

## GLOBAL OUTLOOK

- Global economic growth is expected to slow down from 6.1 per cent in 2021 to 3.2 per cent in 2022, 0.4 percentage points lower than the IMF's April 2022 World Economic Outlook projection. This is owing to more downside risks and weaker-than-expected growth in major developing economies such as China, Russia, US and India. The slowdown was caused by several shocks, including higher than expected inflation worldwide, especially in the United States and major European economies, triggering tighter financial conditions, a higher-than-expected slowdown in China due to COVID-19 lockdowns and further negative spillovers from the Russia-Ukraine conflict.
- Commodities at global level show mixed trends. Energy prices were lower, falling by an overall 1.3 per cent. European natural gas gained more than 8.9 per cent, but crude oil fell by 10 per cent, as geopolitical risks continued to weigh heavily on oil producers in the Middle East and Africa. Agricultural prices also declined, with food prices falling 8.5 per cent and fertilizers dropping 3.7 per cent. Metal prices plunged 13.4 per cent overall, while precious metals fell by 6.6 per cent.

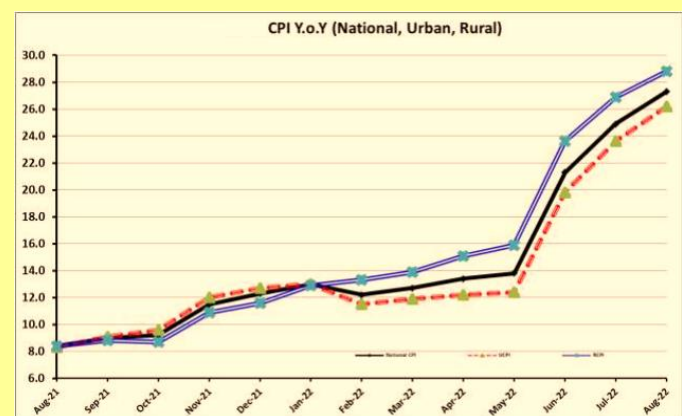
## PAKISTAN'S ECONOMIC OUTLOOK

- The economy of Pakistan is going through high inflationary and external sector pressures. However, the government is taking all possible measures to counter these pressures so that the growth momentum may remain intact.
- Pakistan has received a \$1.5 billion investment offer for the divestment of Pakistan Steel Mills from four Chinese companies.
- UN Secretary General António Guterres visited Pakistan on September 9 and 10, 2022, and appealed for massive support from the international community, as Pakistan responds to this climate change catastrophe.
- Foreign exchange reserves held by the State Bank of Pakistan (SBP) have increased 14.3 per cent because of the IMF loan tranche of \$1.1 billion.

- The flood damage report has estimated a loss of over \$12 billion to Pakistan's economy. (Planning Commission)
- Nationally, Pakistan's Sindh Province accounts for 42% of rice, 23% cotton, and 31% of sugarcane production. The 2022 Pakistan floods caused unprecedented damage to agriculture crops, livestock, and infrastructure, including storage facilities with millions of tons of grain, posing the risk of an unprecedented food security crisis in the country. (*The 2022 Pakistan floods Report Assessment, ICIMOD*)
- The Federal Government is all set to slash PSDP by up to Rs. 100 billion. PSDP is the key government expenditure that impacts growth rate directly.
- Pakistan's Debt surged Rs2.720 billion to hit Rs50.503 billion during the first month of the current fiscal year -- mainly due to local currency devaluation.
- Large manufacturing units Stopped/Extended manufacturing closure this week including Amreli Steel, Bolan Casting, Indus Motors, Suzuki Motors, Millat Tractors and almost all mobile phone assembling units.

## INFLATION

According to the PBS, the inflation increased by 27.3% on a year-on-year basis in August, as compared to the previous month and an increase of 8.4% in August 2021.



## EXCHANGE RATE

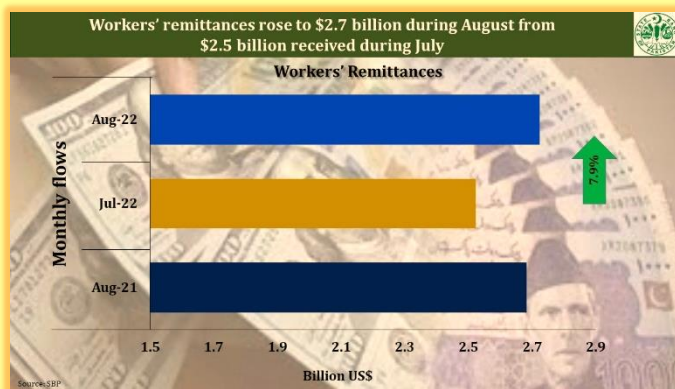
Open Market Exchange rate: **PKR236 = USD1**

Inter-Bank Market rate: **PKR230.50 = USD1**

(13 September, 2022)

## TRADE

- The trade deficit was -3,530 million on MoM basis in August 2022. The total exports for the month were around \$2,504 million while the import was \$6,034 million. (PBS)
- During August 2022, workers' remittances rose to US\$2.7 billion, up 7.9% compared to the previous month and 1.5% compared to August 2021.



## ENERGY

- Due to the high (1.5%) charges by commercial banks, almost all petrol pumps have stopped selling petrol and diesel to customers using credit and debit cards. On every Rs. 10,000 sales, banks get Rs150 merchant discount rate.
- IMF has agreed to pay the next tranche after the government (Pakistan) assured that it would increase gas prices by up to 235% in order to meet its international commitments.



## STOCK MARKET

The stock market stood at **42,044.76 points** (13 September, 2022) having bearish trend.

## PROPOSED WAY FORWARD

- Pakistan continues to face multiple challenges including import bans and depreciation of the Pakistani rupee. In addition to these, oil prices are increasing and it's all adding up as a significant economic challenge. On top of that, LC cheques required by the State Bank are still depriving importers of precious time while they wait for their dues to be cleared, which is also affecting delivery times.
- Iran is ready to expand bilateral commercial cooperation, especially for energy projects including the Iran-Pakistan gas pipeline. It may help in reducing the energy crises.
- The government is failing to keep up with the pace of technological advancements. By banning alternatives to YouTube and not doing anything about Internet connectivity, it is sending out a very negative message to the industry, and will make foreign investors think twice before investing in Pakistan.
- The difference between the interbank and open market USD is huge. The strong intervention of traders in the black market makes it difficult to understand the true market currency rate.
- The government intends to deregulate the oil sector. It has directed OGRA to work out details in consultation with oil refineries and marketing companies, which will help big oil companies to set up their hubs in Pakistan as it is considered safer than other Asian countries which are under scrutiny by the developed countries.

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