

## HIGHLIGHTS:

- Pakistan Bureau of Statistics (PBS) reports that Pakistan's Large-Scale Manufacturing (LSM) grew by 4.85% in February 2021 on year-on-year basis.
- According to the State Bank of Pakistan (SBP), Pakistan's Overseas Workers' Remittances surged by 43.15% from \$1.90 billion in March 2020 to \$2.72 billion in March 2021.
- According to official statistics, FBR has collected tax revenue of Rs.3,394 billion from July 2020 to March 2021 compared to Rs.3,076 billion last year which is an increase of 10.33% or Rs.318 billion.
- The Broad Money (M2) growth stood at Rs.1,290 billion as of 24<sup>th</sup> April 2021 against Rs.1,515 billion last year.
- According to PBS, CPI inflation increased by 8.34% on a year-on-year basis in March 2021 which was 11.53% last year.
- As per the data made available by PBS, the country's exports in March 2021 have grown by 6.89% to \$1.86 billion on a month-on-month basis when compared to \$1.74 billion in February 2021.
- The Current Account deficit of Pakistan has surged by 51.6% from deficit of \$31 million in February 2021 to \$47 million in March 2021. The Current Account is in deficit now for 4 straight months.
- During the period from July 2020 to March 2021, Pakistan's net Foreign Direct Investment (FDI) went down by 111.6% or \$1,250 million from \$2.37 billion last year to \$1.12 billion.
- As reported by SBP, total foreign investment of the country has dropped by 52.6% to \$1.12 billion from July 2020 to March 2021 compared to \$2.37 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
<b>LSM</b>	Feb 2021	↑	4.85%	-0.20%
<b>Cotton production (bales)</b>	As of 1st April 2021	-	5.64 million	Data Not available
<b>Credit to Private Sector</b>	July-April 2020-21	↑	Rs.399 billion	Rs.341 billion
<b>SCRA inflows (Hot Money)</b>	As of 23 <sup>rd</sup> April 2021	↓	US\$(355) million	US\$ 346 million
<b>Worker's Remittances</b>	March 2021	↑	US \$2.72 billion	\$1.90 billion
<b>M2</b>	July-April 2020-21	↓	Rs 1,290 billion	Rs. 1,515 billion
<b>Net Government Sector borrowing</b>	July-April 2020-21	↓	Rs. 162 billion	Rs. 960 billion
<b>CPI (Base Year 2016-17)</b>	July-March 2020-21	↑	8.34%	11.53%
<b>FBR Tax Collection</b>	July-March 2020-21	↑	Rs. 3,394 billion	Rs. 3,076 Billion
<b>Foreign Exchange Reserves with SBP</b>	April 2021	↑	US\$ 16.04 billion	US\$ 10.88 billion
<b>Foreign Direct Investments</b>	July-March 2020-21	↓	US\$ 1.39 billion	US\$ 2.15 billion
<b>Trade Deficit in Goods</b>	July-March 2020-21	↓	US\$ (20.83) Billion	US\$ (17.34) Billion
<b>Balance of Payment</b>	July-February 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 4.85% in February 2021 on year-on-year basis. Although LSM declined by 4.15% on month-on-month basis; overall growth stood at 7.45% during July-Feb 2020-21 against negative growth of 2.92% last year.

Industries	Weight (%)	Feb-21 (%)	Jan-21 (%)	Feb -20 (%)	Y/Y growth Cumulative
Textile	20.915	2.95	3.21	0.79	0.73
Food, Beverages & Tobacco	12.370	3.45	16.38	-1.90	3.32
Coke & Petroleum Products	5.514	42.66	2.33	-36.25	0.42
Pharmaceuticals	3.620	10.55	8.07	-3.23	0.92
Chemicals	1.717	15.47	1.43	9.45	0.27
Automobiles	4.61	26	23.38	-27.16	0.71
Iron & Steel Products	5.39	-3.52	-0.53	10.82	-0.06
Fertilizers	4.441	-2.62	2.10	18.70	0.34
Electronics	1.963	-20.58	-46.75	-4.34	-0.89
Leather Products	0.859	-31.69	-35.85	4.69	-0.62
Paper & Board	2.314	-5.24	13.17	7.50	-0.04
Engineering Products	0.400	-22.94	-25.37	-4.79	-0.07
Rubber Products	0.262	-44.78	-40.08	25.30	-0.05
Non-Metallic Mineral Products	5.364	10.82	36.98	27	2.49
Wood Products	0.588	51.19	-9.07	-76.80	0
<b>LSM Growth for Feb 2021 (Y/Y)</b>					4.85%
<b>LSM Growth for Feb 2021 vs Jan 2021(M/M)</b>					-4.15%
<b>LSM Growth for July-Feb 2021</b>					7.45%

## 2. SCRA ("SPECIAL CONVERTIBLE RUPEE ACCOUNT") INFLOWS:

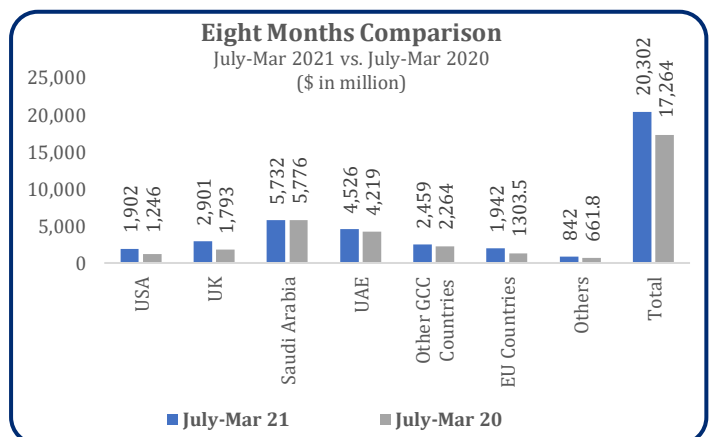
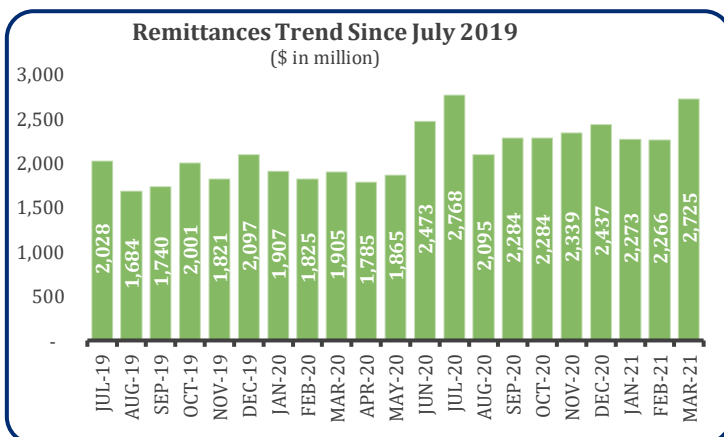
Cumulative net inflows in Equity, T-Bills and PIBs				
During current fiscal year, till 21 April 2021				
Description	Equity	T-Bills	PIBs	Total
	('000 USD')			
<b>Inflows</b>	515,267	525,840	245,639	1,286,746
<b>Outflows</b>	(868,015)	(758,057)	(16,221)	(1,642,293)
<b>Balance</b>	(352,748)	(232,217)	229,418	(355,547)

The outstanding stock of 'Hot Money' stood at negative \$355 million.

## 3. WORKER'S REMITTANCES:

As reported by SBP, Pakistan's Overseas Workers' Remittances increased by 0.20% to \$2.72 billion in March 2021 against \$2.26 billion in February 2021. Pakistan's remittances have surpassed \$2 billion mark for 10th consecutive month since June 2020. On year-on-year basis, Pakistan's Overseas Worker's Remittances surged by 43.1% from \$1.9 billion in March 2020.

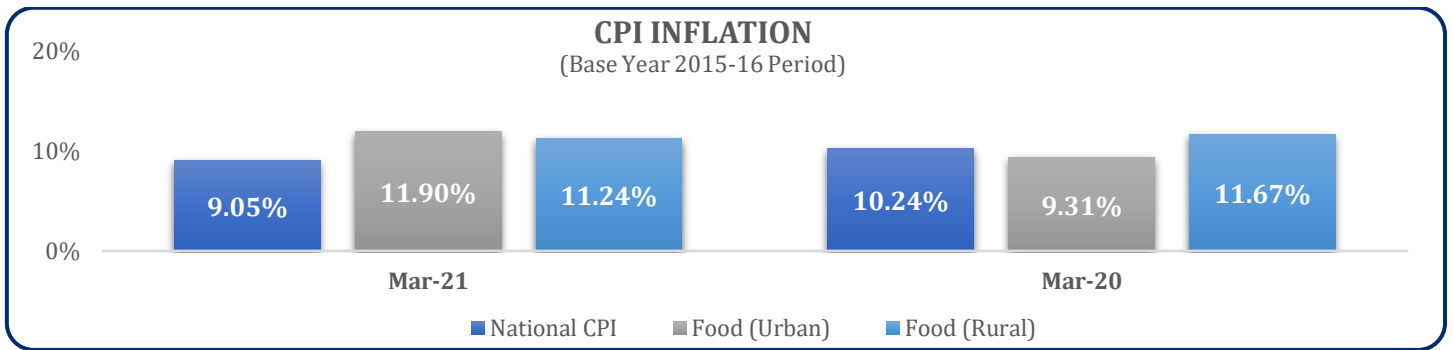
On a month-on-month basis, country's remittances surged by 6.3% from United Kingdom, 29.6% from Saudi Arabia, 20.8% from United Arab Emirates and 22.6% from other GCC countries. On a cumulative basis, remittances stood at \$20.03 billion during July-Mar 2020-21, which grew by 26.2% compared to \$17 billion last year.



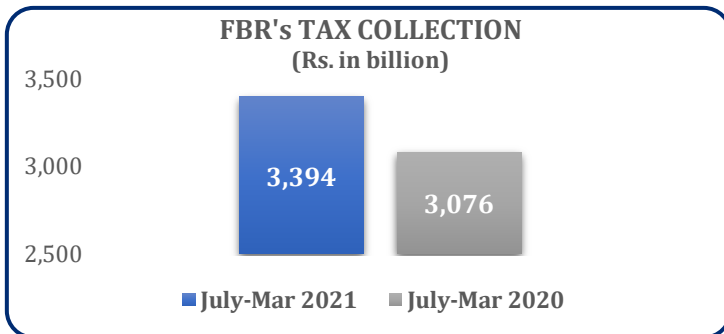
According to SBP, “Policy measures undertaken by the Government and SBP to encourage inflows through formal channels, limited cross border travel due to COVID-19, medical expense and altruistic transfers to Pakistan amidst the pandemic, and orderly exchange market conditions contributed to this sustained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

(Source: SBP)

#### 4. CONSUMER PRICE INDEX (“CPI”) INFLATION:

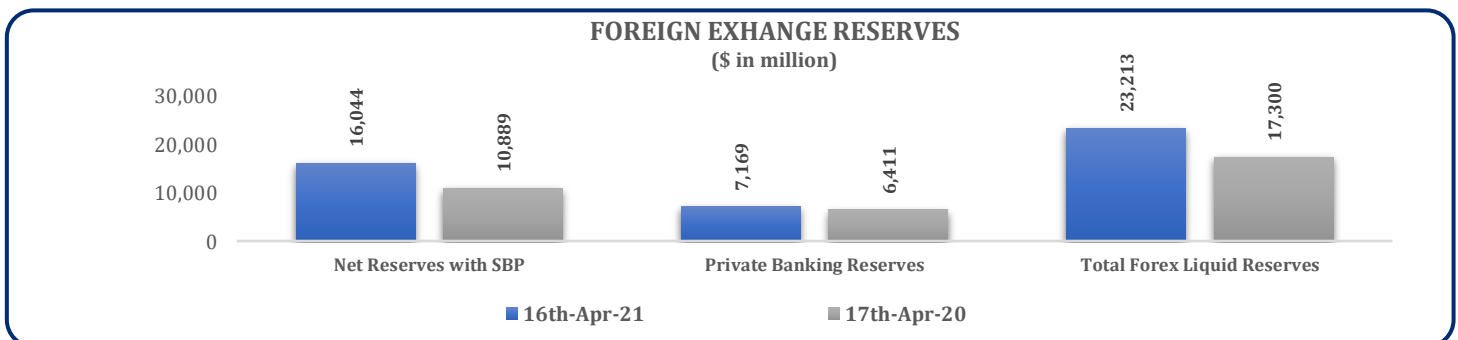


#### 5. TAX REVENUE COLLECTION:



According to official statistics, FBR collected tax revenue of Rs.3,394 billion in July-March 2020-21 grew by 10% or Rs.318 billion when compared to Rs.3,076 billion last year. FBR needs to collect Rs.1,569 billion to achieve actual tax revenue collection target of Rs. 4,963 billion for Tax Year 2020-21.

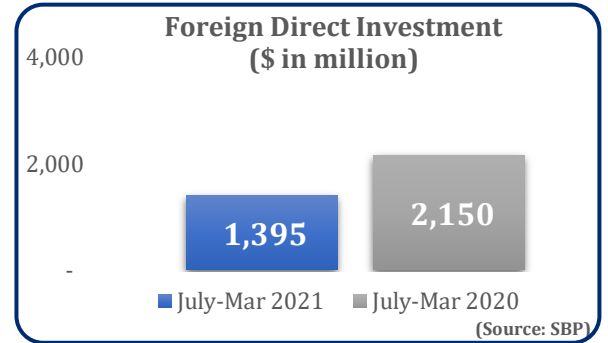
#### 6. FOREIGN EXCHANGE RESERVES: (updated)



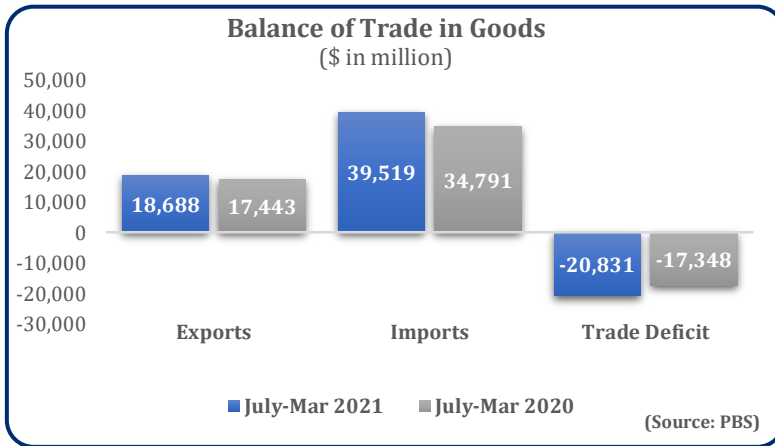
SBP reserves stood at \$16.04 billion as of 16<sup>th</sup> April 2021.

#### 7. FOREIGN DIRECT INVESTMENT

During July-March 2020-21, Pakistan's net FDI declined by 54.6% or \$755 million to \$1.39 billion as compared to \$2.15 billion last year. During March 2021, Pakistan's FDI stood at \$167.6 million against \$278.7 million last year. According to SBP, total Foreign Investment of Pakistan has dropped by 52.6% to \$1.12 billion during July-March 2020-21 in comparison with \$2.37 billion last year.



## 8. BALANCE OF TRADE IN GOODS:



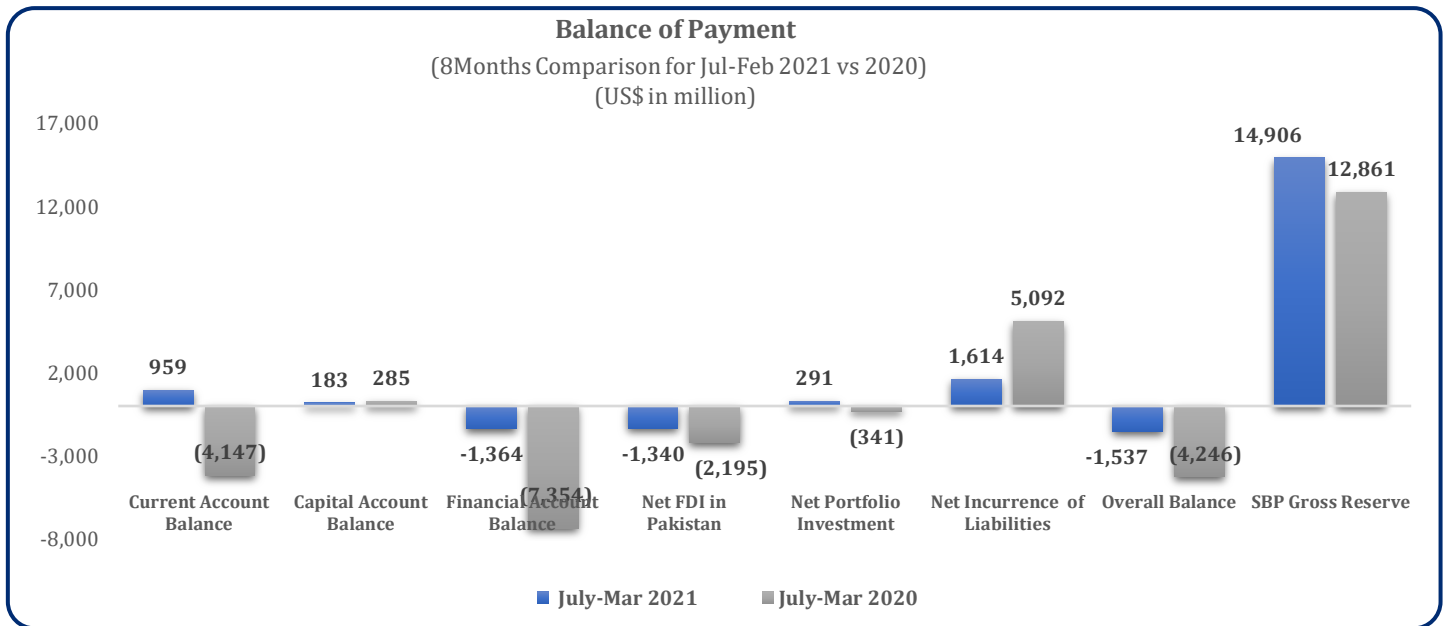
According to PBS, country's exports have improved by 14.36% to \$2.36 billion in March 2021 when compared to \$2.06 billion in previous.

Whereas, exports increased by 30.66% in February 2021 against \$1.81 billion last year on a year-on-year basis; during July-March 2020-21, Pakistan's exports have risen to \$18.68 billion or by 7.14% versus \$17.44 billion last year. A decent increase in LSM and exports is inevitable for sustainable economic growth going forward.

## 9. BALANCE OF PAYMENT:

Pakistan's Current Account deficit has declined by 51.6% from \$31 million in February 2021 to \$47 million in March 2021. On a cumulative basis, it remains in surplus of around \$1 bn during July-March FY2020-21 against a deficit of \$4.1 bn during July-March FY2019-20.

(\$ in million)	March 2021 (Provisional)	February 2021 (Revised)
<b>Current account Balance</b>	<b>-47</b>	<b>-31</b>
<b>Capital Account Balance</b>	<b>20</b>	<b>10</b>
<b>Financial Account Balance</b>	<b>-872</b>	<b>-361</b>
<b>Net FDI in Pakistan</b>	<b>-167</b>	<b>-154</b>
<b>Net Portfolio investment</b>	<b>-115</b>	<b>0</b>
<b>Net incurrence of Liabilities</b>	<b>277</b>	<b>219</b>
<b>Overall Balance</b>	<b>-773</b>	<b>-47</b>
<b>SBP Gross Reserve</b>	<b>14,906</b>	<b>14,446</b>



## OUTLOOK:

- According to IMF, “the Pakistani authorities have continued to make satisfactory progress under the Fund-supported program, which has been an important policy anchor during an unprecedented period. While the Covid-19 pandemic continues to pose challenges, the authorities’ policies have been critical in supporting the economy and saving lives and livelihoods. The authorities have also continued to advance their reform agenda in key areas, including on consolidating central bank autonomy, reforming corporate taxation, bolstering management of state-owned enterprises, and improving cost recovery and regulation in the power sector”.
- IMF has further stated that “the IMF Executive Board has completed the combined 2<sup>nd</sup> through 5<sup>th</sup> 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 bringing total purchases for budget support under the arrangement to about US\$ 2 billion”.
- SBP has presented its views on appreciation in foreign remittance by stating that “proactive policy measures by the Government and SBP to encourage more inflows through formal channels, limited cross border travel in the face of the COVID-19, medical expenses and altruistic transfers to Pakistan amidst the pandemic, and orderly foreign exchange market conditions are continuing to contribute to this sustained rise in workers’ remittances.”

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