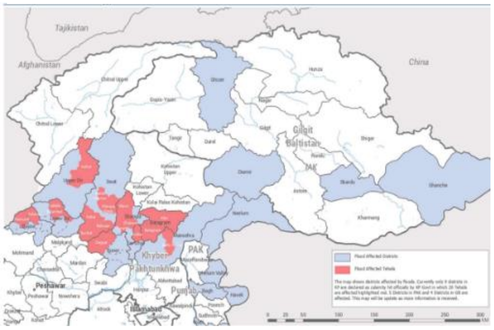
Day Break

Wednesday, September 3, 2025

Economy

Exhibit: Flood Affected Areas



Quantifying the Damage

Damages	**2022**	**vs**	**2025**
Deaths	1,735		854
Population(in mn)	33.05		2.00
Livestock (mn no.s)	0.730		0.006
Roads (kms)	13,115		600
Bridges (no.s)	439		238
Houses (mn)	2.3		0.009

Source: NDMA, IGI Research

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2025 Pakistan Floods

Pakistan Floods 2025: Preliminary Damage and Impact Assessment

- Pakistan's 2025 ongoing monsoon season has been unusually intense, bringing heavy rains and floods that struck every province. Starting in mid-June, repeated downpours triggered widespread flash floods, urban inundation, landslides, and river overflows.
- From Jun-25 through August-25, the nation experienced +25% increase in rainfall, averaging 102mm versus 81.9mm (historic monsoon average rainfall).
- The overflow of major rivers, particularly the Sutlej, Chenab, and Ravi, swollen further by releases from Indian dams, has significantly intensified flooding, worsening the scale of devastation across Punjab
- The 2025 floods, though less severe, are more regionally concentrated, particularly in KP and northern Pakistan, and while losses are heavy, they remain markedly below the catastrophic levels of 2022 so far.

Pakistan's 2025 ongoing monsoon season has been unusually intense, bringing heavy rains and floods that struck every province. Starting in mid-June, repeated downpours triggered widespread flash floods, urban inundation, landslides, and river overflows. From Jun-25 through Aug-25, the nation experienced +25% increase in rainfall, averaging 102mm versus 81.9mm (historic monsoon average rainfall). The overflow of major rivers, particularly the Sutlej, Chenab, and Ravi, swollen further by releases from Indian dams, has significantly intensified flooding, worsening the scale of devastation across Punjab. The magnitude of animal, crop, infrastructure, property damage, and population impacted by 2025 floods is so far less severe than floods witnessed in 2022. However, it appears to be more regionally concentrated, particularly in KP and northern Pakistan, and while losses are heavy, they remain markedly below the catastrophic levels of 2022 so far.

Exhibit: Rainfall average region wise. (01/Jul -to- 30/Aug)

in mm	Normal	Actual	Dev.
Pakistan	**81.9**	**102**	**25%**
AJK	236.9	253.2	7%
Balochistan	38.8	45.8	18%
GB	24.1	29.3	22%
KPK	142.7	114.9	-19%
Punjab	133.5	206	54%
Sind	70.3	65.5	-7%

Source: Pakistan Meteorological Department (PMD), UNOCHA

The Damage So Far

By 31st August 2025, the National Disaster Management Authority (NDMA) confirmed 854 deaths, more than 1,100 injuries, and around 30,000 people displaced nationwide. Punjab accounted for 165 fatalities and 584 injuries, while Khyber Pakhtunkhwa (KP) bore the heaviest losses with 484 deaths and 355 injuries followed by Punjab with 209 casualties and more than 600 people injured. Fatalities this year are nearly three times higher than during the same period in 2024. Overall, the humanitarian impact is vast, with around 1.5-2 million people directly affected across the country. Sugar, rice and cotton crops have been most damaged with nearly 60% damage to rice, 30% and cotton output to drop by 35% against production target.

Exhibit: Deaths by Causes (as of 31st Aug'25)

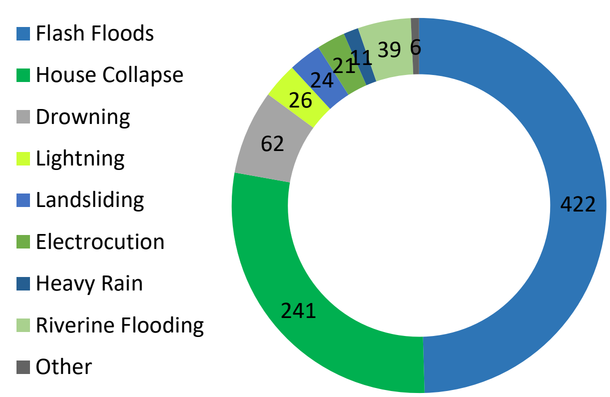
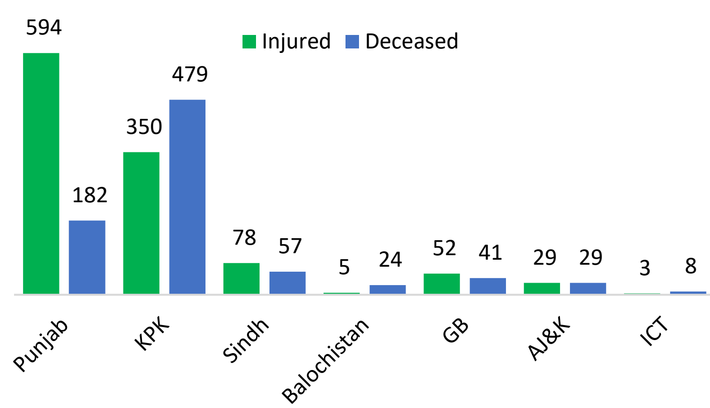


Exhibit: Total deceased and Injured (as of 31st Aug'25)



Source: *NDMA, IGI Research*

Exhibit: Total House Damaged (as of 31st Aug'25)

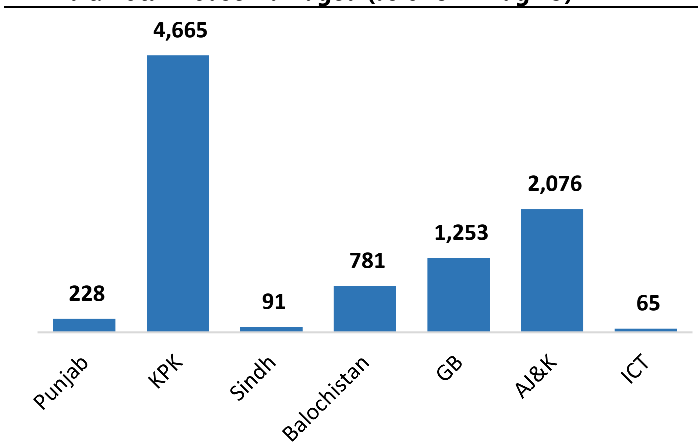
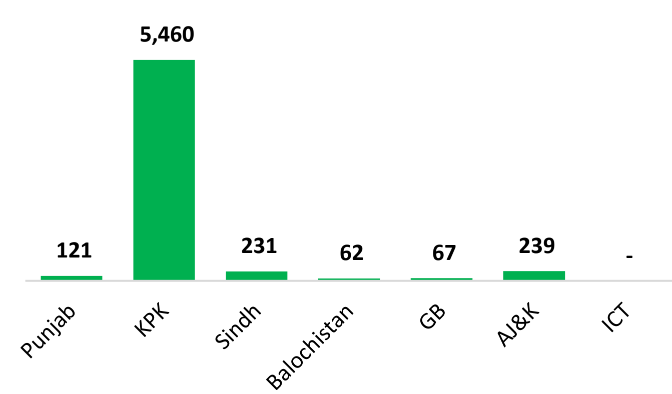


Exhibit: Total Livestock Damaged (as of 31st Aug'25)



Source: *NDMA, IGI Research*

2022 Floods in Retrospect

In contrast to 2025 Floods, the floods in 2022 claimed 1,735 lives and affected 33 million people (15% of population). Sindh and Balochistan were worst hit, with nearly 2.3 million houses damaged, 13,000 km of roads destroyed, 439 bridges lost, and over 1.16 million livestock perished.

Exhibit: Flood 2022 socio and property damages

	Deaths	Population (mn)			Livestock	Roads	Bridges	Houses
	no.	Total	Affected	% age of	no.	in kms	no.	Full & Partial units
Pakistan	**1,735**	**220.9**	**33.0**	**15%**	**1,164,270**	**13,115**	**439**	**2,288,480**
AJK	48	4.2	0.1	1%	792	19	33	555
Balochistan	336	12.8	9.2	72%	500,000^	2,222	58	241,659
GB	23	1.3	0.1	4%	609	33	61	1,793
KPK	308	36.8	4.4	12%	21,328	1,575	107	91,463
Punjab	223	116.2	4.8	4%	205,106>	877	15	67,981
Sindh	796	49.6	14.6	29%	436,435	8,389	165	1,885,029

Source: NDMA, IGI Research

2025 Floods - The On-going Crisis

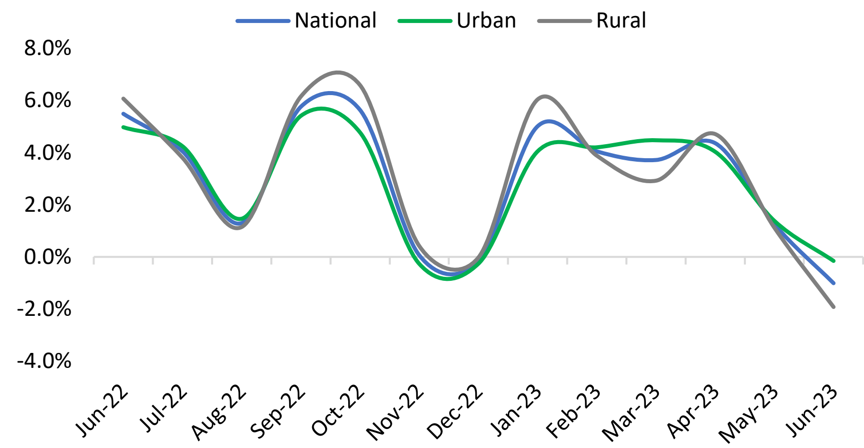
Growth Momentum May Slowdown

The 2025 floods are expected to put strain on Pakistan's already fragile economy. Growth in FY26 will likely slow down. Agriculture will be the hardest hit, with major crops like cotton, wheat, and rice suffering heavy damage. This will also affect industries such as textiles and food processing that depend on farm outputs. Even if factories and businesses are not directly affected, shortages of inputs and damaged infrastructure will slow production. Services, too, are expected to weaken as overall economic activity remains disrupted. For 2025-2026, Government targets 4.5% agriculture growth, but looming floods now spreading into the southern region of Pakistan threaten the outlook.

Spike in food prices to put inflation under pressure

Aug-25 inflation dropped further, despite energy price adjustments, particularly higher gas tariffs in the preceding month. With the floods damaging major crops such as cotton, wheat, and rice, food supply shocks are likely to push inflation higher in the coming months as seen earlier in 2022 floods. Although we await further data on the extend of damage to the crops, food prices are likely to spike in the short term.

Exhibit: Food Inflation (m/m) Post 2022 Floods



Source: CapitalStake, IGI Research

External accounts: May also come under pressure

The 2025 floods are expected to strain Pakistan's external accounts and balance of payments. Agriculture has been severely impacted, with widespread damage to key crops, which could dampen productive activity and increase the need for food imports. The textile sector may also face challenges due to reduced cotton availability, while construction materials that were previously exported will likely be diverted to domestic reconstruction, weakening export performance. At the same time, large-scale rehabilitation will drive higher import demand.

Monetary Policy: Cautious Approach

The recent flood-related damages and rising rehabilitation needs are likely to keep the SBP cautious in its upcoming Monetary Policy meeting on 15-Sep-25. Despite some improvement in inflation, the focus will remain on ensuring price stability and managing fiscal pressures. As a result, we expect SBP to keep rates steady in its upcoming MPC meeting.

Sector Outlook: Expecting a Marginal Impact

This year's floods are still unfolding, and the true extent of the damage remains uncertain. Key concerns include mounting agricultural losses driving food inflation, rising fiscal pressure from relief and reconstruction efforts.

Sector	Impact
Construction sector	The negative effects of floods will be less pronounced in construction sector. However, Cement demand usually drops after floods because infrastructure projects slow down, however once floods recedes rehabilitation and reconstruction work should driver demand for cement, steel and allied industries as was the case after both the 2010 and 2022 floods.
Fertiliser	Urea off-take may drop in the short term as standing crops are damaged and fields remain waterlogged, limiting fertilizer application. Distribution challenges in affected areas could further weigh on sales. However, once replanting begins, urea demand is expected to rebound sharply, supported by recovery efforts and potential government subsidies to revive agriculture.
Autos	For discretionary items such as autos, demand lag will be relatively prolonged. Farmer income loss could restrict tractors sales while Government could incentivise to encourage tractor sales.
Banks	Credit growth may slow as lending risks rise, particularly in agriculture-heavy regions. Non-performing loans (NPLs) could tick up in flood-affected areas, while banks may also face pressure to support government-led relief financing. Liquidity needs could increase if reconstruction financing expands.
Textile	Textile sector faces the most direct hit due to cotton crop damage, increasing reliance on costly imports. This could raise input costs and pressures export competitiveness. Supply chain disruptions could also weigh on production.
Petroleum products	Fuel demand may initially soften due to disrupted mobility and industrial activity. However, reconstruction and increased transport needs for relief could lift demand in the following months.

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