

Monthly Economic Update  
& Outlook  
**FEBURARY, 2021**



**Government of Pakistan**  
**Finance Division**  
**Economic Adviser's Wing**



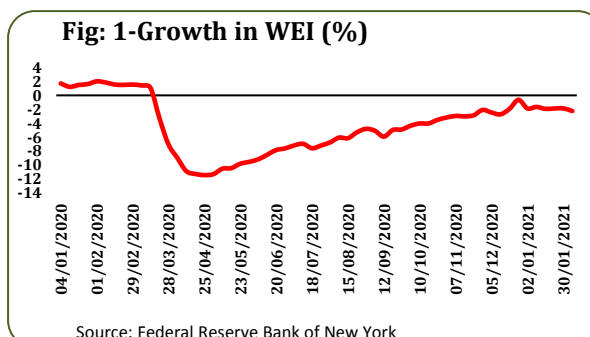
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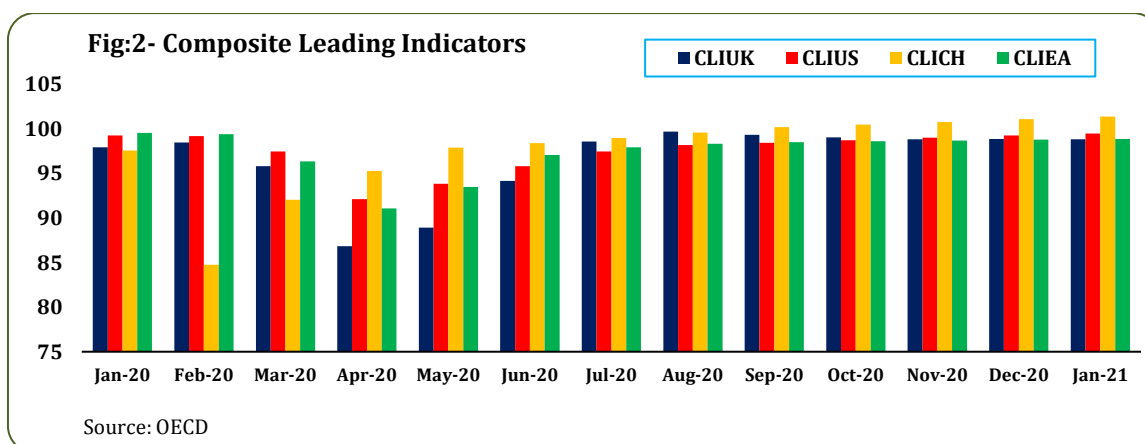
## 1. International Performance and Outlook

In Feb 2021, vaccines started to be administered worldwide, thus strengthening the expectations of economic recovery. Last year major downturn of the global economy was due to COVID-19 pandemic which forced renewed lockdowns in many parts of the world. However, from the start of 2021, approval of several vaccines allowed space to ease lockdown measures. It may help the global economy recover to pre-pandemic levels soon.

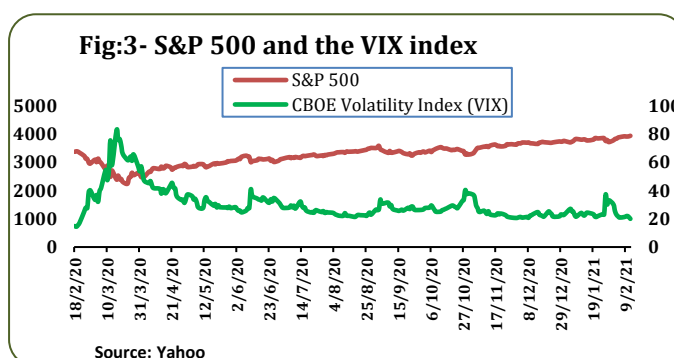
Since beginning of current year, the Weekly Economic Index (WEI) of the Federal Reserve Bank of New York came to a standstill, indicating pause in the economic recovery in US (Fig - 1).



The monthly Composite Leading Indicators (CLI) compiled by OECD shows that the Chinese economy continues to improve, while in Euro area, UK and US uncertainty still prevails (Fig - 2). In US, the President has proposed a new \$1.9 trillion COVID-19 emergency spending for battling the pandemic and reviving the economy. Coming weeks will show the effect of stimulus package on markets, especially in US.



The Chicago Board Options Exchange (CBOE) Volatility Index settled below 20 on 2<sup>nd</sup> Feb 2021 for the first time since the pandemic took hold a year ago. The decline in VIX came as S&P 500 Index rose 0.5 percent. This suggests that fear is receding from the market.



During Jan 2021, global economic activity remained slow amid new COVID-19 cases and supply constraints, centered around the services sector. The manufacturing sector continues to expand at a healthy pace due to strong demand for goods. These are based on the latest Purchasing Managers' Indices (PMIs) compiled by Information Handling Services (IHS) Markit. PMIs are forward-looking indicators meant to signal the direction and health of global economic activity. A reading above 50 indicates growing activity. The global PMI edged down for a third successive month in

January, dipping from 52.7 in December to 52.3. PMI shifted significantly in the world's two largest economies. The US PMI went up to a record high and the Chinese Services PMI decelerated.

The Regional Comprehensive Economic Partnership (RCEP) Agreement was signed on 15<sup>th</sup> Nov 2020 which is a multilateral, regional agreement extending and deepening the free trade between the member states of the ASEAN and its existing trade partners China, Japan, and South Korea as well as Australia and New Zealand. Upon entry into force, RCEP will be the world's largest regional trade agreement in terms of GDP & population.

Global commodity prices continued to surge in Jan 2021, with energy commodities jumping 10 percent and non-energy commodities rising 4.4 percent. In Dec 2020, these groupings rose 15.2 and 5.2 percent, respectively. Among the major subgroups, agriculture increased (5.0 percent), metals and minerals (3.2 percent) and precious metals (1.1 percent).

#### **Box – 1: World Economic Situation and Prospects 2021**

According to the World Economic Situation and Prospects 2021<sup>1</sup>, published by the United Nations Department of Economic and Social Affairs (UNDESA), the world economy suffered from the 'Great Disruption' caused by a viral pandemic in 2020. The COVID-19 pandemic spread widely, infecting more than 90 million and taken the lives of approximately 2 million people worldwide. For several months, uncertainties and panic paralyzed most of the economic activities in both developed and developing economies. The pandemic resulted in a contraction in international trade in 2020, as widespread lockdowns triggered a collapse in demand and significant disruptions to global production networks.

The pandemic and the global economic crisis have consequently left deep marks on South Asia, turning this former growth champion into the worst performing region in 2020. Without exception, all economies in the region have been badly hit by the crisis, whose impacts have been amplified and accelerated by existing vulnerabilities. It is expected that economic growth in South Asia in 2021 will be insufficient to compensate the losses of 2020. While trade, remittances and investment in many South Asian countries are expected to pick up in 2021, as much of the global economy moves towards recovery from the widespread lockdown.

Policymakers in South Asia will need at the same time to strengthen their efforts to formalize labor markets and strengthen their social protection systems to mitigate the impact of the crisis on the most vulnerable segment of society. The COVID-19 fiscal response in South Asia has consisted of a vast ad-hoc expansion of social assistance and direct cash transfers for the neediest but this kind of support needs to be provided for the extended period of time keeping in view duration and intensity of the pandemic. For this purpose, more fiscal space is required to achieve such goals. While increased domestic revenue mobilization can make up for some of the shortfall, both bilateral and multilateral creditors will still need to adopt a concessionary stance to avert protracted debt crises in South Asian region.

In line with this thinking, government of Pakistan rolled out significantly large stimulus package of Rs 1.24 trillion in March 2020 that includes support for families and businesses hit by the pandemic. The main provisions included: Rs 190 billion for Emergency Response; Rs 570 billion for Relief to Citizens; and Rs 480 billion for support to business and Economy. The package has significantly supported the domestic economic recovery.

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<sup>1</sup>Source: <https://www.un.org/development/desa/dpad/publication/world-economic-situation-and-prospects-2021/>

## 2. Monthly Performance of Pakistan's Economy

The key economic indicators are showing better performance.

### 2.1 Real Sector

#### 2.1-a Agriculture

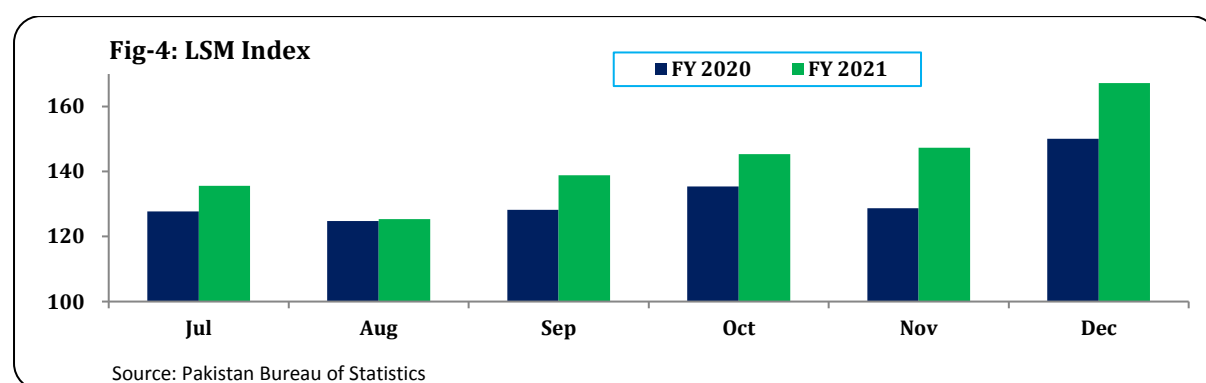
The production of wheat crop is expected to be better as compared to last year due to more area under cultivation as per preliminary estimates which recorded area sown at 9.2 million hectares against 8.8 million hectares last year. Timely rain spells, favorable weather conditions and better farm management practices will pave a way to achieve the wheat production target.

The agriculture input situation is favorable and showing an uptick. According to Pakistan Automotive and Manufacturing Association (PAMA), farm tractors production and sales rose by 54.7 percent and 54.6 percent respectively during Jul-Jan FY 2021. As per IRSA estimates, the irrigation water supply during Jan 2021 was 2.43 MAF against the last year's supply of 1.72 MAF, higher by 0.71 MAF (41.27 percent). During Jul-Jan FY2021, the banks have disbursed agriculture credit amounting to Rs 715.6 billion, 1.8 percent higher than the disbursement of Rs 702.9 billion made during same period last year.

During current Rabi season 2020-21 (Oct-Dec), urea off-take was recorded at 1,827 thousand tonnes which decreased by 1.1 percent while DAP off-take was 791 thousand tonnes showing a decrease of 8.9 percent over the same period last season. One of the reasons of low off-take during Rabi 2020-21 is unexpected high off-take of DAP during the month of August (180 percent) and September (9 percent) in Kharif 2020.

#### 2.1-b Manufacturing

LSM has surpassed its pre-COVID level of production in Dec FY 2021, witnessing 11.4 percent growth on YoY basis (10.5 percent in Dec FY 2020) while on MoM basis, LSM increased by 13.5 percent in Dec FY 2021 (1.3 percent in Nov FY 2021). During Jul-Dec FY 2021, LSM grew by 8.2 percent (-2.7 percent last year).



In Dec FY 2021, on MoM basis, 10 out of 15 subsectors have posted positive growth. Textile, Food Beverages & Tobacco, Non-Metallic Mineral Products, Iron & Steel Products, Coke & Petroleum Products and Pharmaceuticals grew by 0.63, 64.08, 3.11, 8.31, 11.52 and 2.5 percent, respectively. Car production and sale increased by 4.9 and 17.9 percent respectively during Jul-Jan FY 2021 while tractor production and sale increased by 54.7 and 54.6 percent respectively.

#### Recent Economic Measures for Industry

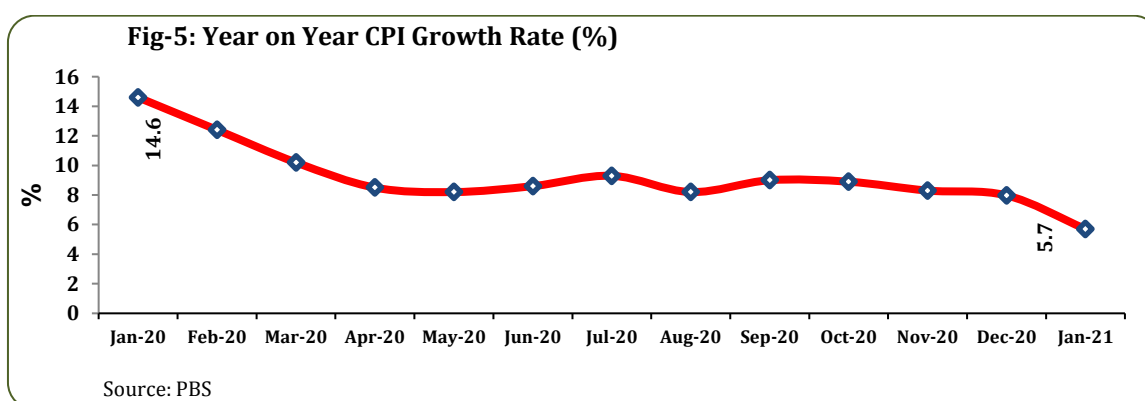
NEPRA has approved a Support Package for additional electricity consumption for



industrial consumers of DISCOs and K-Electric. Impetus has been given to export oriented industries by fixing power price at \$ 0.07/unit and gas tariff at \$ 0.065/mmbtu. Government has extended tax amnesty till Jun 2021 and fixed tax regime till Dec 2021. Banks have also been directed by SBP to increase their construction sector loans to 5 percent of their total portfolio by Dec 2021.

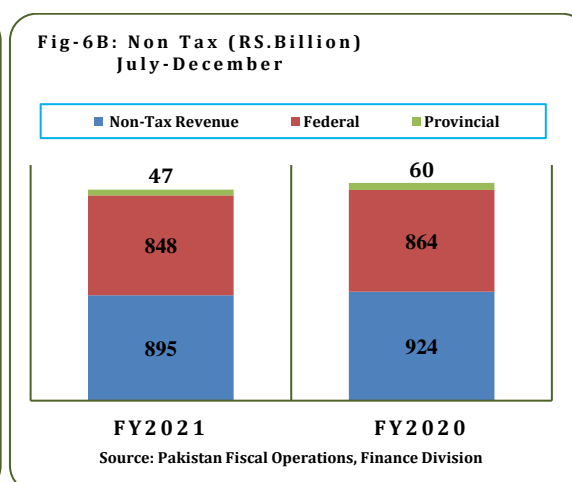
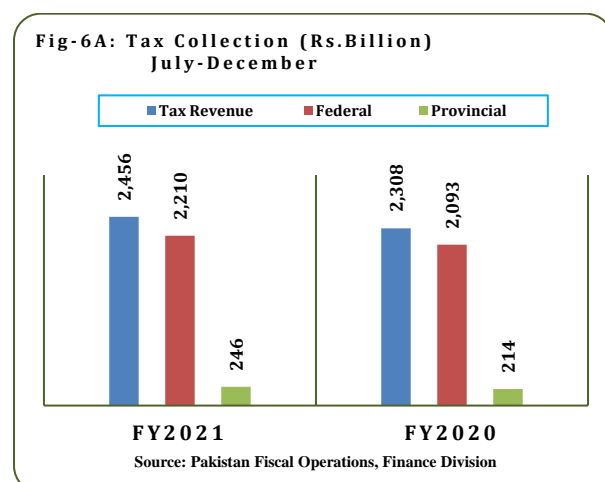
## 2.2 Inflation

The Consumer Price Index (CPI) inflation decelerated to 5.7 percent on YoY basis during the month of Jan 2021 after touching a high of over 14 percent last year. On MoM basis, it decreased by 0.2 percent in Jan 2021 as compared to a decrease of 0.7 percent in Dec 2020 while it was increased by 2.0 percent in Jan 2020. A decrease in the prices of vegetables, fruits, eggs, etc., tamed CPI inflation. The average inflation rate from Jul-Jan FY 2021 recorded at 8.2 percent against 11.6 percent over the same period last year.



## 2.3 Fiscal

The fiscal deficit has been contained at 2.5 percent of GDP in the first half of current fiscal year against 2.3 percent of GDP recorded last year. In contrast, the primary balance posted a surplus of Rs 337.2 billion in the first half of FY2021 as compared with Rs 286.5 billion last year. Tax revenues grew by 6.4 percent to Rs 2455.9 billion during Jul-Dec FY2021 (Rs 2307.8 billion last year). On the other hand, non-tax revenues stood at Rs 895.3 billion during Jul-Dec FY2021 (Rs 924.1 billion last year). Overall total revenues grew by 3.7 percent to Rs 3351.2 billion in the first half of FY2021 (Rs 3231.9 billion last year).

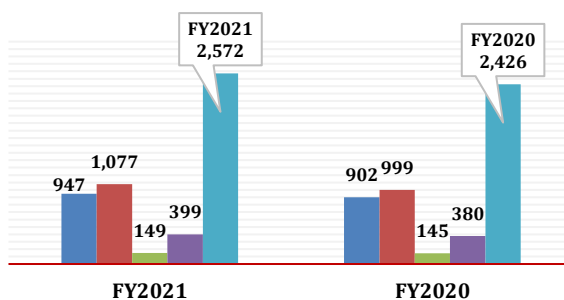


During Jul-Dec, FY2021 total expenditures increased by 6.2 percent to Rs 4489.1 billion (Rs 4226.6 billion last year).

## FBR Tax Collection

FBR has provisionally collected Rs 2572 billion during Jul-Jan, FY2021 against Rs 2426 billion in the same period last year, posting a growth of 6.0 percent. The net collection has exceeded the target by Rs 22 billion. In Fig-7, it is shown that domestic tax collection increased by 6.2 percent to Rs2173 billion in the first seven months of FY2021 against Rs 2046 billion in the comparable period of last year. Within domestic, direct tax grew by 5.0 percent, sales 7.8 percent and FED increased by

**Fig-7: FBR Tax Collection (Rs. Billion) July-January**



Source: FBR

2.8 percent during Jul-Jan, FY2021 over the same period of last year. For the month of January, the net tax collection recorded a growth of 12.5 percent to accumulate Rs 366 billion, while it exceeded the target by Rs 26 billion in the month of Jan 2021.

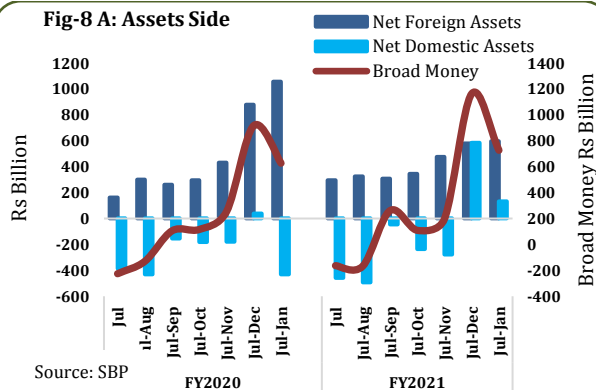
## 2.4 Monetary

During 1<sup>st</sup>Jul – 12<sup>th</sup> Feb, FY2021 Money Supply (M2) increased by Rs 732.2 billion (Rs 685.1 billion last year). Within Money Supply, Net Foreign Assets (NFA) of the banking system witnessed expansion of Rs 583.2 billion (Rs 1,100.4 billion last year). On the other hand, Net Domestic Assets (NDA) increased by Rs 148.9 billion (contraction of Rs 415.3 billion last year). Private sector credit has seen an expansion of Rs 291.9 billion (Rs 179.2 billion last year).

Within loans to private sector business, demand for working capital loans has seen expansion of Rs 39.8 billion during Jul-Jan, FY2021 compared to Rs 63.8 billion last year. Fixed investment loans increased by Rs 110.9 billion against retirement of Rs 5.6 billion last year. Under subsidized schemes, Long Term Finance Facility (LTFF) loans increased by Rs 80.6 billion compared Rs 24.0 billion last year. For Export Finance Scheme (EFS), private sector credit increased by Rs 77.2 billion against Rs 68.7 billion last year.

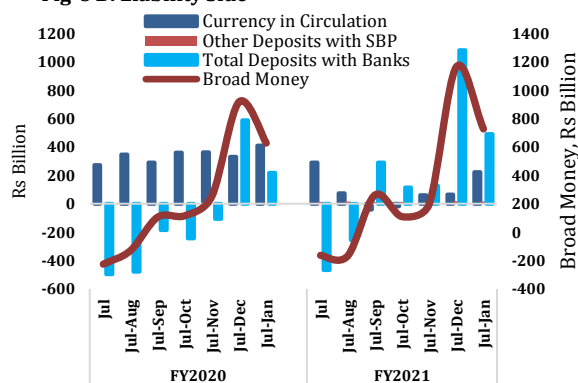
## Broad Money Flows

**Fig-8 A: Assets Side**



Source: SBP

**Fig-8 B: Liability Side**



## 2.5 External Sector

The Current Account posted a surplus of \$ 0.9 billion (0.6 percent of GDP) for Jul-Jan FY2021. In Jan 2021, Current Account deficit remained \$229 million due to imports of

essential food items, capital goods, oil, and industrial raw material owing to the domestic economic recovery.

As per PBS, exports during Jul-Jan FY 2021 increased by 5.6 percent to \$ 14.3 billion (\$ 13.5 billion last year). Pakistan's exports grew by 8.8 percent (\$ 2.1 billion) in Jan 2021 (\$1.9 billion last year). The textile sector exports increased by 8.2 percent over the last year. Value added exports increased by 13.4 percent. The decrease in quantities of value-added exports was compensated by higher unit price.

The total imports in Jul-Jan FY2021 increased to \$ 29.3 billion (\$ 27.3 billion last year), thus grew by 7.2 percent. The Petroleum group decreased by 20.9 percent while import of petroleum crude decreased by 26 percent in value and increased by 14.7 percent in quantity. Import of petroleum product increased by 43.2 percent (quantity) and decreased by 15.3 percent (value).

The food group import jumped by 51.9 percent during Jul-Jan FY2021 and reached to \$ 4.6 billion (\$3.0 billion last year). The government allowed import of wheat and sugar to bridge the local shortages.

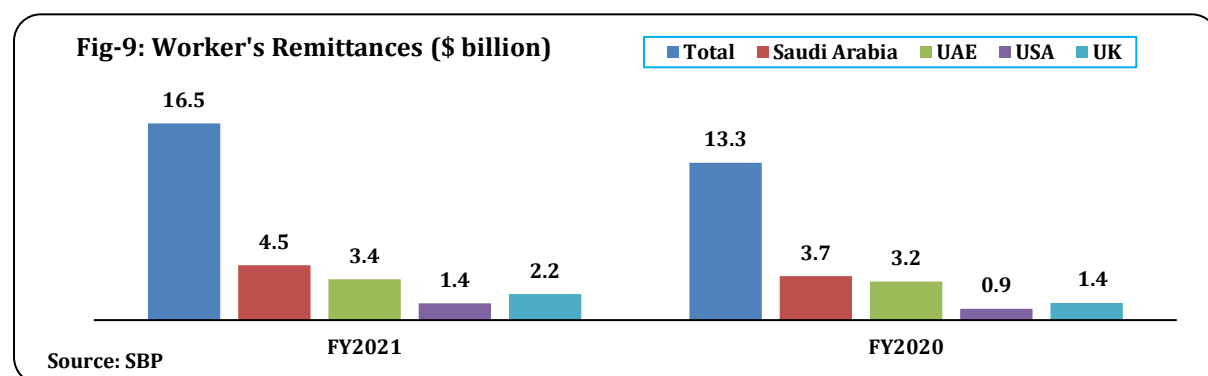
### 2.5.1 Foreign Investment

In Jul-Jan FY2021, FDI reached to \$ 1145.3 million (\$ 1,577.0 million last year) while on YOY, FDI recorded at \$192.7 million in Jan 2021 (\$ 219.6 million last year).

Foreign Private Portfolio Investment recorded a net outflow of \$ 236.9 million during Jul-Jan FY2021. Foreign Public Portfolio Investment witnessed a net outflow of \$ 153.5 million. The total foreign portfolio investment recorded an outflow of \$ 390.3 million during Jul-Jan FY2021 (inflow of \$ 1861.1 million last year). Countries with major inflows are UAE (\$ 109.2 million) and Singapore (\$ 23.7 million).

### 2.5.2 Worker's Remittances

During Jul-Jan FY2021, remittances rose to \$ 16.5 billion (\$ 13.3 billion last year), posting a growth of 24.1 percent. On YoY basis, remittances reached \$2.3 billion, showing an increase of 19.2 percent in Jan 2021 (\$ 1.9 billion in Jan 2020). Workers' remittances remained above \$ 2.0 billion for the eighth consecutive month in Jan 2021. The major sources of remittance are Saudi Arabia, U.A.E, USA and U.K, (Fig-9).



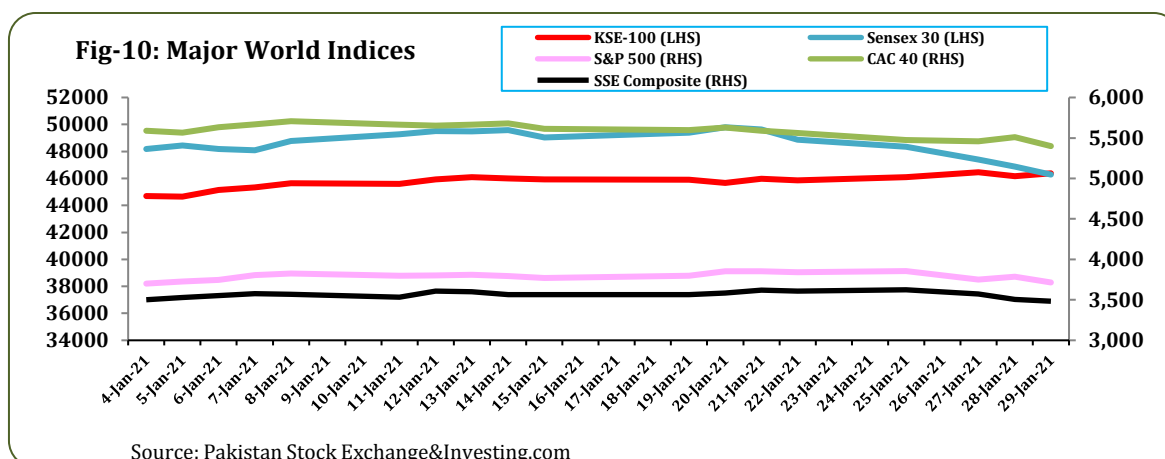
### 2.5.4 Foreign Exchange Reserves

Pakistan's total liquid foreign exchange reserves increased to \$20.2 billion by the end of Jan 2021. The breakup of reserves accumulation shows that the SBP's reserves stood at \$13.0 billion (\$ 12.3 billion last year) and \$7.1 billion (\$ 6.4 billion last year) in commercial banks' reserves. The present reserves level provides the import cover of almost around 3 months.



## 2.6 Performance of KSE Index

KSE-100 index crossed 46,000 index level for the first time since April 2018 and closed at 46,385 points on 29<sup>th</sup> Jan 2021, gaining thereby 1,699 points in the month. Market capitalization gained Rs 363 billion and settled at Rs 8,398 billion on 29<sup>th</sup> Jan 2021. Trend of major world indices is depicted in Fig-10.



## 2.7 Social Sector

- Under Ehsaas Kafaalat program, payments of Rs 12,000 per family have been started for the period of Jan to Jun, 2021 to 7.0 million beneficiaries registered through Ehsaas digital survey. The survey is a nationwide assessment of socioeconomic and poverty condition of households, has been completed and deserving families qualified for the Ehsaas programme are being provided financial assistance which would be completed by 30th Jun, 2021.
- Under Ehsaas Nashonuma Program, stipend has been increased to Rs 1500 for boys and Rs 2000 for girls for provision of healthy diet for two years.
- The government has established 'Ehsaas Tahafuz Facilitation Desk' at the Holy Family Hospital that aims to cover catastrophic health expenditures for deserving patients who are not covered by Sehat Sahulat Card and not enrolled in Sehat Sahulat programme.
- Under National Poverty Graduation Program, 37,812 livelihood productive assets have been transferred to the ultra-poor till 31<sup>st</sup> Jan, 2021 while during the month of January 5,826 livelihood assets were distributed, out of which over 95 percent assets were transferred to the woman.
- PPAF through its 24 Partner Organizations has disbursed 50,140 interest free loans of Rs 1.8 billion during the month of Jan 2021. Since commencement of the program till 31<sup>st</sup> Jan, 2021 a total of 1,191,734 interest free loans amounting to Rs 41.95 billion have been disbursed to the borrowers.
- Under Kamyab Jawan Youth Entrepreneurship Scheme, Rs 3,399 million has been disbursed till Dec 2020 to the youth for various businesses.
- During Jan 2021 Bureau of Emigration and Overseas Employment has registered 43,393 emigrants for overseas employment in different countries.
- Bureau of Emigration and Overseas Employment ensured payment of more than Rs 43 million as death / disability compensation to the overseas Pakistanis/their dependents during the month of January, 2021.
- 1,441 Foreign Exchange Remittances Cards (FERC) of five categories (Silver, Silver Plus, Gold, Gold Plus, Platinum) against foreign remittances of US\$

43,626,382/- have been issued to overseas Pakistan.

- Till 25<sup>th</sup> Feb 2021, so far 575,941 confirmed cases with 539,888 recoveries and 12,772 deaths were recorded in the country. Sindh has recorded the most 257,089 cases, Punjab 169,474, Khyber Pakhtunkhwa 71,490 and Balochistan 19,010. Based on reported cases the mortality rate is approximately 2.2 percent.
- The Government is employing available public sector resources and also mobilizing private community to rapidly scale up the health system to prevent spread of COVID-19.
- Under M/o FE&PT, a MoU was signed between NAVTTC and Finland government, for collaboration and development of vocational and technical training.

### 3. Economic Outlook

Prospects of economic growth are showing visible signs of improvement during Jul-Jan FY 2021 which strengthen expectations about economic recovery.

#### 3.1 Inflation

Recent developments in inflation, shows that, both YoY and MoM inflation is on a negative trend in recent months. Recently, the Government implemented policy measures to improve the market mechanism of food commodities and to re-enforce the supply chain of essential food items. These interventions were successful to prevent uptick in prices of daily use items. It is expected that due to much needed structural measures, the downward trend of prices of these items will be permanent. In that case, the downward shift in the CPI level will induce derived effects such as lower indexations of other prices and wages, lower production costs, lower inflation expectations, etc. These second-round effects are mutually reinforcing and therefore not only the CPI level but also the future inflation rate may follow a lower path than what would otherwise have been if these policy measures were not taken. However, international commodity prices are recently on a rising trend, especially oil prices and food prices. Furthermore, around the same period one year ago, commodity prices were low and the CPI level actually declined. Taking all these observations into account, YoY inflation for next month may remain between 5.5–7.5 percent.

#### 3.2 Agriculture

In agriculture, downside risk to cotton production still persist, however it is expected that better production of other Kharif crops will mitigate the risk. Further, for Rabi season 2020-21, wheat crop production is expected to achieve production target as almost 99 percent target area has been sown. On the basis of better input availability and favorable weather forecast, the production of wheat is expected to meet its target.

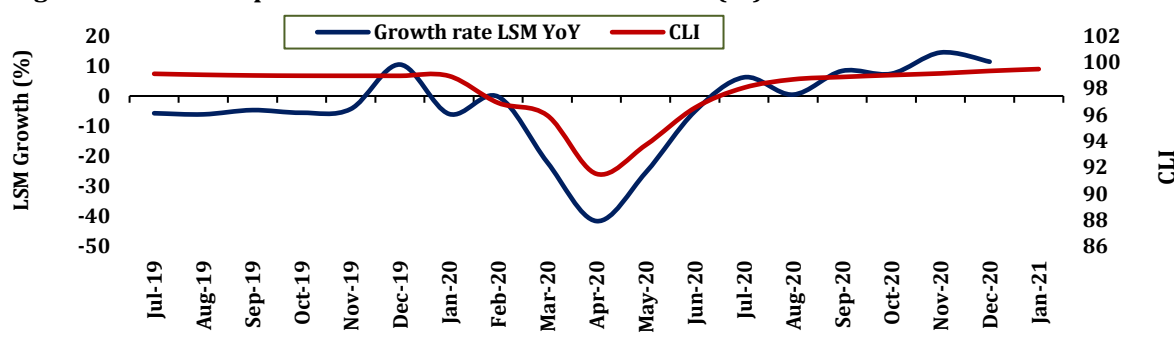
#### 3.3 Industrial activity

Industrial activity, measured by the LSM index is the area which is most exposed to external conditions. Its exposure to developments in international markets, is illustrated in Fig-11 which compares the YoY growth rate of LSM with the weighted average Composite Leading Indicators (CLI) in Pakistan's main export markets. LSM index is published with a time lag of around two months, whereas CLI is published with a one-month lag.

Since Jul 2020, the YoY growth rate of LSM remained positive on monthly basis. Industrial activity is recovering from two consecutive crises. The BOP crises

necessitated policy adjustments to curb unsustainable external deficits which depressed LSM in 2019. The COVID-19 pandemic required measures to preserve peoples' health which caused industrial output to fall significantly especially in March, April and May 2020 (Fig-11).

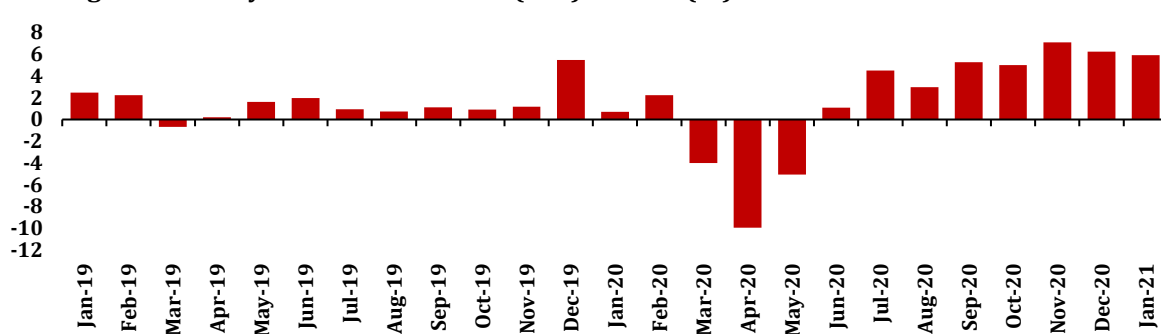
**Fig - 11: Relationship between CLI and LSMI Growth rates (%)**



### 3.4 Overall economic activity

The Monthly Economic Indicator (MEI) is based on combining monthly data of indicators that are proven to be correlated with GDP at constant prices. The MEI is scaled to align with annual GDP growth. It is a so-called global method, implying that changing any point or adding points to the series may (marginally) affect all points in the indicator (the same is the case with other international indicators such as the CLI calculated and published by the OECD). Fig-12 presents the MEI on monthly basis since Jan 2019. Based on available data, the MEI shows continued strong growth in January, in continuation with what was observed in the previous seven months. It follows that economic growth has been strong throughout the first half of the current fiscal year and will continue to show improvement in the second half of the current fiscal year (Fig-12).

**Fig -12: Monthly Economic Indicator (MEI) Growth (%)**



Source: EAW Calculations

### 3.5 External

After a very strong MoM increase in Dec 2020, partly due to seasonal effects, imports came back to the normal levels in Jan 2021, resulting in a MoM improvement in the trade balance. Although they remain supported by the ongoing economic recovery and further increases in international commodity prices, imports in Feb 2021 are expected to remain lower or at around the same level observed in Jan 2021. On the other hand, incentives provided to export-oriented industries, exports are expected to kick off up to a higher level. As a consequence, in the baseline scenario, the trade balance is expected to show further improvement as compared to the two previous months.

Regarding remittance inflows, these remained strong and still expected to provide support to finance trade deficit.

### **3.6 Fiscal**

The resurgence of the COVID-19 infection placed considerable strain on the fiscal side of the economy during the first half of the current fiscal year. Despite significant challenges, the revenues side performed better on the back of improved tax collection both at the federal and provincial level. The performance is an indication of growing economic activity even in the wake of challenges posed by second wave of the pandemic. This implies that, as economic activity accelerates further, there would be more increase in revenues. On the other hand, the expenditure side is expected to remain under pressure due to COVID related expenditures.

### **4. Way Forward**

The government's timely measures against the pandemic in terms of fiscal stimulus, easing mobility restrictions, timely arrangement of vaccination, together with accommodative monetary policy allowed economic activities continue in the difficult time. Thus, it is observed that overall economic recovery is on its way and may accelerate in the coming months. Especially industrial sectors have started showing robust growth. The timely measures of the government are supportive in spurring economic growth, decelerating inflation and at the same time preserving external balance.

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## Economic Indicators

(24-02-2021)

|   | 2019-20<br>(Jul-Jan)  | 2020-21<br>(Jul-Jan)  | % Change |
|---|---|---|----------|
| <b>External Sector</b>  |   |   |          |
| Remittances (\$ billion)  | 13.3  | 16.5  | ↑ 24.1   |
| Exports FOB(\$ billion)   | 14.4  | 13.9  | ↓ 3.8    |
| Imports FOB (\$ billion)  | 26.0  | 27.6  | ↑ 6.1    |
| Current Account Balance (\$ billion)                                  | -2.5  | 0.9   | ↑        |
| Current Account Balance (% of GDP)                                    | -1.6  | 0.6   | ↑        |
| FDI (\$ million)  | 1577.0  | 1145.3  | ↓ 27.4   |
| Portfolio Investment-Public (\$ million)                              | 1839.6  | -153.5  | ↓        |
| Total Foreign Investment (\$ million)<br>(FDI & Portfolio Investment) | 3438.1  | 755.0   | ↓ 78.0   |
|   | 18.743  | 19.694  |          |
| Forex Reserves (\$ billion)   | (SBP: 12.592)<br>(Banks: 6.151)<br>(On 21 <sup>st</sup> Feb 2020) | (SBP: 12.561)<br>(Banks: 7.133)<br>(On 22 <sup>nd</sup> Feb 2021) |          |
| Exchange rate (PKR/US\$)  | 154.21<br>(On 21 <sup>st</sup> Feb 2020)                          | 159.07<br>(On 22 <sup>nd</sup> Feb 2021)                          |          |

Source: SBP

|                                | 2019-20<br>(Jul-Dec)                                 | 2020-21<br>(Jul-Dec)                                 | % Change     |
|--------------------------------|--|--|--------------|
| <b>Fiscal</b>                  |  |  |              |
|                                |  |  | (Rs Billion) |
| FBR Revenue (Jul-Jan)          | 2426   | 2572   | ↑ 6.0        |
| Non-Tax Revenue (Consolidated) | 924.1  | 895.3  | ↓ 3.1        |
| PSDP (Authorization)           | 444.3<br>(1 <sup>st</sup> Jul- 14 <sup>th</sup> Feb) | 476.6<br>(1 <sup>st</sup> Jul- 12 <sup>th</sup> Feb) | ↑ 7.3        |
| Fiscal Deficit                 | 994.7  | 1,137.9  | ↑            |
| Primary Balance                | 286.5  | 337.2  | ↑            |

Source: FBR&Budget Wing



|   | 2019-20<br>(Jul-Jan)  | 2020-21<br>(Jul-Jan)  | % Change    |
|---|---|---|-------------|
| <b>Monetary Sector</b>                  |   |   |             |
| <b>Agriculture Credit (provisional)</b> | <b>702.9</b>  | <b>715.6</b>  | <b>↑1.8</b> |
| <b>Credit to private sector (Flows)</b> | <b>179.2</b><br>(1 <sup>st</sup> Jul to 14 <sup>th</sup> Feb) | <b>291.9</b><br>(1 <sup>st</sup> Jul to 12 <sup>th</sup> Feb) | <b>↑63</b>  |
| <b>Growth in M2 (%)</b>                 | <b>3.9</b><br>(1 <sup>st</sup> Jul to 14 <sup>th</sup> Feb)   | <b>3.5</b><br>(1 <sup>st</sup> Jul to 12 <sup>th</sup> Feb)   |             |
| <b>Policy Rate (%)</b>                  | <b>13.25</b><br>(w.e.f 28-Jan-20)                             | <b>7.00</b><br>(w.e.f 22-Jan-2021)                            |             |
| Source: SBP                             |   |   |             |

|  | 2019-20                                       | 2020-21  | % Change      |
|--|---|--|---------------|
| <b>Inflation</b>                           |   |  |               |
| <b>CPI (National) (%)</b>                  | <b>14.6</b><br>(Jan)                          | <b>5.7</b><br>(Jan)                            |               |
|  | <b>11.6</b><br>(Jul-Jan)                      | <b>8.2</b><br>(Jul-Jan)                        |               |
| <b>Real Sector</b>                         |   |  |               |
| <b>Large Scale Manufacturing (LSM) (%)</b> | <b>10.5</b><br>(Dec)                          | <b>11.4</b><br>(Dec)                           | <b>↑</b>      |
|  | <b>-2.7</b><br>(Jul-Dec)                      | <b>8.2</b><br>(Jul-Dec)                        | <b>↑</b>      |
| <b>Miscellaneous</b>                       |   |  |               |
| <b>PSX Index*</b>                          | <b>34889</b><br>(On 1 <sup>st</sup> Jul 2020) | <b>45890</b><br>(On 22 <sup>nd</sup> Feb 2021) | <b>↑31.53</b> |
| <b>Market Capitalization (Rs trillion)</b> | <b>6.61</b><br>(On 1 <sup>st</sup> Jul 2020)  | <b>8.26</b><br>(On 22 <sup>nd</sup> Feb 2021)  | <b>↑24.96</b> |
| <b>Market Capitalization (\$ billion)</b>  | <b>39.33</b><br>(On 1 <sup>st</sup> Jul 2020) | <b>51.95</b><br>(On 22 <sup>nd</sup> Feb 2021) | <b>↑32.09</b> |
| <b>Incorporation of Companies</b>          | <b>10802</b><br>(Jul-Jan)                     | <b>14406</b><br>(Jul-Jan)                      | <b>↑33.36</b> |
| *: Formerly Karachi Stock Exchange (KSE)   |   | Source: PBS, PSX & SECP                        |               |