

Macroeconomic Indicators — Weekly Report				%Change
Real Sector	Annual	FY 2023 ^P	FY 2022 ^R	
	GDP Growth (%)	0.29	6.10	
Inflation	Weekly	03.08.2023	26.07.2023	
	SPI (WoW)	271.56	268.08	1.30
		03.08.2023	04.08.2022	
	SPI (YoY)	271.56	209.17	29.83
	Monthly	July 2023	June 2023	
	CPI Index (MoM)	235.23	227.37	3.46
		July 2023	July 2022	
	CPI Index (YoY)	235.23	183.35	28.30
	Daily	08.08.2023	07.08.2023	
Brent Crude Oil Price (\$ Per Barrel)	86.17	85.34	0.97	
Daily	08.08.2023 (closing)	07.08.2023 (closing)		
KSE-100 Index	47,429.82	48,386.25	-1.98	
Monetary Sector	Daily	08.08.2023	07.08.2023	
	KIBOR Rate (% , 6 Month)	22.94	22.93	
	Daily	07.08.2023	04.08.2023	
	LIBOR Rate (% , 6 Month)	5.856	5.862	
	Daily	07.08.2023	04.08.2023	
	SOFR (Secured Overnight Financing Rate)	5.30	5.30	
	Weekly	21.07.2023	14.07.2023	
	Broad money (M2) stocks (Rs bn)	30,807.270	30,953.002	-0.47
External Sector	Annual	FY23	FY22	
	Export of goods and services (US\$ bn)	35.210	39.595	-11.07
	Import of goods and services (US\$ bn)	60.013	84.485	-28.97
	Trade Balance (US\$ bn)	-24.803	-44.890	44.75
	Current Account Balance (US\$ bn)	-2.557	-17.481	85.37
	FDI (US\$ bn)	1.456	1.936	-24.8
	Annual	FY23	FY22	
	Remittances (US\$ bn)	27.024	31.279	-13.6
	Daily	08.08.2023	07.08.2023	
	Exchange Rate (USD to PKR)	296.5	294.5	0.68
	Monthly	June 2023	May 2023	
	Real Effective Exchange Rate (Base 2010 =100)	87.75	87.33	0.48
Reserves	Weekly	27.07.2023	21.07.2023	
	Reserves with SBP (US\$ bn)	8.154	8.186	-0.39
	Reserves with other Banks (US\$ bn)	5.310	5.348	-0.71
	Total Reserves (US\$ bn)	13.464	13.534	-0.52
Debt	Annual	Jul-Mar FY23	Jul-Mar FY22	
	Domestic Debt (Rs. Trillion)	36.667	29.516	24.23
	External Debt (Rs. Trillion)	32.526	21.590	50.65
	Total Debt (Rs. Trillion)	69.193	51.106	35.39

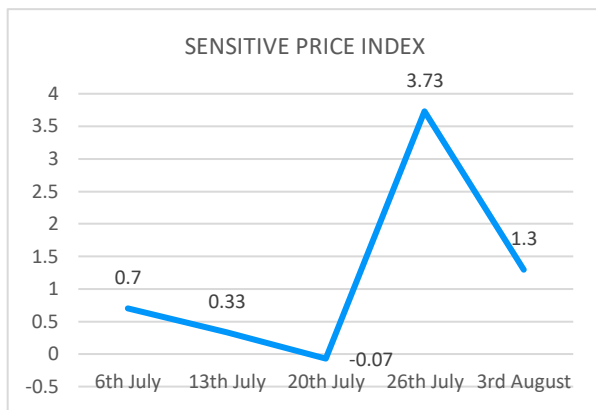
^P = Provisional ^R = Revised

Sources: <https://oilprice.com/>, <https://www.sbp.org.pk>, <https://www.global-rates.com/interest-rates/libor/libor.aspx>, www.pbs.gov.pk, www.psx.com.pk, <http://www.forex.com.pk>, <https://www.newyorkfed.org/markets/reference-rates/sofr>

ANALYSIS

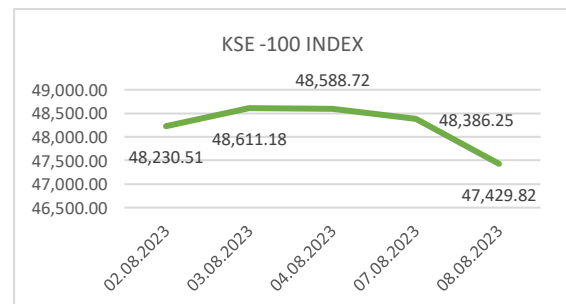
GDP Growth: During FY2023, Pakistan's economy was severely impacted by international supply shocks due to the global economic downturn caused by the Russia-Ukraine war as well as damages incurred on account of 2022 monsoon floods. Moreover, several factors such as policy tightening, import limitations, high borrowing costs, high energy costs and political uncertainty also constrained economic growth. The GDP growth rate for the outgoing fiscal year stands at 0.29%, marking a significant decline from the growth rate of 6.10% achieved in 2021-22. The growth of the agricultural, industrial and services sectors has been estimated at 1.55 percent, -2.94 percent and 0.86 percent respectively. The National Economic Council, which serves as the country's highest decision-making forum for economic matters, has approved a GDP growth target of 3.5% for the fiscal year 2023-24. IMF, in its World Economic Outlook Update, July 2023 has projected that global growth will fall from 3.5 percent in 2022 to 3.0 percent in both 2023 and 2024. World Bank in its Global Economic Prospects Report June 2023 has projected that global growth will decline to 2.1% in 2023 from a growth rate of 3.1% last year and recover slightly to 2.4% in 2024. World Bank has projected Pakistan's GDP growth for FY2024 at 2%.

Inflation: Weekly SPI inflation recorded at 1.30% for the week ended on 3rd August, 2023. YoY SPI inflation meanwhile recorded at 29.83%. MoM CPI inflation for July 2023 registered at 3.46% while YoY CPI inflation clocked in at 28.30%. SBP expects inflation rate in FY 2023-24 to be in the range of 20-22%, down from 29.2% in FY23. SBP decided to keep the policy rate unchanged at 22 percent after a meeting of the bank's Monetary



Policy Committee on 31.07.2023. A hike of almost Rs 20 per litre in petrol and diesel prices was announced on 1st August, 2023 which will increase inflation pressure. IMF expects global headline inflation to fall from 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024.

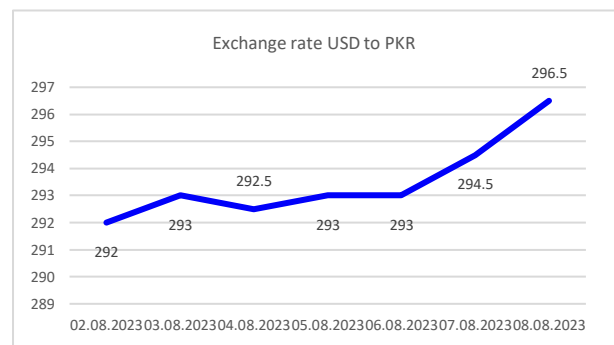
KSE 100 Index: The KSE-100 index declined steadily to a value of 47,429.82 on 8th August, 2023 from a value of 48,611.18 on 3rd August, 2023. The recent fall in the value of the KSE-100 index may be attributed to uncertainty on the political front.



External Sector: The current account deficit narrowed to \$2.56 billion during FY23 from a deficit of \$17.48 billion in FY22, shrinking by 85.4%. Exports of goods and services recorded at \$35.21 billion compared to \$39.60 billion in the previous year, reflecting a decline of 11.07%. Imports of goods and services recorded at \$60.01 billion compared to \$84.5 billion in the previous year, reflecting a decline of 29%. Overall trade balance improved by

44.75% in FY23 as compared to FY22. The improvement in current account deficit can be attributed mainly to decline in import bill on account of measures taken by the Government to limit imports. However, curtailment of imports can have a negative impact on growth as many industries rely on imported raw materials to continue operations. Foreign Direct Investment (FDI) for FY23 recorded at \$1.456 billion compared to \$1.936 billion a year earlier, reflecting a decline of 24.8%. This decline reflects the reluctance of foreign investors to invest in Pakistan due to persistent political instability and economic uncertainty. Remittances in FY23 recorded at \$27.02 billion compared to \$31.28 billion in the previous year, reflecting a decline of 13.6%. A significant decline in remittance inflows came from Gulf countries. This was because remittances were diverted to informal channels as a gap in rates between interbank and informal markets emerged due to a cap on the exchange rate. Remittance inflows are expected to improve in the current fiscal year as the gap between interbank and informal market rates has reduced and the exchange rate cap has been removed.

Exchange rate: The exchange rate depreciated steadily over the previous week and recorded at 296.5 rupees per dollar on 8th August, 2023 compared to 292 rupees per dollar on 2nd August, 2023. The recent decline in the value of the rupee may partly be attributed to uncertainty on the political front. The real effective exchange rate



(REER) for June, 2023 recorded at 87.75, a rise of 0.48% from May, 2023. The value for REER shows that Pakistan's currency is undervalued compared to its major trading partners.

Reserves with SBP: Foreign exchange reserves with SBP declined to USD 8.15 billion on 27th July, 2023 from USD 8.73 billion on 14th July, 2023. SBP has attributed the decline to debt repayments. Previously SBP reserves had increased to USD 8.73 billion on 14.07.2023 from USD 4.52 billion in 07.07.2023 due to receipt of \$1.2 billion from IMF, \$2 billion from the Kingdom of Saudi Arabia and \$1 billion from UAE following approval of a nine-month \$3 billion standby arrangement by IMF Executive Board.

