Statistics and Data Warehouse Department

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Explanatory Note on Fast-Moving Consumer Goods (FMCGs)

1. **This note briefly explains the FMCGs, its data collection, uses in SBP and information content.**

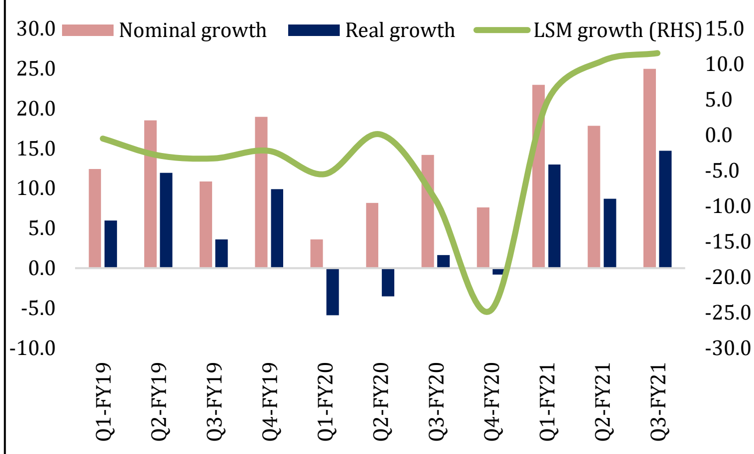
2. **About FMCGs.** FMCGs stands for Fast-Moving Consumer Goods. These mostly consist of non-durable consumer goods like food (e.g. processed, prepared, frozen, etc.), beverages, tobacco, personal care, household, and cleaning products.

3. **Data collection of FMCGs.** A key source of data is the Quarterly and Annual Reports of FMCGs producing companies listed on Pakistan Stock Exchange. As per SECP requirement, listed companies are required to prepare and publish a balance sheet and income statement periodically. At present, around 30 companies pertaining to food and personal care items are listed at Pakistan Stock Exchange and SBP uses a sample of about 25 FMCGs producing companies for its analysis.

4. **Frequency of data on FMCGs.** The data is available at quarterly and annual frequency with a lag of around 45 days.

5. **Uses of FMCGs sales data at SBP.** In the absence of Quarterly data on National Income Accounts, having good proxies for economic activity at a high frequency is important. SBP continues to explore such data. FMCGs sales are one of such variables SBP uses to supplement its analysis of the current economic conditions for monetary policy decision making. Some of these indicators, including FMCGs sales, have been published in the SBP's flagship publications – Annual & Quarterly Reports – as well as recent Monetary Policy Statements.

Figure 1: Growth in FMCGs Sales and LSM (in %)



Source: PBS and Financial Reports of companies producing FMCGs.

6. **Information Content.** FMCGs sales are a good indicator of economic activity, as they proxy the underlying consumption and production patterns in the economy. For instance, Figure 1 shows the strong association between YoY growth of FMCGs sales and production in LSM. The correlation coefficient between growth of FMCGs sales and LSM is around 0.6.