

HIGHLIGHTS:

- According to Pakistan Bureau of Statistics (PBS), Pakistan's Large Scale Manufacturing (LSM) grew by 9.13% in Jan 2021 on-year-on-year-basis
- Pakistan's cotton production plunged by 34.2% to 5.64 million bales vs. 8.57 million bales last year as of 18th Mar, 2021.
- The outstanding stock of 'Hot Money' stood at negative \$418 million till 25th Mar 2021.
- According to the SBP, on year-on-year basis, Pakistan's Overseas Worker's Remittances surged by 24.12% from \$1.82 billion in Feb 2020 to \$2.26 billion in Feb 2021.
- According to official statistics, FBR has collected tax revenue of Rs.2,916 billion in July-Feb 2020-21 vs. Rs.2,750 billion last year. This FBR's tax revenue collection grew by 6% or Rs.166 billion vs. last year
- The Broad Money (M2) growth stands at Rs. 1,205 billion as of 12th Mar 2021 vs Rs. 1,047 billion last year.
- According to the Pakistan Bureau of Statistics ("PBS"), CPI inflation increased by 8.7% on a year-on-year basis in Feb 2021 vs. 12.4% last year.
- According to the PBS, the country's exports have dropped by 3.63% to \$2.06 billion in Feb 2021 vs \$2.14 billion in Jan 2021 on a month-on-month basis.
- Pakistan's Current Account deficit has dropped by 76.2% from huge deficit of \$210 million in Jan 2021 to \$50 million in Feb 2021 mainly due to imports compressions, improvement in services and primary deficit on a month-on-month basis. This is 3rd consecutive month in which Pakistan's current account remained in deficit.
- During Jul-Feb 2020-21, Pakistan's net FDI depreciated by 29.73% or \$554.1 million to \$1.3 billion as compared to \$1.85 billion last year.
- According to SBP, total Foreign Investment of the country has dropped by 77% to \$912 million during July-Feb 2020-21 compared to \$3.98 billion last year.

The outlook of the economy of Pakistan is as follows;

ECONOMY AT A GLANCE

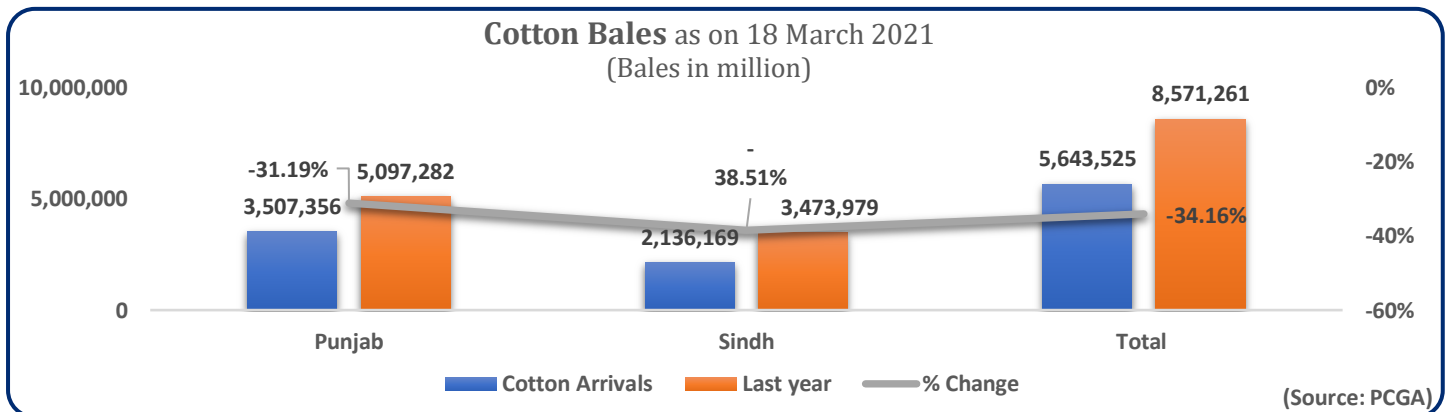
Economic Indicators	Period	Status	Current Year	Last Year
LSM	Jan 2021	↑	9.13%	5.95%
Cotton production (bales)	As of 15 th Mar, 2021	↓	5.64 million	8.57 million
Credit to Private Sector	July-Mar 2020-21	↑	Rs.357 billion	Rs.249 billion
SCRA inflows (Hot Money)	As of 24 th Mar 2021	↓	US\$(418) million	US\$ 1,244 million
Worker's Remittances	Feb 2021	↑	US \$2.26 billion	\$1.82 billion
M2	As of 12 th Mar,2021	↓	Rs 1,205 billion	Rs. 1,047 billion
Net Government Sector borrowing	As of 12 th Mar,2021	↓	Rs. 586 billion	Rs. 421 billion
CPI	Feb 2021	↓	8.70%	12.4%
FBR Tax Collection	July-Feb 2020-21	↑	Rs. 2,916 Billion	Rs. 2,750 Billion
Foreign Exchange Reserves with SBP	As of 19 th Mar, 2021	↑	US\$ 13.29 billion	US\$10.84 billion
Foreign Direct Investments	July-Feb 2020-21	↓	US\$ 1.3 billion	US\$ 1.8 billion
Trade Deficit in Goods	July-Feb 2020-21	↓	US\$ (17.57) Billion	US\$ (15.85) Billion
Balance of Payment	July-Feb 2020-21	↓	US\$ (764) million	US\$(5.842) Billion

1. LARGE SCALE MANUFACTURING:

According to Pakistan Bureau of Statistics (PBS), Pakistan's Large Scale Manufacturing (LSM) grew by 9.13% in Jan 2021 on-year-on-year-basis. Whereas, LSM grew by 5.36% on-month-on-month basis. Overall growth in LSM stood at 7.85% during July-Jan 2021 vs. negative growth of 3.36% last year.

Industries	Weight (%)	Jan -21 (%)	Dec-20 (%)	Jan -20 (%)	Y/Y growth Cumulative
Textile	20.915	3.21	3.54	-0.19	0.73
Food, Beverages & Tobacco	12.370	16.38	17.72	-2.09	3.69
Coke & Petroleum Products	5.514	2.33	23.91	-11.82	0.26
Pharmaceuticals	3.620	8.07	13.82	-1.76	0.94
Chemicals	1.717	1.43	16.95	26.23	0.23
Automobiles	4.61	23.38	43.91	-34.73	0.64
Iron & Steel Products	5.39	-0.53	11.76	12.09	-0.04
Fertilizers	4.441	2.10	11.98	2.09	0.42
Electronics	1.963	-46.75	-35.59	-40.23	-0.95
Leather Products	0.859	-35.85	-40.55	9.34	-0.65
Paper & Board	2.314	13.17	8.93	-8.97	-0.02
Engineering Products	0.400	-25.37	-23.93	-6.99	-0.07
Rubber Products	0.262	-40.08	-29.09	29.12	-0.03
Non-Metallic Mineral Products	5.364	36.98	17.52	-6.50	2.70
Wood Products	0.588	-9.07	-30.2	-53.27	0
LSM Growth for Jan 2021 (Y/Y)					9.13%
LSM Growth for Jan 2021 vs Dec 2020(M/M)					5.36%
LSM Growth for July-Jan 2021					7.85%

2. PAKISTAN'S COTTON PRODUCTION UPDATE



3. SCRA ("SPECIAL CONVERTIBLE RUPEE ACCOUNT") INFLOWS:

Cumulative net inflows in Equity, T-Bills and PIBs				
During current fiscal year, till 25 Mar 2021				
Description	Equity	T-Bills	PIBs	Total
	('000 USD')			
Inflows	459,083	461,999	158,526	1,079,607
Outflows	(780,501)	(706,285)	(11,635)	(1,498,422)
Balance	(321,418)	(244,286)	146,891	(418,814)

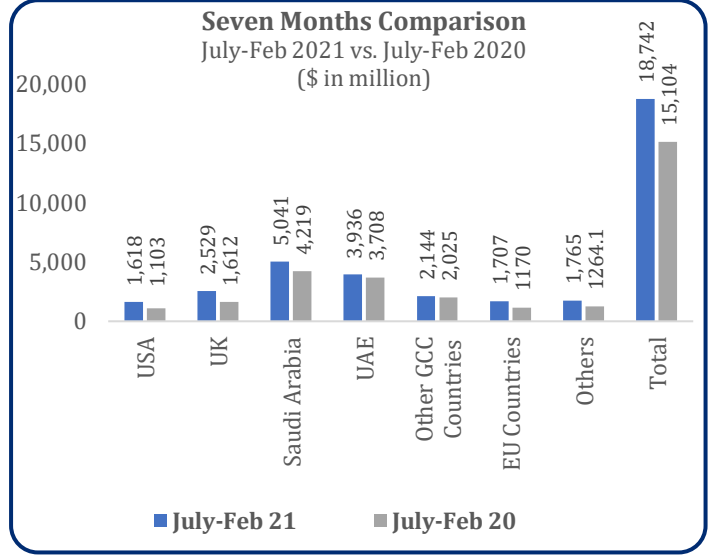
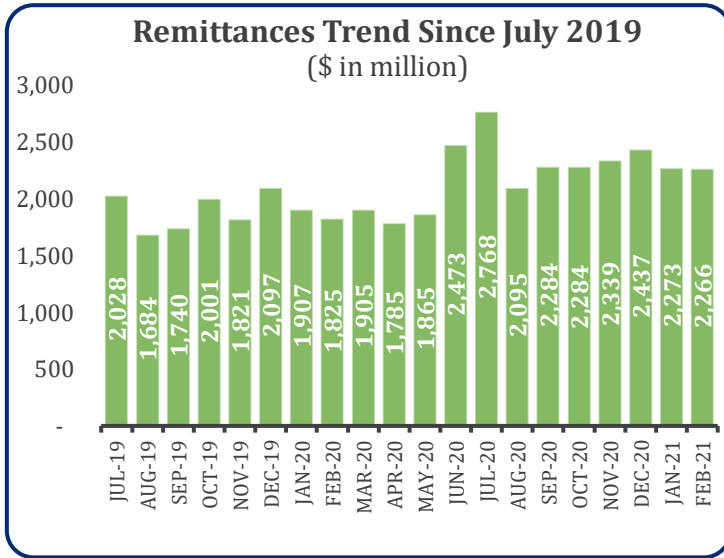
The outstanding stock of 'Hot Money' stood at negative \$418 million.

4. WORKER'S REMITTANCES:

According to the SBP, Pakistan's Overseas Worker's Remittances dropped by 0.34% to \$2.26 billion in Feb 2021 vs. \$2.27 billion in Jan 2021 on-month-on-month basis. Pakistan's remittances have surpassed \$2 billion mark for 9th consecutive month since June 2020. On year-on-year basis, Pakistan's Overseas Worker's Remittances surged by 24.12% from \$1.8 billion in Feb 2020 to \$2.26 billion in Feb 2021.

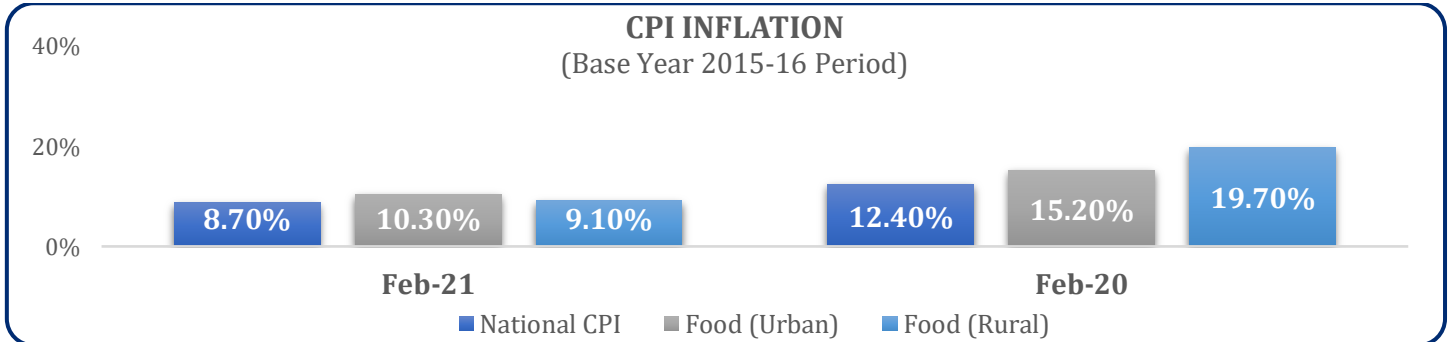
On a month-on-month basis, country's remittances surged by 13.23% from United Kingdom, plunged by 3.8% from Saudi Arabia, 0.8% from United Arab Emirates and 5.6% from other GCC countries. On a cumulative basis, remittances stood at \$18.74 billion during July-Feb 2020-21, which grew by 19.42% compared to \$15.10 billion last year.

According to SBP, “Policy measures undertaken by the Government and SBP to encourage inflows through formal channels, limited cross border travel due to COVID-19, medical expense and altruistic transfers to Pakistan amidst the pandemic, and orderly exchange market conditions contributed to this sustained rise in workers remittances”.

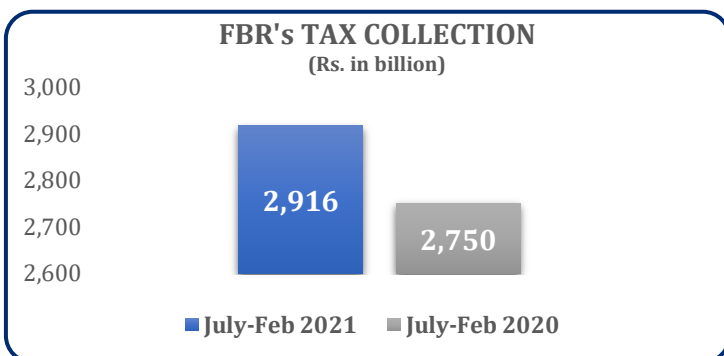


(Source: SBP)

5. CONSUMER PRICE INDEX (“CPI”) INFLATION:



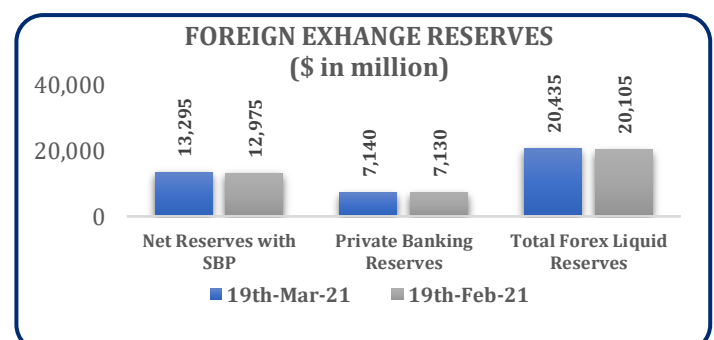
6. TAX REVENUE COLLECTION:



According to official statistics, FBR collected tax revenue of Rs.2,916 billion in July-Feb 2020-21 vs. Rs.2,750 billion last year. FBR's tax revenue grew by 5.69% or Rs.166 billion vs. last year. After the revision of target by IMF, FBR has downward revised its tax revenue collection target from Rs. 4,963 billion to Rs. 4,750 billion for Tax Year 2020-21. FBR needs to collect Rs. 2,047 billion to achieve actual tax revenue collection target of Rs. 4,963 billion for Tax Year 2020-21.

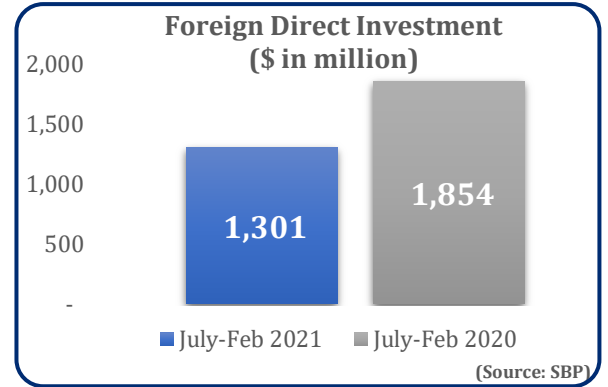
7. FOREIGN EXCHANGE RESERVES: (update graph)

SBP reserves stood at \$13.29 billion as of 19th Mar 2021.

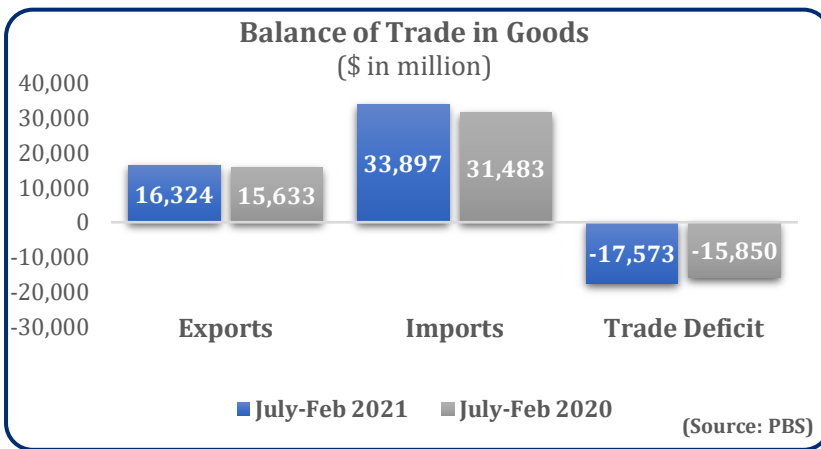


8. FOREIGN DIRECT INVESTMENT

During Jul-Feb 2020-21, Pakistan's net FDI depreciated by 30% or \$553 million to \$1.3 billion as compared to \$1.85 billion last year. During Feb 2021, Pakistan's FDI stood at \$155 million compared to \$277 million last year. According to SBP, total Foreign Investment of the country has dropped by 77% to \$912 million during July-Feb 2020-21 compared to \$3.98 billion last year.



9. BALANCE OF TRADE IN GOODS:



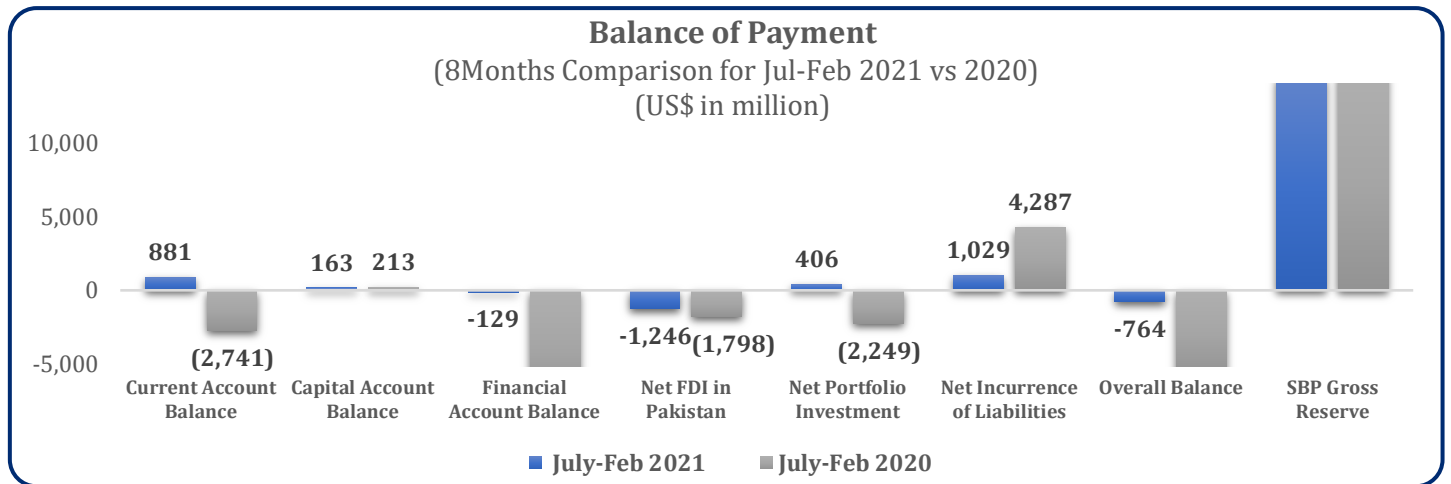
According to the PBS, country's exports have dropped by 3.63% to \$2.06 billion in Feb 2021 vs \$2.14 billion in Feb 2021 on a month-on-month basis.

Whereas, exports decreased by 3.23% in Feb 2021 vs \$2.13 billion last year on a year-on-year basis. During July-Feb 2020-21, Pakistan's exports have appreciated by 4.42% to \$16.32 billion vs. \$15.63 billion last year. The decent growth in LSM and exports is inevitable for sustainable economic growth going forward.

10. BALANCE OF PAYMENT:

Pakistan's Current Account deficit has dropped by 76.2% from huge deficit of \$210 million in Jan 2021 to \$50 million in Feb 2021 on a month-on-month basis. According to SBP, "Surplus in current account is helped by a continuous strong growth in worker's remittances and a sustained recovery in exports since Nov20 in year-on-year terms, which more than offset increase in imports due to domestic food shortages and recovering economic activity". According to IMF, "external current account has improved mainly due to stronger-than-expected remittances, import compression, and a mild export recovery." SBP expects that Pakistan's current account deficit for FY21 is now projected to remain below 1% of GDP. (Source: SBP)

(\$ in million)	Feb 2021 (Provisional)	Jan 2021 (Revised)
Current account Balance	-50	-210
Capital Account Balance	10	21
Financial Account Balance	-280	178
Net FDI in Pakistan	-154	-193
Net Portfolio investment	1	-47
Net incurrence of Liabilities	151	-382
Overall Balance	-47	565
SBP Gross Reserve	12,975	13,031



OUTLOOK:

- According to IMF” The IMF Executive Board has completed the combined 2nd through 5th reviews of the Extended Arrangement under Extended Fund Facility (EFF) for Pakistan, allowing for an immediate purchase equivalent to about US\$500 million for budget support”.
- The ongoing IMP Program performance remained satisfactory given the unprecedented challenges of the Covid-19 shocks. However, the Pakistani authorities have remained committed to the ambitious policy actions and structural reforms to strengthen economic resilience, advance sustainable growth, and to achieve the economic reform program medium-term objectives.
- According to IMF, “Pakistan is projected to grow by 1.5% in 2020-21. The consecutive wave(s) of Covid-19 pandemic which is still unfolding around the world, outlook is subject to a high level of uncertainty and downside risks”.
- According to IMF, “Pakistan’s International reserves to improve further which is reflecting in current account developments, the EFF’s resumption, and international partners’ support going forward”.

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