



Osama Rizvi

Energy & Economic Analyst
Primary Vision Network

Low- and Middle-Income Economies Facing a Compounded Crisis

It is a bleak picture for economies like Pakistan facing the impact of raised interest rates by the US Fed, the strong dollar and the resulting depreciation of our currencies, and the climate crisis. Almost 15% of the population in Pakistan has been displaced due to flooding. The total loss to the economy is somewhere around \$40 billion, for a country with a total GDP of \$383bn. That's a huge deal. And the aid we have received so far is only a few million dollars. As far as other middle-income countries are concerned, I think the story is the same. For example, we have a food crisis on our hands which has led to a heightened risk of civil unrest, and labor activism. It is happening right now. According to a report, about 101 countries in the world can face social unrest which leads to political instability.

\$90 a Barrel Still a Lot

For Pakistan or other countries that face a fiscal deficit of unprecedented levels, we still have \$90 a barrel. This is still a lot for us. Petrol prices are still at a level that the common man can't afford. People have been putting their cars in their sheds and not using them. Because of recessionary fears, oil prices have plunged to about 25%. But there has not been any considerable or proper report coming out of any agency that sees demand destruction. Why is this very important? Because oil supplies will fall in the coming months as the EU embargo of Russian oil takes effect – that should trigger another rally and a shift in sentiment. Oil prices will rise, and for countries like Pakistan and other low and middle-income countries, it is going to get tough in terms of system management. Our imports have already plunged about 38 to 40% in the last month compared to the previous month. This trend can continue. ■

**Paraphrased Comments*

