

Pakistan's economic confidence falls sharply: ACCA

LAHORE: Pakistan's economic confidence fell sharply in the final quarter of 2018 due to macroeconomic imbalances, as the economic sentiments are at the second lowest level in South Asia.

The latest edition of Global Economic Conditions Survey (GECS) from the Association of Chartered Certified Accountants (ACCA) and Institute of Management Accountants (IMA) finds that the global poll of 3,800 accountants assessed Pakistan's economy to be among the lowest in the South Asian region, as it continues to struggle with the macroeconomic imbalances.

Other regions recorded a negative confidence score with the signs of growth weakening in the world's three biggest economies, US, China and the euro zone.

Global economic confidence fell for the third consecutive quarter in Q4 2018, ending the year at an all-time low.

"Pakistan's slump in confidence reflects the poor outlook for the economy, which is experiencing a balance-of-payments crisis, the current account deficit is around six percent of GDP, and a large fiscal deficit in excess of six percent of GDP.

The GDP growth is likely to slow. The World Bank recently downgraded Pakistan's GDP growth forecast for fiscal 2018/19 to 3.7 percent from 4.8 percent previously."

GECS Quarter 4 shows that the biggest concern for respondents was rising costs with 55 percent citing this as an issue, whereas, 47 percent of the respondents globally are considering laying off staff, with just 18 percent considering taking on new workers.

Further, 39 percent of the respondents are considering scaling back investment in new capital projects, compared with just 16 percent who are looking to increase investment in the new projects.

The survey also revealed that the possibility of suppliers going out of business being a concern for just 12 percent of the respondents – unchanged from Q3.

Globally, the respondents to be pessimistic about the

outlook ahead, with the

lowest scores recorded in Western Europe and the Caribbean.

The least pessimistic part of the global economy was again South Asia, followed by Africa and North America.

Commenting on the findings, Sajjeed Aslam, head of ACCA Pakistan, said: "Despite overall confidence in South Asia holding up better than elsewhere in the world, economic sentiment in Pakistan is now at its second-lowest level since the GECS series began in 2009."

Our Correspondent