

IMF trims Pak growth forecast to 2.9pc

KARACHI/WASHINGTON: The International Monetary Fund (IMF) on Tuesday trimmed Pakistan's growth forecast to 2.9 percent in 2019 and 2.8 percent in 2020 amid ongoing macroeconomic adjustment challenges, saying twin deficits warrant further structural reforms.

The country's growth stalled in the current fiscal year as external account sector weakened, while revenue-expenditure gap continues to widen. The current account and fiscal deficits are expected to bring the growth down from a decade-high of 5.2 percent in the last fiscal year of 2017/18.

"In Pakistan, in the absence of further adjustment policies, growth is projected to remain subdued at about 2.5 percent, with continued external and fiscal imbalances weighing on confidence," the IMF said in its World Economic Outlook before its spring meetings in Washington this month.

The IMF projected consumer inflation at 7.6 percent in 2019 and 7 percent in 2020 compared with 3.9 percent in 2018. The IMF, however, expected current account deficit to narrow at 5.2 percent in 2019 and 4.3 percent in 2020 as opposed to 6.1 percent in 2018.

The IMF further kept projection for unemployment rate unchanged at 6.1 percent in 2019 compared with the previous year and ratcheted it up to 6.2 percent in 2020. The IMF also warned the global economy is facing a "delicate moment," beset with risks as the recovery loses steam amid trade tensions, Brexit and other factors.

The IMF's World Economic Outlook once again downgraded global growth to 3.3 percent for 2019, two tenths lower than the global crisis lender forecast in January and four tenths lower than October.

And while world growth is expected to pick up in the second half of this year and hit 3.6 percent in 2020, many things will have to go right for that to happen, including a resolution of President Donald Trump's trade battle with China.

Emerging economic powers China and India continue to show the highest growth rates -- 6.3 percent and 7.3 percent, respectively. Beijing has rolled out a series of fiscal stimulus measures to counteract the hit from the US trade war as well as the clampdown on the boom in lending, but India's growth was downgraded by two tenths of a point.

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