Monthly Economic Update & Outlook

AUGUST 2020

Government of Pakistan
Finance Division
Economic Adviser's Wing

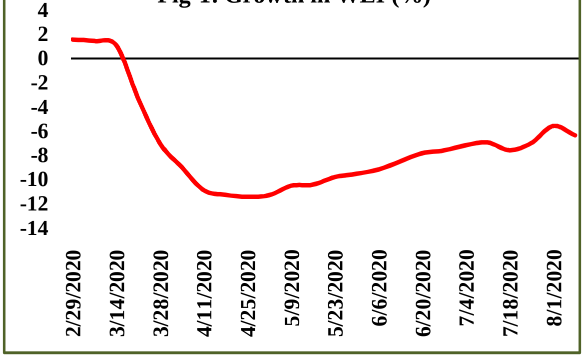
Contents

1. International Performance and Outlook

Global activity has strengthened over recent months, short-term international economic outlook is still very much dependent on COVID-19 pandemic, especially in Pakistan's main export areas. The U.S. economic recovery appears to be sustaining fragile momentum amid an improving jobs market and a pickup in retail spending. According to Bank of England, in UK GDP is expected to have been over 20 percent lower in 2020 Q2 than in 2019 Q4 but higher-frequency indicators reveal that spending has recovered significantly since the trough in activity in April. Likewise, housing market activity appeared to have returned to close to normal levels despite signs of a tightening in credit supply for some households.

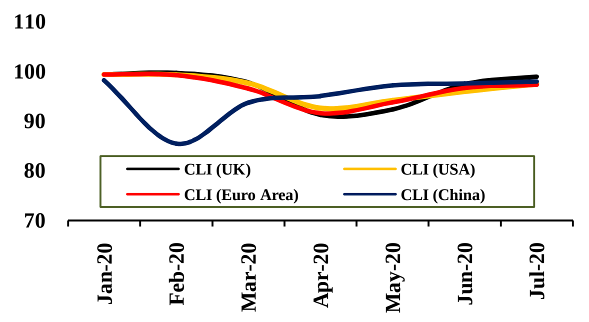
COVID-19 has continued to spread rapidly within a number of emerging market economies, and there has been a renewed rise in cases in many advanced economies. Nevertheless, lockdowns have been ended or greatly relaxed such that the economies were allowed to restart completely or partially under certain restrictions. Thus re-opening of many economies indicates restarting of economic activities. Hence economic indicators have further improved in August. The Weekly Economic Index (WEI) of the Federal Reserve Bank of New York is an index of 10 daily or weekly indicators of real economic activity, scaled to align with the fourth-quarter GDP growth rate in the US. This index is on a further improving trend in early August (Fig-1). Likewise, the Composite Leading Indicators (CLI), compiled by the OECD, Pakistan's main trading areas are further improving. Fig-2 shows that these indicators moved upwards and continue to do so up to July since the bottom of the crises first hit China in February 2020.

Fig-1: Growth in WEI (%)



Source: Federal reserve Bank of New York

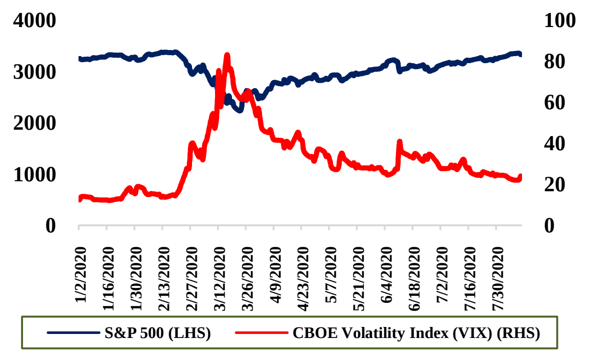
Fig-2: Composite leading indicators (CLI)



Source: OECD

The US stock market continues to perform strongly. The S&P 500 index achieved all times high levels (Fig-3). This implies that investors expect that the effect of the pandemic on future company profit growth will be relatively short lived. Also, stock markets in other parts of the world including Pakistan have been recovering. Furthermore, the Chicago Board Options Exchange (CBOE) Volatility Index, which measures the implicit volatility in option prices remains well below crises levels.

Fig-3: S&P 500 and the VIX index



Source: Yahoo Finance

Regarding International prices, energy prices rose 6.1 percent in July, following spikes of 24.7 percent in June and 32.2 percent in May. For the first time in 2020, the energy index is above its end-2019 level. Non-Energy prices also rose sharply by (2.7 percent) led by metals and minerals (7.9 percent).

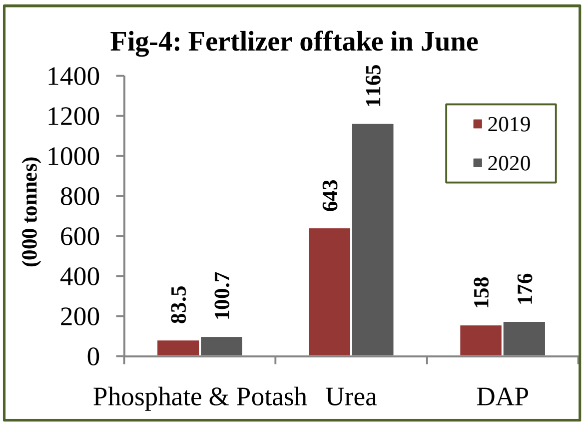
Regardless of all these positive economic developments, risk still prevails

2. Monthly Performance of Pakistan's Economy

2.1 Real Sector

2.1-a Agriculture

Out of Rs 1240 billion fiscal package of the Prime Minister on COVID-19, Rs 100 billion is allocated for the Agriculture and SME sector. An amount of Rs 15.7 billion was initially allocated for nitrogenous fertilizers that now has been diverted to phosphate and potash fertilizers. A subsidy of Rs 1.5 billion for tractors and markup of Rs 6.8 billion on all loans for land holdings up to 12.5 acres has been disbursed by ZTBL.



Source: National Fertilizer Development Centre

During July 2020, locust control operations treated 33,599 hectares, of which 400 hectares were treated through ariel spray. The current situation remains serious in Sindh along the India-Pakistan border where monsoon breeding is underway. Extensive control operations are in progress in the affected areas.

2.1-b Manufacturing

LSM has started to rebound after the damage inflicted by COVID-19 outbreak. The monthly snapshot of manufacturing activity indicated 16.8 percent growth in June FY 2020 (19.1 percent May FY 2020). YoY it decreased by -7.74 percent in June FY 2020 (2.2 percent June FY 2019).

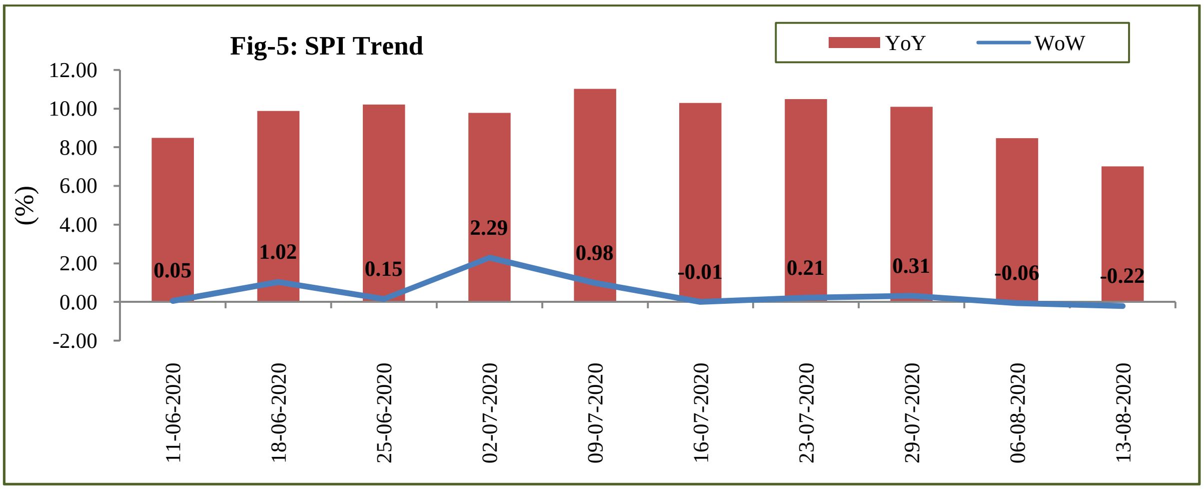
On MoM basis, 9 out of 15 subsectors of LSM have witnessed positive growth in June FY 2020. Textile, having the highest weight in LSM grew by 34 percent in June FY 2020. Other major sectors like Electronics (18.4 percent), Iron &Steel Products (15.9 percent), Automobile (229.5 percent), Non-metallic Mineral Products (58.3 percent) have also picked up the pace in June FY 2020. On a YoY basis, Food, Beverages and Tobacco have also improved by 18.5 percent in June FY 2020 after a five-month consecutive decline. The automobile sector has also started to recover and in July FY 2021, on MOM basis, total car production and sales increased by 64 percent and 38 percent, respectively. Trucks and Buses production increased by 4 percent. Production and sales of Tractors increased by 18 percent and 17 percent, respectively in July FY 2021 on YoY basis.

In July FY 2021 total cement dispatches increased by 37.8 percent to 4.838 Mt (3.512 Mt in July FY 2020). Local consumption increased by 32.7 percent to 3.953 Mt in July FY 2021(2.979 Mt July FY 2020). Exports increased by 66.14 percent in July FY 2021.

2.2 Inflation

CPI inflation in July recorded at 9.3 percent and on month-on-month basis, inflation registered 2.5 percent in July over June. The spike in the CPI during the month of July 2020 is on account of an increasing trend in the prices of perishable items.

SPI for the week ended on 13th, August 2020 decreased by 0.22 percent. Last week it was also decreased by 0.06 percent. If compare it with the corresponding week of last year, SPI tames down to single digit i.e. 7.0 percent; however, it was 10.0 percent two weeks before.



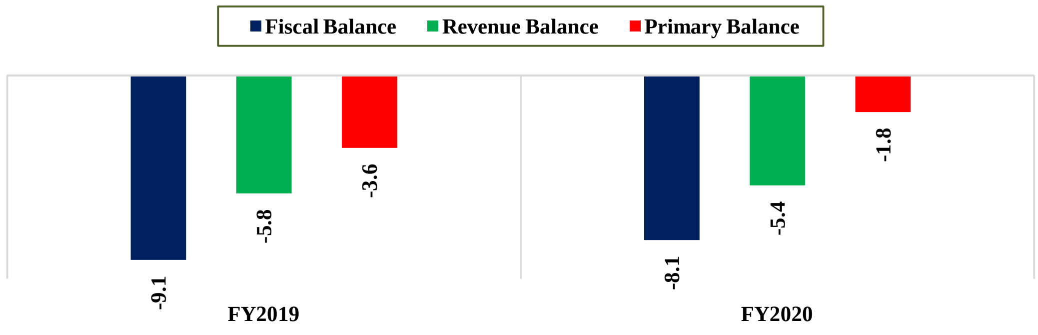
Source: Pakistan Bureau of Statistics

2.3 Fiscal

The overall fiscal deficit stood at 8.1 percent of GDP in FY 2020 against 9.1 percent of GDP recorded in the previous year. The fiscal deficit has been contained due to the significant rise in total revenues (28 percent) that outpaced the growth in total expenditures (16 percent). The quarter- wise breakup reveals that the fiscal deficit was 4.0 percent of GDP up to Q3, while last quarter of FY2020 alone registered the deficit at 4.1 percent of GDP. This shows that fiscal accounts came under significant pressure during the fourth quarter of FY2020 due to COVID-19 related expenditures.

The primary deficit was restricted to 1.8 percent of GDP against the deficit of 3.6 percent of GDP in FY2019.

Fig-6: Fiscal Indicators % of GDP (FY2020)



Source: Ministry of Finance

In FY 2020 under total revenues, non-tax revenues witnessed a remarkable growth of 257 percent and stood at Rs 1524.4 billion against Rs 427.3 billion in FY2019. The increase stemmed from a sharp rise in SBP profit (Rs. 935.5 billion), PTA profit (Rs 127 billion) and Rs 105.2 billion from mark up (PSEs & others).

On the expenditure side, total expenditures grew by 16 percent to Rs 9,648.5 billion in FY2020. Out of the total, the current expenditures increased by 20.1 percent, however, it remained below the growth of 21.3 percent recorded in FY2019. Within development expenditures, PSDP expenditures (Federal & Provincial) grew by 8.1 percent during FY2020 in contrast to a sharp decline observed in FY2019. In absolute term, total PSDP expenditures stood at Rs 1,089.7 billion in FY2020 against Rs 1,008.2 billion in FY2019.

FBR Tax Collection

FBR tax collection grew by 4.7 percent to reach Rs 290.5 billion in the month of July, FY2021 against Rs 277.3 billion in the comparable period of FY2020. A gradual pickup in economic activity and FBR's various administrative measures helped the cause. Encouragingly, tax collection has exceeded the target of Rs 243 billion set for the month of July, FY2021. Domestic tax collection increased by 5.5 percent to Rs 242.6 billion in July, FY2021 against Rs 230.0 billion in the same period of FY2020. Direct taxes grew by 1.8 percent, sales tax by 3.0 percent and FED grew by 66.0 percent while customs duty increased by 1.0 percent.

2.4 Monetary

During the period 01st July-07th August FY2021, money supply (M2) witnessed contraction of Rs 224.5 billion (negative growth of 1.1 percent) compared with contraction of Rs 172.8 billion (negative growth of 1.0 percent) last year. The contraction in money supply is largely attributed to decline in the Net Domestic Assets (NDA).

Net Foreign Assets (NFA) point contribution is positive and stood at 1.37 percent during the period under review compared with 1.35 percent in last year. NDA point contribution remained negative and decreased to 2.44 percent. NDA negative point contribution growth partially offset by NFA positive growth, thus overall money supply grew negatively by 1.1 percent during the period under review.

Within NDA, net government sector borrowing remained negative and retired Rs 244.3 billion against borrowing of Rs 15.2 billion last year. For budgetary support, government has retired Rs 236.7 billion to banking system against the borrowing of Rs 23.5 billion last year. The government has retired Rs 435.4 billion to SBP against the retirement of Rs 1,387.2 billion last year. On positive note, the government adhered to its commitment of avoiding any fresh issuance of MRTBs from the central bank, in compliance with the SBP Act as well as the agreement with the IMF. From scheduled banks, government has borrowed Rs 198.7 billion against the borrowing of Rs 1,410.7 billion last year.

2.5 External Sector

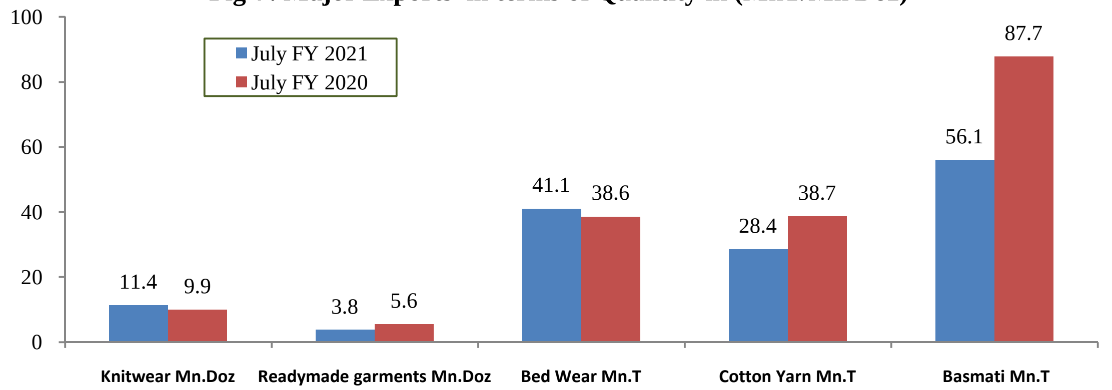
During July FY2021, current account posted a surplus of $ 424 million (1.9 percent of GDP) against a deficit of $ 613 million last year (2.8 percent of GDP).

Exports declined by 14.6 percent to $ 1.9 billion ($ 2.2 billion last year) during July FY2021. However, on month on month exports increased by 19.7 percent to $ 1.9 billion during July FY2021 ($1.6 billion in June 2020). The easing of lockdown in the North American and European countries- top export destinations for Pakistani textile goods will help revive the exports. In addition, SBP announced additional support of Rs 190 billion for exporters and investors in the export- oriented sectors to safeguard against reduction in global export opportunities due to the pandemic.

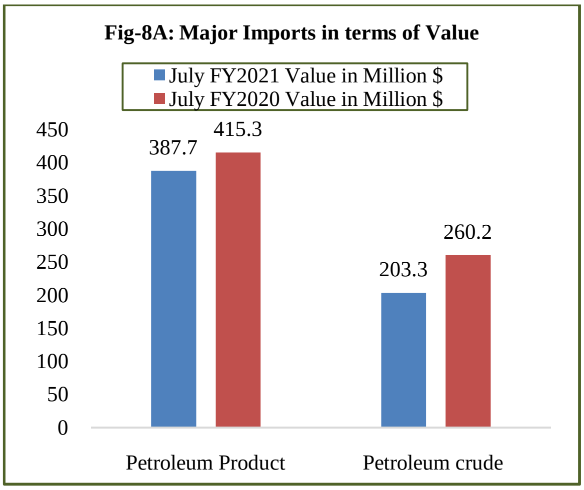
Imports declined by 13.3 percent to $ 3.6 billion ($ 4.2 billion last year). Consequently, trade deficit reduced by 11.8 percent to $ 1.7 billion ($ 2.0 billion last year). Export of services has declined by 5.2 percent to $ 436 million ($460 million last year). The import of Services declined by 9.3 percent and is $ 789 million ($ 880 million last year).

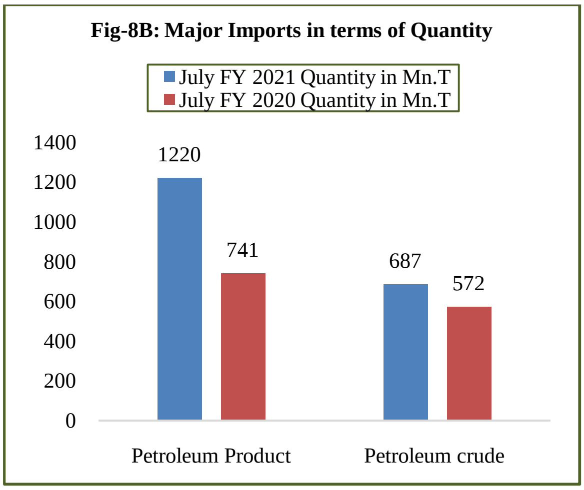
Textile sector exports (60 percent share in exports) increased by 14 percent in value over the last year. Value added exports (41.6 percent share in total exports) decreased by 21 percent (value). Basmati rice decline by 36 percent (quantity) and 30.6 percent (value). Other types of rice also decreased by 24.3 percent (quantity) and 18.9 percent (value). Petroleum group (share of 20.4 percent in total imports) decreased by 24.9 percent (value).

Fig-7: Major Exports in terms of Quantity in (MnT/Mn Doz)



Source: Pakistan Bureau of Statistics

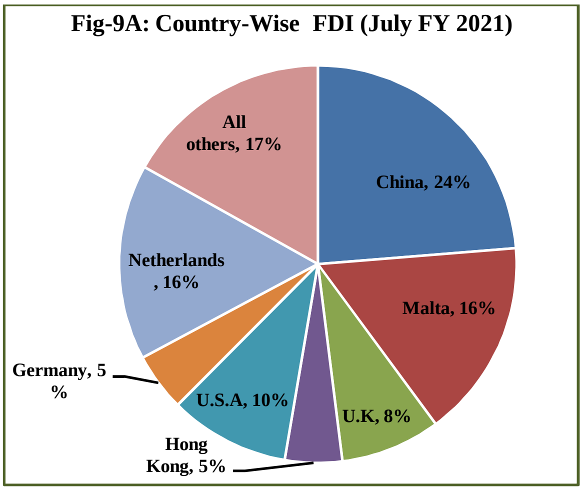


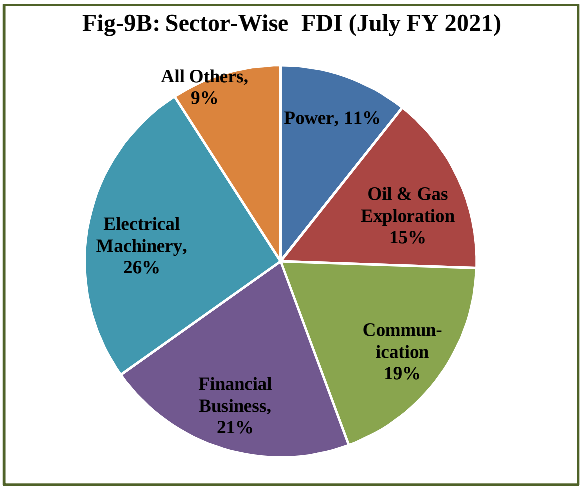


Source: Pakistan Bureau of Statistics

2.5-a Foreign Direct Investment

FDI increased by 61 percent and reached to $ 114.3 million during July FY 2021 as compared to $ 71.1 million last year. The inflows of FDI reached to $169.1 million during July FY 2021 compared to $165.1 million last year, with a growth of 2.4 percent. The outflows of FDI during July FY 2021 decreased by 41.7 percent and reached to $54.8 million compared to $94.0 million same period last year.





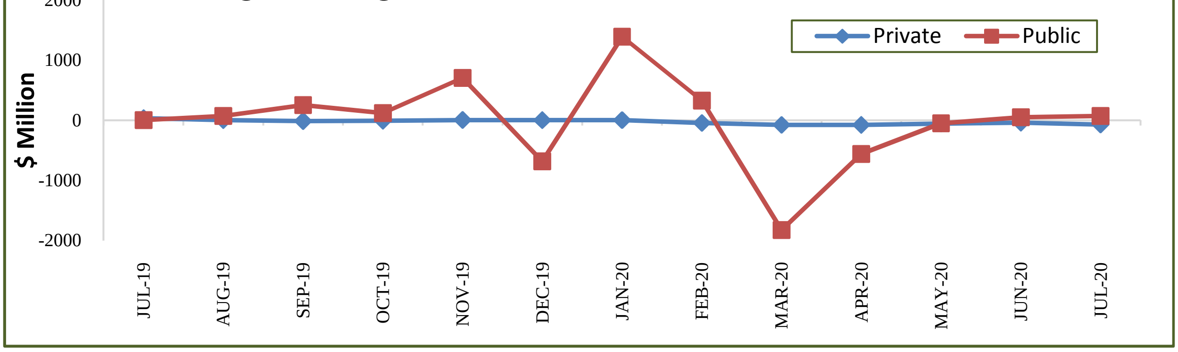
Source: State Bank of Pakistan

2.5-b Foreign Portfolio Investment

In July 2020, Foreign Private Portfolio Investment has registered a net outflow of $73.2 million. Countries with major inflows are United Arab Emirates ($22.0 Million) and Sweden ($2.0 Million). While outflows destinations were United States ($50.7 Million), United Kingdom ($31.1 Million) and Ireland ($ 10.2 Million).

Foreign Public Portfolio Investment recorded a net inflow of $66.1 million for the second consecutive month. The trend of FPI is depicted below:

Fig-10: Foreign Portfolio Investment



Source: State Bank of Pakistan

2.5-c Worker's Remittances

During July 2020, remittances rose to $ 2768.1 million against $ 2027.9 million last year, with a growth of 36.5 percent. This is the highest ever level of remittances in a single month in Pakistan. On MoM basis, remittances recorded as $2768.1 million ($ 2466.3 million in June 2020) showing an increase of 12.2 percent. Share of remittances from Saudi Arabia 29.7 percent ($ 821.6 million), U.A.E 19.4 percent ($ 538.2 million), USA 9.1 percent ($ 250.6 million), U.K 14.2 percent ($ 393.9 million), other GCC countries 10.7 percent ($ 297 million), Malaysia 0.8 percent ($ 22.3 million), EU 8.2 percent ($ 227.6 million) and other countries 7.8 percent.

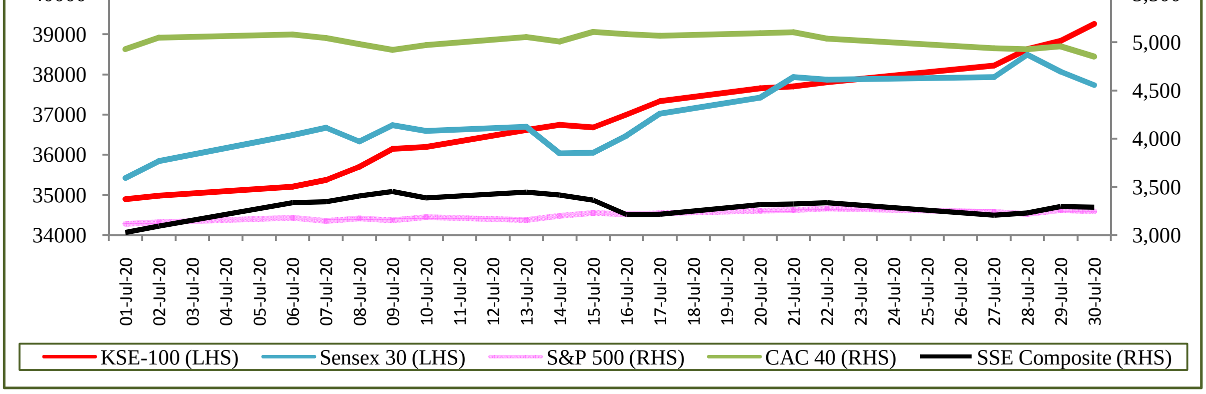
2.5-d Foreign Exchange Reserves

Pakistan's total liquid foreign exchange reserves increased to $ 19.6 billion by the end of July 2020, up by $ 4.5 billion over end-July 2019. The breakup of reserves accumulation in July 2020 shows that the SBP's reserves stood at $ 12.5 billion ($7.8 billion last year) and $7.0 billion ($7.3 billion last year) in commercial bank's reserves. The reserves provide the import cover of around 3 and half months.

2.6 Performance of KSE Index

The benchmark KSE-100 index, witnessed a massive growth of 14.85% in July, 2020. The index gained 4,360 points in the month and closed at 39,258 points on 30th July 2020. Market capitalization opened at Rs 6,529 billion and closed at Rs 7,294 billion, recording a huge gain of Rs 764 billion in July 2020. Among the selected world indices shown below, KSE-100 index depicts the highest growth.

Fig-11: Major World Indices



Source: Pakistan Stock Exchange & Investing.com

2.7 Social Sector

- Till 22-08-2020, Rs 175.5 billion has been disbursed to 14.5 million beneficiaries while new target is 16.9 million beneficiaries. (In FY 2021 allocation for Ehsaas program has been increased from Rs 187 billion to Rs 208 billion).
- Under Tahafuz pilot project an amount of Rs 35 million has been allocated for FY 2021 to provided financial assistance to poor families.
- Under the Ehsaas Scholarship Programme, Rs 44 million were distributed among 341 undergraduate students of various disciplines at Khyber Medical University.

National Poverty Graduation Programme

- It aims to assist the ultra-poor by transferring livelihood assets and providing trainings to 176,877 households in 23 districts of 4 provinces of Pakistan.
- During July 2020 under the programme, 1821 livelihood assets were provided, out of which over 90 percent assets were transferred to the woman.
- Under Kamyab Jawan Youth Enterprenureship Programme, Rs 263 million have been disbursed during July 2020 to the youth for various businesses.
- PPAF through its 24 Partner Organizations has disbursed 63,339 interest free loans amounting to Rs 2,239 million during the month of July 2020.

PPAF COVID-19 Economic Revival Programme

- Under this programme, PPAF has partnered with 19 organizations and covers 109 Union Councils in the poorest 20 districts across Khyber Pakhtunkhwa, Balochistan and Sindh.
- During July 2020, a total of 39,579 households have received economic revival assistance in the form of livestock fodder, food packages, agricultural inputs, emergency interest free loans, small enterprise and kitchen gardening.

Pakistan Bait-ul-Mal

- Rs 1.5 billion have been released out of the allocation of Rs 6.1 billion for implementation of schemes i.e. Dar-ul-Ehsaas (Orphanages), Women Empowerment Centres, Schools for Rehabilitation of Child Labour, Ehsaas Kada (for shelter less senior citizen), Child Support Programme, Individual Financial Assistance etc.

Health Services

- 140 laboratories in the major cities have been designated to support COVID-19 diagnostics and the current diagnostic capacity has reached 46,726 tests per day.
- 769 Public and Private Hospitals in all major cities with 29,700 beds and 3,061 ventilators are engaged for COVID treatment.
- An amount of Rs 2.3 billion out of allocation of Rs 14.5 billion, has been authorized for the execution of 52 development projects in FY 2021 to Ministry of National Health Services.

Education

- Rs 4.5 billion has been allocated for 28 development projects of Ministry of Federal Education and Professional Training. Out of which Rs 0.89 billion has been authorized till 7th August, 2020.
- An amount of Rs 29.5 billion for 113 on-going and 31 new development projects of HEC has been allocated and Rs 5.6 billion has been authorized to HEC.

- 'Single National Curriculum' for Improvement in education systems has been finalized to be implemented by March, 2021.
- Matric-Tech system is being introduced to integrate technical & vocational education.
- Reform packages have been developed for mainstreaming of Madrassah education.
- National Education Foundation is making efforts to enroll Out of School Children back to schools by introducing Voucher Scheme.

Rains/Flood Losses

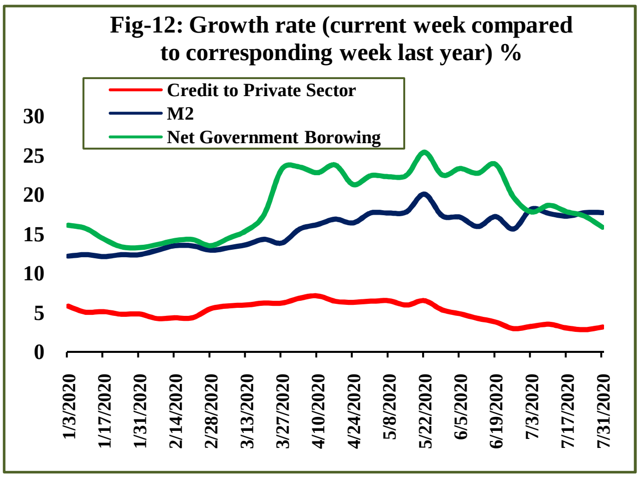
- According to NDMA, during August 2020, heavy monsoon rains triggered floods that destroyed 891 houses completely and 195 houses are partially damaged, while 90 people died in rain-related incidents and 40 people were injured across the country.

3. Economic Outlook

3.1 Inflation

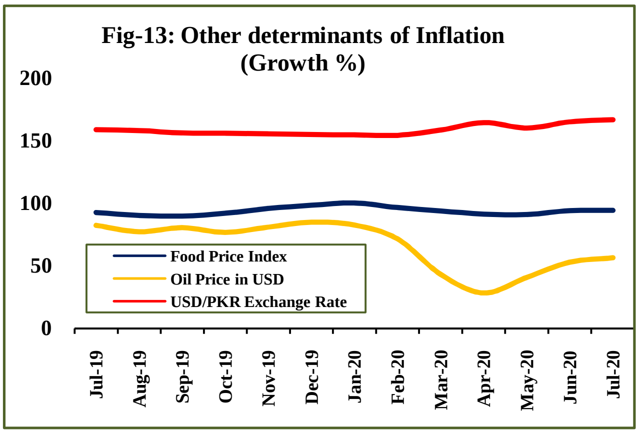
The main drivers of the consumer price index and hence of inflation in Pakistan are international and domestic commodity prices, especially for food and oil products, the value of the USD/PKR exchange rate and monetary and fiscal policies, as indicated by growth of broad money and the policy interest rate.

The average weekly YoY growth rate of M2 stabilized at around 17.7 percent (Fig-12). This reflects the growth of the counterparts of broad money, which results from the transactions of all economic agents in all sectors of the economy. After showing a declining trend during the peak of COVID-19 pandemic, the weekly YoY growth rate of Credit to the Private Sector seems to be bottoming out. Average growth rate in July was 3.2 percent. This indicates that economic activity is getting back on a growth trajectory.



Source: State Bank of Pakistan

International food prices continued to remain fairly stable (Fig-13). On the other hand, in recent months, international price of oil tends to recover from recent lows and the USD/PKR exchange rate has been rising gradually.



Source World Bank, State Bank of Pakistan

Among additional factors effecting inflation, the policy interest rate remained unchanged in July. Furthermore, some relief has been given to indirect taxes, not only to industry but also to consumption in the Federal Budget FY 2021. These factors may exert a tempering effect on inflation and inflation expectations.

The CPI level and inflation react to all aforementioned factors with a time-lag of at least one month, implying that they contain relevant information for short term inflation prediction. On the basis of this information headline inflation is expected to remain within a range of 8.4 to 9.7 percent in August 2020, where the higher and lower bounds of this range reflect probability margins surrounding model-based forecasts. Recent developments in SPI inflation tend to confirm this outlook.

3.2 Agriculture

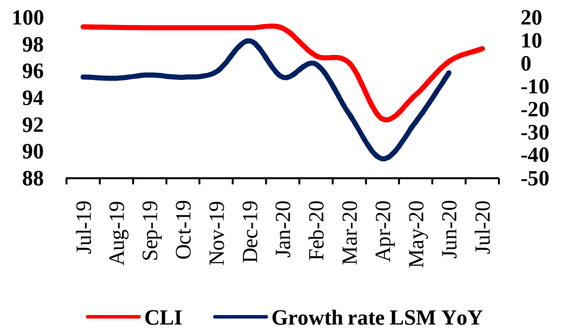
Agriculture performance is mainly dependent on weather conditions and inputs. Presently, Kharif crops are in the process of cultivation. However, on the basis of 81.3 percent Urea offtake and 11.5 percent of DAP offtake over same month last year, along with sufficient availability of water and satisfactory situation of seed will have positive impact on cultivation, yield and productivity of important crops as well as on other crops.

3.3 Industrial activity

Industrial activity, measured by the LSM index is the sector which is most exposed to external conditions.

LSM is also exposed to developments in international markets as illustrated in **Fig-14** which compares the year-on-year growth rate of LSM with the weighted average Composite Leading Indicators in Pakistan's main export markets (CLI). LSM index is published with a time lag of around two months, whereas CLI is published with a one-month lag. In June 2020, the LSM index increases by 16.8 percent compared to May 2020.

Fig-14: Relationship between CLI and LSMI Growth rates (%)



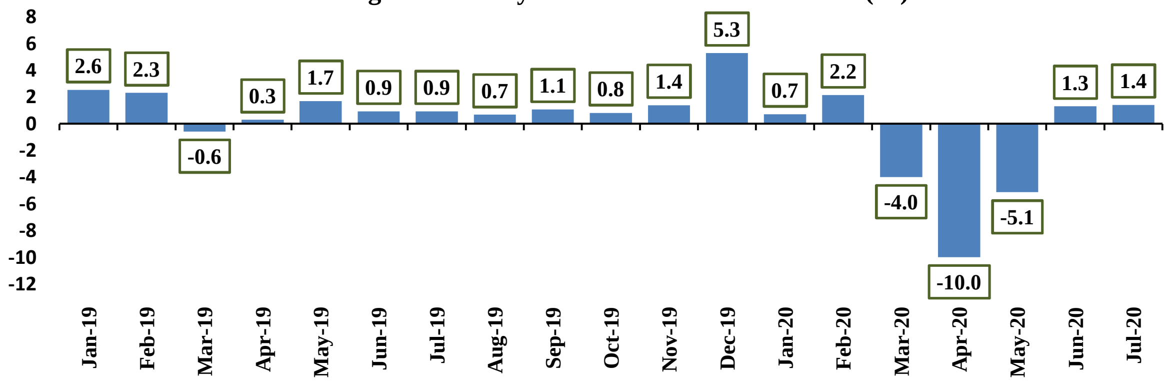
Source: OECD, Pakistan Bureau of Statistics

Given these recent improvements and taking into account the recent dynamics of LSM activity index itself as evident from MoM growth in LSMI (19 percent in May-20 & 17 percent in June-20), it is expected that the recession in industrial output will be tempered in recent months which is also an indication of economic recovery due to lockdown lift throughout the country. The trend will continue in July 2020 and further improvement is expected in coming months.

3.4 Overall economic activity

Obtaining a useful indicator of ongoing overall economic activity is extremely important for policy purposes. The Monthly Economic Indicator (MEI) is based on combining monthly data of three variables (LSM YoY growth, M2 YoY growth adjusted for inflation[1] and weighted average Composite Leading Indicator (CLI) in main trading areas). **Fig-15** shows performance of MEI since Jan 2019. The chart demonstrates the significant effect the pandemic had on economic activity during the months of March, April and May 2020. But the economy was back on positive track in June and continued so in July.

Fig-15: Monthly Economic Indicator Growth (%)



Source: EA Wing Calculation

3.5 External

***Exports of goods*:** In July, exports of goods and services posted an increase of 17.9 percent with respect to June, reflecting the opening of the economies in the main trading partners. It is expected that in August the receipts on exports of goods and services would fluctuate around current levels, implying that they would recover/surpass the level seen in August 2019.

***Imports of goods*:** Imports of goods and services increased by 6 percent compared to June, reflecting the restart of domestic economic activities. It is expected that in August, imports will fluctuate at current levels and converge in to the direction of the level observed in August 2019. Thus, the same holds for the trade balance.

Remittances: The government is making efforts addressing issues related to Pakistani workers working abroad. In July-20, workers' remittances remained $ 2.8 billion compared to $2.0 billion in July-19 and $2.5 billion in June-20. It is expected that workers' remittances will keep its pace and expected to remain within the range of $1.8 – 2.2 billion in Aug-20 as well.

During August 20, exchange rate remained stable while as of August 20, 2020 SBP Foreign Reserve remained $12.6 billion. Thus, it is expected that Current Account Deficit will be within last year level and with improvement in Foreign Direct Investment and other Financial inflows, it can be easily financed from Financial Account.

[1]M2 adjusted for inflation is defined as growth in M2 minus inflation rate

3.6. Fiscal

FBR tax collection grew by 4.7 percent to reach Rs 290.5 billion in the month of July, FY2021 against Rs 277.3 billion in the comparable period of FY2020. The government has announced opening of almost all economic activities, thus an upward trend in FBR tax collection is expected, still the risk prevails as economic activities will be in full swing with some time lag. On expenditure side, following budget strategy of FY2021, the government will continue to focus on keeping primary balance at the sustainable level. Thus, with continued expenditure management along with Corona related expenditure, fiscal deficit is expected to be kept being financed as budgeted.

4. Way Forward

Government has handled the pandemic with considerable dexterity which has been acknowledged worldwide. The country has invested in programs like BISP and Ehsaas Kafalat which are amongst South Asia's largest social safety net systems. In addition, the government took swift and timely actions on the economic front to provide support to the business and economy during the difficult times. Thus, with the start of the new fiscal year, signs of economic recovery have started to unfold as evident from data on macro- variables.

The economic recession, following the impact of the COVID-19 pandemic is coming to the end. Based on high frequency indicators, summarized in the MEI, economic growth has resumed in June and July 2020.

Looking forward, based on current economic, fiscal, monetary and exchange rate policies and on prospects for the international environment, economic activity is expected to rebound strongly within the first quarter of FY 2021. This implies that, given current information, economic activity in Q1 of FY2021 would recover at least around the level observed in Q1 of FY2020. Likewise, for the trade balance on goods and services, it is expected that it will converge to the level seen in the first three months of the previous fiscal year and would therefore be manageable in terms of its financing

Further, on YoY basis, inflation is expected to stabilize in the first quarter of the current fiscal year based on current information and in absence of unexpected shocks or policy measures, at around current levels.

Economic Indicators (24-08-2020)

	2019-20 (July)	2020-21 (July)	% Change
External Sector			
Remittances($ bn)	2.0	2.8	↑ 36.5
Exports ($ bn)	2.2	1.9	↓14.6
Imports ($ bn)	4.2	3.6	↓13.3
Trade Deficit ($ bn)	2.0	1.7	↓11.8
Current Account Balance($ bn)	-0.6	0.4	↑
Current Account Balance (% of GDP)	-2.8	1.9	↑
FDI ($ mn)	71.1	114.3	↑ 60.8
Portfolio Investment-Private ($ mn)	33.9	-73.2	↓
Portfolio Investment-Public ($ mn)	0.0	66.1	↑
Total Foreign Investment ($ mn) (FDI &Portfolio Investment)	105.0	107.2	↑ 2.2
Forex Reserves ($ bn)	**15.585** ***(SBP: 8.232)*** ***(Banks: 7.353)*** (On 20th Aug 2019)	**19.695** ***(SBP: 12.627)*** ***(Banks: 7.068)*** (On 20th Aug 2020)	
Exchange rate (PKR/US$)	**158.59** (On 20thAug 2019)	**168.38** (On 20thAug 2020)	

(Rs bn)

	2018-19 Jul-Jun	2019-20 Jul-Jun	% Change
Fiscal			
FBR Revenue **(July FY20 vs July FY21)**	277.3	290.5	↑ 4.7
Non Tax Revenue	427.3	1524.4	↑ 256.8
Expenditures	8345.6	9648.5	↑ 15.6
Federal PSDP (incl. development grant to provinces)	562	622	↑ 10.7
Fiscal Deficit	3445	3376	↓2.0
Fiscal Deficit (% of GDP)	9.1	8.1	↓

Contd…

(Rs bn)

	2018-19 Jul-Jun	2019-20 Jul-Jun	% Change
Monetary Sector			
Agriculture Credit (provisional)	**1173.9**	**1214.7**	↑ **3.5**
Government borrowing from SBP	**529.7** (1st Jul to 17th Aug 2019-20)	**-460.9** (1st Jul to 14th Aug 2020-21)	
Credit to private sector (Flows)	**-83.2** (1st Jul to 17th Aug 2019-20)	**-124.7** (1st Jul to 14th Aug 2020-21)	
Total Credit **(July FY20 vs July FY21)**	**-92.6**	**-102.7**	
Working Capital	-120.9	-94.9	
Fixed Investment	23.5	9.0	
Trade Financing	4.8	-16.8	
Policy Rate (%)	**13.25** (w.e.f 17-July-19)	**7.00** (w.e.f 25-June-2020)	

Source: SBP & FBR, Budget Wing

	2018-19	2019-20	% Change
Inflation			
CPI (National) (%)	**8.0** (June)	**8.6** (June)	
	8.4 (July FY2020)	**9.3** (July FY2021)	
Real Sector			
Large Scale Manufacturing (LSM) (%)	**-1.01** (May)	**-25.49** (May)	
	2.20 (June)	**-7.74** (June)	
	-2.32 (Jul-Jun)	**-10.17** (Jul-Jun)	
Miscellaneous			
PSX Index*	**34889** (On 1st Jul 2020)	**39869** (On 20th Aug 2020)	↑**14.27**
Market Capitalization (Rstrn)	**6.61** (On 1st Jul 2020)	**7.42** (On 20th Aug 2020)	↑**12.25**
Market Capitalization ($ bn)	**39.33** (On 1st Jul 2020)	**44.06** (On 20th Aug 2020)	↑ **12.03**
Incorporation of Companies	**1531** (July FY2020)	**1933** (July FY2021)	↑ **26.26**

*: Formerly Karachi Stock Exchange (KSE)
Source: PBS, PSX & SECP