

# Pakistan Monthly

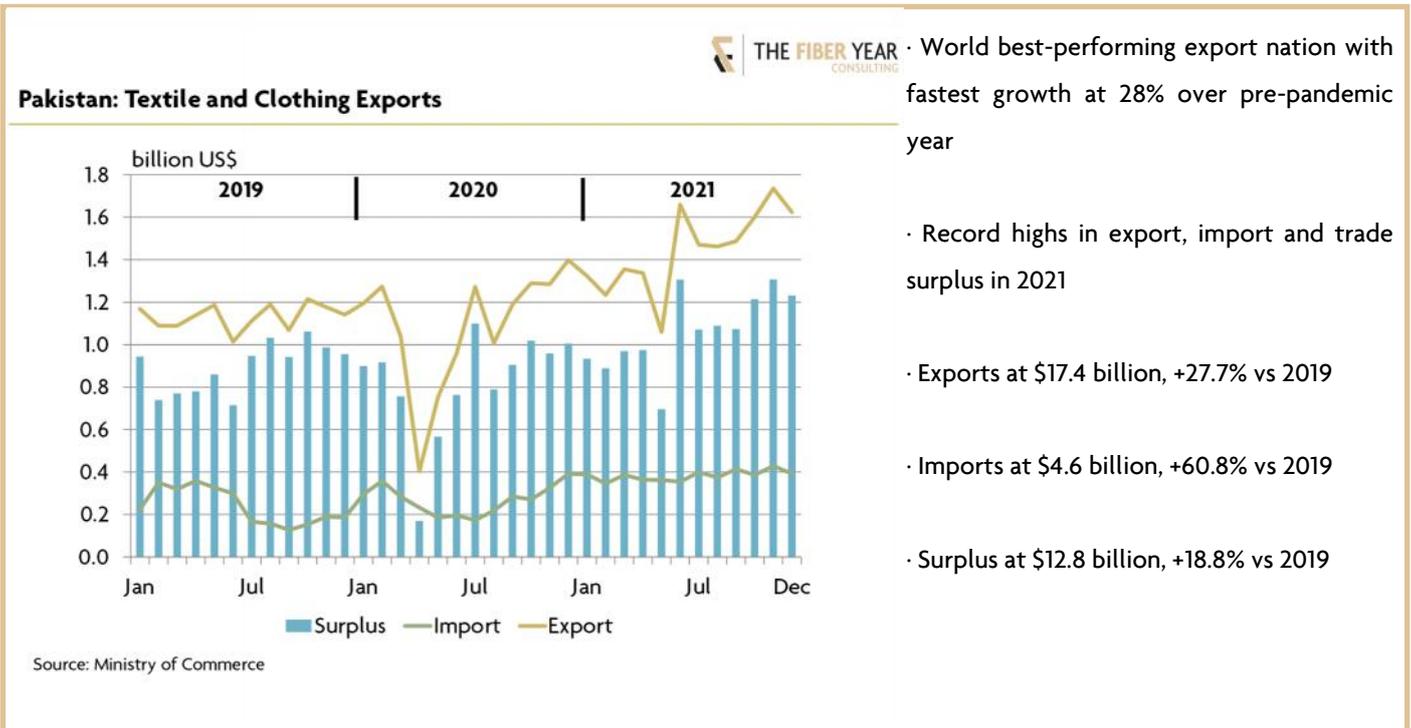


*January 2022*

## Economy & Politics

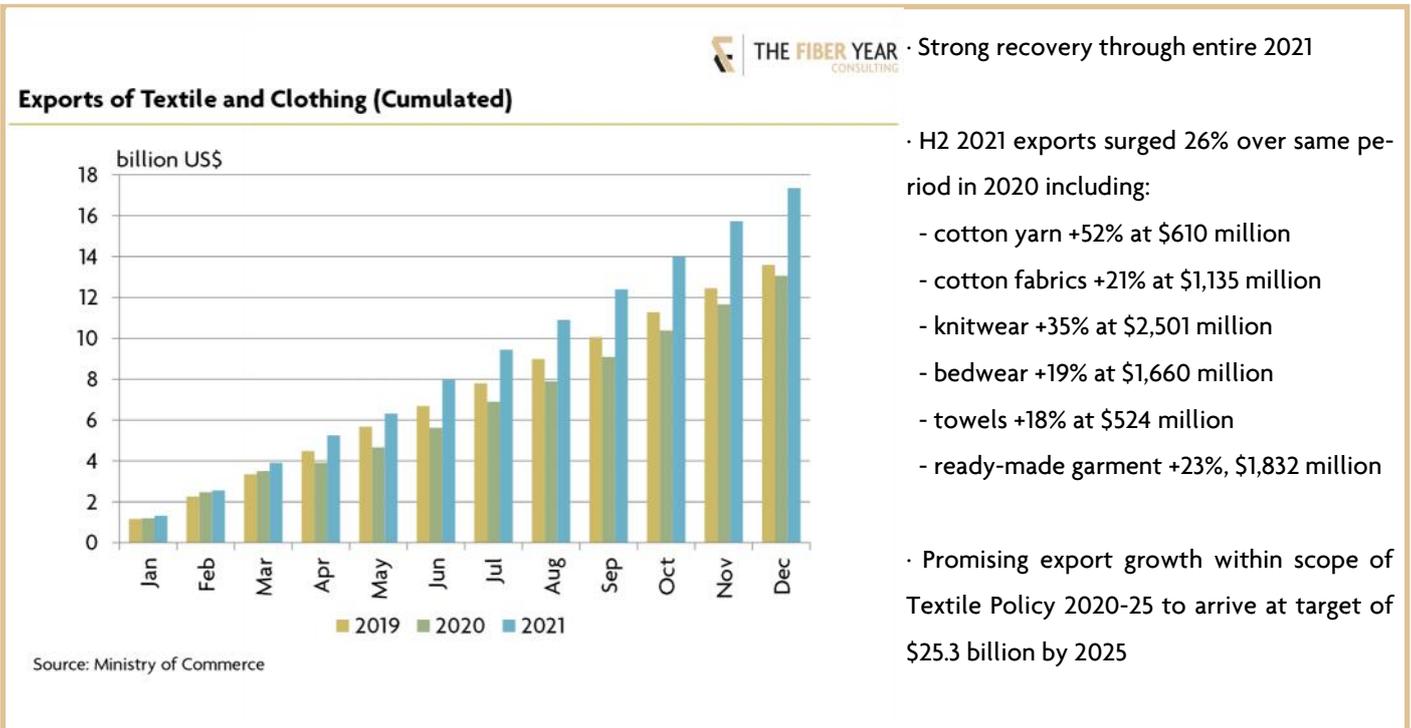
- ➔ Investment and expansion plan for textile sector in FY22 worth \$3.5 billion, of which \$1.5 billion already made and \$2 billion scheduled to be placed by June 2022
- ➔ According to a report released by the United Nations on the global economic situation, Pakistan's economy improved at a rate of 4.5% in 2021 while GDP growth is expected to be 3.9% in 2022. The report also states that Pakistan's economy is relatively improving, mainly due to demand in the private sector, record remittances from abroad and financial support.
- ➔ According to the Economist's global normalcy index, Pakistan ranks as one of the forerunners toward post-COVID recovery and return to normalcy. The indicator tracks activity since March 2020 and none of developed economies make it to the top 10 list as of 18 January 2022.
- ➔ Remittances from Pakistani citizens working abroad maintained an upward momentum and hit the highest level for the six months in July-December FY2022. According to the report, published by the State Bank of Pakistan (SBP) the country's remittances rose 11.3 percent to \$15.8 billion in the first half of this fiscal year.
- ➔ In January 2022, PM Imran Khan launched Pak-China Business Investment Forum, which is formed in collaboration with the Pakistan Board of Investment (BOI) and All Pakistan Chinese Enterprises Association with the objectives to promote investment by the Chinese companies in Pakistan and enhance business to business industrial cooperation.
- ➔ The Khyber Pakhtunkhwa government has signed memorandums of understanding (MoUs) with 44 foreign investment companies at Dubai International Expo-2020 that would bring more than \$8 billion investment in different sectors. Foreign investors showed great interest to invest in integrated tourism zones, water sports in Hund area of Swabi district, energy and power, food processing, livestock and infrastructure.
- ➔ Pakistan has assumed chairmanship of the Group of 77, the largest group of developing countries at the United Nations. Pakistan is among the founding members of the group and has served as its chair thrice. It was elected chair of G77 again in December 2021.
- ➔ According to data by research company World Data Lab, published by Brookings Institution, Pakistan will add almost 60 million people to the consumer class by 2030, which will allow the country to rise seven spots in the ranking of the world's biggest consumer markets.

## Trade Data

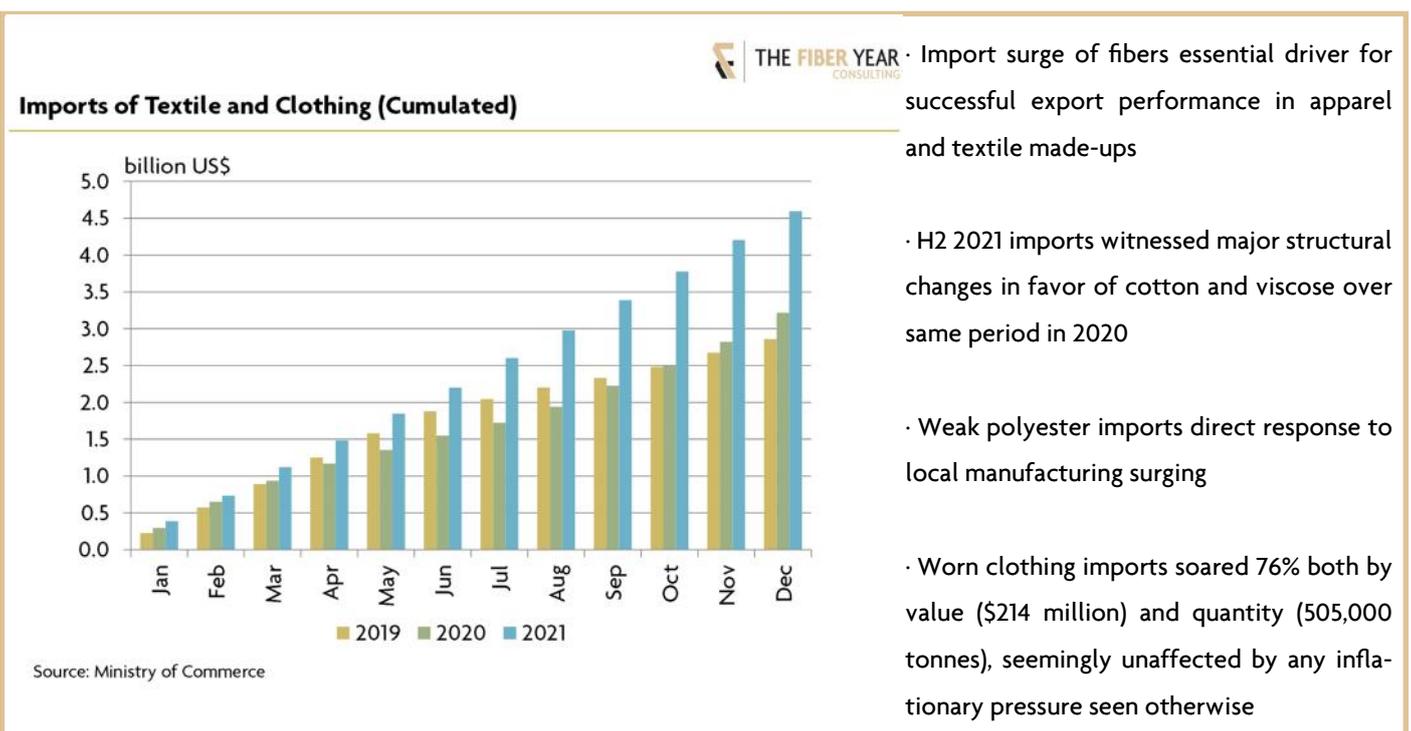


- ➔ In terms of value, the growth in textile exports in December 2021 witnessed an increase of 15.9% as compared to SPLY. The total textile exports in December 2021 were \$1,624 million in value (compared to \$1,401 Million in SPLY).
- ➔ Export Category Wise Share for December 2021:
  - Knitwear (27%),
  - Readymade Garments (21%),
  - Bed-wear (16%),
  - Cotton cloth (12%),
  - Cotton Yarn (7%),
  - Towels (6%),
  - Made-up Articles (4%) and
  - Other Textile Materials (4%).
- ➔ In terms of percentage increase in value from SPLY (December 2021); Yarn Other Than Cotton Yarn, Knitwear, Readymade Garments, Art Silk & Synthetic, Cotton cloth, Towels and Cotton Yarn and increased by 78%, 29%, 22%, 21%, 17%, 15% and 11% respectively.
- ➔ On an overall basis, the net trade reached \$1,232 million in December 2021, showing an increase of 23% as compared to SPLY.
- ➔ Textile and apparel exports are expected to exceed \$20 billion target projected for the fiscal year 2021-22 with \$9.4 billion shipments during first six months already

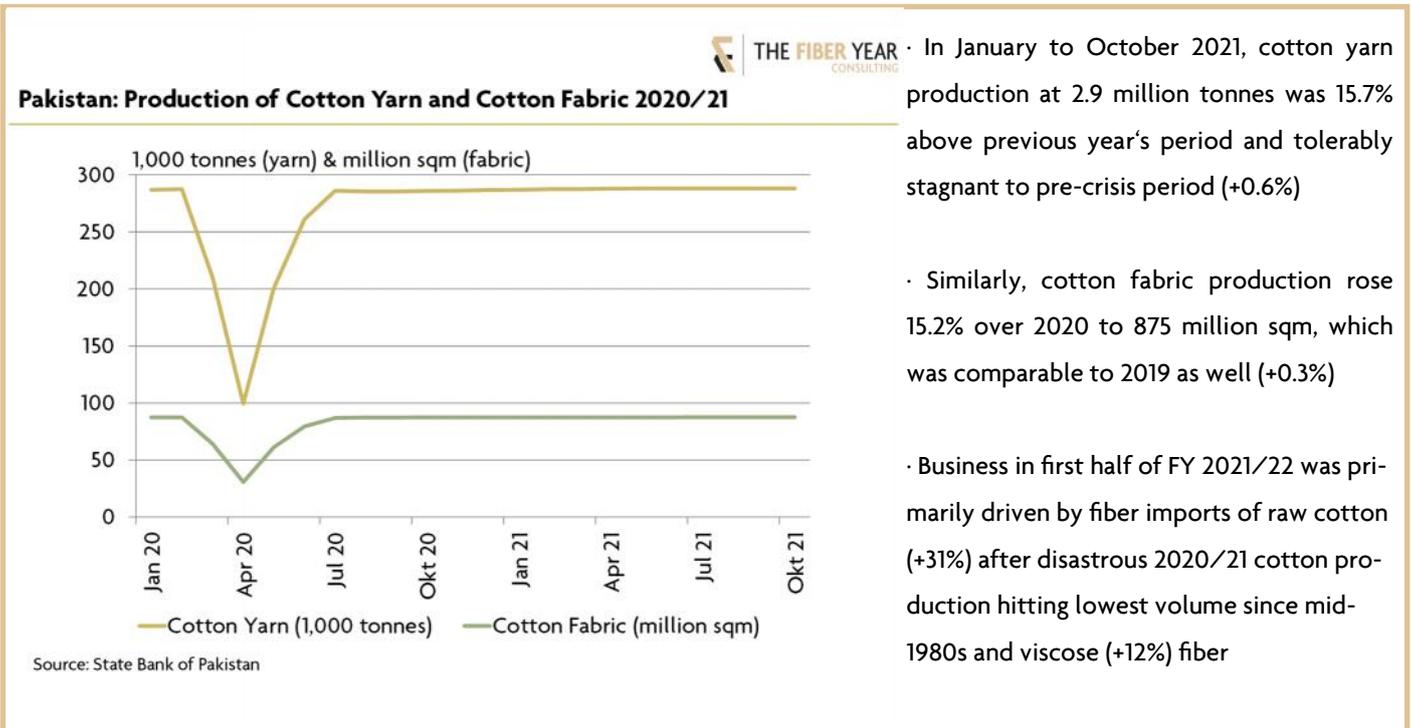
## Trade Data



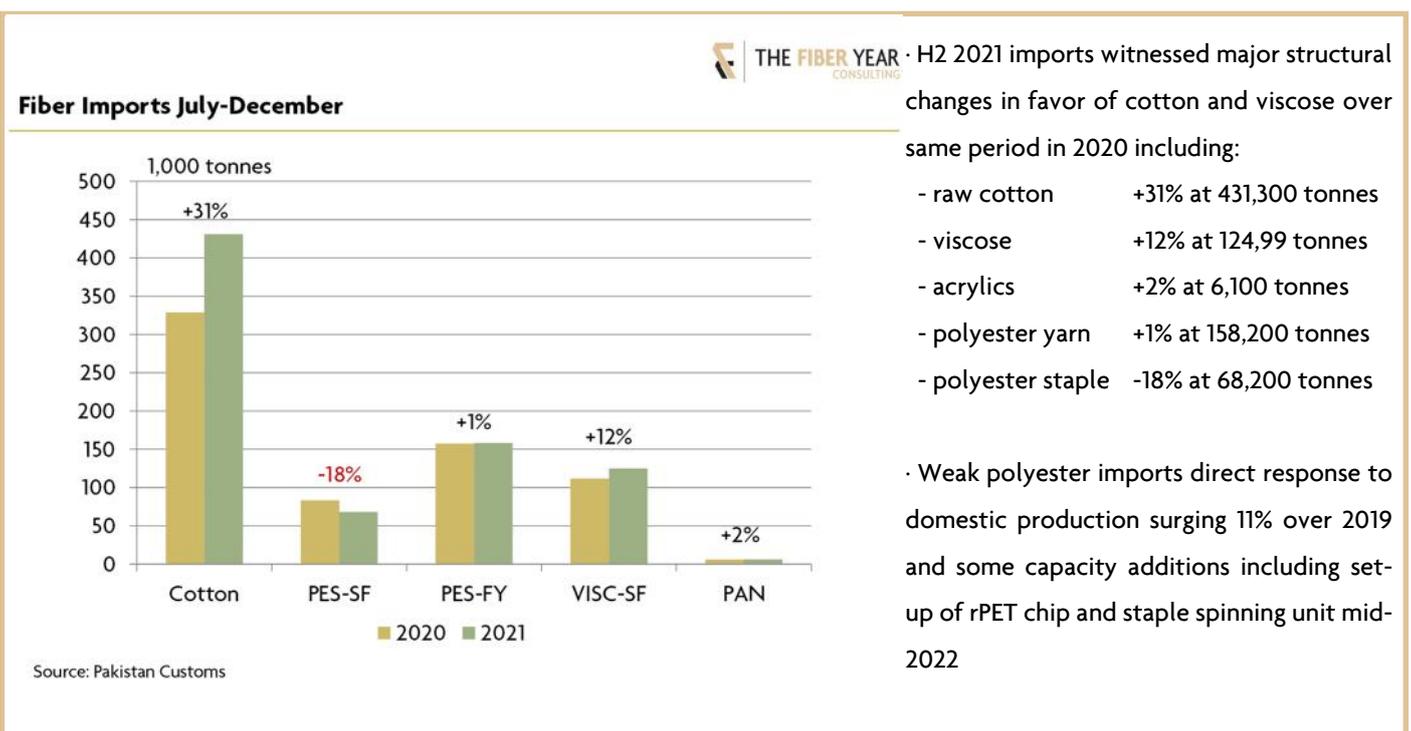
- ➔ National trade deficit significantly worsened from \$24 billion in 2020 to record \$44 billion last year after imports surged 58% to \$73 billion
- ➔ Textile chain with increasing importance to national economy as export share rose from 59% in 2020 to 61% in 2021 and sector's trade surplus of \$13 billion



## Textile Chain Activity & Investments

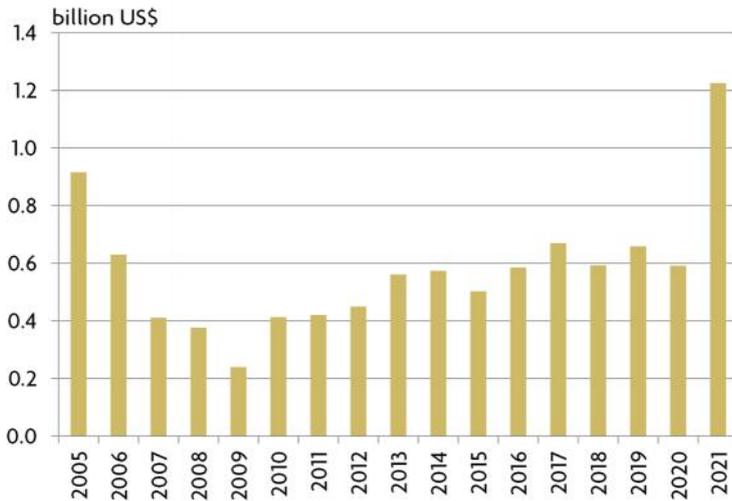


- ➔ Cotton is an essential crop despite multi-year decreases from 2.3 million tonnes in 2014/15 season to 0.9 million tonnes in 2020/21
- ➔ Favorable conditions in 2021/22 season and higher yields are expected to outpace deliveries to ginners, which will lower necessity of foreign sourcing and help to raise margins given that Cotlook A-index end January at 10-year high



## Imports of Textile Machinery

**Pakistan: Imports of Textile Machinery**



Source: State Bank of Pakistan

· All Pakistan Textile Mills Association published that total investments for textile sector for FY22 were planned at \$3.5 billion

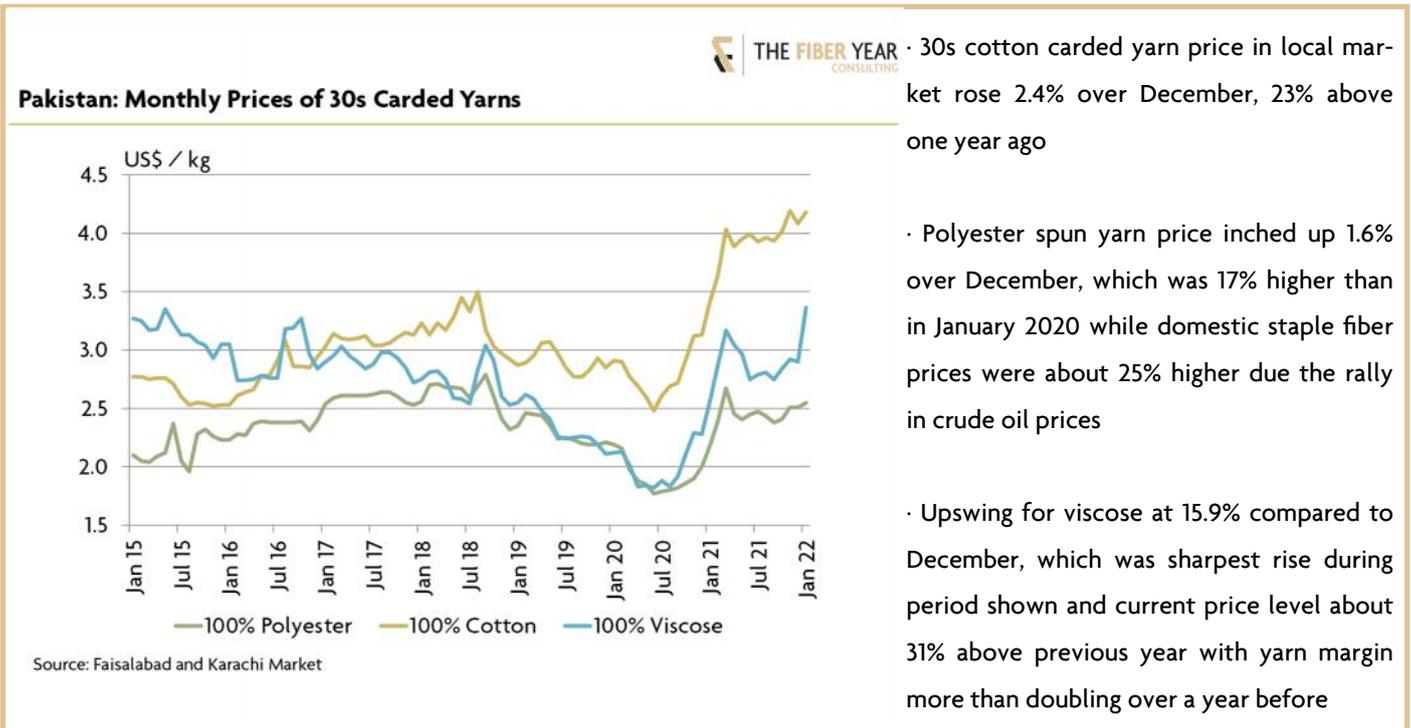
· Reportedly, investments of \$1.5 billion have been made in July to December period and the remaining \$2 billion are scheduled until June 2022

· Unprecedented value of textile machinery imports worth \$1.2 billion, up 107%, was realized in 2021 that will help to cross the \$20 billion export target for fiscal year 2021-22

## Company News

- ➔ Oladoc, a doctor booking and teleconsultation platform, has raised USD 1.8 Million as part of its Pre-Series A round. Oladoc is Pakistan's leading doctor booking platform with a network of 8,000 doctors spread across 10 cities with more than 15 million users in the last 3 years and currently has more than 300,000 verified patient reviews online.
- ➔ Elon Musk's Starlink, a US-based broadband service provider, had visited the Pakistan Telecom Authority (PTA) headquarters in Islamabad to discuss the launch of satellite broadband access in Pakistan.
- ➔ Sapphire Finishing Mills Limited is set open its new sales office in Germany in order to cater to its expanding customer base in Europe.
- ➔ Sapphire Textile Mills, a vertically integrated textile mill, has partnered with Good Earth Cotton, the world's first carbon positive and traceable cotton, for a new range of yarns and home interior fabrics to be launched in Q1 2022.
- ➔ The Turkish Aerospace (TUSAS) has signed a deal with Pakistan's National Engineering and Science Commission (NESCOM) for the transfer of drone technology as a part of the agreement signed in the Defense Industry Fair Istanbul, to extend the markets for Turkish aerospace industry in Pakistan.
- ➔ Taro Technologies, a Lahore-based fintech startup, recently received \$3.5 million in pre-seed funding from a number of partnerships and angel investors. The startup is hyper-focused on quick point-of-sale financing for e-commerce and in-store transactions called Cashew Payments, which focuses on a Buy-Now, Pay Later business model.

## Prices for 30s Carded Yarns in Pakistan



➔ On local cotton front, in addition to increasing input cost, the Finance Supplementary Bill announced 17% sales tax on agriculture implements, cottonseed cake, cottonseed oil, due to which cotton prices soared to record high levels. Local cotton price for the month (as of 24th January) averaged 18,693 Rs/Maund up from 17,091 Rs/Maund, in December. Latest increase in cotton international prices triggered by January data from US Department of Agriculture, which lowered US cotton production, reducing global ending stocks consecutively. Therefore, average cotton international price for the month (as of 24th January) increased to 117.97 c/bl up from 109.25 c/bl, in previous month. *\*prices in below chart are in PKR/lb*

