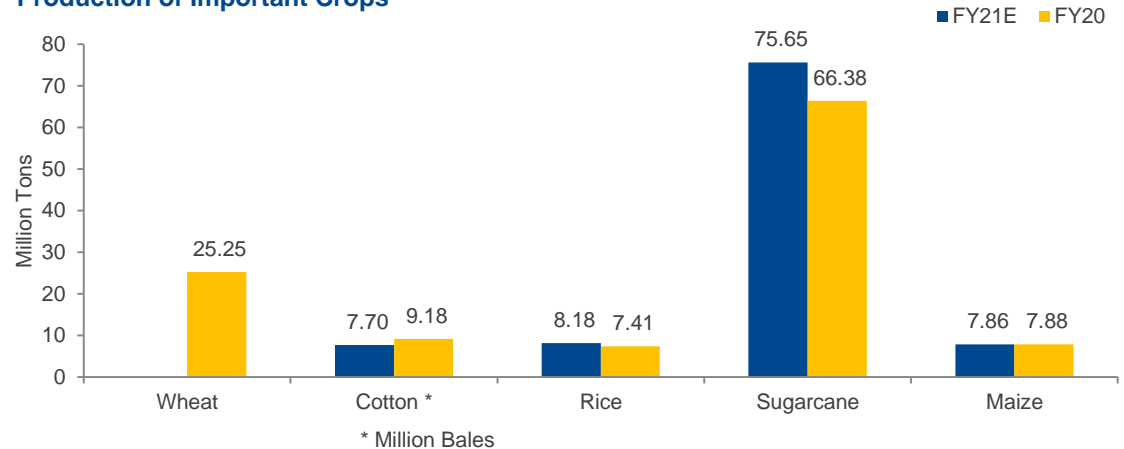


Ministry of Finance: Economic Outlook Jan-2021

Agricultural forecasts for FY21, inflation expectations for January discussed

- The Finance Ministry (Economic Adviser's Wing), has shared the latest edition of Monthly Economic Update and Outlook for January 2021. We highlight some key points below which are not regularly covered in periodic releases.
- Due to heavy rains, locust attacks and lower area under cultivation, cotton production is expected at 7.7mn bales (9.2mn last year) for 2020-2021. On the other hand, the shortfall in cotton is expected to be compensated by higher production of Kharif (summer) crops, i.e. rice, sugarcane and maize. Whereas for Rabi (winter), wheat is expected to meet the targeted 27mn tons on the back of higher support prices.
- Fiscal deficit for 5MFY21 stands at 1.8% of GDP (1.6% in SPLY), whereas the primary surplus improved to 0.5% (0.3% in SPLY). Net federal revenues grew by 22.2% YoY (Rs253bn YoY) in 5MFY21, whereas non-tax revenues also surged by 17.7% YoY. On the other hand, federal expenditures jumped by 14.5% YoY (Rs302bn YoY), which was mainly on account of higher debt servicing requirements and COVID-related expenditures. Moreover, FBR has almost achieved its half-yearly tax collection target (up 5% YoY to Rs2,206bn).
- Finally, the document highlights a declining inflation (8 out of 11 latest weeks showed decline in SPI). For January, headline inflation is expected between 7.2%-8.2% YoY, against relatively lower market expectations hovering around 6% YoY.

Production of Important Crops



Economic Indicators - Fiscal

(Rs bn)	FY20 (July-Nov)	FY21 (July-Nov)	YoYΔ
FBR Revenue	2,101 (Jul-Dec)	2,206 (Jul-Dec)	↑5%
Non-Tax Revenue (Federal)	566	666	↑17.7%
PSDP (Authorization)	384.3 (1st Jul- 17th Jan)	319.6 (1st Jul- 15th Jan)	↓16.8%
Fiscal Deficit	676	822	↑21.6%
Primary Balance	117	216	↑84.6%

Source: MoF

Ahmed Lakhani ahmed.lakhani@js.com +92-21-111-574-111 Ext: 3035

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