-M initially faced Sell/Buy pressure which drag them at high level but 2-M, 4-M, and 5-M witnessed slight Buy/Sell pressure which made the market to close at somehow same levels as the prior day.

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