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State Bank assesses economic situation; doesn't revise targets of key economic variables

Director, Economic Analysis Department, State Bank of Pakistan, Mr. Mohammad Mansoor Ali said today the State Bank only provides analyses of country's macro-economic situation and does not set/revise key economic benchmarks.

He was responding to remarks/comments made by various television channels and print media on the State Bank's second-quarterly report in which it was wrongly implied that the annual gross domestic product growth and inflation targets were revised by the central bank.

Explaining the SBP position, he pointed out that the second-quarterly report only presented the SBP's assessment of the developments in the economy, which suggested that many of the annual economic targets might not be achieved. He said that the assertion made by the central bank in its report did not indicate, in any way, that economic targets had been revised. He further clarified that revising economic targets was a prerogative that rested with the Federal Government.

Responding to comments made by the President of Federation of Pakistan Chambers of Commerce & Industry recently, Mr. Mansoor said that it is wrong to say that the State Bank has revised the inflation target. He pointed out that the economic indicators benchmarks were set by the Planning Commission and the SBP was only making its assessments. The SBP forecast indicated that the inflation target for FY08 might not be met easily.

Further, Mr. Mansoor said that the FPCCI president was correct to ask for "bridging of the demand-supply gaps" to control inflation and added that continued monetary tightening by the State Bank was serving precisely this purpose. Specifically, the monetary control exercised by the SBP is helping to prevent inflationary pressures from getting out of control, he added.
