+44 20 8123 2220
info@marketpublishers.com

Pakistan Business Forecast Report Q4 2014

https://marketpublishers.com/r/P138BC03442EN.html
Date: July 2014
Pages: 44
Price: US$ 1,195.00 (Single User License)
ID: P138BC03442EN

Abstracts

Includes 3 FREE quarterly updates

Core Views

Pakistan's economy continues to show signs of promise amid the ongoing drawbacks of an energy crisis, systematic terrorist activity, and a high fiscal deficit, driven in part by the costs associated with the former. Investment spending, which has underperformed headline real GDP growth for several years, declining to around 15% of GDP at present, looks likely to accelerate over the coming years.

At present, Pakistan has the lowest investment rate in the whole of Asia, reflecting more than anything else the low national savings rate in the economy. Over the coming years, efforts undertaken by the government, with the assistance of the IMF, should help to boost the domestic savings rate, freeing up resources for investment. Pakistan's parliament has approved a relatively business friendly budget for fiscal year 2014/15 (July-June), which should see the fiscal deficit cut to 4.7% of GDP from an estimated 5.7% in FY2013/14. A reduction of subsidies should help to keep spending in check, while a removal of tax breaks and efforts to penalise those not declaring income support tax revenues as it looks to meet terms set by the IMF and reduce its fiscal deficit to 4.0% of GDP by 2017.

The State Bank of Pakistan (SBP) held its policy rate at 10.0% at its May monetary policy meeting, and we expect it to maintain this course of action for the foreseeable future. The trend remains for lower consumer price inflation (CPI), with money supply growth continuing to decline and international reserves picking up, reducing the scope for monetary tightening. At the same time, economic activity is picking up pace and the growth outlook is positive, preventing the need to lower rates. With the real (inflation adjusted) policy rate at 1.7%, we do not see any impetus for change any time soon. The

+44 20 8123 2220
info@marketpublishers.com

surprise strengthening of the Pakistani rupee beginning in December 2013 seems to have come to an end in April. We maintain our view that this was a one-off move, and the currency will resume its steady depreciation over the coming months and years. However, weakness will be much steadier than that seen over recent years, given the slower pace of inflation and the improvement seen in foreign reserves.

The Tehrik-e-Taliban Pakistan's (TTP) attacks on Karachi airport, in response to the Pakistan military's operations in North Waziristan in late May, indicate the increasing intensity of the country's battle with militants from the neighbouring tribal region. The latest attacks are likely to pave the way for an intensification of military strikes on the tribal border region.

Major Forecast Changes

The only significant forecast change we have made since our Q314 Business forecast Report is to upgrade fiscal year 2013/14 real GDP growth following the government's most recent estimate. Growth came in at an estimated 4.1%, above the 3.4% originally expected.

+44 20 8123 2220
info@marketpublishers.com

Contents

+44 20 8123 2220
info@marketpublishers.com

4.1% growth rate seen, but solidly above the fiveyear
compound annual rate.
Table: Economic Activity
Fiscal Policy
Pro-Business Budget A Welcome Development
Pakistan has approved a relatively austere budget for fiscal year 2014/15 (July-June), which should see the fiscal deficit cut to 4.9% of
GDP from an estimated 5.8% in FY2013/14.
Table: Fiscal Policy
Monetary Policy
SBP To Stand Pat Amid Positive Growth-Inflation Balance
A benign balance of moderating inflation and solid economic activity are likely to keep the State Bank of Pakistan on hold over the
coming quarters. We expect CPI to have ended fiscal year 2013/14 (July-June) at 8.0% y-o-y, and forecast a continued moderation over
the coming months in spite of further reductions in energy subsidies.
Table: Monetary Policy
Exchange Rate Policy
PKR: Normal Policy Resumes
The surprise strengthening of the Pakistani rupee beginning in December 2013 seems to have come to an end in April. We maintain our
view that this was a one-off move, and the currency will resume its steady depreciation over the coming months and years. However,
weakness will be much steadier than that seen over recent years, given the slower pace of inflation and the improvement seen in foreign
reserves.
Table: CURRENCY FORECAST
Table: Exch ang e Rate

CHAPTER 3: 10-YEAR FORECAST

The Pakistani Economy To 2023
South Asia's Serial Underperformer
Despite holding some of hallmarks of an attractive emerging market growth story, Pakistan's economy has been stuck in a secular
growth downtrend for decades. This failure can largely been be put down to myopic government policies, a hostile business environment
and acute security risks - three factors that are unlikely to change materially over the coming decade. For this reason, we are

forecasting a rather lacklustre 4.0 % average annual expansion through to 2023, meaning that Pakistan will remain very much a regional underperformer.

Table: Long-Term Macroeconomic Forecasts

CHAPTER 4: BUSINESS ENVIRONMENT

SWOT Analysis
BMI Business Environment Risk Ratings
Business Environment Outlook
Institutions
  Table: BMI Business & Operation Risk Ratings
  Table: BMI Legal Framework Rating
  Table: Labour Force Quality
Infrastructure
  Table: ASIA - ANNUAL FDI INFLO WS
  Table: Trade & Investment Ratings
Market Orientation
  Table: Top Export Destinations
Operational Risk

CHAPTER 5: KEY SECTORS

Pharmaceuticals & Healthcare
  Table: Pharmaceutic al Sales, Hist oric al Data & Forecasts
  Table: Private Healthc are Expenditu re Trends , Hist oric al Data & Forecasts
  Table: Governm ent Healthc are Expenditu re Trends , Hist oric al Data & Forecasts
  Table: Healthc are Expenditu re Trends , Hist oric al Data & Forecasts
Telecommunications
  Table: Telecoms Sect or - Wirelin e - Hist oric al Data & Forecasts
  Table: Telecoms Sect or - Mobi le - Hist oric al Data & Forecasts
Other Key Sectors
  Table: Oil & Gas Sector Key Indicators
  Table: Defence & Security Sector Key Indicators
  Table: Infrastructure Sector Key Indicators
  Table: Food & Drink Sector Key Indicators
  Table: Autos Sector Key Indicators
  Table: Freight Key Indic ators

+44 20 8123 2220
info@marketpublishers.com

CHAPTER 6: BMI GLOBAL ASSUMPTIONS

+44 20 8123 2220
info@marketpublishers.com

I would like to order

Product name: Pakistan Business Forecast Report Q4 2014

Product link: https://marketpublishers.com/r/P138BC03442EN.html

Price: US$ 1,195.00 (Single User License / Electronic Delivery)

If you want to order Corporate License or Hard Copy, please, contact our Customer Service:

info@marketpublishers.com

Payment

To pay by Credit Card (Visa, MasterCard, American Express, PayPal), please, click button on product page https://marketpublishers.com/r/P138BC03442EN.html