Prosperity Index has recorded a new high on the back of improvements in large-scale industrial manufacturing, trade volume and long-term loans to private sector for fixed investment.¹

Pakistan’s has exhibited a commendable economic recovery from the recession that resulted due to measures taken to deal with Covid-19 outbreak. Not only has the country made a recovery but economic prosperity, as calculated by the Pakistan Prosperity Report, has also has registered a new high, since the base period of June 2019.

Although large-scale manufacturing, long-term credit to private sector and total trade volume are improving, a double digit inflation rate should be a cause for concern for the government.
Data and methodology can be accessed online at primeinstitute.org

Prosperity Index

Monthly prosperity index has been charted from August 2019 to July 2020. The results reveal a new high in prosperity during this period.

For July 2020, the month-on-month inflation, quantum index of LSMI, total trade volume, and loans to private sector (LTFF) increased by 2.5%, 9.5%, 7.1%, and 4.9% respectively.

The prosperity index estimated by using the July 2020 data on four indicators is 114.2. This figure is the highest recorded yet, signaling not just recovery but also providing a reason for optimism.

In order to determine if economic prosperity has increased or decreased, a base period is required. For the purpose, prosperity index of June 2020 has been used as a baseline, which stood at 109.2. The analysis reveals economy's prosperity has increased by 15 percentage points in July 2020 relative to June 2020. This improvement in economic prosperity has resulted due to increases in total trade volume, large scale manufacturing, and commercial bank’s lending to private sector. Purchasing power has taken a great hit during the month in review.

Source: Author’s calculations based on SBP and PBS datasets
Source: Pakistan Bureau of Statistics and State Bank of Pakistan